

# Global Fundamental

Q1 2024

## Liontrust UK Focus Fund



Imran Sattar  
Fund Manager

The Liontrust UK Focus Fund returned 4.6% over the quarter, outperforming the 3.6% return from its comparator benchmark, the FTSE All Share Index, and the 2.9% average return from the IA UK All Companies sector, also a comparator benchmark.\*

The UK market delivered positive returns over Q1, with particularly strong returns in March driven by the oil majors and defence-exposed names. Escalating geopolitical tensions provided support to the oil price and defence outlook, whilst markets started to price in a shallower and slower path of interest rate cuts by the Federal Reserve following headline economic data in aggregate holding up better than expected. Notably, the Bank of Japan increased interest rates for the first time in 17 years.

From a sector perspective, an underweight in financials and a zero weighting in basic materials were most supportive of the Fund's performance. An overweight in industrials weighed the most on performance.

### Positive stock attribution

Overweight positions in **3i**, the private equity company that owns and operates the Europe-wide discount retailer Action, and **NatWest** bank, were the top contributors to performance over the quarter. Action continues to deliver impressive like for like sales growth, even when it is compared to the previous year's challenging numbers. Strong volume performance is driving operating leverage, with the benefits continuing to be reinvested back into price benefits for customers.

NatWest's performance was supported by expectations for the end of year Bank of England base rate nudging up slightly, the new CEO's confirmation as permanent, and the outlook given for the year ahead being viewed as conservative.

Not holding **Rio Tinto** was also a significant contributor to relative performance.

### Negative stock attribution

An overweight position in **Spirax-Sarco Engineering**, was the most significant detractor from performance.

Spirax is a specialist engineering company and market leader in products and solutions for the management of steam in industrial processes and helping customers to decarbonise their processes. Spirax underperformed during the quarter amid concerns about global industrial production growth, continuing weakness in the bio processing industry that has impacted one of their key divisions, and guidance for the full year that is more weighted to the second half.

Not holding **Rolls-Royce** and **GSK** also detracted from relative performance.

## Outlook

We are mindful of upcoming elections in the UK and US, and growth headwinds in China. We remain focused on investing in companies that have structural growth tailwinds, are market share winners, are managed by teams capable of executing on their business plans to drive profit and cashflow growth and can adapt to the external environment.

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

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Liontrust UK Focus X Acc GBP	11.9%	0.5%	-3.5%	37.9%	-21.8%
FTSE All Share	8.4%	2.9%	13.0%	26.7%	-18.5%
IA UK All Companies	7.6%	-1.9%	5.4%	38.0%	-19.2%
Quartile	1	3	4	2	4

\*Source: FE Analytics, as at 31.03.24, primary share class, total return, net of fees and income reinvested

For a comprehensive list of common financial words and terms, see our glossary at: <https://www.liontrust.co.uk/benefits-of-investing/guide-financial-words-terms>

---

## Key Risks

**Past performance does not predict future returns. You may get back less than you originally invested. We recommend any fund is held long term (minimum period of 5 years). We recommend that you hold funds 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. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.

The Fund may invest in emerging markets which carries a higher risk than investment in more developed countries. This may result in higher volatility and larger drops in the value of the fund over the short term.

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.

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.

Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

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.

## Disclaimer

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.

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.

The document 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 is given, whether express or implied, by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified.

**This is a marketing communication.** Before making an investment, you should read the relevant Prospectus and the Key Investor Information Document (KIID) and/or PRIIP/KID, which provide full product details including investment charges and risks. These documents can be obtained, free of charge, from [www.liontrust.co.uk](http://www.liontrust.co.uk) or direct from Liontrust. 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. All use of company logos, images or trademarks in this document are for reference purposes only. 2022.##