



Marketing communication

Liontrust GF European Smaller Companies Fund

November 2023

Samantha Gleave & James Inglis-Jones



For professional investors and advisers only

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.

As the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares. In addition the spread between the price you buy and sell units 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.

For investment professionals only

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For Investors in Belgium

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Source and copyright Citywire. Based on the manager’s three year risk-adjusted performance: James Inglis-Jones and Samantha Gleave have a Citywire (AAA) Fund Manager Rating for the period 3 years to 31.10.23.

AP COMP

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

Liontrust GF European Smaller Companies Fund	
Launch:	25 April 2014
Fund size:	€7.1m
Number of positions:	c.30-50 equally weighted at inception
Market cap at inception:	<€5bn
Geography:	Pan-Europe
Target benchmark:	MSCI Europe Small Cap Index

The Cashflow Solution team



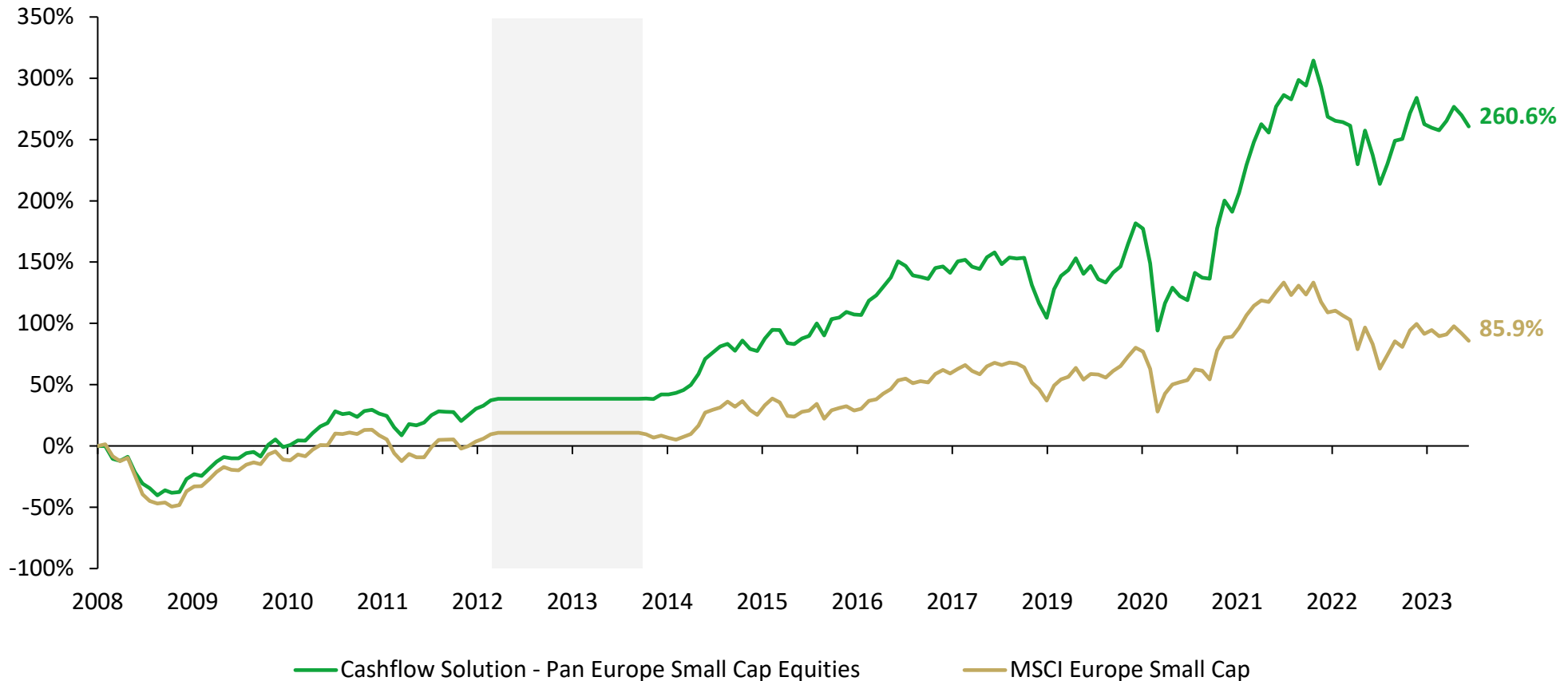
- James Inglis-Jones and Samantha Gleave manage the Liontrust Cashflow Solution Process
- Combined, they have more than 40 years' experience and first started working together in 1998
- Across the Cashflow Solution process, they manage a total of over £1.6bn assets under management across a variety of Long Only Pan Euro, Europe ex UK, Eurozone, UK and European Smaller Companies strategies. The team also manages a Pan European Long-Short Equity Strategy

A differentiated and flexible approach to European equities . . .

The process has been applied to a small cap composite and has generated a strong track record

Past performance does not predict future returns. The performance displayed is strategy performance. It is not the past performance of the promoted Fund

