

# Liontrust GF European Strategic Equity Fund

October 2022

James Inglis-Jones & Samantha Gleave



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Introduction to Liontrust GF European Strategic Equity Fund



Why a variable long / short and why focus on Cashflow?



Cashflow Solution investment process



Portfolio positioning and update

## 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 Strategic Equity Fund	
Launch:	<b>25 April 2014</b>
Size:	<b>€127m</b>
Comparator benchmark 1:	<b>MSCI Europe</b>
Comparator benchmark 2:	<b>HFRX Equity Hedge EUR</b>

## Co-Heads of the Cashflow Solution Team



- James Inglis-Jones and Samantha Gleave jointly manage the Cashflow Solution range of funds having first worked together in 1998
- James previously managed funds at Fleming Investment Management, JP Morgan Fleming and Polar Capital. Samantha formerly worked at Sutherlands Limited, Fleming Investment Management, Credit Suisse First Boston and Bank of America Merrill Lynch

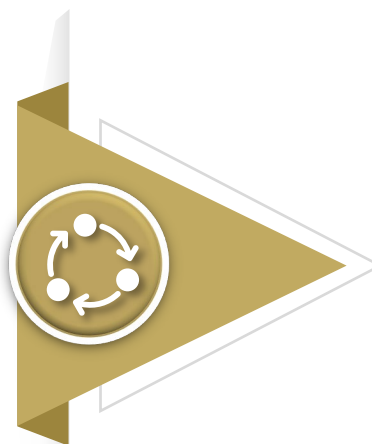
**A differentiated and flexible approach to European equities . . .**



