



For UK audience


CASHFLOW SOLUTION

Science Museum Presentation

Samantha Gleave & James Inglis-Jones

Co-heads of Cashflow Solution

For professional investors and advisers only



How the science of cash flow analysis delivers alpha in European equities

Samantha Gleave

James Inglis-Jones



The Cashflow Solution Philosophy



We believe cashflow is the single most important determinant of shareholder returns



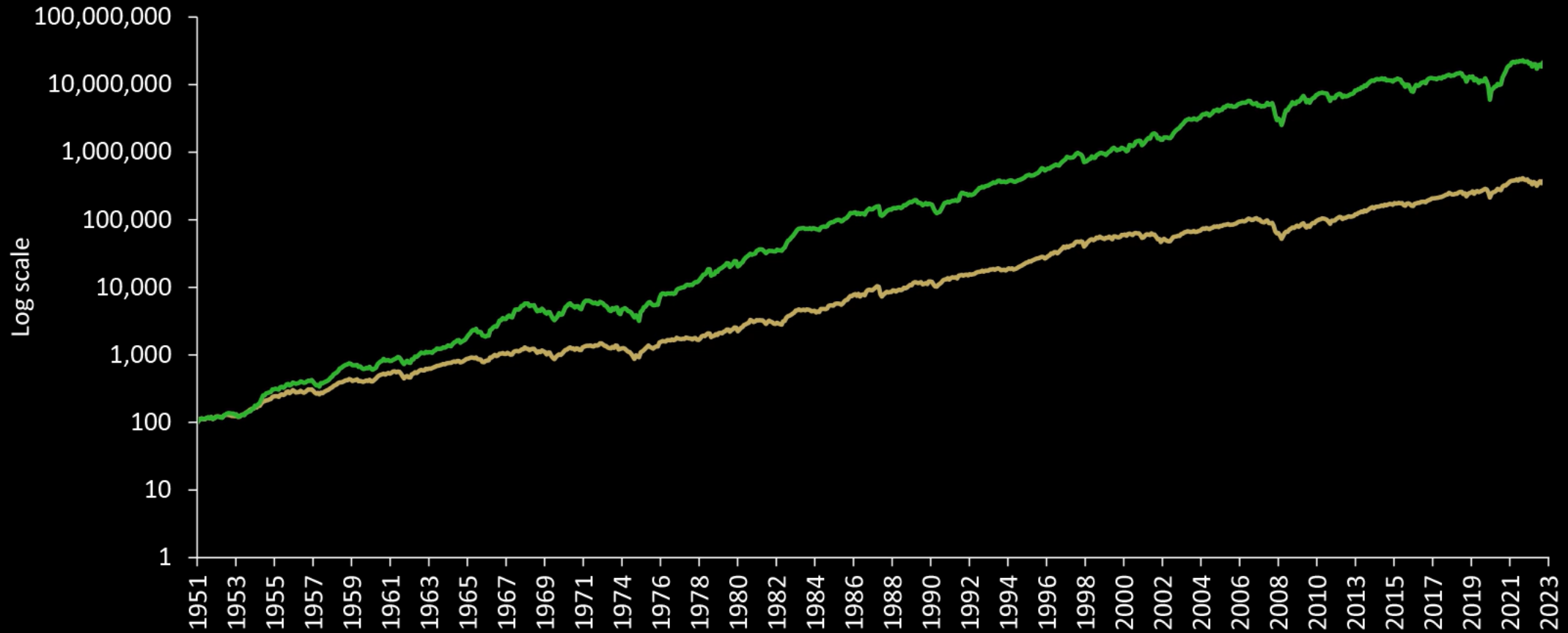
We invest in companies with strong cashflows that are attractively valued on cashflow, run by company managers committed to an intelligent use of cashflow



We base our investments on detailed analysis of report and accounts. Companies are first identified by use of a simple cashflow screen

Stocks with the strongest cashflow outperform

US market 1951 to 2023



Source: Kenneth R French data library, July 1951 to May 2023. *US Market is the capitalisation weighted US universe supplied by the Kenneth R French data library. **Past performance does not predict future returns.**

Stocks with the strongest cashflow outperform

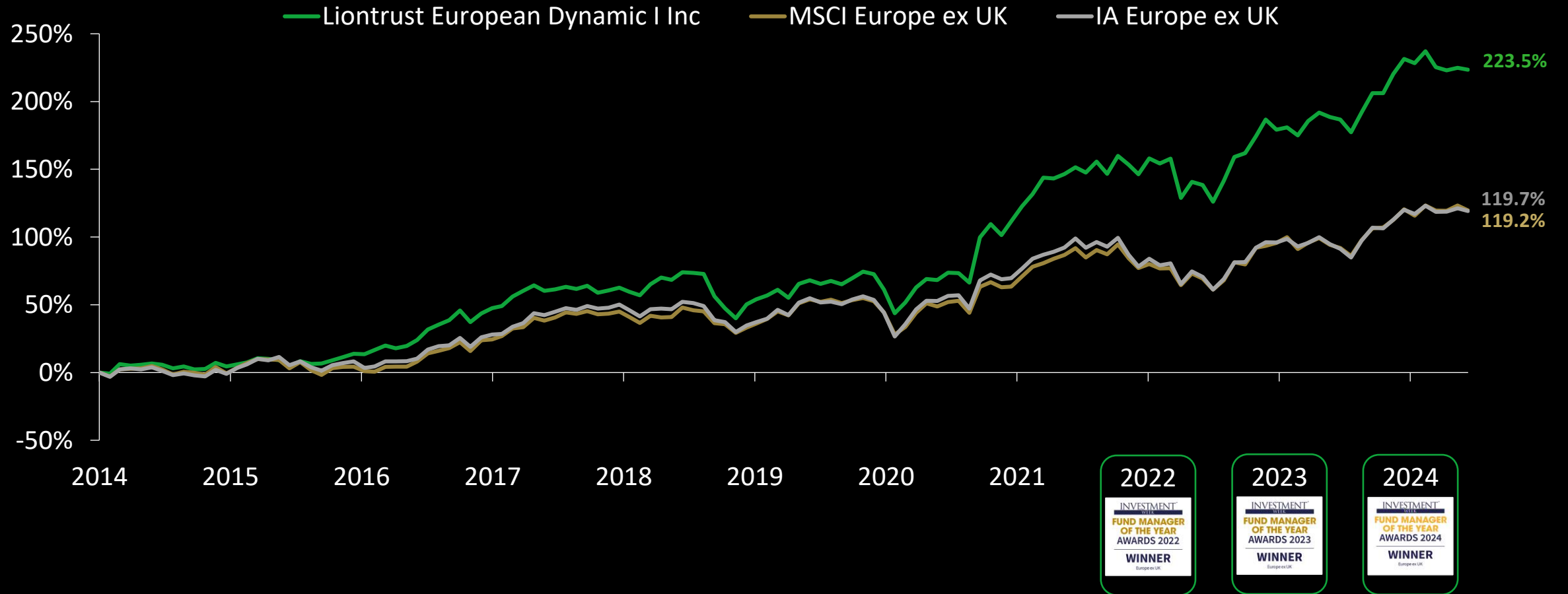
European market 1990 to 2023



Source: Liontrust, FactSet, data May 1990 to May 2023. *Reference benchmark European Cap weighted FactSet universe of stocks >250m Euros. Data sets do not stretch as far back in Europe, but the story is still the same over 30 years. **Past performance does not predict future returns.**

Liontrust European Dynamic Fund

Performance since introduction of secondary scores January 2014



Source: FE Analytics, 01.01.24 to 30.09.24. Liontrust European Dynamic Fund, total return, (net of fees, income reinvested), primary share class versus MSCI Europe ex UK and IA Europe ex UK comparator benchmarks
Past performance does not predict future returns. You may get back less than you originally invested. Please refer to the Key Risks slide for more information.