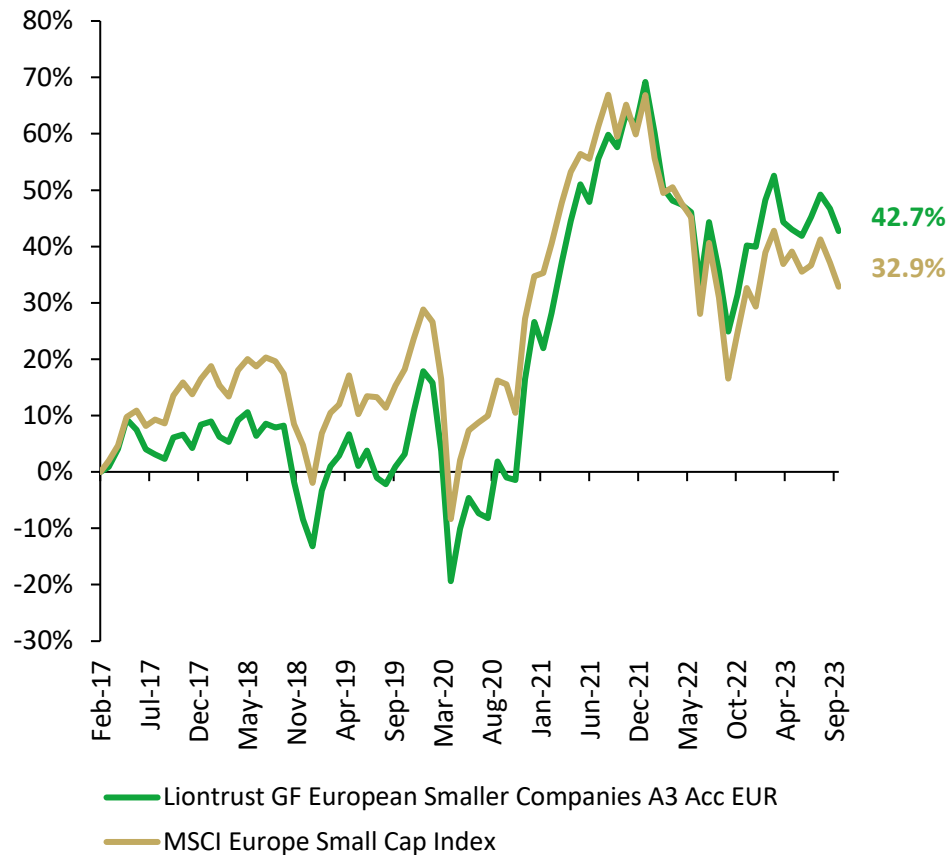
Institutional composite managed since 2008 with a two-year break 2012 to 2014



Source: Liontrust, as at 30.09.23. This is not GIPS compliant and is for illustrative purposes only. Returns are gross of base fees. The deduction of fees will have the effect of reducing these returns. Based on institutional accounts composite over two separate time periods since inception (30.04.08 to 31.10.12 and 30.06.14 to 30.09.23). From 31.10.12 to 30.06.14 the strategy was inactive. For the purposes of suitable comparison, the current mandate's performance track record has been converted from its base currency (USD) into Euros. Target index is MSCI Europe Small Cap

Past performance does not predict future returns

Performance since launch



Cumulative returns %

%	Liontrust GF European Smaller Companies Fund	MSCI Europe Small Cap Index
1 year	14.2	14.0
3 years	44.1	15.0
5 years	31.9	13.2
Since launch (01.02.17)	42.7	32.9

Source: FE Analytics, as at 30.09.23. Liontrust GF European Smaller Companies Fund, A3 share class, net of fees, income/interest reinvested, Euros. The Fund's target benchmark is MSCI Europe Small Cap Index. Portfolio launch date was 01.02.17. Liontrust Asset Management PLC claims compliance with the Global Investment Performance Standards (GIPS®). Please see the GIPS Report attached at the end of the presentation

You may get back less than you originally invested. Please refer to the Key Risks slide for more information



Philosophy

Unique philosophy, focused on the belief cashflow is the single most important determinant of shareholder returns

Unique



Investment Process

Our disciplined process is built on the idea that cashflow is the most reliable guide to future profitability and stock price valuation

