

Global Equities

Q2 2024 review



Liontrust China Fund



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The Liontrust China Fund returned 4.5% over the quarter, ahead of the IA China/Greater China sector average of 3.0% and 7.0% from the MSCI China Index (both comparator benchmarks)*.

The Chinese market began the second quarter continuing the rally which began after government support measures were announced in January. There was a particularly sharp rise in April and May following the announcement of further policy support with additional measures for the property sector including loosening purchase restrictions and measures to reduce the inventory of unsold homes. There were also measures to improve capital markets and support shareholders including to control the supply of IPOs, encouraging companies to pay dividends as well as improve their corporate governance. The market gave back some of these gains from the end of May, however the Chinese benchmark still finished the quarter up significantly.

Tencent, an internet and gaming company, was a very strong performer following good first quarter results, the Fund holds the maximum regulated position allowed, however the benchmark exceeds this position, which contributed to some underperformance. However, we saw strong performance from our positions in Taiwan and from a leading EV manufacturer which maintained good sales momentum. Furthermore, a wind power operator also performed well due to a sharp rally in May. On a broader level, outperformance came from the consumer discretionary, financials and tech sectors which helped to somewhat counteract underperformance from the communication services, staples and industrials sectors.

This quarter we sold our position in a global solar manufacturer due to an uncertain demand outlook and reduced positions in the healthcare sector. We added a position in a leading beer manufacturer, which we believe will see continuing improvement in product mix. We continued to adjust positions in the consumer discretionary space, moving weight from an ecommerce provider to a local services provider with higher growth prospects

amidst easing competition. We also adjusted our positions in the financials sector, entering into a position in a high quality bank which has seen strong deposit growth recently.

The third plenum, an important meeting of the Chinese Community Party, is scheduled to start in Mid-July and we will be looking for any economic reforms and significant policy change. The property sector is still an overhang for economic growth, but we look to see incremental stabilisation. We also believe consumer confidence is slowly improving; the Chinese population still maintains a very high savings rate, however if these savings were to be unleashed, this could provide a significant boost to the economy. So far the consumption rebound has been concentrated in services such as travel, but the government has so far announced some incremental policy support for consumption. We will also be mindful of the political implications of the upcoming US relations and the potential impact of another Trump presidency.

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

	Jun-24	Jun-23	Jun-22	Jun-21	Jun-20
Liontrust China C Acc GBP	-7.1%	-24.2%	-21.4%	18.9%	15.0%
MSCI China	-1.1%	-20.5%	-22.4%	13.9%	16.5%
IA China/Greater China	-6.2%	-23.8%	-17.0%	22.3%	18.7%
Quartile	3	3	3	3	2

*Source: FE Analytics, as at 30.06.24, 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 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.

Investments in emerging markets may involve a higher element of risk due to less well-regulated markets and political and economic instability. This may result in higher volatility and larger drops in the value of the fund over the short term.

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.

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