Stocks with the strongest cashflow outperform

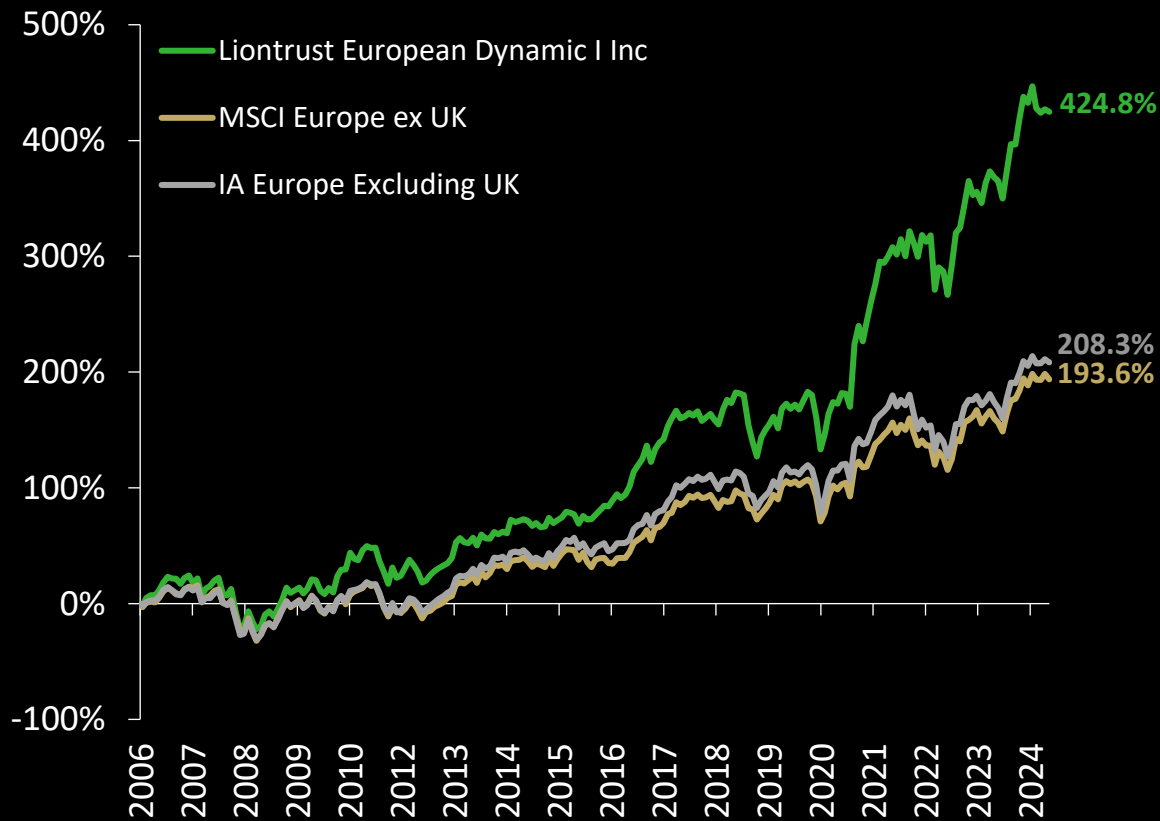
European market 1990 to 2023



Source: Liontrust, FactSet, data May 1990 to May 2023. *Reference benchmark European Cap weighted FactSet universe of stocks >250m Euros. Data sets do not stretch as far back in Europe, but the story is still the same over 30 years. **Past performance does not predict future returns.**

Performance

Performance since launch (15.11.06)



Cumulative returns %

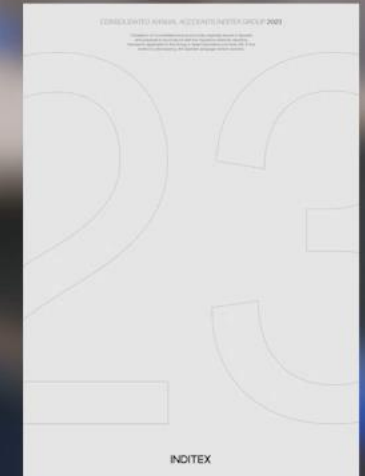
	Liontrust European Dynamic	MSCI Europe ex UK	IA Europe ex UK	Quartile & peer group ranking
1 year	12.9	14.5	14.6	4 (108/139)
3 years	30.7	18.8	14.1	1 (9/136)
5 years	93.1	42.9	43.9	1 (1/127)
10 years	216.4	119.9	123.9	1 (4/99)
Since launch (15.11.06)	424.8	193.6	208.3	1 (5/60)

Source: FE Analytics, 15.11.06 to 30.09.24. Liontrust European Dynamic Fund, total return, (net of fees, income reinvested), primary share class versus MSCI Europe ex UK and IA Europe ex UK comparator benchmarks. Quartile and peer group ranking performance, as at 30.09.24, generated on 08.10.24

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Cashflow Solution

Investment process



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Cashflow Solution

Investment process



Novo Nordisk



Annual Report 2023

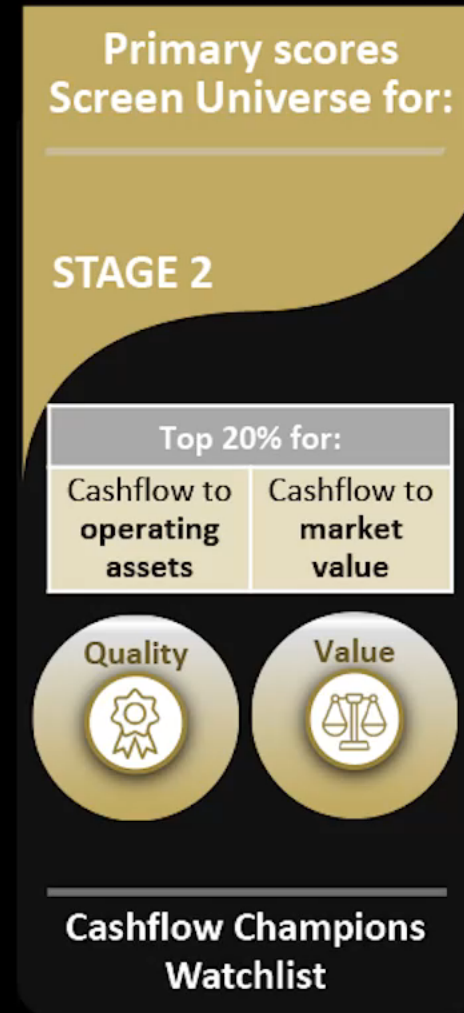
Novo Nordisk A/S – Novo Alle 1, 2880 Bagsværd, Denmark – CVR no. 24256790

© Juan Pablo Villaseñor lives with obesity and cardiovascular disease. Until recently, Juan struggled with stigma and often blamed himself for not being able to lose weight. Today, he exercises regularly and spends quality time with his son.