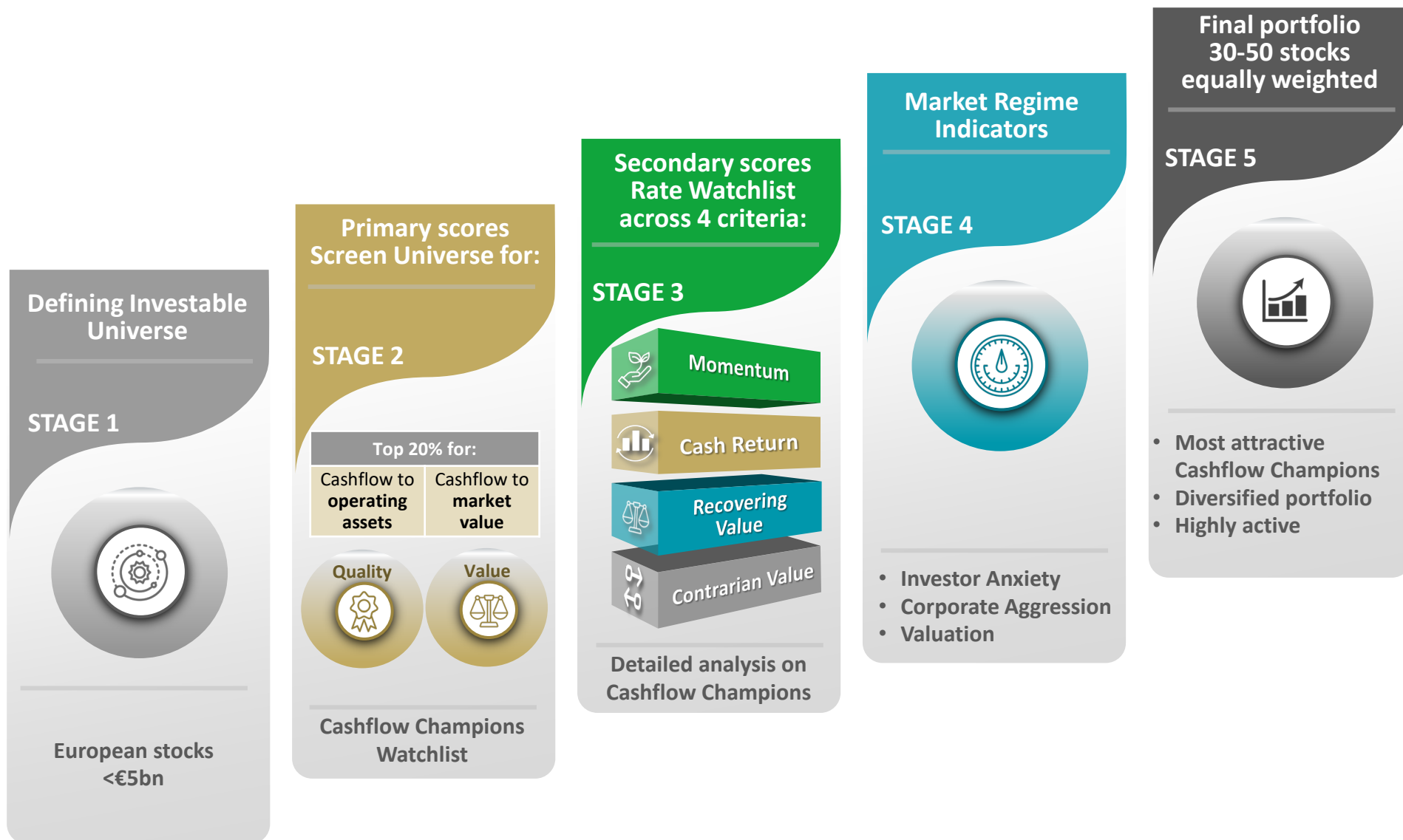
Disciplined



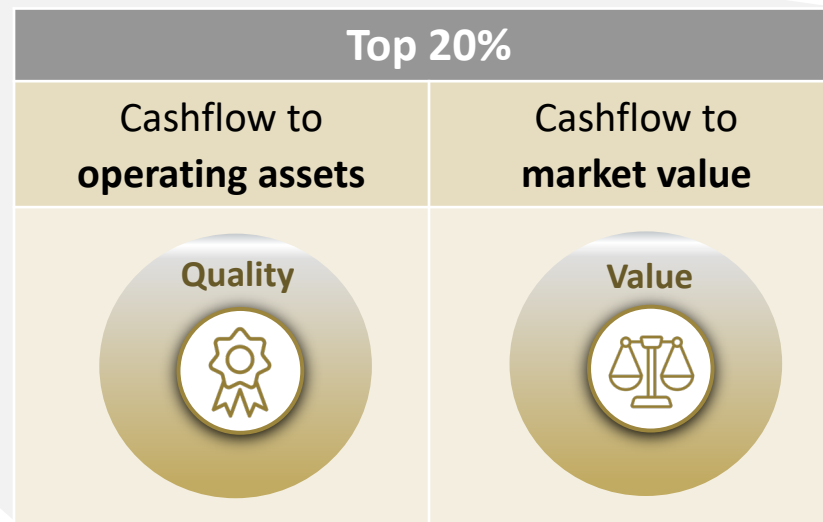
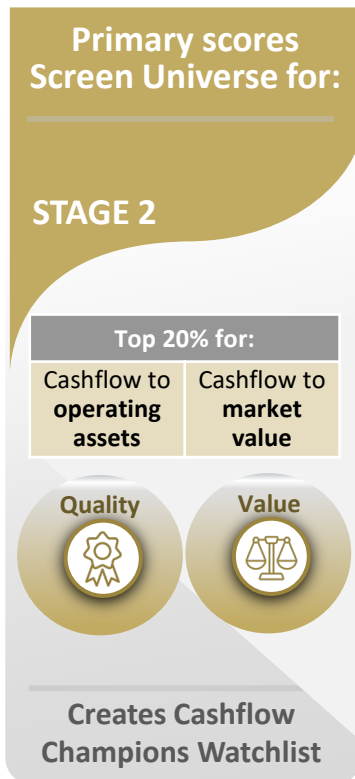
Core Portfolio

Focus on cashflow incorporates value, growth and quality investing, leading to a highly complementary portfolio that has outperformed in both value-led and growth-led markets

Complementary



- Initial screens allow us to determine which stocks we want to own:
 - Stocks with attractive and durable cashflow
 - Stocks that are undervalued relative to their cashflow
- Our Watchlist is generated by the use of a simple cashflow screen applied to stocks with a market cap <€5bn



Create the Cashflow Champions Watchlist

Secondary scores capture the four different types of stocks appearing routinely in the top quintile of our cashflow ratios that have historically delivered attractive returns relative to the wider market



Strong business momentum, high margin (indicative of economic moat), self funded growth



Stable business with a robust balance sheet returning cash to shareholders through share buyback, debt pay-down and dividend (shareholder yield)



Recovering business with management focused on reining in capex and imposing working capital control, eager to return cash to shareholders. Investors generally sceptical hence low conventional valuation



Has experienced prolonged tough trading conditions, management responding by restructuring and selling off assets. Investors are very sceptical



What does our process tell us about the backdrop for European markets?



Key Indicators

- Investor anxiety
- Corporate Aggression
- Market Momentum
- Momentum Efficacy
- Valuations

