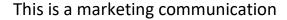


CASHFLOW SOLUTION PROCESS



Liontrust GF European Strategic Equity Fund

November 2022 review

Fund managers: James Inglis-Jones and Samantha Gleave

The Fund's A4 share class returned 0.9%* in euro terms in November. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 6.9% and 0.5% respectively.

Markets staged a strong recovery which was partially fuelled by expectations of a slower pace of tightening. While the US Federal Reserve raised rates by 75 basis points in November, minutes showed that future hikes may come in smaller increments and with greater gaps as the central bank observes whether its approach is having the desired impact on inflation.

Hopes of less aggressive monetary policy were spurred on by the release of a lower-than-expected consumer price inflation data for October; the year-on-year rate of 7.7% was below the 7.9% expected.

The Bank of England also raised rates by 75 basis points in November, while the European Central Bank hiked by the same amount at the end of October.

As equity markets recovered strongly, there was a moderate cyclical tilt to sector returns in Europe. Consumer discretionary (+14%) led the market rally, followed by IT (+10%), materials (+9.6%) and finance (+8.7%). All sectors were in positive territory in euro terms, but health care (+3.0%), communications services (+1.9%) registered the smallest gains.

Given the breadth of the market's gains and the portfolio's c.19% net exposure, the Fund lagged the rally as its short exposure weighed on returns.

The proprietary market indicators we employ as part of the Cashflow Solution investment process still suggest that this recovery is more characteristic of a bear market rally than a longer-term uptrend. While high investor anxiety is supportive of continued good performance from value stocks, average valuations on the market level are still too full in our view, while corporate aggression remains worryingly high. We are therefore maintaining the Fund's cautious net exposure position.

Within the portfolio's long book, the biggest gainer was **Pandora** (+33%). It announced organic growth of 3% in Q3 which was ahead of analyst expectations, while gross margin rose 1.2 percentage points compared with the same period a year earlier. The jeweller has maintained its 2022 guidance of 4% - 6% organic growth and an operating profit margin of 25.0% to 25.5%. It also commented that trading so far in Q4 has been in line with the upper end of the guidance range.

4imprint (+21%) also notched up a large rise after upgrading its 2022 revenue target from \$1.0bn to \$1.1bn due to the strength of trading since its last update on 10 August, and it now expects profit before tax to be at least \$90m, towards the top end of the range of analysts' estimates. Year-to-date order counts are up 32% year-on-year in the primary North American business, while average order values are up 6%.

Discrete years' performance** (%), to previous quarter-end: Past performance does not predict future returns

	Sep-22	Sep-21	Sep-20	Sep-19	Sep-18
Liontrust GF European Strategic Equity A4 Acc					
EUR	29.2%	36.8%	-14.9%	3.0%	2.6%
MSCI Europe	-11.0%	28.8%	-7.8%	5.7%	1.5%
HFRX Equity Hedge EUR	-4.0%	16.5%	-2.4%	-3.5%	-1.1%

^{*}Source: Financial Express, as at 30.11.22, total return (income reinvested and net of fees).

A performance fee of 20% is calculated and accrued at each valuation point. Payment is subject to the Fund's net asset value exceeding an Adjusted Prior Net Asset Value which is a High Water Mark adjusted by any new subscriptions or redemptions and a 4% hurdle per calendar year. No Performance Fee will be payable with respect to a Fund class in any Performance Period unless such class has recovered any accumulated underperformance for previous Performance Periods. Any performance fees are only payable on the positive difference between the NAV and the Adjusted Prior Net Asset Value. Details of the Fund's performance fee in the last financial year can be found in the Key Investor Information Document (KIID) which can be obtained free of charge from the Liontrust website.

Key Features of the Liontrust GF European Strategic Equity Fund

Investment objective & policy¹

The investment objective of the Fund is to achieve a positive absolute return over the long term for investors through a portfolio of long, synthetic long and synthetic short investments primarily in European equities and equity related derivatives. The Fund may invest anywhere in the world but will primarily invest in European companies either directly or via derivatives. The Fund may use financial derivative instruments for investment purposes and for efficient portfolio management (including hedging). The Fund will take both long and short positions in derivatives meaning the gross exposure of the Fund will typically be greater than 100% of the net asset value of the Fund. The Investment Adviser will alter the ratio of long and short exposures in the Fund depending on the Investment Adviser's confidence in the investment process' ability to generate returns from the short positions. Where sufficient short opportunities can be found, the Fund will have an approximately equal weighting in long and short positions. At other times, the Fund will have a net long position i.e. more long positions than short positions held in the Fund. Where investments are held in a currency other than the base currency, the exposure to currency risk may be minimised by hedging. The Fund expects to provide a positive absolute return under all market conditions over the medium to long term. However, there is no guarantee this will be

^{**}Source: Financial Express, as at 30.09.22, total return (income reinvested and net of fees). Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (25.04.14). Investment decisions should not be based on short-term performance.

	achieved over this or any other time period. Income from the Fund's investments is reinvested. The Fund has both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Fund.
Recommended investment horizon	5 years or more
Risk profile (SRRI) ²	5
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Index and the HFRX Equity Hedge (EUR) Index (the "Benchmarks") by virtue of the fact that it uses the Benchmarks for performance comparison purposes. The Benchmarks are 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.

Notes: 1. As specified in the KIID of the fund; 2. SRRI = Synthetic Risk and Reward Indicator. Please refer to the KIID 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 is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

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.

Investment in the Fund involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates. The Fund may invest in emerging markets/soft currencies which may have the effect of increasing volatility.

The Fund may invest in derivatives. The use of derivatives may create leverage or gearing. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead.

Disclaimer

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