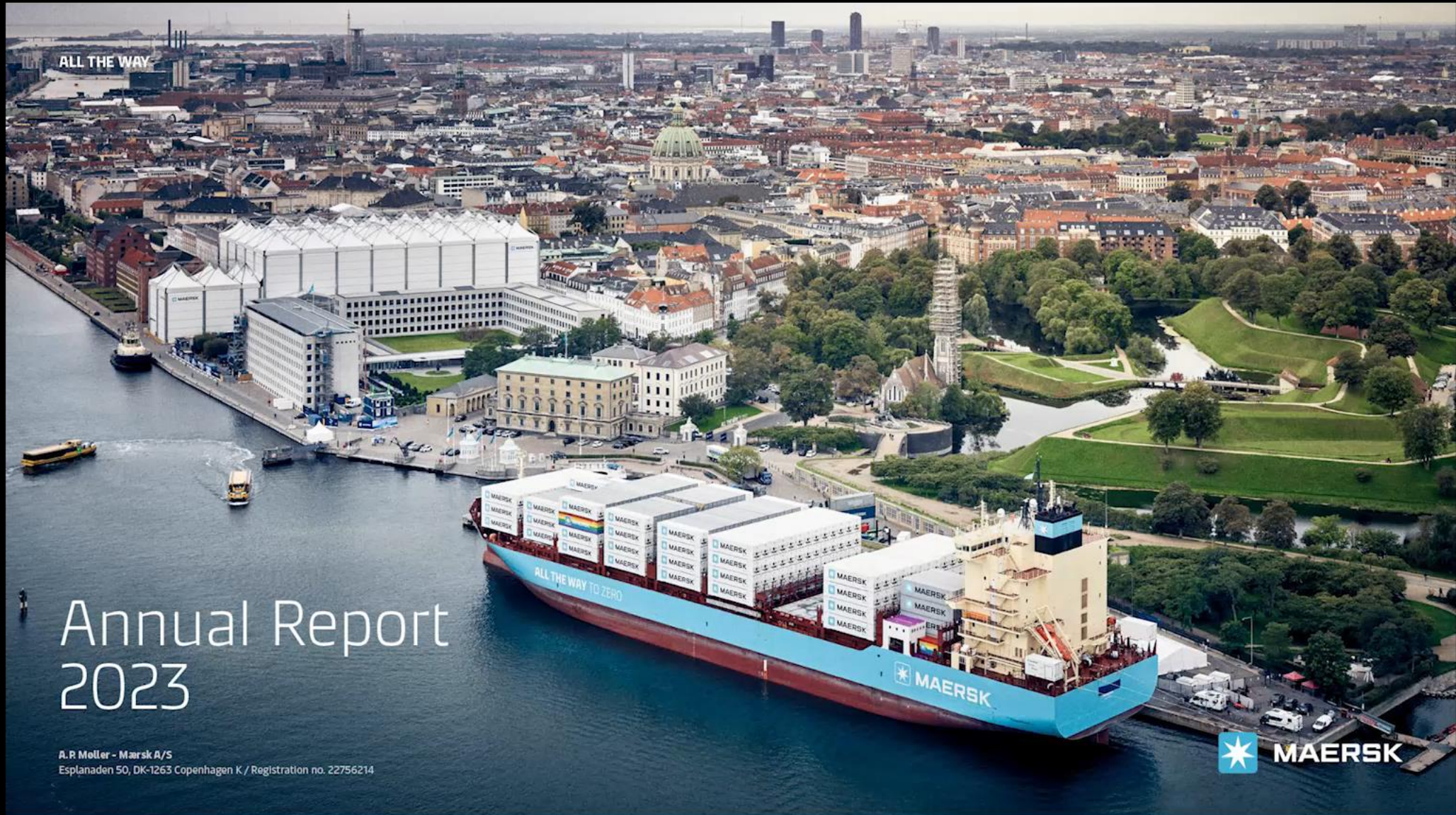
[Watch Juan's full story here](#)

Cashflow Solution

Investment process



Maersk



Annual Report 2023

A. P. Møller - Mærsk A/S
Esplanaden 50, DK-1263 Copenhagen K / Registration no. 22756214



Cashflow Solution

Investment process

Secondary scores
Rate Watchlist
across 4 criteria:

STAGE 3



Momentum



Cash Return



Recovering
Value



Contrarian Value

Detailed analysis on
Cashflow Champions

Cashflow Solution

Investment process

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STAGE 3



Momentum



Cash Return



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Contrarian Value

Detailed analysis on
Cashflow Champions

Unicredit

Consolidated interim report on operations

Introduction and Group highlights

Balance sheet figures

	31.12.2023		30.06.2024		Change
	€ billion	€ billion	€ billion	€ billion	%
Total assets	764,974	764,974	764,974	764,974	+1.0%
Financial assets held for trading	15,614	15,614	15,274	15,274	-2.0%
Loans to customers	421,997	421,997	429,452	429,452	+1.7%
Financial liabilities held for trading	38,858	38,858	39,022	39,022	+0.4%
Deposits from customers and debt securities issued	391,547	391,547	395,367	395,367	+1.0%
of which:					
— deposits from customers	495,452	495,452	495,775	495,775	+0.1%
— debt securities issued	17,400	17,400	18,043	18,043	+3.7%
Group shareholders' equity	62,075	62,075	64,079	64,079	+3.2%

The figures in the table above refer to the restated consolidated balance sheet.

Profitability ratios

	2023		2024		Change
	%	%	%	%	%
ROE (1)	15.7%	15.7%	16.0%	16.0%	+0.3%
Cost-income ratio	39.2%	39.2%	39.2%	39.2%	-0.0%
ROA (2) (after)	1.9%	1.9%	1.9%	1.9%	+0.0%
ROCE	19.7%	19.7%	19.7%	19.7%	+0.0%
NCA	1.2%	1.2%	1.2%	1.2%	+0.0%

Risk ratios

	31.12.2023		30.06.2024		Change
	%	%	%	%	%
Net bad loans to customers/loans to customers	0.27%	0.27%	0.26%	0.26%	-0.01%
Net non-performing loans to customers/loans to customers	1.42%	1.42%	1.40%	1.40%	-0.02%

For the amounts, it shall be referred to the table "Loans to customers - Asset quality" in the paragraph "Loan Loss Provisions (LLP)" of this Consolidated interim report on operations.

ESG and the workforce

	31.12.2023		30.06.2024		Change
	Number	Number	Number	Number	%
Number of employees	69,454	69,454	70,725	70,725	+1.8%
Number of branches	3,073	3,073	3,060	3,060	-0.4%
of which:					
— Italy	1,954	1,954	1,950	1,950	-0.2%
— Other countries	1,119	1,119	1,110	1,110	-0.8%

Notes:
 (1) Number of employees covered by the table of Executive Pay (ETP) - Full Time Equivalent
 (2) Number of branches including any bank branches

14 Unicredit Consolidated first half financial report as at 30 June 2024

Consolidated First Half Financial Report
as at 30 June 2024

Unlocking transformation, together.

For our clients, our people,
and our communities.

Empowering Communities to Progress. **UniCredit**

Milan, 5 February 2024

UNICREDIT: 4Q23 AND FY23 GROUP RESULTS

Record 2023 results crowning three years of success and exceeding expectations

Group FY23 stated net profit of €9.5 billion, €8.6 billion net profit up over 50% versus prior year with a 16.6% RoTE or 20.5% RoTE on a CET1 of 13%, adjusted for excess capital

EPS and DPS increased by 74% to €4.71 and by 80% to €1.78 respectively

Commencing interim dividend and share buyback approach leading to total distribution of circa €10 billion¹ for 2024 calendar year and a dividend yield of circa 10%²

CET1³ of 15.89% up around 100 basis points despite distributing⁴ 100% of FY23 net profit, reflecting strong capital efficiency, profitability and organic capital generation of €12 billion in 2023

Total revenue of €23.8 billion, underpinned by NII of €14.0 billion and resilient fees of €7.5 billion despite macro headwinds

Transformed and strong asset quality maintained with CoR of 12 basis points and with robust lines of defence to protect against risks

Operational excellence with cost reduction achieved year over year offsetting inflation and without constraining investments, 39.7% FY23 Cost-Income Ratio

Superior shareholder value creation with total distribution⁴ of €8.6 billion for FY23, or 100% of net profit, and up by circa €3.35 billion versus prior year

FY24 net profit guidance of broadly in line with prior year and RoTE of circa 16.5% demonstrating our ability to defend profitability across the cycle

Introducing ordinary distribution policy from 2024 of at least 90% pay-out⁵ of net profit

Strong progress on ESG ambitions during the year and with the focus on our values and culture garnering industry awards

On 4 February 2024, the Board of Directors of UniCredit S.p.A. ("UniCredit" or "the Group") approved the 4Q23 and FY23 Consolidated Results as of 31 December 2023.

