

Cashflow Solution

June 2024 review

Liontrust GF Pan-European Dynamic Fund



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The Fund's A5 share class returned -2.6%* in euro terms in June. This Fund's target benchmark, the MSCI Europe Index, returned -1.0%.

The European Central Bank became the second major central bank to cut interest rates in June, lowering its deposit rate from an all-time high of 4% to 3.75%, moving before both the US Federal Reserve and the Bank of England. While the move was widely expected, stickier-than-expected services inflation meant that the ECB was keen to point out that the path to any further rate cuts is heavily data dependent.

Elsewhere, the result of the European parliamentary elections caused French president Macron to announce a surprise election in France, which led the French market to fall sharply at the halfway stage of the month. Sector returns for the MSCI Europe Index were largely negative in June with the exception of information technology (+8.4%) and healthcare (+3.0%). The real estate (-5.0%), industrials (-3.4%), materials (-2.9%) and financials (-2.8%) sectors were the largest fallers for the period.

The French equity market was by far the weakest in Europe, with the CAC 40 index dropping by 6.4% over the month as the prospect of a far-right government and leftwing opposition rattled European financial markets. The country accounts for around 17% of the MSCI Europe Index, so this fall was a large headwind to European market returns. Although we don't target benchmark weights by country or sector, the Fund currently has a French exposure which is similar to that of the index. Fund holdings to drop amid poor sentiment in the wake of the election news include cyclical names such as automaker **Renault** (-11%) and aircraft manufacturer **Dassault Aviation** (-15%).

In terms of Fund performance, **Novo Nordisk** (+7.9%) continued its strong performance this year, rising after announcing an investment of \$4.1 billion to expand its US manufacturing and boost production of its blockbuster weight-loss drugs to meet surging demand. The Danish pharmaceutical group commented that the project will double the company's production footprint in the US, with the extra capacity coming online between 2027 and 2029.

ASML (+10%), a specialist in the development and manufacturing of photolithography machines which are used in the production of semiconductor chips, was among the notable performers in June. Shares in the company rose following the reports that this year’s sales could be boosted by a shipment of its latest chipmaking machine to Taiwan Semiconductor Manufacturing Company (TSMC).

British private equity and venture capital company **3i Group** (+8.9%) announced in a portfolio update that its position in discount retailer Action is continuing to perform strongly. Action grew like-for-like sales 9% year-to-date, while the company is on track to open 107 new stores, ahead of the 84 stores opened in the same period last year.

Positive contributors to performance included:

Novo Nordisk (+8.5%), ASML (+11%), 3i Group (+8.9%)

Negative contributors to performance included:

Dassault Aviation (-1.5%), Renault (-11%), Banco Santander (-10%)

*Source: Financial Express, as at 30.06.24, total return (net of fees and income reinvested).

Key Features of the Liontrust GF Pan-European Dynamic Fund

Investment objective & policy ¹	The investment objective of the Fund is to achieve capital growth over the long-term by predominantly investing in a portfolio of European equities. The Investment Adviser will seek to achieve the investment objective of the Fund through investment of at least 80% of the Fund’s Net Asset Value in companies which are incorporated, domiciled, listed or
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	<p>conduct significant business in Europe (the EEA, Switzerland and the UK). The Fund will not be restricted in its choice of investment by either size or sector.</p> <p>The Fund is considered to be actively managed in reference to MSCI Europe Index (the “Benchmark”) by virtue of the fact that it uses the Benchmark for performance comparison purposes and for certain Performance Fee Share Classes, to calculate performance fees. The Benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Benchmarks.</p> <p>The Fund is not expected to have any exposure to financial derivative instruments in normal circumstances, but the Investment Adviser may on occasion, where it deems it appropriate in seeking to achieve the investment objective of the Fund, use financial derivative instruments listed on a recognised exchange or traded on an organised market or financial derivative instruments traded over-the-counter for investment purposes, efficient portfolio management, and hedging purposes.</p> <p>In addition, the Fund may invest in exchange traded funds and other eligible open-ended collective investment schemes. No more than 10% of the net assets of the Fund will be invested in aggregate in open-ended collective investment schemes. The Fund may invest in closed-ended funds that qualify as transferable securities. Investment in closed-ended funds is not expected to comprise a significant portion of the Fund’s net assets and will not typically exceed 10% of net assets.</p> <p>For liquidity or cash management purposes, a proportion of the Fund may also be invested in debt securities including government and corporate bonds, Money Market Instruments, cash and near cash and deposits. Any investment in bonds will be in investment grade corporate and government fixed or floating rate instruments.</p>
Recommended investment horizon	5 years or more
Risk profile (SRI) ²	4
Active/passive investment style	Active
Benchmark	<p>The Fund is considered to be actively managed in reference to the MSCI Europe Index (the “Benchmark”) by virtue of the fact that it uses the Benchmark for performance comparison purposes and to calculate performance fees. The Benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Benchmark.</p>

Notes: 1. As specified in the PRIIP KID of the fund; 2. SRI = Summary Risk Indicator. Please refer to the PRIIP KID for further detail on how this is calculated.

For a comprehensive list of common financial words and terms, see our glossary at:

<https://www.liontrust.co.uk/glossary>.

Key Risks

Past performance does not predict future returns. You may get back less than you originally invested.

We recommend this fund is held long term (minimum period of 5 years). We recommend that you hold this fund as part of a diversified portfolio of investments.

Overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.

This Fund may have a concentrated portfolio, i.e. hold a limited number of investments (35 or fewer) or have significant sector or factor exposures. If one of these investments or sectors / factors fall in value this can have a greater impact on The Fund's value than if it held a larger number of investments across a more diversified portfolio.

The fund's investment objective is to target capital growth for investors. Growth stocks tend to pay out lower levels of dividend resulting in lower income yields and may produce more volatile returns than the market as a whole.

Outside of normal conditions, the Fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

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