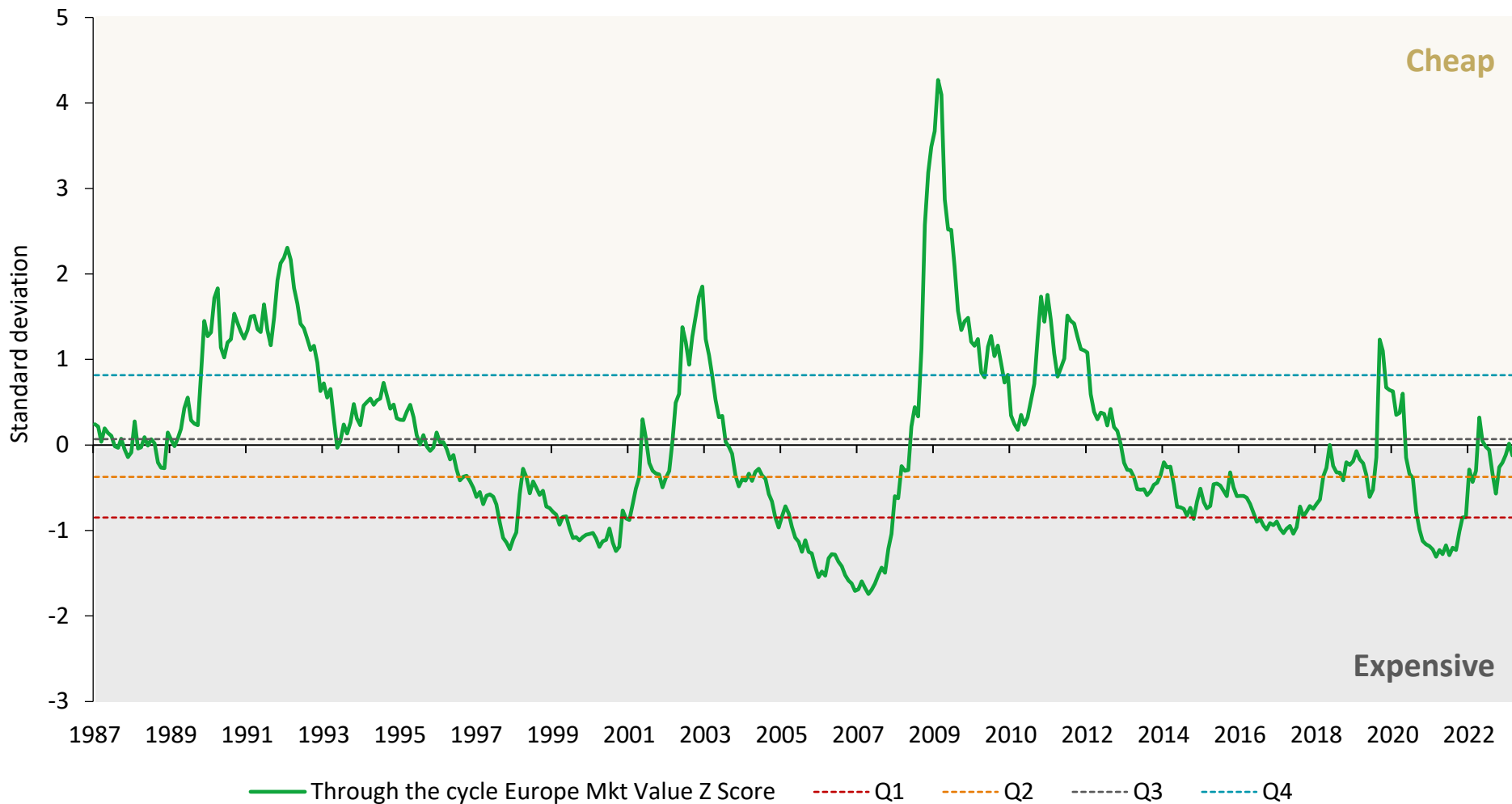
Value or Growth?

- Which is better placed, value or growth?

Which secondary scores?

- Momentum?
- Cash Return?
- Recovering Value?
- Contrarian Value?