Please refer to the General Notes and Main Definition sections at the back of this document for information regarding the financial metrics and defined terms mentioned in this press release.

¹ FY23 calendar distribution of €23 billion, of which circa €7.2 billion related to the residual FY23 distribution (i.e. net including the 1.4 billion of FY23 share buyback already executed during 2023 calendar year), and circa €1 billion FY24 interim distribution. Distribution subject to shareholder and supervisory approvals.

² Distribution and yield referring to 2024 calendar year view, i.e. including interim for FY24 distributions, yield calculated on market capitalization as of 1 January 2024.

³ 4Q23 and FY23 CET1 is net of the amount for the total FY23 distribution following the new ISM (SMI, 2023, 2024), as including also the share buyback not authorized yet for shareholders and supervisor. For a coherent FY and FY23 comparison, the FY22 and 4Q23 CET1 reported hereafter is pro forma for all 2022 distributions, including the share buyback deducted from their funds in 2022.

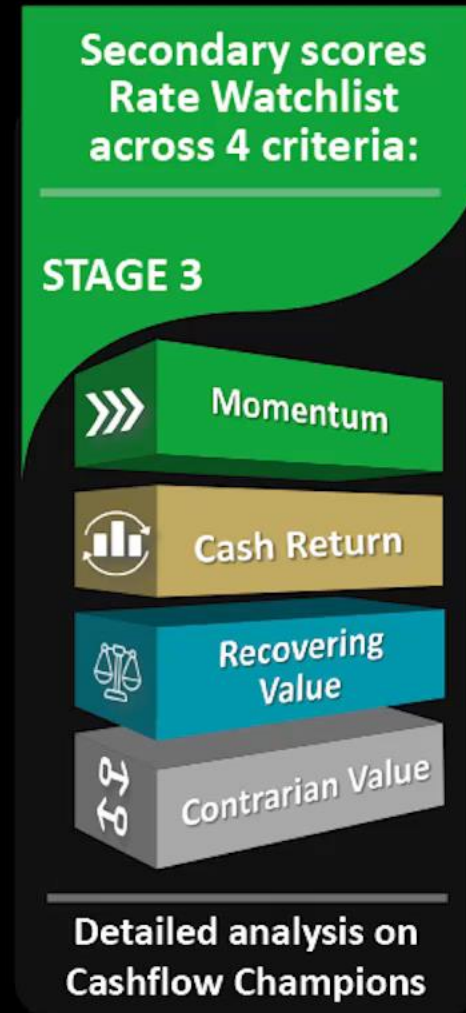
⁴ Distribution subject to shareholder and supervisory approvals.

⁵ Or net profit equal to stated net profit adjusted for the impacts from FY23 2024 and potential one-offs related to strategic items.

