



This is a marketing communication

Liontrust GF European Strategic Equity Fund

January 2023 review

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The Fund's A4 share class returned -1.7%* in euro terms in January. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 6.8% and 1.3% respectively.

Global equity markets rallied at the start of 2023 on renewed hopes of a slowing or pivot in monetary policy tightening, although central bankers remained hawkish in their comments. ECB president Christine Lagarde, for example, stated that the bank would “stay the course” with further rate rises until inflation was back towards its 2% target.

The World Bank's latest Global Economic Prospects publication forecast 1.7% growth, down from its prediction of 3.0% six months earlier, with a broad-based downturn pushing the global economy close to recession. The IMF's assessment was, however, more upbeat – predicting 3.2% growth in 2023, up from its 2.7% forecast in October. It cited China's abandonment of its zero Covid policy as one reason for more optimism regarding this year's growth prospects .

There was a distinct cyclical pattern to the European market's sector returns in January, with consumer discretionary (+15%), IT (+14%), real estate (+13%) and finance (+10.6%) all rising in euro terms. Healthcare (0%), consumer staples (+2.1%) and utilities (+3.0%) lagged.

This market environment provided unhelpful conditions for the Fund's positioning. The Fund has low net market exposure of around 27% and its short positions rose by more than the market average. The short book targets what we believe are the worst examples of over-ambitious and overvalued growth, but – with investor risk appetite rebounding strongly in January – many of these rallied during the month.

Within the long book, the market's cyclical pattern was reflected in its best performers, which included Danish jeweller **Pandora** (+16%), automobile manufacturer **Mercedes-Benz Group** (+11%), German airline **Deutsche Lufthansa** (+24%) and a number of banks: **BNP Paribas** (+18%), **Bank of Ireland** (+10%), **Deutsche Pfandbriefbank** (+15) and **Caixabank** (+11%).

Promotional merchandise marketer **4imprint Group** (+7.7%) also rose after issuing the latest in a series of positive updates, announcing that it had enjoyed a “particularly strong” finish to the year. Revenue for 2022 rose around 45% to \$1.4bn, with profit before tax now expected to be above the upper end of analysts' forecast range at more than \$100m.

Among the long book's detractors, the heaviest faller was **Spirent Communications** (-15%). Although it stated that 2022 results should be in-line with consensus expectations, it commented that a weak economic backdrop has led to some customers delaying investment decisions. A soft outlook for order demand in the first half of the year will lead to an heavier than usual weighting towards the second half of 2023, if Spirent is to achieve its targets. The company provides automated test and assurance services for communication networks.

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

	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18
Liontrust GF European Strategic Equity A4 Acc EUR	18.3%	32.9%	-10.0%	23.2%	-7.1%
MSCI Europe	-9.5%	25.1%	-3.3%	26.0%	-10.6%
HFRX Equity Hedge EUR	-5.2%	11.0%	2.9%	8.5%	-12.3%

*Source: Financial Express, as at 31.01.23, total return (income reinvested and net of fees).

**Source: Financial Express, as at 31.12.22, 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.

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 & policy ¹	<p>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 achieved over this or any other time period. Income from the Fund's</p>
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	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 (SRRRI) 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. SRRRI = 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.

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