### 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**



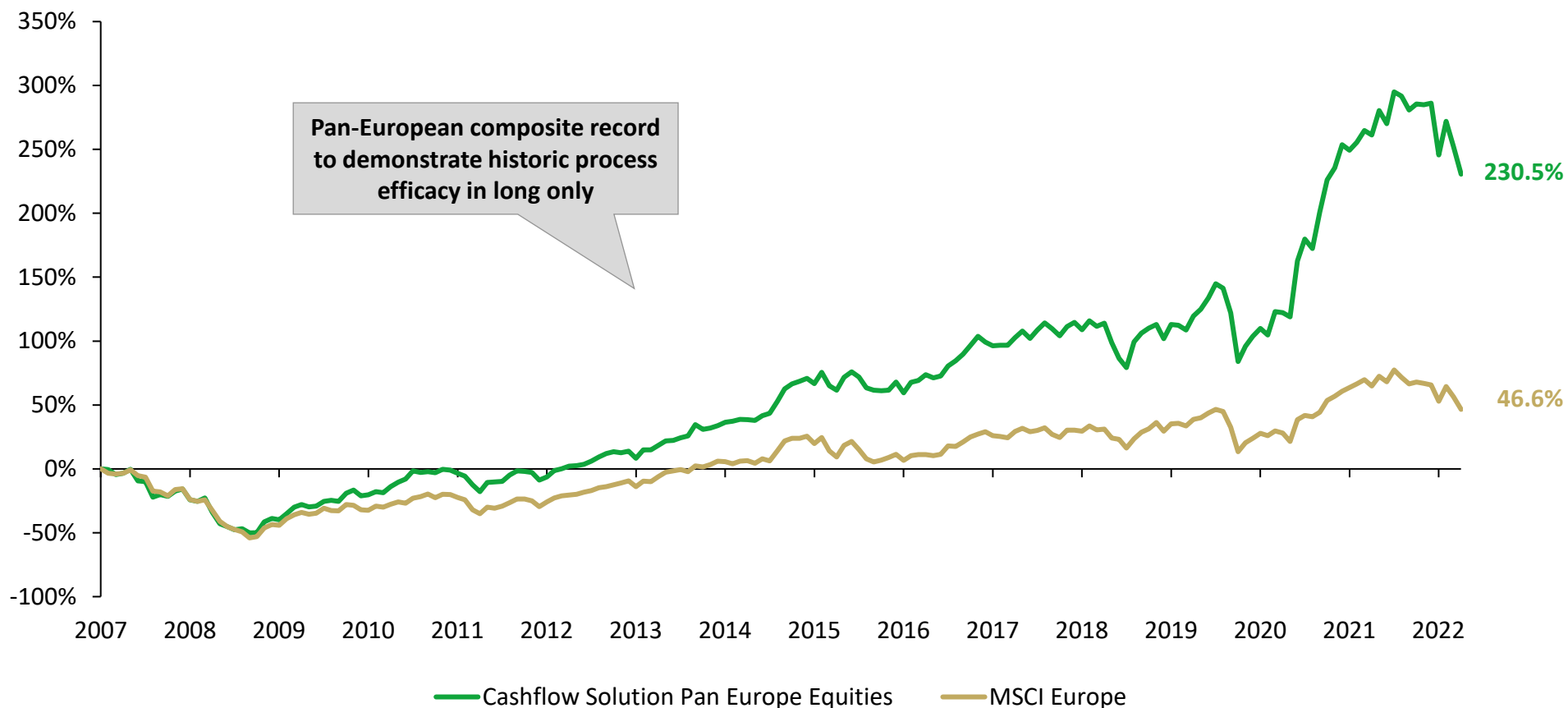
### Core Portfolio

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**

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

Cumulative performance since inception

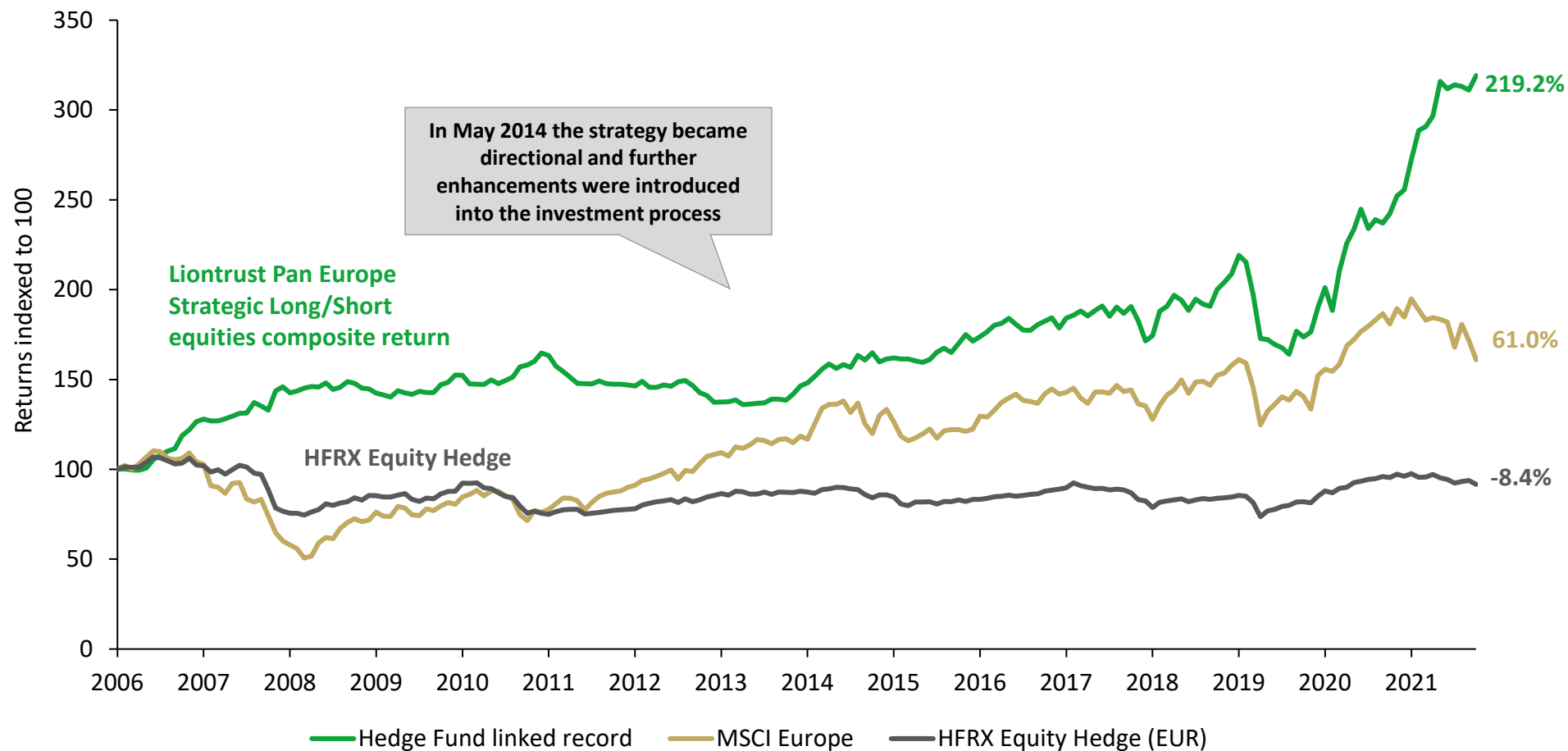


Source: Factset, 30.06.07 to 30.09.22. Cashflow Solution Pan Europe Equities versus comparator benchmark MSCI Europe in Euros, cumulative total return gross of fees. The deduction of fees will have the effect of reducing these returns. MSCI Europe is total return (net)

# The record of applying the process to go both long and short in an alternative fund has been strong

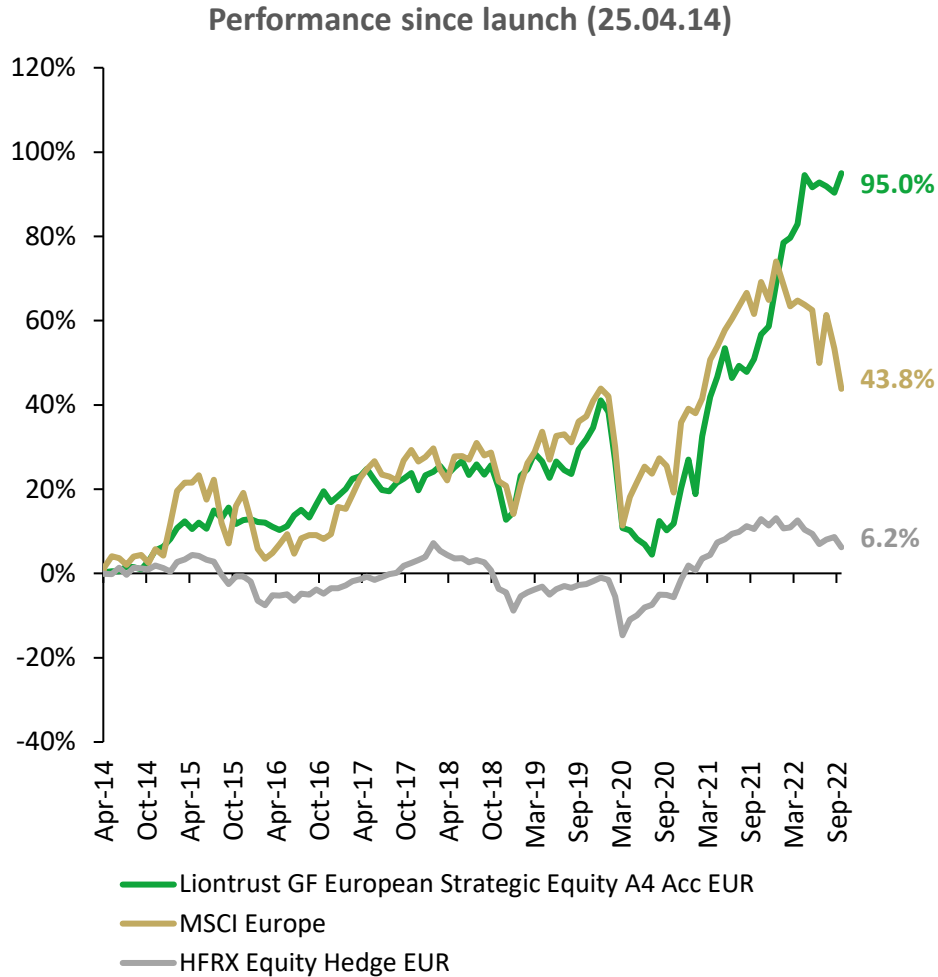
Past performance does not predict future returns. The performance displayed is strategy performance. It is not the past performance of the promoted Fund

## Alternative strategy record



Source: Liontrust, 31.12.06 to 30.09.22 versus comparator benchmarks. This is not GIPS compliant and is for illustrative purposes only. Returns are gross of base fees in Euros. The deduction of fees will have the effect of reducing these returns

Past performance does not predict future returns



Cumulative returns %

%	Liontrust GF European Strategic Equity	MSCI Europe	HFRX Equity Hedge EUR
1 year	29.2	-11.0	-4.0
3 years	50.6	5.7	9.2
5 years	59.2	13.4	4.3
Since launch (25.04.14)	95.0	43.8	6.2

Source: FE Analytics, 25.04.14 to 30.09.22. Liontrust GF European Strategic Equity, total return, (net of fees, income reinvested), bid-to-bid, primary share class versus MSCI Europe and HFRX Equity Hedge EUR comparator benchmarks



Why a variable long / short and why focus on Cashflow?



**The potential for attractive returns in all market environments driven by a logical approach to varying the net exposure of the Fund**