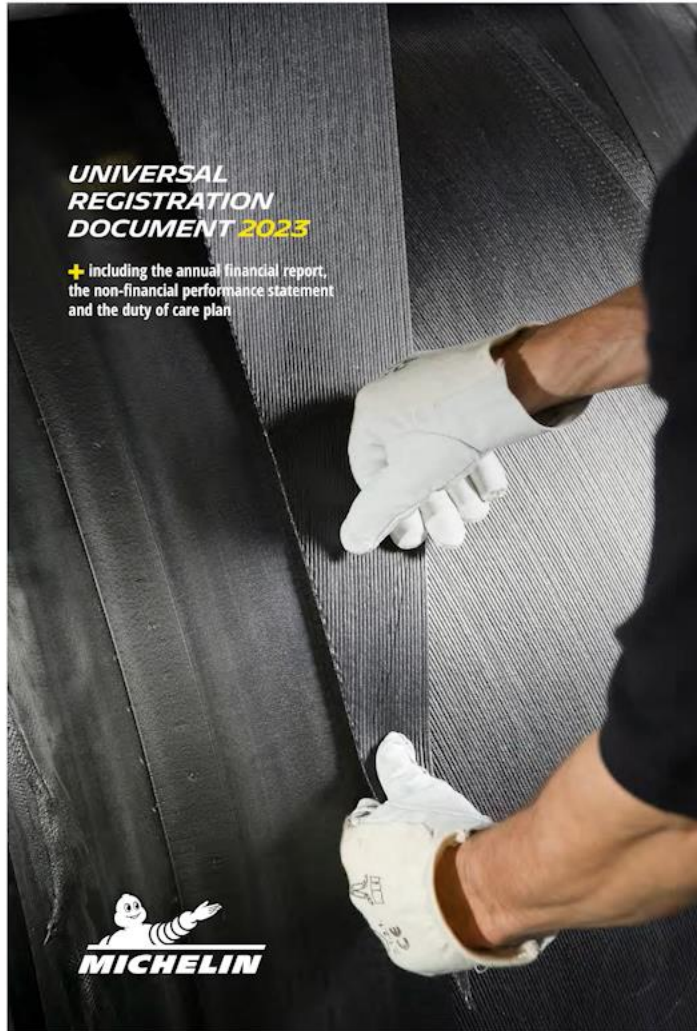
3 | P a g e

Cashflow Solution

Investment process



Michelin



Adidas

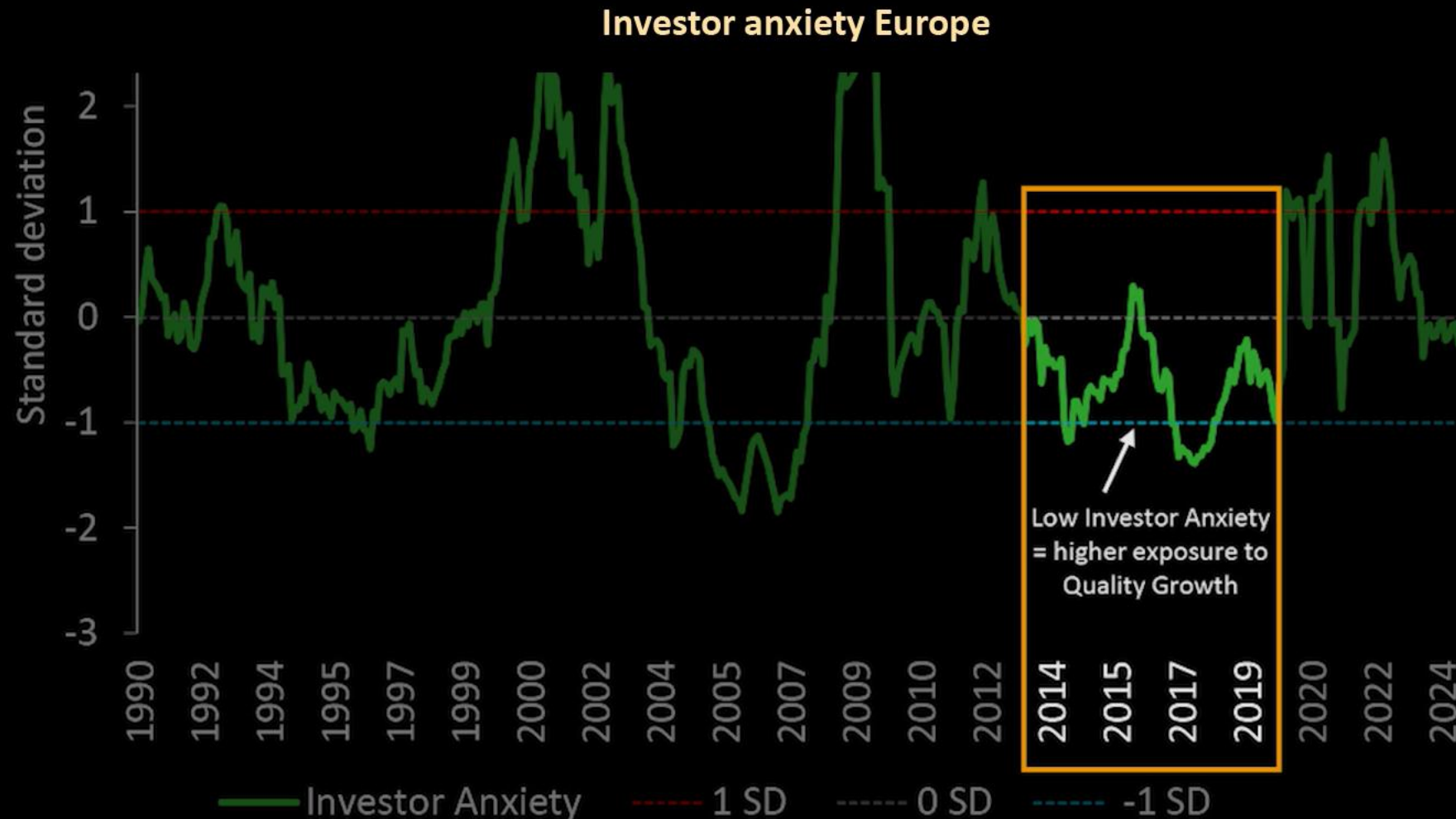


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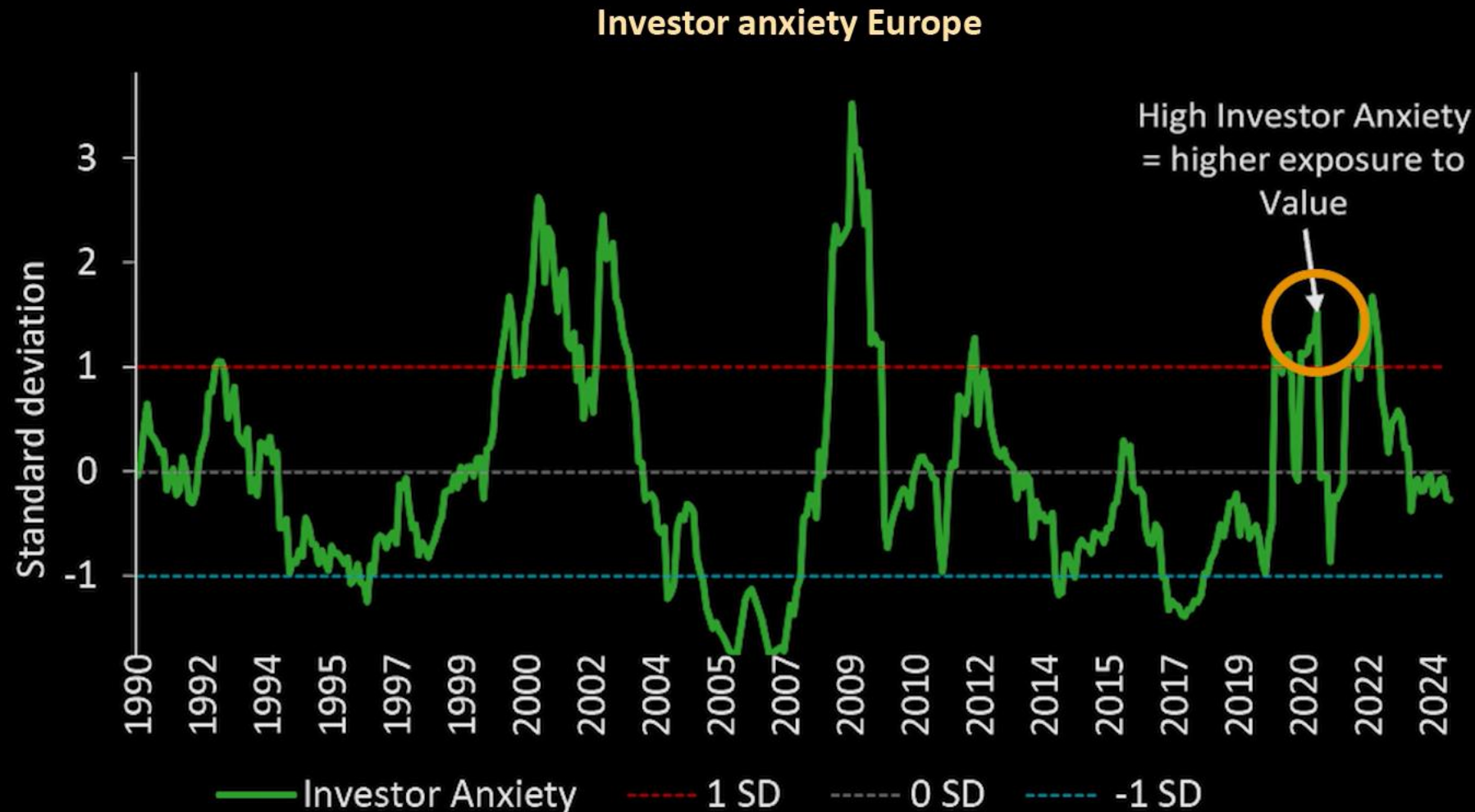
Investment process



Our Investor Anxiety Indicator has played a key role in style positioning



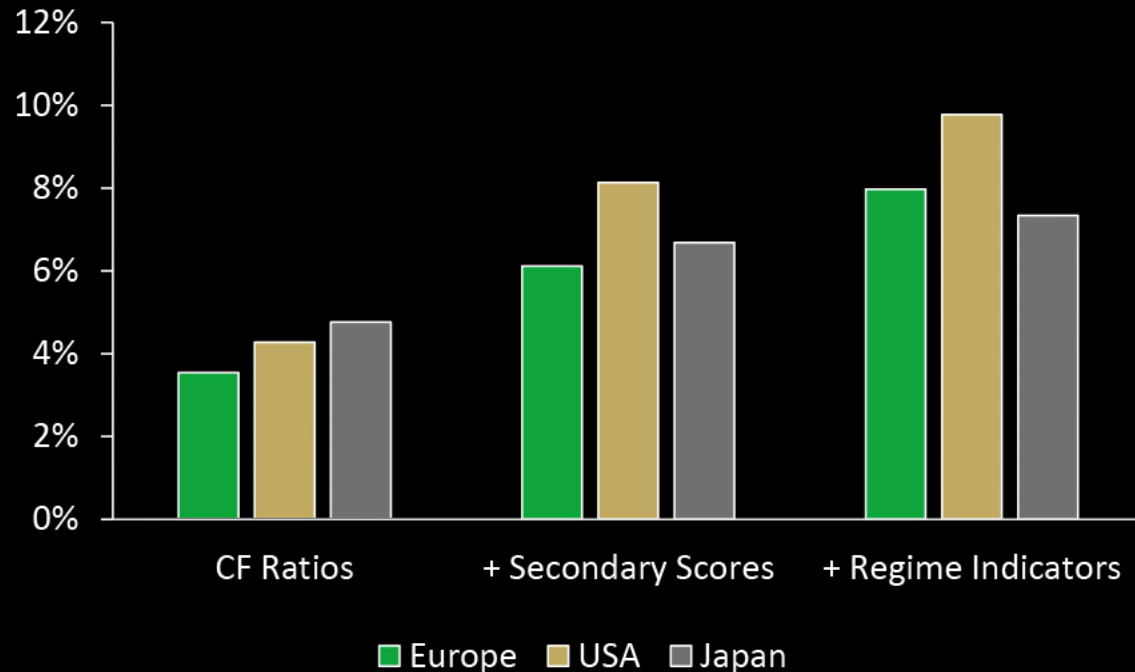
Our Investor Anxiety Indicator has played a key role in style positioning



