

Cashflow Solution

April 2024 review

Liontrust GF European Smaller Companies



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The Fund's A3 share class returned -1.3%* in euro terms in April. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned -0.8%.

Shares in Europe fell in April as the prospect of interest cuts in the US weakened following higher-than-expected inflation readings. While cuts in the US appear to have been pushed back, economic data in the Eurozone was more encouraging and suggested that the ECB may continue on its plans to cut rates in June. In terms of sector performance, energy (+6.4%) and healthcare (+1.1%) led the way, while information technology (-5.5%), consumer discretionary (-4.6%) and industrials (-1.5%) were a drag on the MSCI Europe Index (in euro terms).

In a busy month of earnings releases for our portfolio, online gambling company **Betsson** (+14%) was among the Fund's top performers after reporting encouraging Q1 results. The company commented that, "*the first quarter of 2024 was characterised by a continued positive development with high customer activity, good growth and strengthened profitability*". This was reflected in revenue for the period increasing 12% to €248 million, while operating income was up 35% to €58 million.

Staying in the online betting space, **Playtech** (+15%), the supplier of gaming and sports betting software, also performed strongly after it announced the expansion of its iPoker network into the Czech Republic, in partnership with Fortuna Entertainment Group. Playtech stated that the launch of its fast-growing iPoker network represents "*a significant milestone*" as it introduces poker into the Fortuna Entertainment Group, a leading omni-channel betting and gaming operator in central and eastern Europe, for the first time.

Among the detractors was airline operator **Norwegian Air Shuttle** (-12%), with the company falling on the release of underwhelming results for Q1. The low-cost air carrier reported a net loss of NOK904 million as a weaker Norwegian krone negatively impacted results. Total revenue for Q1 rose to NOK6.1 billion as passenger numbers increased versus a year earlier – the company maintained its full-year guidance on these encouraging booking trends.

While net sales for Q1 increased by 33% to SEK 253 million, Swedish property portal **Hemnet** (-13%) fell after its EBITDA for the period was below average expectations. Despite this, Hemnet commented that it continues to see growing demand for its value-added services for property sellers and an increase in the number of listings.

Shares in British home furnishings retailers **Dunelm** (-10%) fell after reporting 3% growth in Q3 sales to £435m, below expectations. Dunelm describes the outlook for homewares and furniture markets as remaining challenging.

Positive contributors to performance included:

BPER Banca (+12%), Betsson (+14%), Playtech (+15%)

Negative contributors to performance included:

Norwegian Air Shuttle (-12%), Hemnet Group (-13%), Dunelm (-10%)

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

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Liontrust GF European Smaller Companies A3 Acc EUR	16.4%	-2.6%	7.9%	70.2%	-21.6%
MSCI Europe Small Cap	10.2%	-9.1%	1.9%	61.2%	-18.1%

	Mar-19	Mar-18
Liontrust GF European Smaller Companies A3 Acc EUR	-2.3%	1.2%
MSCI Europe Small Cap	-1.3%	8.3%

*Source: Financial Express, as at 30.04.24, total return (net of fees and income reinvested).

**Source: Financial Express, as at 31.03.24, 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.

Key Features of the Liontrust GF European Smaller Companies Fund

Investment objective & policy ¹	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 (SRRI) ²	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 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.

The Fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. 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. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.

The Fund may encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.

The Fund uses derivative instruments that may result in higher cash levels. Outside of normal conditions, the Fund may choose to hold higher levels of cash. Cash may be deposited with several credit counterparties (e.g. international banks) or in short dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

There is no guarantee that a positive absolute return will be generated over any time period.

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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