**The potential to target better returns than the market in the long term, whilst targeting less risk**

**Low correlation with other asset classes and competitor funds**

## Shareholder returns



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

## Strong cashflows



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

## Outperformance

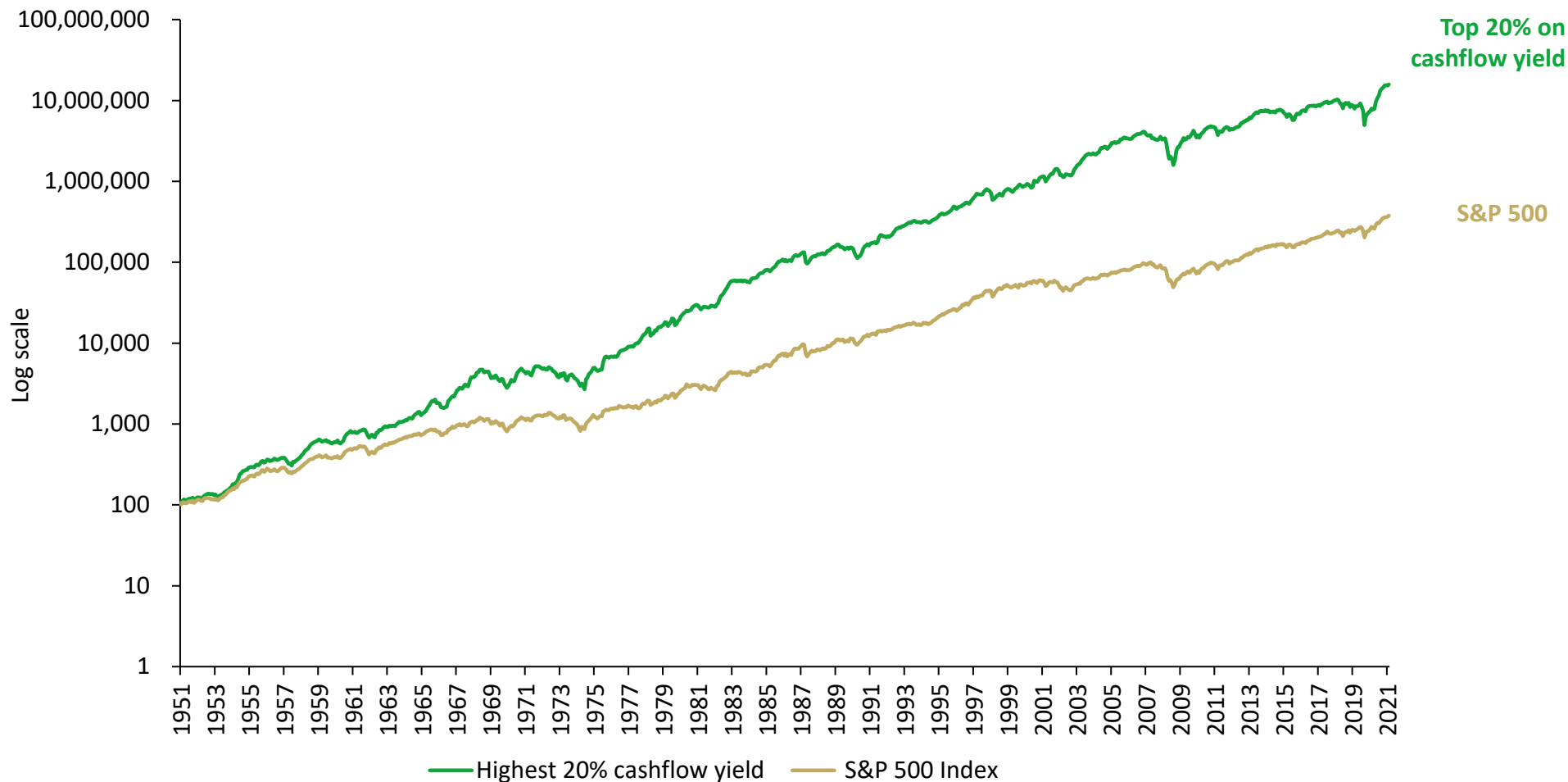


History has proven that stocks that generate the strongest cashflow outperform\*  
And stocks with the weakest cashflow underperform

Note: \*Please refer to the following slide

Past performance does not predict future returns

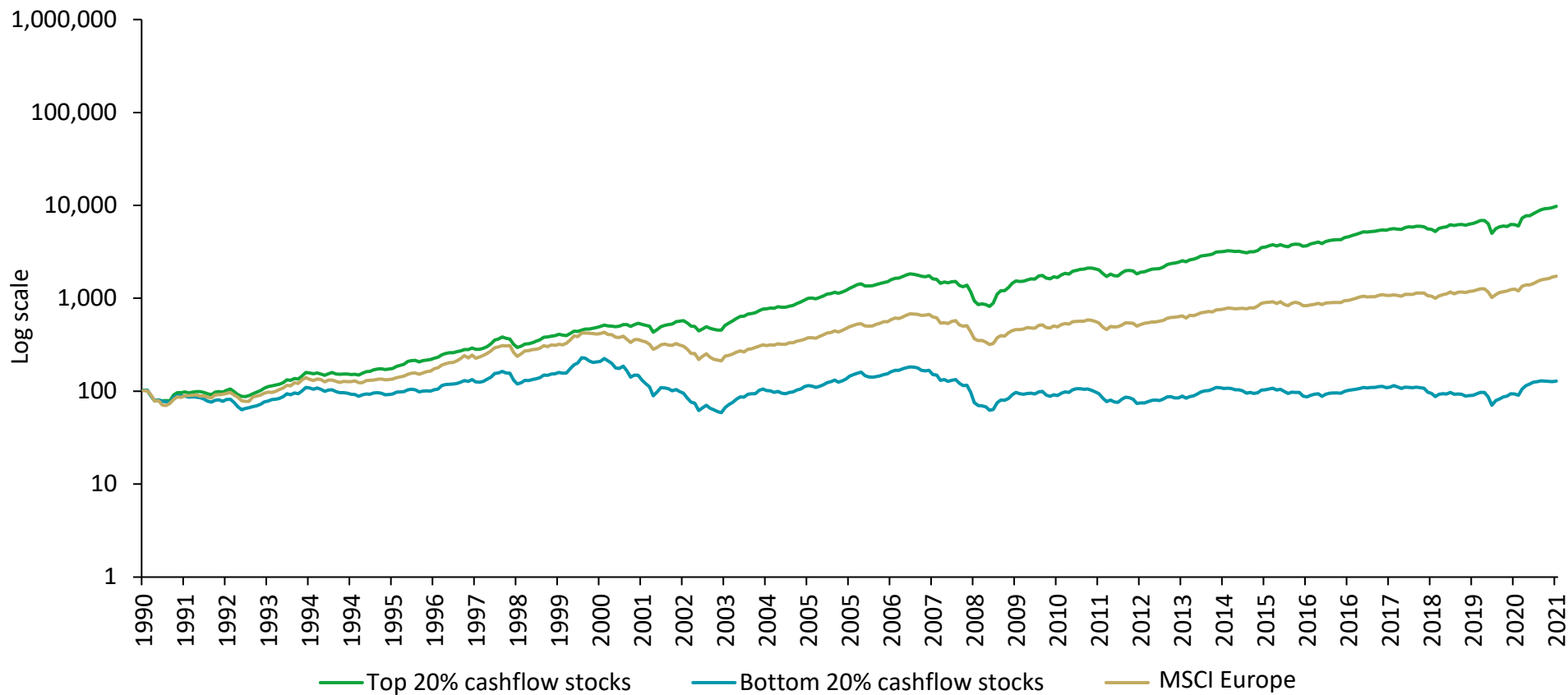
### The impressive performance of high cashflow yield in the US market 1951 to 2021



Source: Kenneth R French data library, July 1951 to August 2021

## Past performance does not predict future returns

- Data sets do not stretch as far back in Europe, but the story is still the same over 30 years
- We only focus on companies that feature in this group – those that are cheap on cash flow and are generating strong cash returns on assets

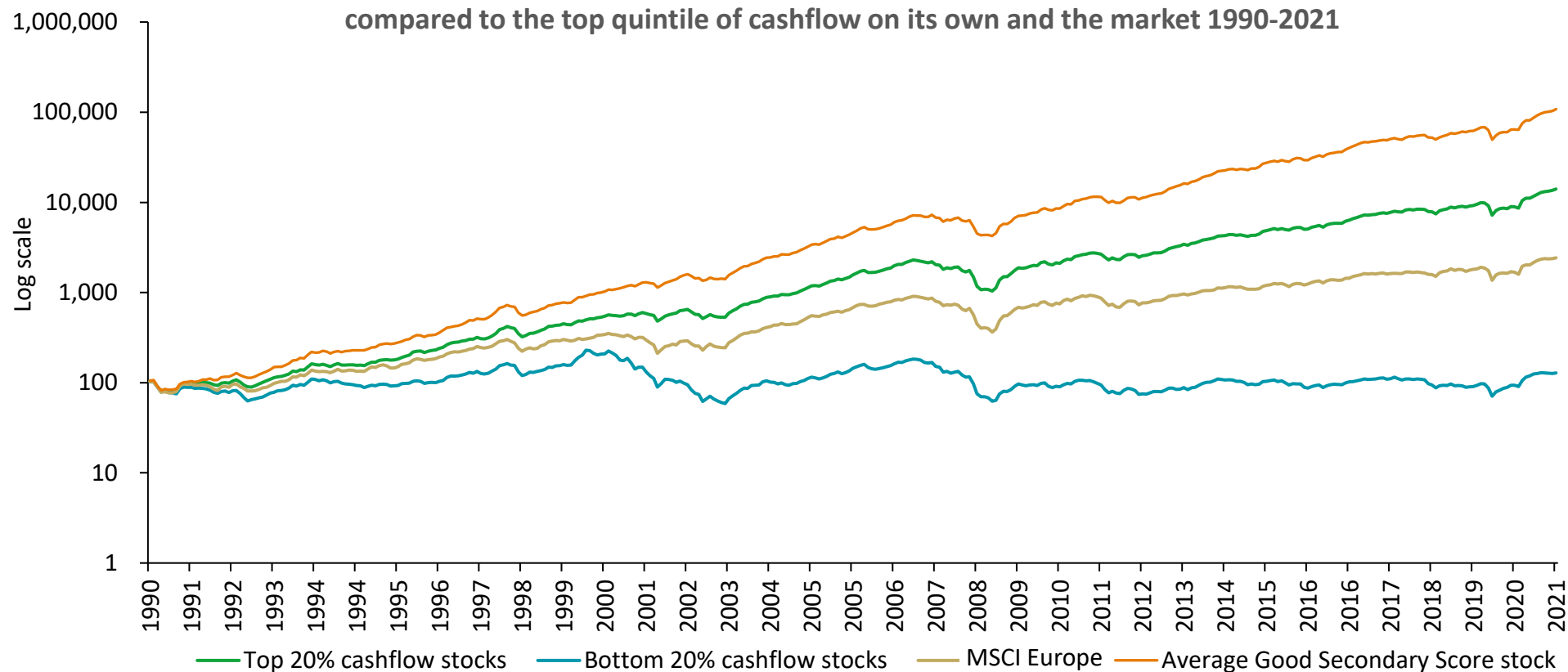


Source: Liontrust & FactSet, May 1990 to July 2021. Reference benchmark European Cap weighted FactSet universe of stocks >250m Euros