Incremental value

Adding value at each stage of the investment process

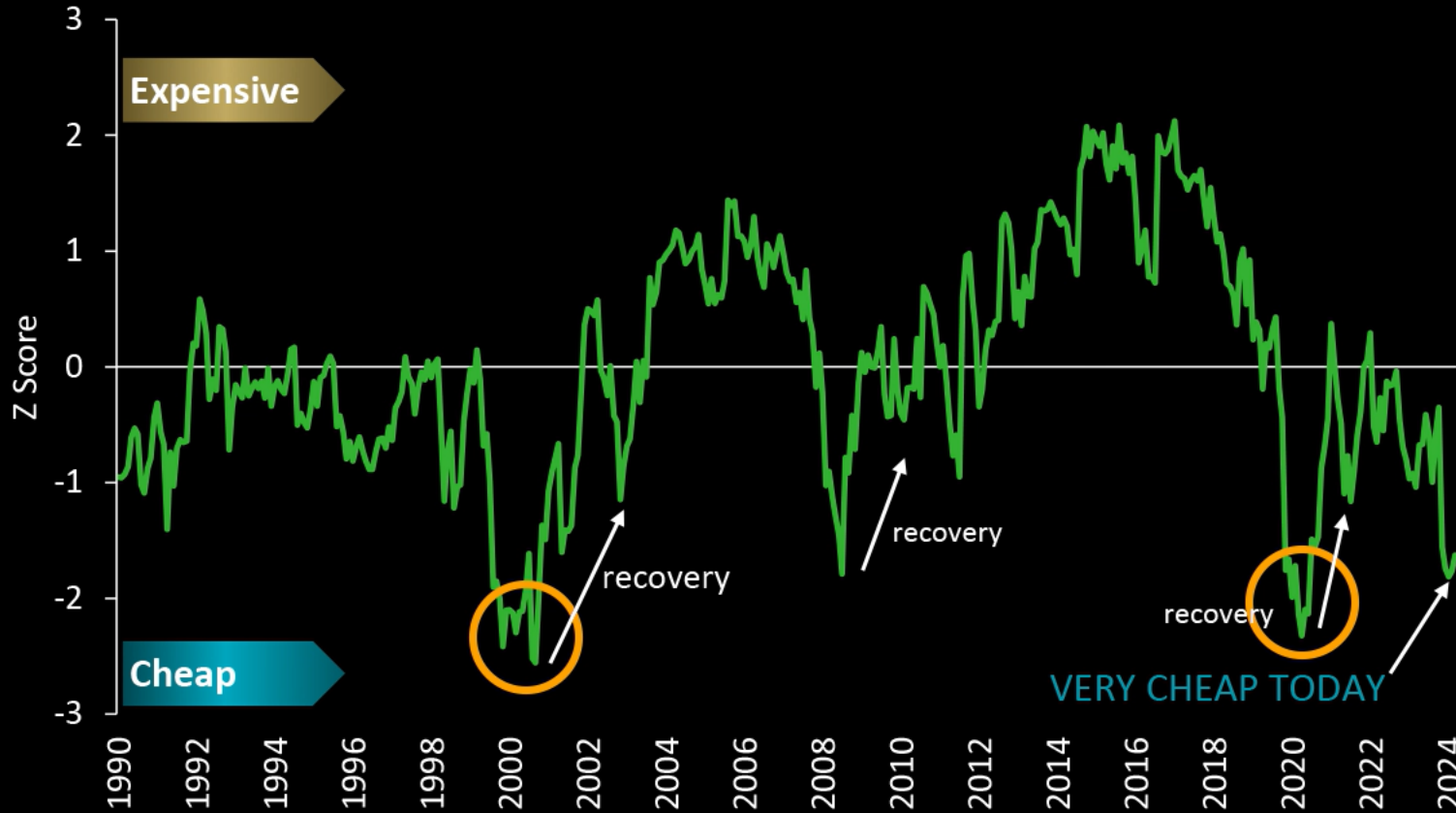
Long Only Analysis: Cashflow Investment Process stages & incremental returns relative to relevant market benchmark, rolling 12 mth % return, 1990-2024



- Tried and tested investment process across a variety of developed markets
- Our analysis shows:
 - Our two core cash flow ratios generate significant outperformance over time
 - The Secondary Scores also deliver alpha
 - The Market Regime Indicators provide further value

A compelling opportunity

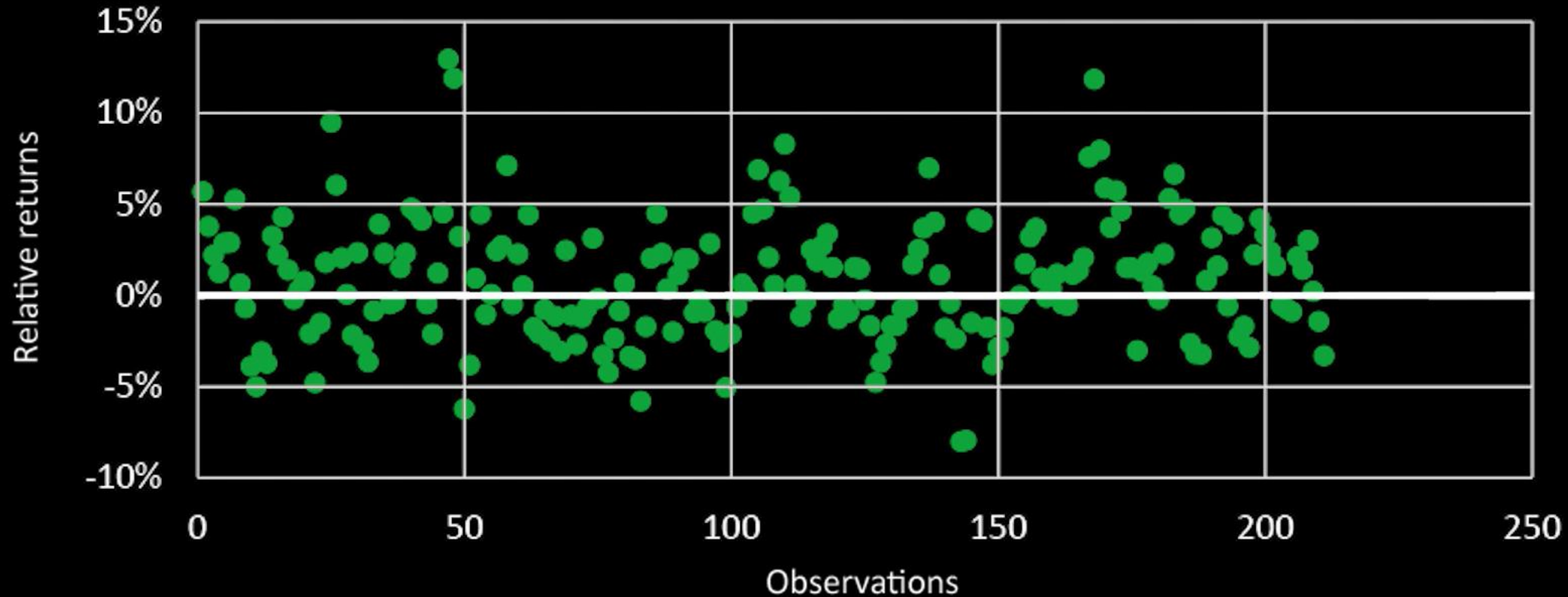
Cashflow Champions Watchlist valuation, Europe



- Today, our Cashflow Champions list is very cheap...in fact it has only been cheaper on two other occasions... 2001 & 2020
- On those occasions a significant recovery followed
- History shows when the investment process is very cheap subsequent process is typically very strong

Volatility will happen – it's part of the journey and the opportunity...