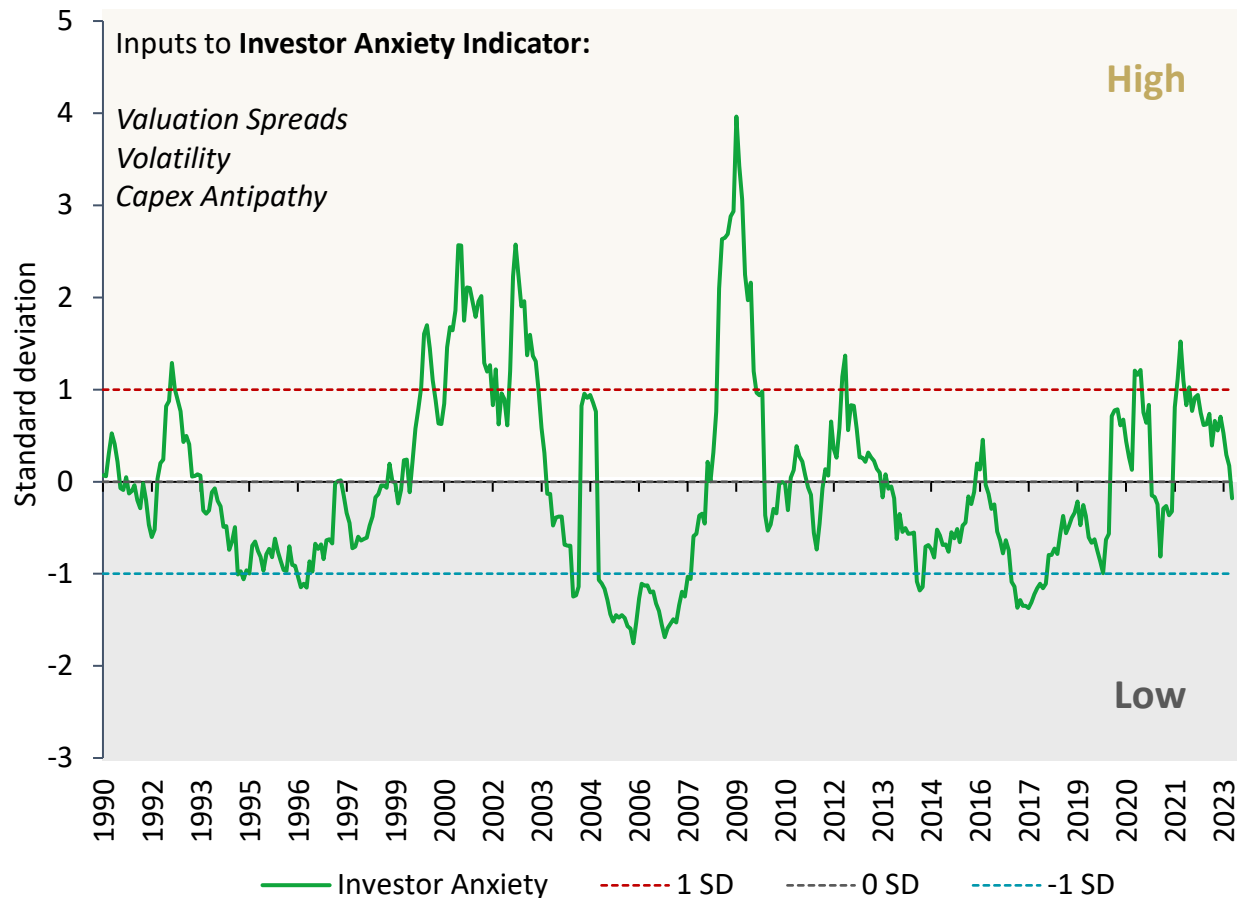
European valuation indicator



Source: Liontrust & Factset, as at 31.12.87 to 30.09.23. Q = Quartile

Investors are **less anxious** = Favourable environment for **Recovering Value stocks**

Investor anxiety in Europe



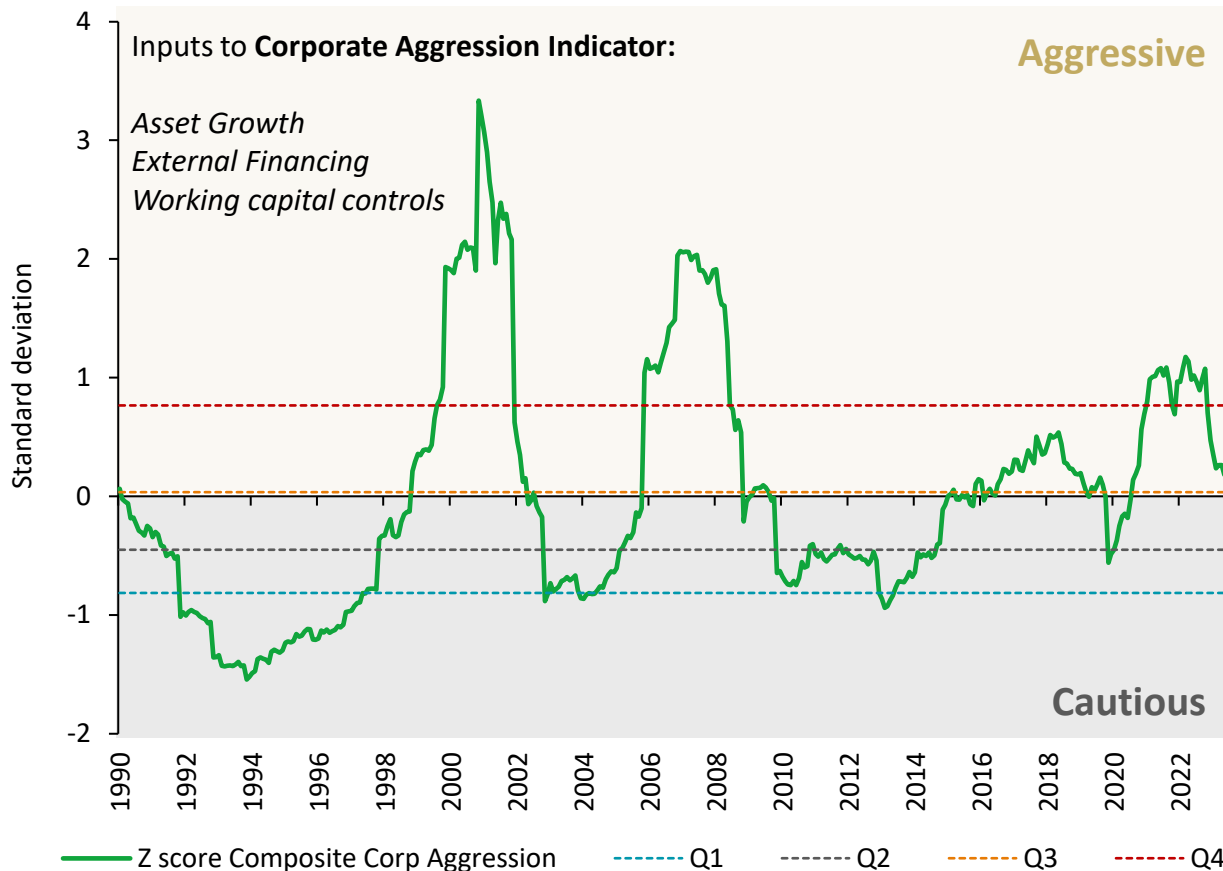
Stock examples



Source: Liontrust & Factset, 31.10.90 to 31.08.23. SD = Standard deviation

Corporate aggression **is falling** – lower corporate aggression is generally more constructive for market outlook