## Past performance does not predict future returns

- Empirical evidence shows companies with the most attractive secondary scores deliver even stronger performance
- This drives our investment process as the secondary scores form the basis our of fundamental research on stocks in the top 20% for cashflow

**European performance of Average Good Secondary Score stock within the top quintile of cashflow compared to the top quintile of cashflow on its own and the market 1990-2021**

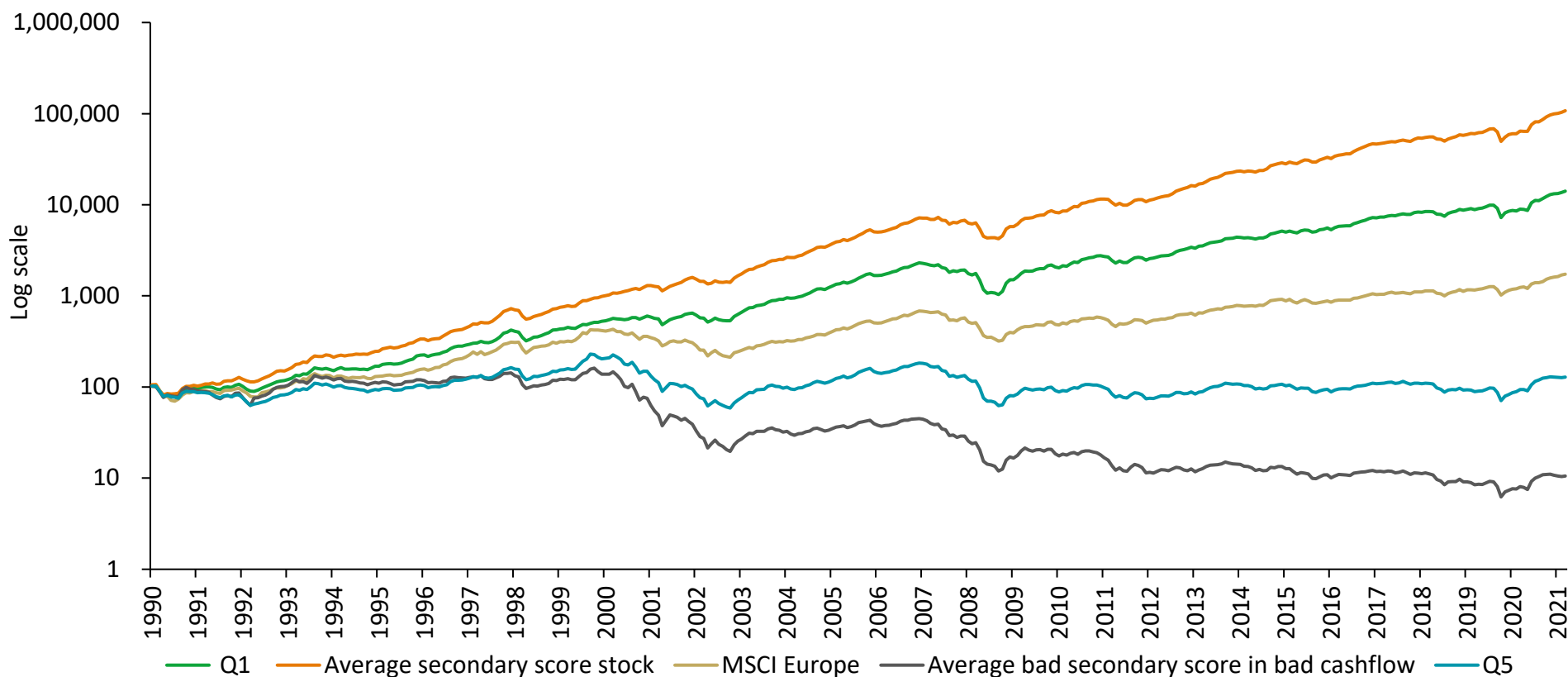


Source: Liontrust & FactSet, May 1990 to July 2021. Reference benchmark European Cap weighted FactSet universe of stocks >250m Euros

Past performance does not predict future returns

Applying secondary scores to identifying shorts from a bad cashflow group is superior to a crude cash ratio approach

European performance of Average Good Secondary Score stock within the top quintile of cashflow compared to the top quintile of cashflow on its own and the market 1990-2021



Source: Liontrust & FactSet, data May 1990 to July 2021. Q: Quintile. Reference benchmark European Cap weighted FactSet universe of stocks >250m Euros



## Cashflow Solution investment process



## A Pan-European long/short fund using the Liontrust Cashflow Solution

- A unique investment process focusing exclusively on company cash flows informing both stock selection and net exposure to the stock market

## A concentrated long book and a diversified short book

- A portfolio structured with the aim of getting the best long-term returns from the process whilst mindful of taking appropriate levels of risk

## A fund that is distinct in structure and process from its peers

- Offering investors an attractive opportunity for diversification and return

**Defining Investable Universe**

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**STAGE 1**




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MSCI Europe

**Primary scores  
Screen Universe for:**

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**STAGE 2**

Top 20%	
Cashflow to operating assets	Cashflow to market value

Quality



Value



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**Cashflow Champions Watchlist**

Short Book opportunities found in weaker cashflow stocks


**Secondary scores  
Rate Watchlist  
across 4 criteria:**

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**STAGE 3**




Momentum



Cash Return



Recovering Value



Contrarian Value

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Detailed analysis on Cashflow Champions

**Market Regime Indicators**

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**STAGE 4**




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Investor Sentiment  
Corporate Aggression  
Valuation  
Value or Growth  
Net Exposure Position

**Final Long Book portfolio 30-50 stocks equally weighted**

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**STAGE 5**






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**Final Short Book portfolio least attractive cashflow stocks 100-150 stocks**

Primary scores  
Screen Universe for:



**STAGE 2**

Top 20%	
Cashflow to operating assets	Cashflow to market value

Quality  Value 

Cashflow Champions Watchlist  
Short Book opportunities found in weaker cashflow stocks

- 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

Top 20%	
Cashflow to operating assets	Cashflow to market value
Quality 	Value 

**Create the Cashflow Champions Watchlist**



# Stage 2: What does our Cashflow Champions Watchlist look like?

Primary scores  
Screen Universe for:












