**Rolling three-month relative returns:
Liontrust European Dynamic Fund, 2006 – 2024**

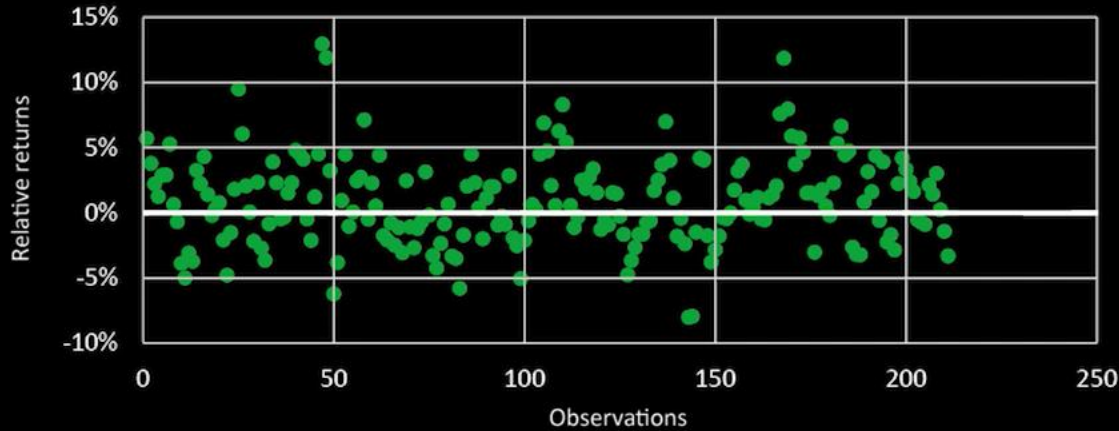


Source: Liontrust, as at 31.07.24, Liontrust European Dynamic Fund relative returns versus MSCI Europe ex UK, a comparator benchmark

Past performance does not predict future returns. You may get back less than you originally invested. Please refer to the Key Risks slide for more information.

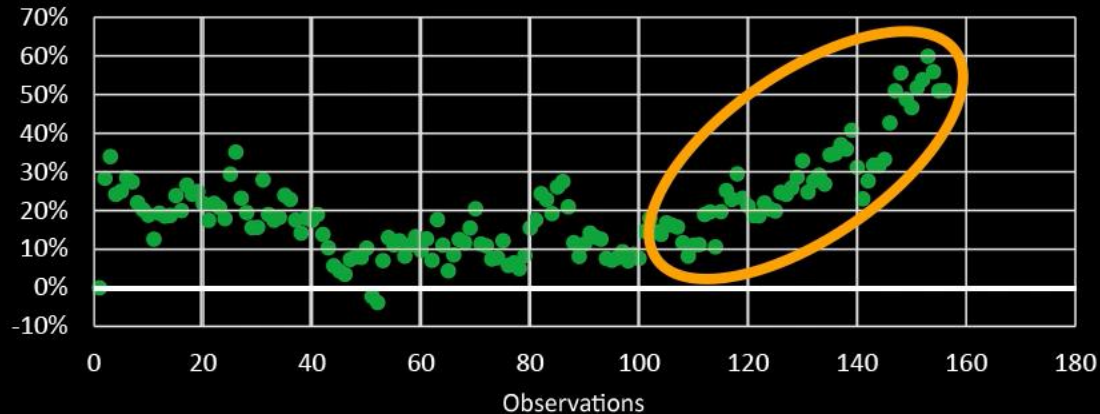
Volatility will happen – it's part of the journey and the opportunity...

**Rolling three-month relative returns:
Liontrust European Dynamic Fund, 2006 – 2024**



➤ Rolling returns chart shows volatility can be expected over short time periods...

**Rolling five-year relative returns:
Liontrust European Dynamic Fund, 2006 – 2024**



➤ Longer holding periods result in significant outperformance

Source: Liontrust, as at 31.07.24, Liontrust European Dynamic Fund relative returns versus MSCI Europe ex UK, a comparator benchmark