Corporate aggression in Europe



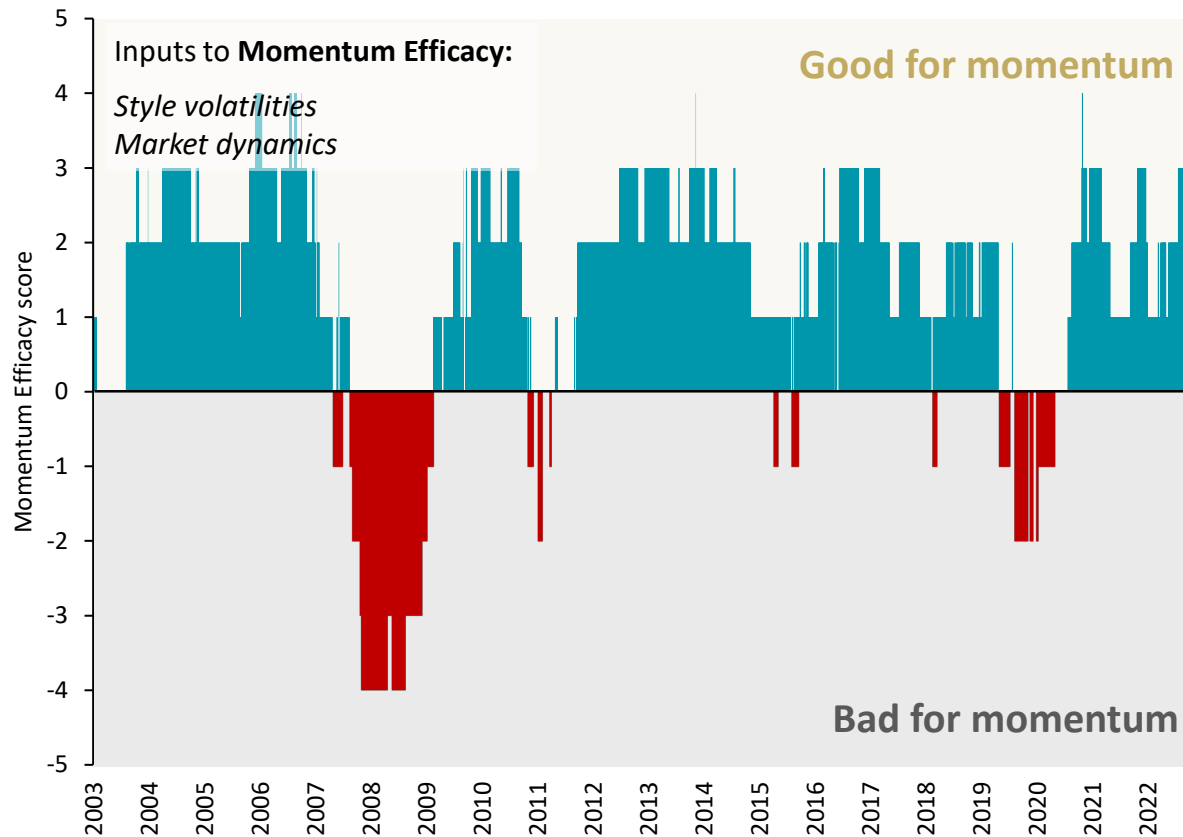
Stock examples



Source: Liontrust & Factset, 31.05.90 to 30.09.23. Q = Quartile

Momentum Efficacy is benign = Focus on stocks with **good momentum scores**

Momentum Efficacy in Europe



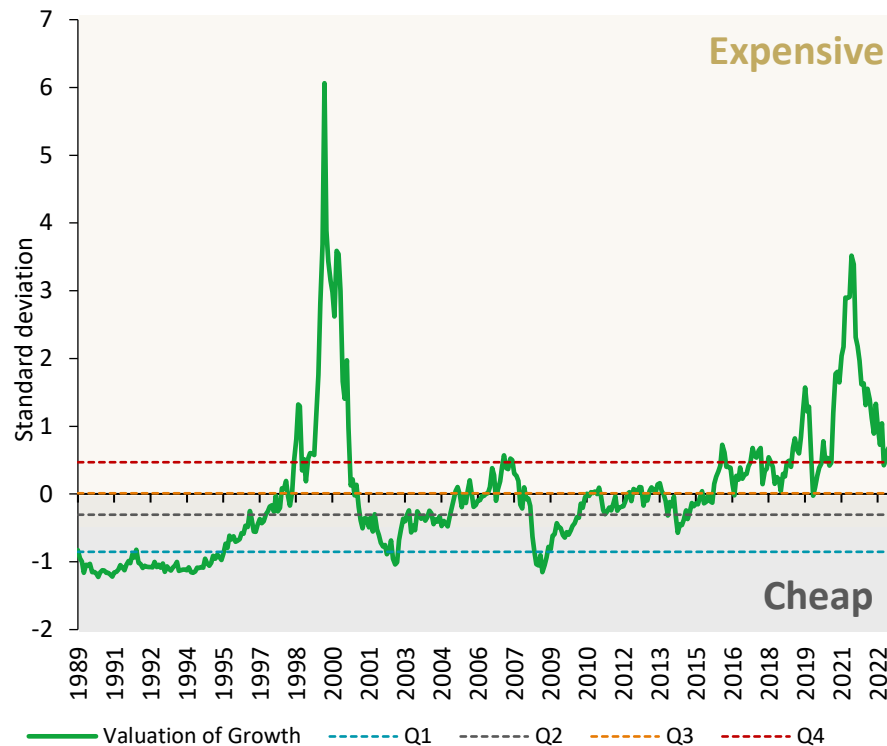
Stock examples (with good Momentum scores)



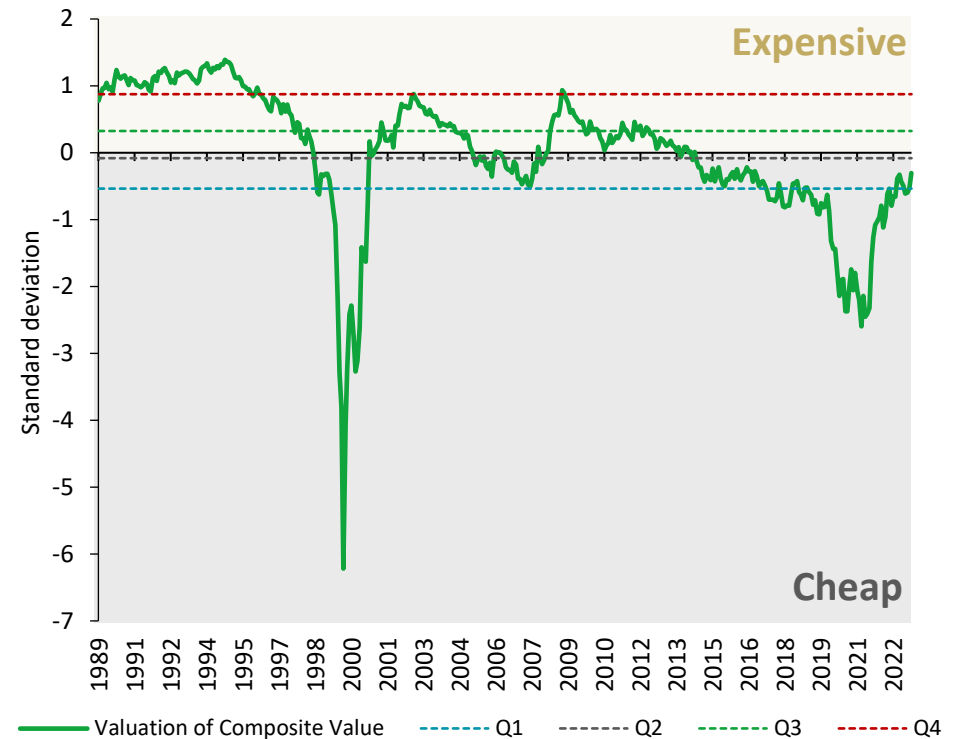
Source: Liontrust, Factset & Bloomberg, 14.11.03 to 30.09.23