**STAGE 2**

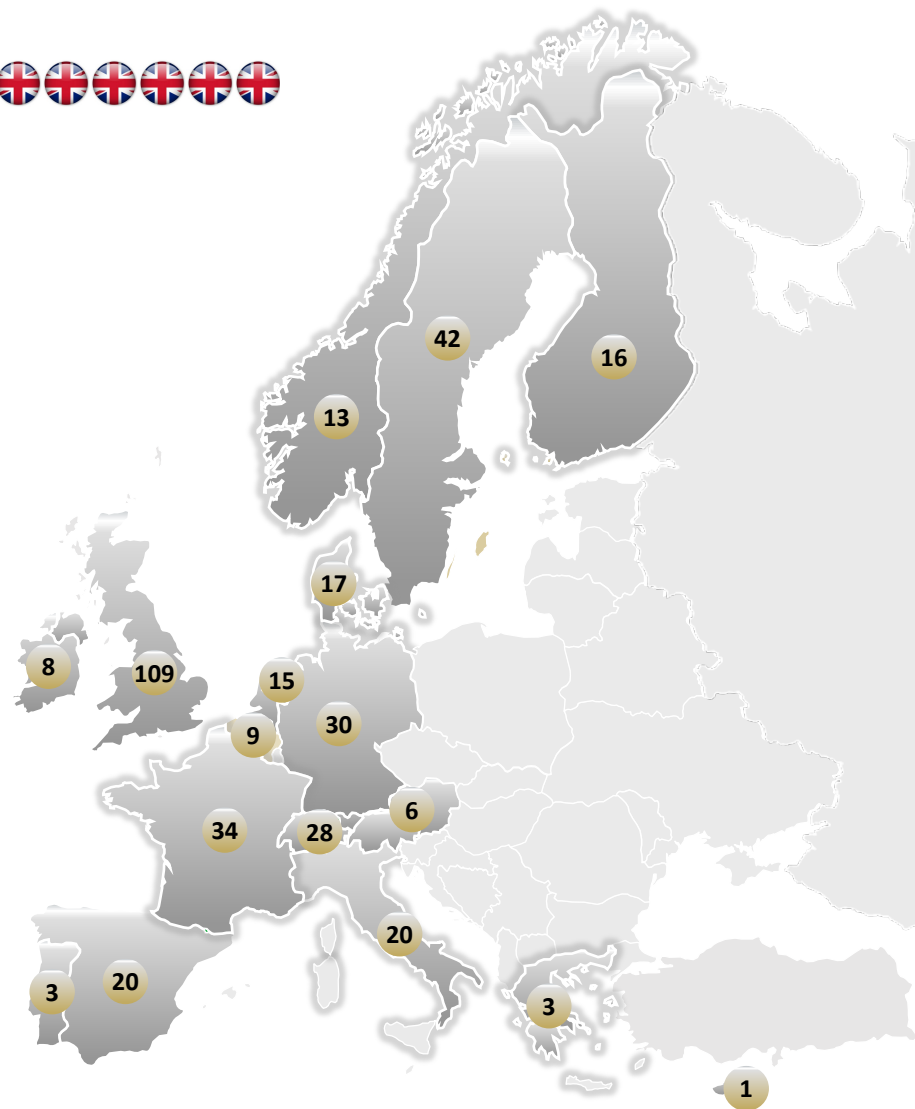
Top 20%

Cashflow to operating assets	Cashflow to market value
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Quality  Value 

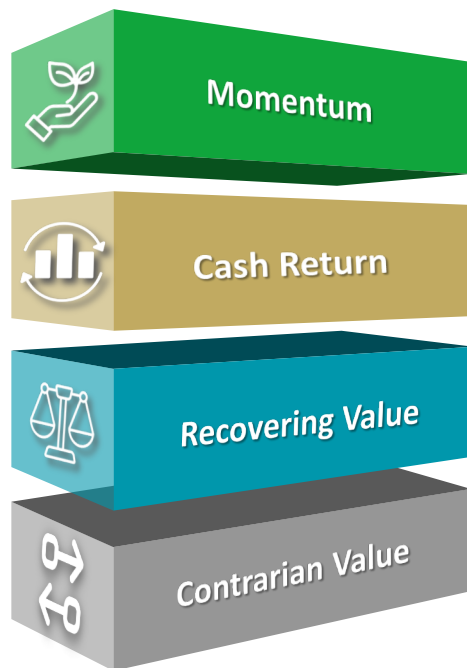
**Cashflow Champions Watchlist**  
Short Book opportunities found in weaker cashflow stocks

- United Kingdom          
- Sweden     
- France    
- Germany   
- Switzerland   
- Spain  
- Italy  
- Denmark  
- Finland  
- Netherlands  
- Norway  
- Belgium 
- Ireland 
- Austria 
- Portugal 
- Greece 
- Cyprus 



# Stocks on Cashflow Champions Watchlist

**Secondary scores** capture the four different types of stocks appearing on our Cashflow Champions Watchlist



### Momentum

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

### Cash Return

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

### Recovering Value

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

### Contrarian Value

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
- Valuations
- Corporate Aggression
- Market Momentum



### Value or Growth?

- Should we tilt the portfolio towards growth or value?



### Which secondary scores?

- Which secondary scores offer the best upside potential within both Long and Short Book



### Net Positioning

- What should our gross and net exposure be?

**A differentiated approach to European equities . . .**

## The portfolio is structured as a conventional long / short equity fund

Risk	Guideline	Current portfolio
Gross market exposure (%)	100 - 200	121
Net market exposure (%)	+150 / -20	18
Beta	+ 1.5/-0.2	0.3
Volatility (%)	5-20	7.0
Market volatility (%)		15.3

Liquidity	
At 20% average daily volume	c.97% of the portfolio liquidated in < a week
Minimum market cap	€75 million at investment

Positions	Guideline	Current portfolio
Number of positions	50-200	220
Long position sizes	Equally weighted at inception	2-3%
Short position sizes	Equally weighted at inception	0.25-1%

Source: Factset, Style Analytics, as at 30.09.22. Liontrust GF European Strategic Equity A4 share class EUR versus one of the comparator benchmarks MSCI Europe



## Portfolio positioning and update



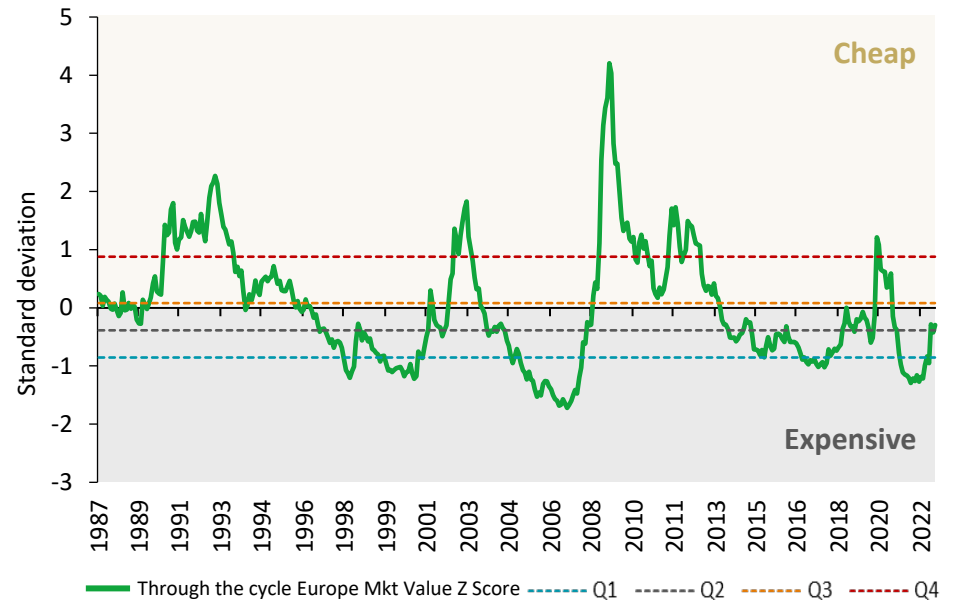
- Our market momentum measure which includes an assessment of market trend and our market valuation indicator determines our attitude to the scale of the Long Book as a percentage of NAV
- This enables us to preserve capital in a down trending market and take full advantage of an up trending market

Size of Long Book – % of NAV			
Market Momentum Indicator	Quintile 1	Quintile 2, 3, 4	Quintile 5
Market Momentum Signal - Buy	110 - 130%	110 - 130%	100 - 110%
Market Momentum Signal - Uncertain	80 - 100%	80 - 100%	70 - 100%
Market Momentum Signal - Sell	65 - 100%	65 - 100%	55 - 100%