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Positive outlook



Markets are in a technical uptrend

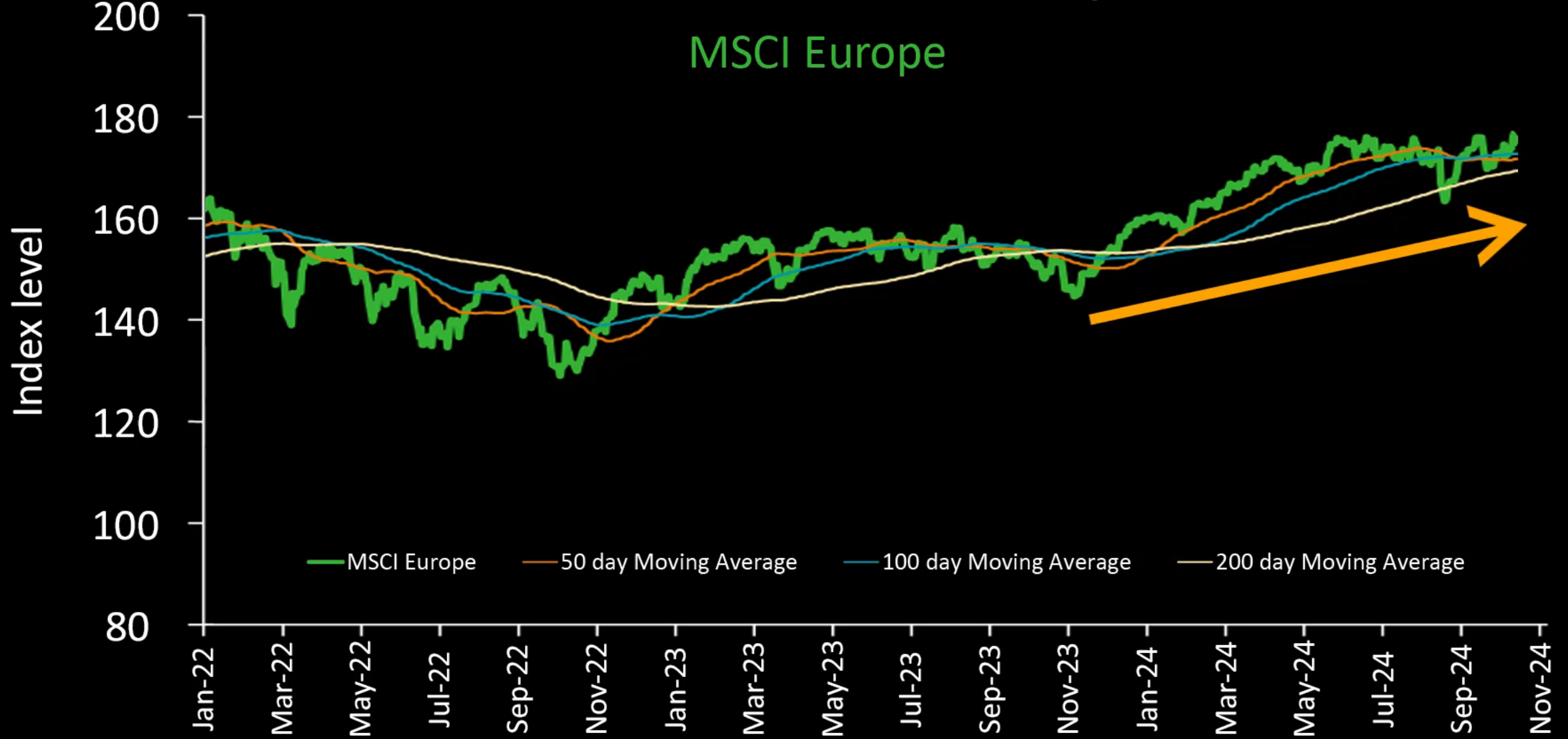


Market valuation is reasonable



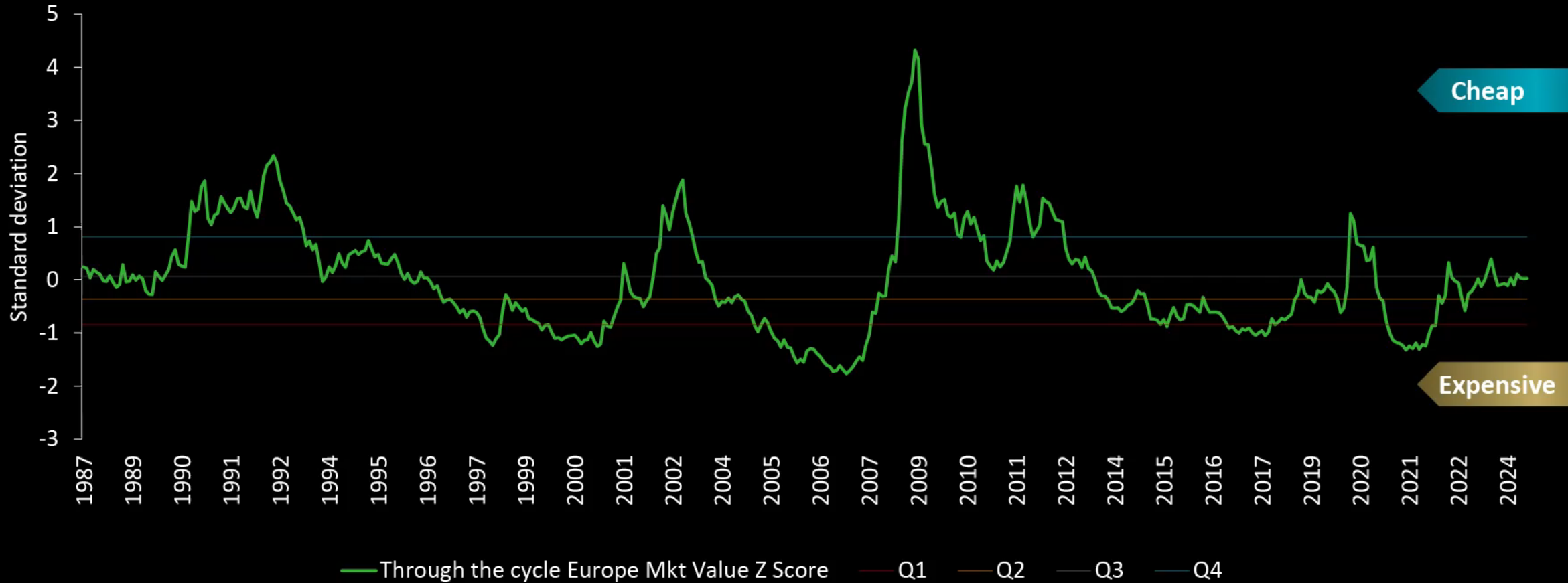
Our Corporate Aggression Indicator is low

Markets are in a technical uptrend



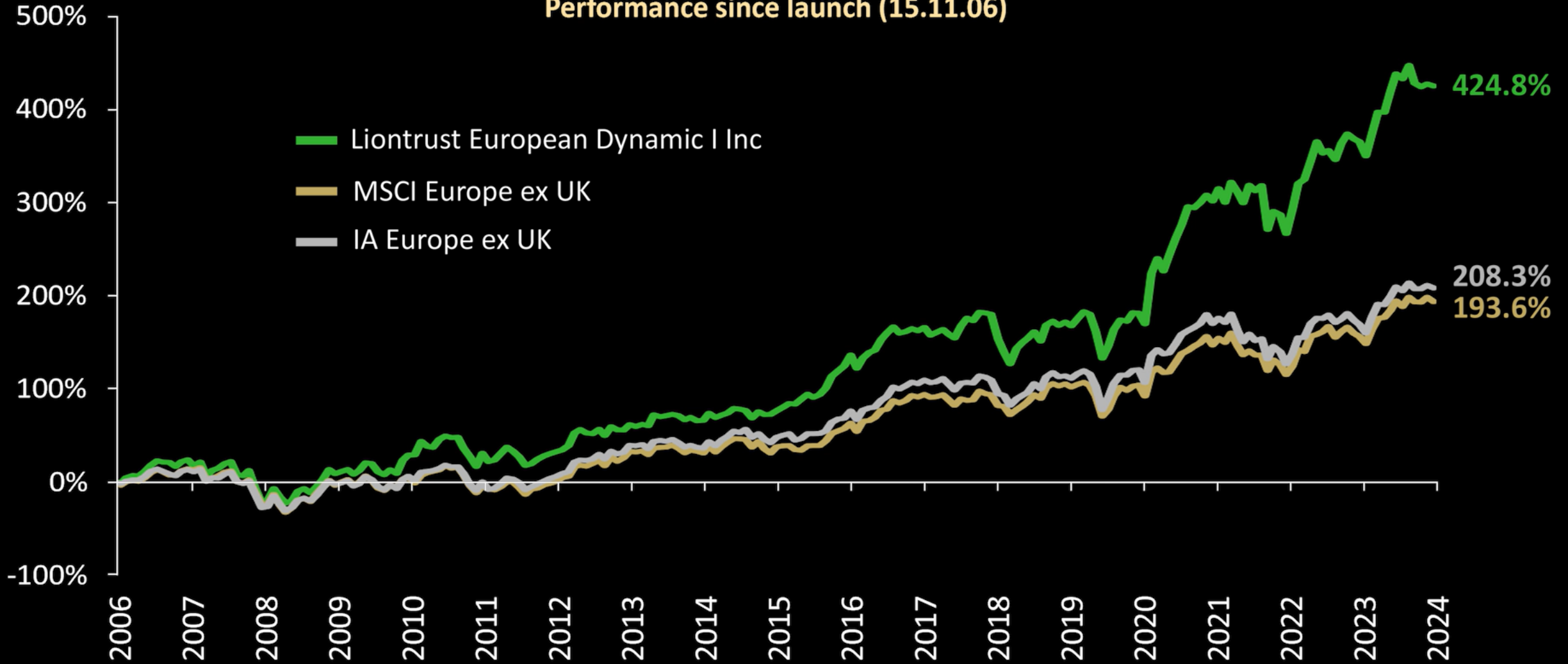
European market valuation is reasonable

European valuation indicator



Performance

Performance since launch (15.11.06)



Source: FE Analytics, 15.11.06 to 30.09.24. Liontrust European Dynamic Fund, total return, (net of fees, income reinvested), primary share class versus MSCI Europe ex UK and IA Europe ex UK comparator benchmarks. Quartile and peer group ranking performance, as at 30.09.24, generated on 08.10.24

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Liontrust European Dynamic Fund

Discrete performance

12 months to previous quarter ending (%)	Sep-24	Sep-23	Sep-22	Sep-21	Sep-20
Liontrust European Dynamic I Inc	12.9	26.8	-8.7	42.8	3.5
MSCI Europe ex UK	14.5	19.0	-12.8	20.9	-0.5
IA Europe ex UK	14.6	18.7	-16.1	22.4	3.1
Quartile	4	1	1	1	2

Source: FE Analytics, as at 30.09.24. Liontrust European Dynamic, total return, (net of fees, income reinvested), primary share class versus comparative benchmarks MSCI Europe ex UK and IA Europe ex UK. Quartiles, as at 30.09.24, generated on 08.10.24

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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.

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.

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

For investment professionals only

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