Despite recent underperformance, **high forecast growth** stocks **are still vulnerable** to further falls
Value stocks have rallied, but still have **considerable valuation support**

Valuation of European High Growth 1989-2023*

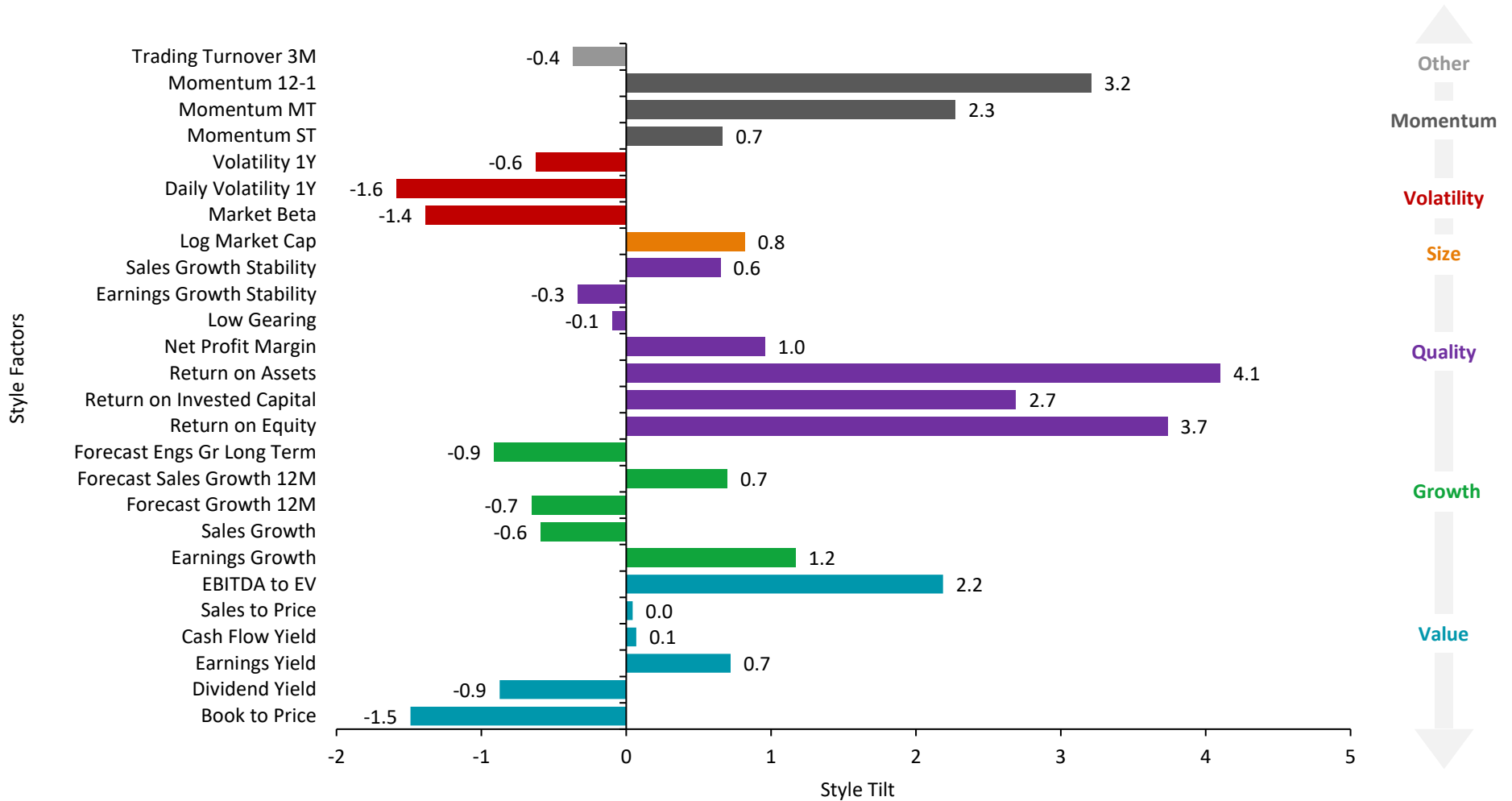


Valuation of European Value (bottom 20%) 1989-2023**



Source: Liontrust & Factset, as at 29.12.89 to 30.09.23. *Growth defined along the lines of the Bloomberg growth measure and includes historic earnings per share (EPS), sales & asset growth and forward EPS and sales estimates **Through the cycle value of the cheapest 20% of companies on a Composite Value measure relative to the European market (Composite follows the Bloomberg value factor and includes P/B, P/S, E/P, CF/P, EV/EBITDA)