Market Momentum Measure 1 2 3 4 5

Momentum	Above 1.0	Positive – Markets in uptrend
Momentum	Equal to 1.0	Neutral – Market trend uncertain
Momentum	Below 1.0	Negative – Markets in downtrend

European valuation indicator 1 2 3 4 5

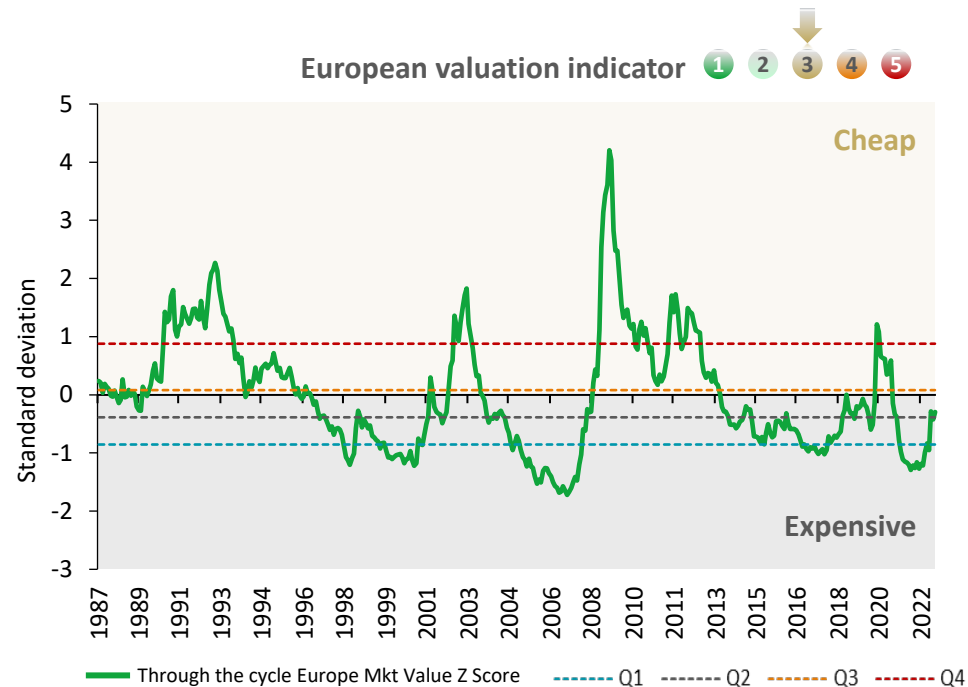
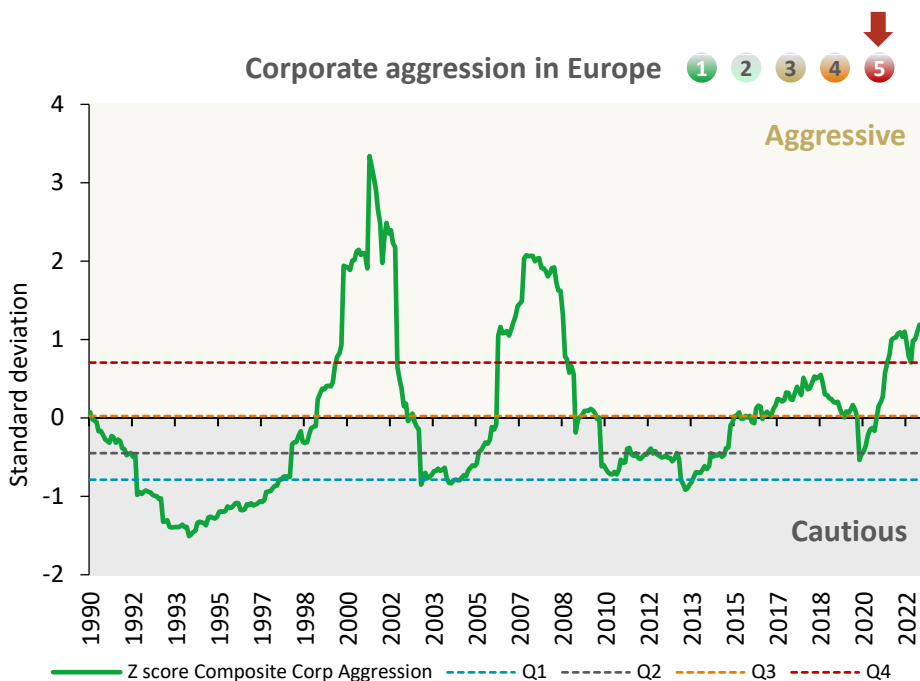


Source: Liontrust, 31.08.22 & Factset, as at 31.08.22. \*Market Valuation Quintile – Quintile 1 very cheap; Quintile 5 very expensive.. NAV = Net Asset Value; Q= Quartile

Note: 1 2 3 4 5 Indicators ratings 1 to 5: 1 = Best, 5 = Worst

- The proportion of companies in the market with poor cash flow characteristics corresponds directly with the quality and number of attractive shorts and empirically with the efficacy of the short strategy
- The size of the short book is determined therefore by the proportion of companies with poor cash flow characteristics and market valuation

Size of Short Book – % of NAV			
Corporate Aggression Z Score	Quintile 1*	Quintile 2, 3, 4*	Quintile 5*
Low < -0.5	30%	30%	30%
Normal -0.5 to 0.5	30%	60%	60%
High 0.5 to 1.5	40%	80%	80%
Very High > 1.5	50%	90%	90%



Source: Liontrust, Factset, 30.09.22 & 31.08.22. \*Market Valuation Quintile – Quintile 1 very cheap; Quintile 5 very expensive. NAV = Net Asset Value; Q= Quartile

Note: ① ② ③ ④ ⑤ Indicators ratings 1 to 5: 1 = Best, 5 = Worst



## Short Book

Size of the short book determined by the mindset of company managers

In our view, when company managers have a rosy view of the future the short book will be close to 100% of Fund NAV, when they are pessimistic the short book will be close to 30% NAV. Currently, it is **c.52% of NAV**



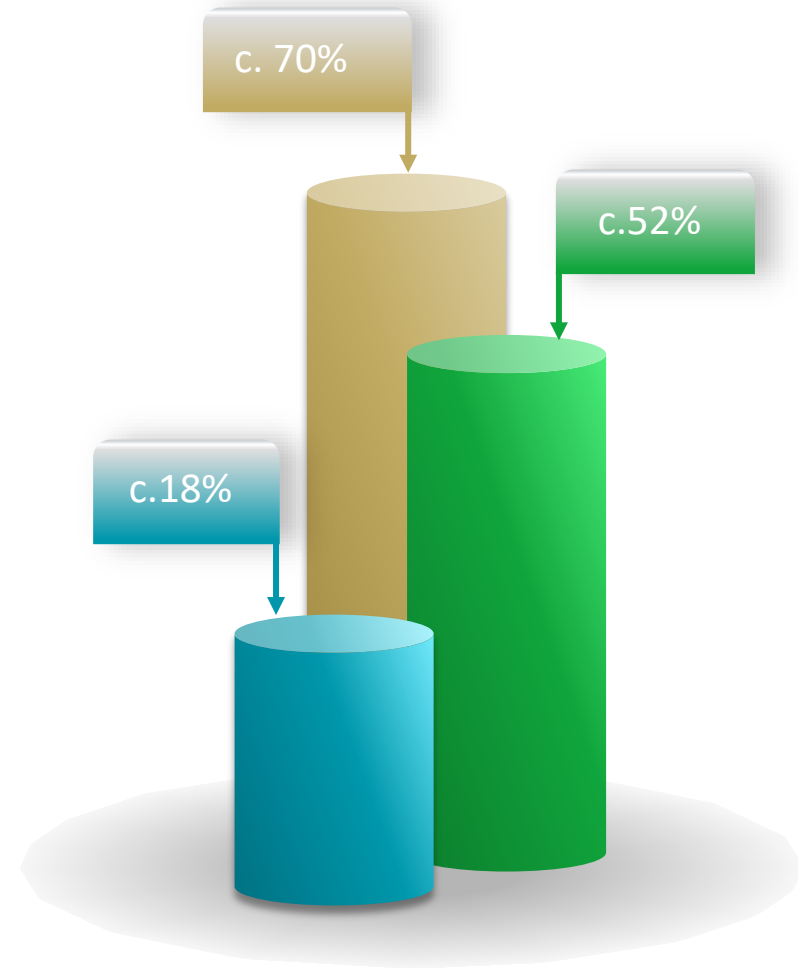
## Long Book

Our measure of market momentum is in a downtrend – accordingly the Long Book is now **c.70% of NAV**

