



This is a marketing communication

## Liontrust GF European Smaller Companies Fund

### April 2023 review

Fund managers: James Inglis-Jones and Samantha Gleave

**The Fund's A3 share class returned -0.9%\* in euro terms in April. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 1.6%.**

Investor sentiment recovered swiftly from March's banks-led sell-off, allowing European markets to set aside persistently high inflation and the growing prospect of another US bank failure to register a solid gain for the month. European equities are now in an uptrend as measured by the market regime indicators deployed within the Cashflow Solution process. With aggregate market valuations looking fair in Europe, our current outlook is fairly constructive, albeit tempered by the presence of somewhat concerning levels of aggressive corporate cash flow expenditure. Within this environment, we expect both value and momentum investment factors to continue to perform well, while growth stocks still look expensive.

Style and sector considerations largely took a back seat in April as European market gains were relatively broad based. Real estate (+7.3%) was the largest riser, bouncing back from its position as March's biggest faller as fears over banking crisis contagion and rising borrowing costs abated. Healthcare (+4.8%), energy (+4.6%) and consumer staples (+4.3%) all participated strongly in a relatively broad based market recovery. Only IT (-4.4%) and materials (-0.3%) lost ground over the month.

Mirroring this pattern, **BPER Banca** (+12%) was the Fund's largest gainer for April as investor sentiment recovered, having been one of its heaviest fallers in March. The portfolio leaderboard for April was otherwise bookended by companies releasing first quarter updates.

At the bottom end, French market research group **Ipsos** (-14%) lost ground as it announced a 2.9% year-on-year decline in first quarter revenues to €532m. The company blamed a strong comparable figure in Q1 2022, which was boosted by a post-pandemic rebound in the Americas, and a "cliff-edge" end to large Covid pandemic contracts which were still a major revenue stream this time last year. Excluding these factors, Ipsos says that sales grew by 0.6%. In addition to these base effects, the recent quarter was also held back by some clients – particularly major US tech companies – delaying spending decisions due to macroeconomic uncertainty. While business in China has recovered following the end of its zero-Covid policy, revenues (+3.9%) are lagging order book growth (+13%). Ipsos remains confident of hitting its full-year targets, noting that its order book is about 50% of its annual sales targets, in line with historical trends.

In a better-received update, online gaming group **Betsson** (+11%) revealed first quarter organic sales growth of 38% year-on-year to €222m despite active customers decreasing by 11% to 1.15m. The figure came in ahead of consensus analyst forecasts of €215m. The strong start to the year looks to have continued in to the second quarter, with average daily revenue from 31 March to 23 April running 26% higher than a year earlier.

**Positive contributors to performance included:**

BPER Banca (+12%) , Betsson (+11%) and Freenet (+7.8%).

**Negative contributors to performance included:**

Ipsos (-14%), Norwegian Air Shuttle (-7.2%) and 4imprint Group (-6.5%).

**Discrete years' performance\*\* (%), to previous quarter-end:**

**Past performance does not predict future returns**

	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Liontrust GF European Smaller Companies A3 Acc EUR	-2.6%	7.9%	70.2%	-21.6%	-2.3%
MSCI Europe Small Cap	-9.1%	1.9%	61.2%	-18.1%	-1.3%

	Mar-18
Liontrust GF European Smaller Companies A3 Acc EUR	1.2%
MSCI Europe Small Cap	8.3%

\*Source: Financial Express, as at 30.04.23, total return (net of fees and income reinvested).

\*\*Source: Financial Express, as at 31.03.23, total return (net of fees and income reinvested). Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (01.02.17). Investment decisions should not be based on short-term performance.

A Performance Fee for each Performance Period shall be equal to 10% of the amount, if any, by which the Net Asset Value before Performance Fee accrual of the Fund exceeds the Indexed Net Asset Value of the Fund on the last Business Day of the Performance Period. The Performance Period of the Fund is every 12 months ending on the last business day of each calendar year. 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 Smaller Companies Fund**

Investment objective & policy <sup>1</sup>	The investment objective of the Fund is to achieve long term capital growth by investing primarily in European smaller companies. The Fund may invest in all economic sectors in all parts of the world, although it is intended it will invest primarily in equities and equity related derivatives (i.e. total return swaps, futures and embedded derivatives) in European companies (including the UK and Switzerland). The majority of the assets of the Fund (more than 85%) are expected to be invested in smaller companies (with a market capitalisation of less than 5 billion euros at the time of the initial investment). In normal conditions, the Fund will aim to hold a diversified portfolio, although at times the Investment Adviser may decide to hold a more concentrated portfolio, and it is possible that a substantial portion of the Fund could be invested in cash or cash equivalents. The Fund may use FX forwards to hedge the Fund's currency exposures. 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) <sup>2</sup>	6
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Small -Cap Index net total return (the "Benchmark") by virtue of the fact that it seeks to outperform the Benchmark. However 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.

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.

The portfolio is invested in smaller companies - these stocks may be less liquid and the price swings greater than those in, for example, larger companies. Investment in the Fund involves a foreign currency and may be subject to fluctuations in value due to movements in exchange rates.

#### Disclaimer

Non-UK individuals: This document is issued by Liontrust International (Luxembourg) S.A., a Luxembourg public limited company (société anonyme) incorporated on 14 October 2019 and authorised by and regulated as an investment firm in Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF") having its registered office at 18, Val Sainte Croix, L-1370 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B.238295. UK individuals: This document is issued by Liontrust Fund Partners LLP (2 Savoy Court, London WC2R 0EZ), authorised and regulated in the UK by the Financial Conduct Authority (FRN 518165) to undertake regulated investment business. **This is a marketing communication.** It should not be construed as advice for investment in any product or security mentioned, an offer to buy or sell units/shares of Funds mentioned, or a solicitation to purchase securities in any company or investment product. Examples of stocks are provided for general information only to demonstrate our investment philosophy. The investment being promoted is for units in a fund, not directly in the underlying assets. It contains information and analysis that is believed to be accurate at the time of publication but is subject to change without notice. Whilst care has been taken in compiling the content of this document, no representation or warranty, express or implied, is made by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified. It should not be copied, forwarded, reproduced, divulged or otherwise distributed in any form whether by way of fax, email, oral or otherwise, in whole or in part without the express and prior written consent of Liontrust. Always research your own investments and if you are not a professional investor please consult a regulated financial adviser regarding the suitability of such an investment for you and your personal circumstances.