Liontrust GF European Smaller Companies Fund versus MSCI Europe Small Cap



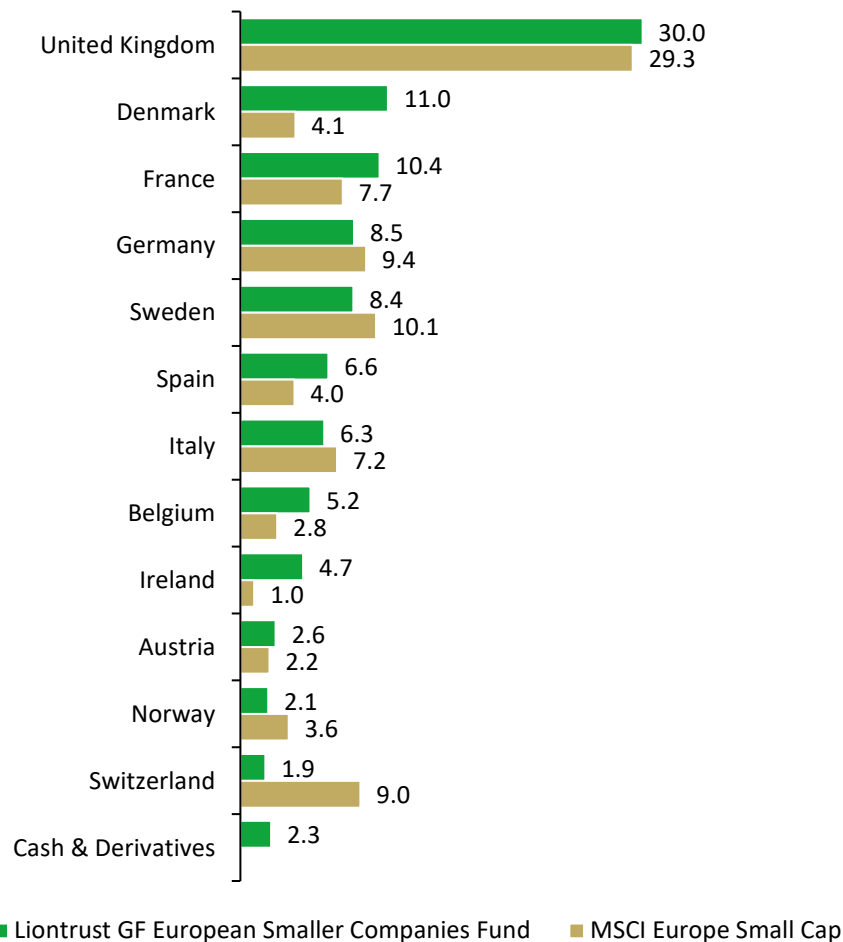
Source: Style Analytics, as at 30.09.23 versus target benchmark is MSCI Europe Small Cap

Top 10 holdings

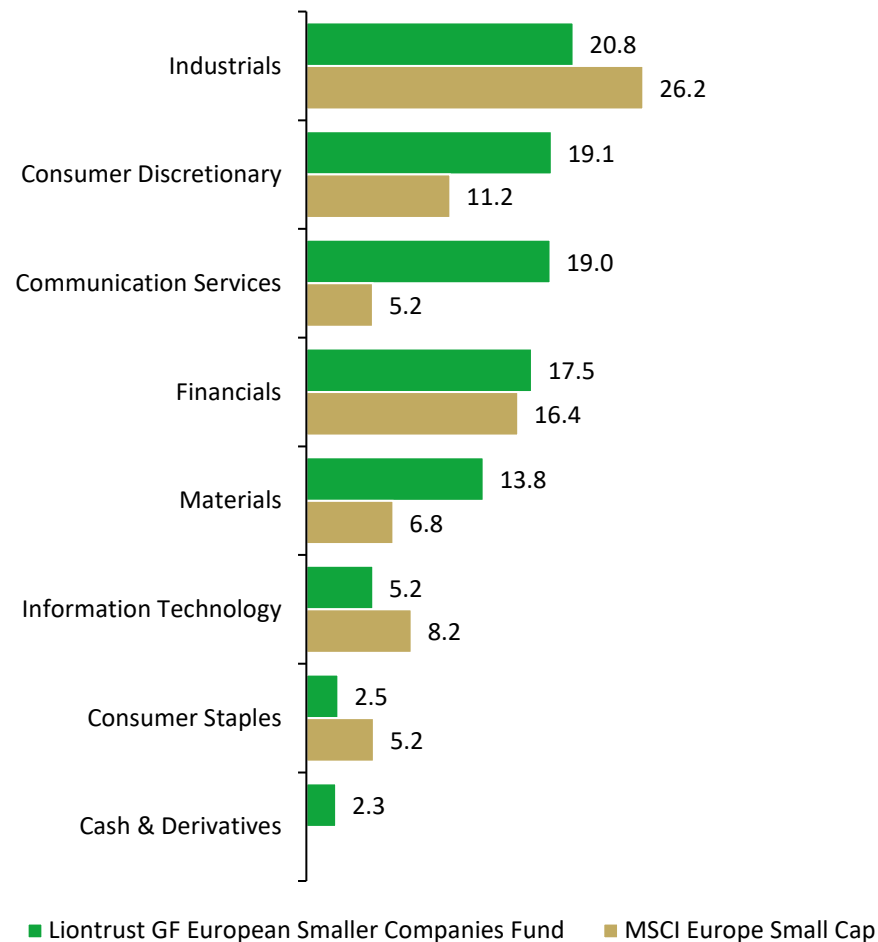


	Portfolio %
4imprint	6.9
Ringkjøbing Landbobank	5.9
Bekaert	5.2
Pandora	5.1
Bank of Ireland	4.7
Serco	4.7
Rexel	4.2
Bankinter	4.0
Ipsos	3.6
Betsson	3.5

Geographic exposure (%)



Sector exposure (%)



Source: Liontrust, 30.09.23. The MSCI Europe Small Cap is a target benchmark