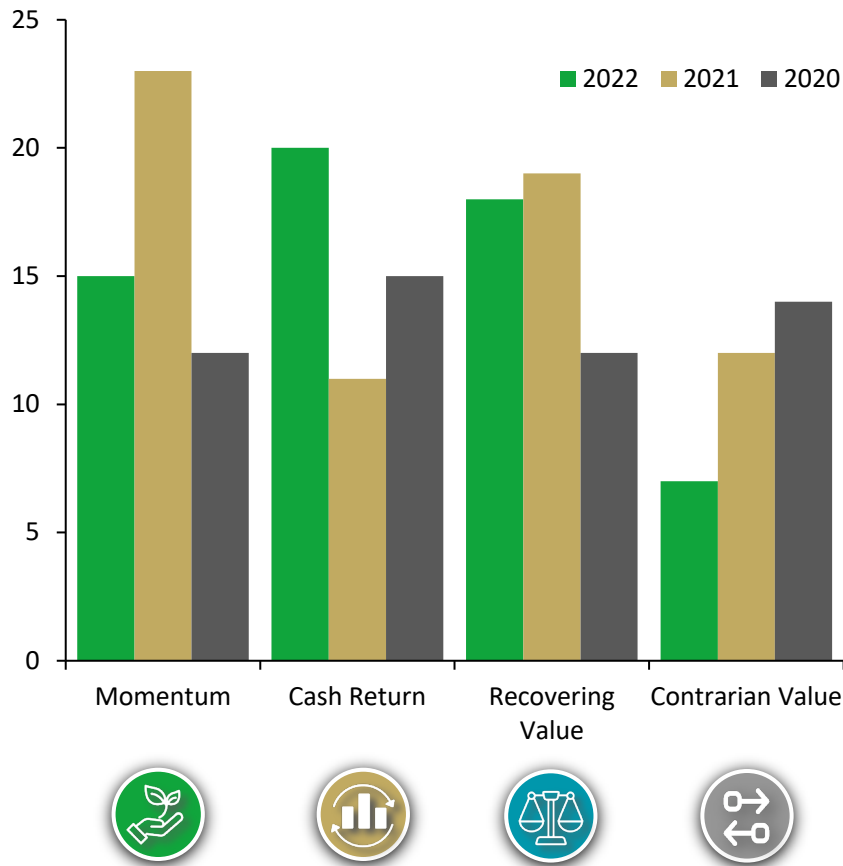


## Net Exposure

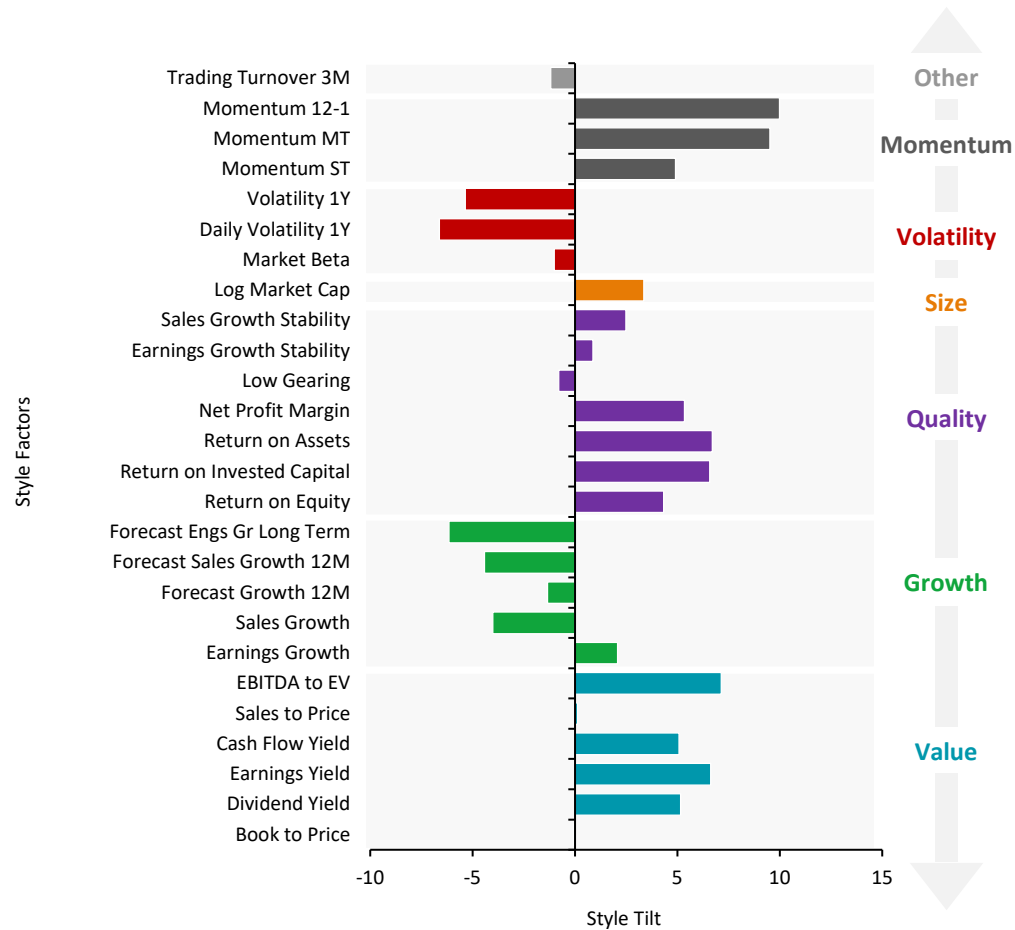
Our current net exposure to the market is **c.18%**



Breakdown of stocks by secondary score within Long Book

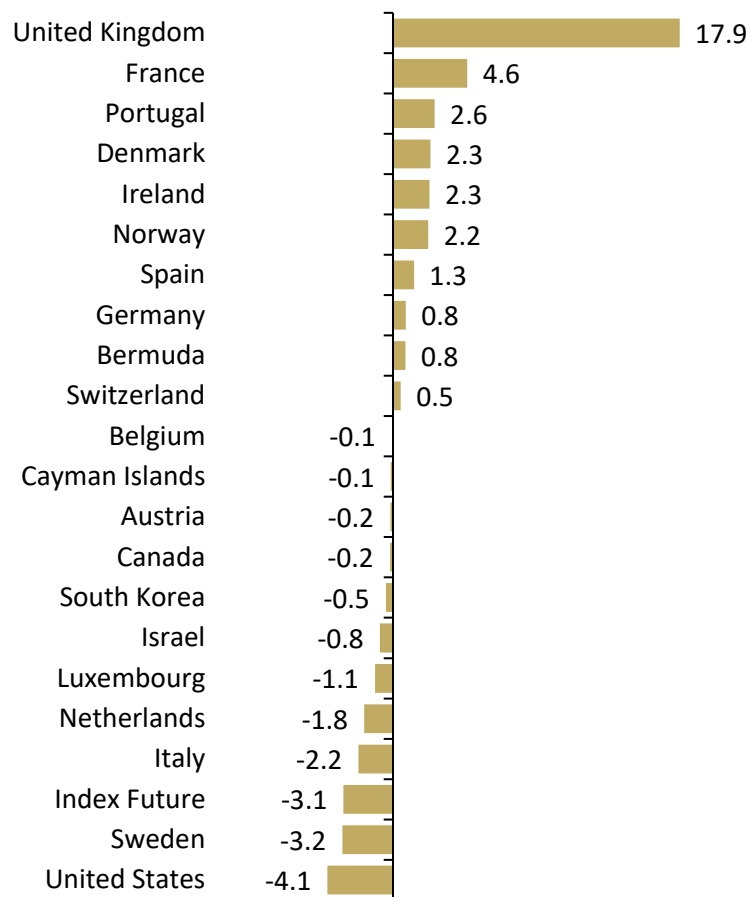


Style Tilt versus MSCI Europe

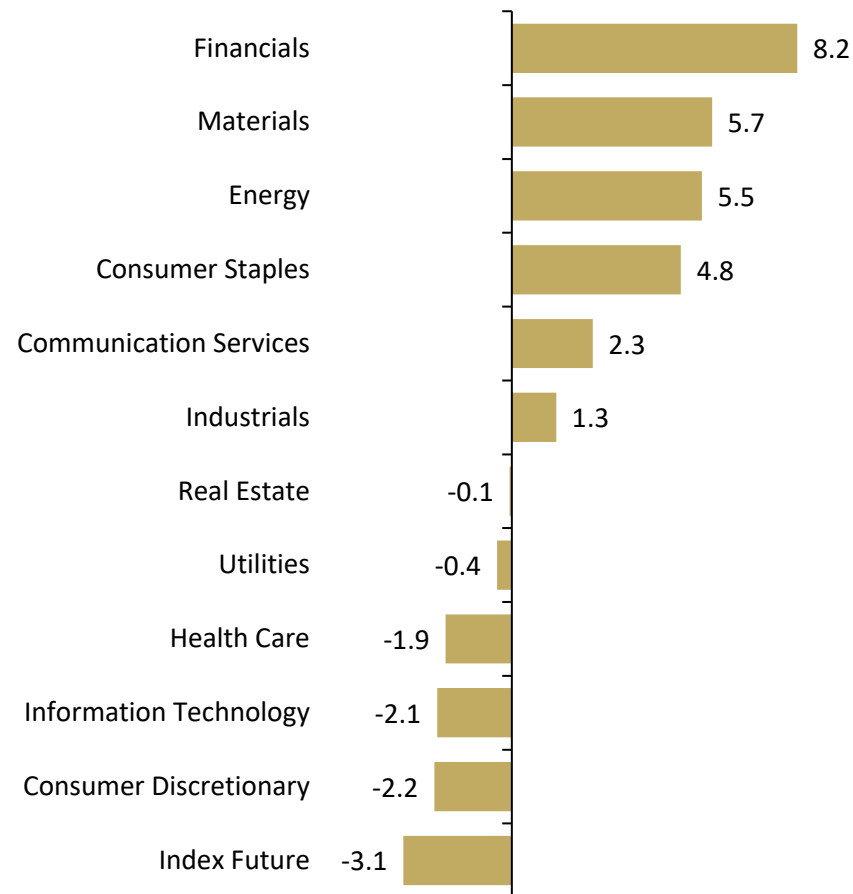


Source: Liontrust, 30.06.22 (LHS) & Style Analytics (RHS) 30.09.22. MSCI Europe is a comparator benchmark for the GF European Strategic Equity Fund. ST = Short-Term; MT = Medium-Term

**Geographic exposure (%)**



**Sector exposure (%)**



Source: Factset, as at 30.09.22, excluding Cash & Derivatives and Government Bonds. UK and US in geographic exposure exclude Government Bonds

Past performance does not predict future returns

01

## Why Liontrust GF European Strategic Equity?

- Stocks generating the strongest cashflow outperform, while those with the weakest underperform
- Our investment process is designed to capture stocks with the most durable, attractive and undervalued cashflow – and take short positions in stocks with the worst cashflow
- The Fund has inherent flexibility, with our secondary scores allowing us to tilt the portfolio depending on the market backdrop

02

## Outlook for European Equities

- Markets have become less expensive recently but are not yet in cheap territory. Meanwhile corporate aggression is rising and our market technical indicator is in a downtrend, meaning our net exposure has reduced
- Within our long-book, we focus on stocks with strong Recovering Value and Momentum scores
- Within our short book, changing market dynamics and extremely stretched valuations mean we focus on expensive high-forecast growth stocks with poor momentum

03

## Liontrust GF European Strategic Equity offers genuine diversification

- Unique philosophy and process leads to a highly differentiated portfolio
- The Fund's recent outperformance has been driven by both the long and short book
- The Fund has delivered strong performance over the long term

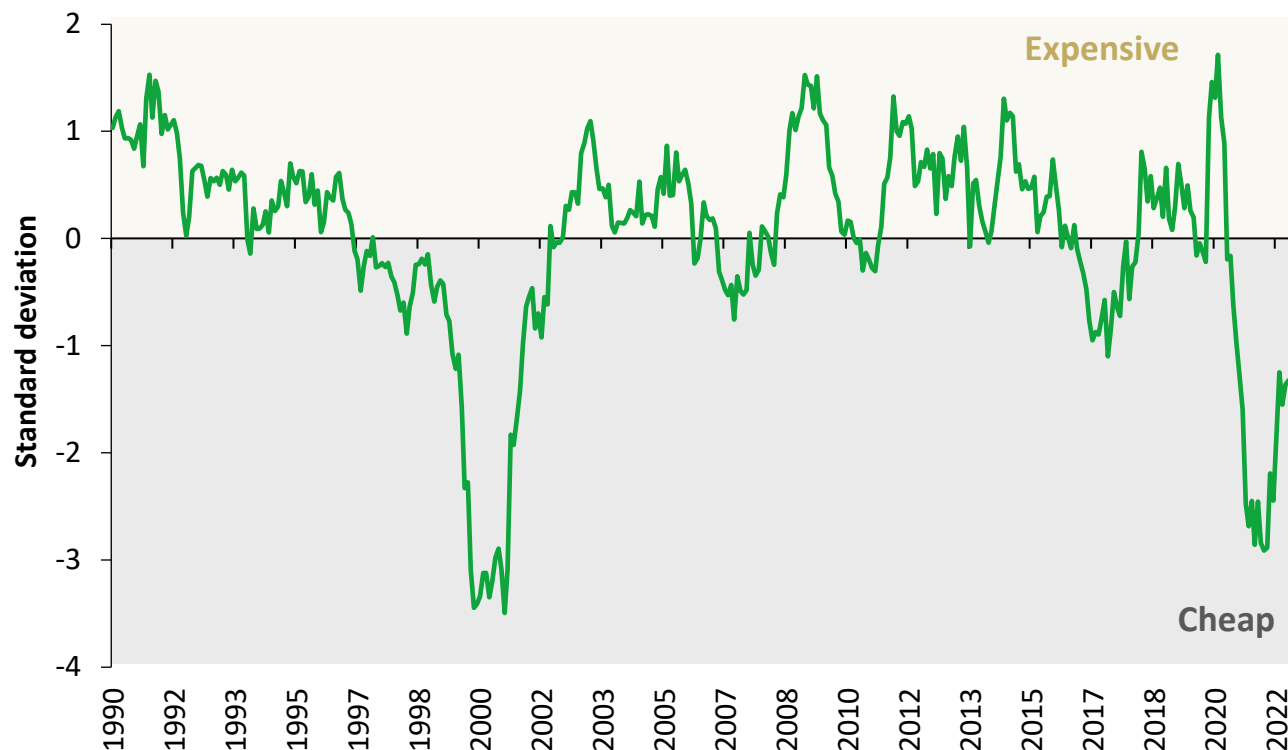
# Appendix



- Within the value sphere, recovering value is extremely cheap by historical terms . . .  
. . . and therefore offers significant upside



Valuation of Recovering Value Stocks within Cashflow Champions Watchlist



Source: Liontrust & Factset, 31.05.90 to 30.09.22

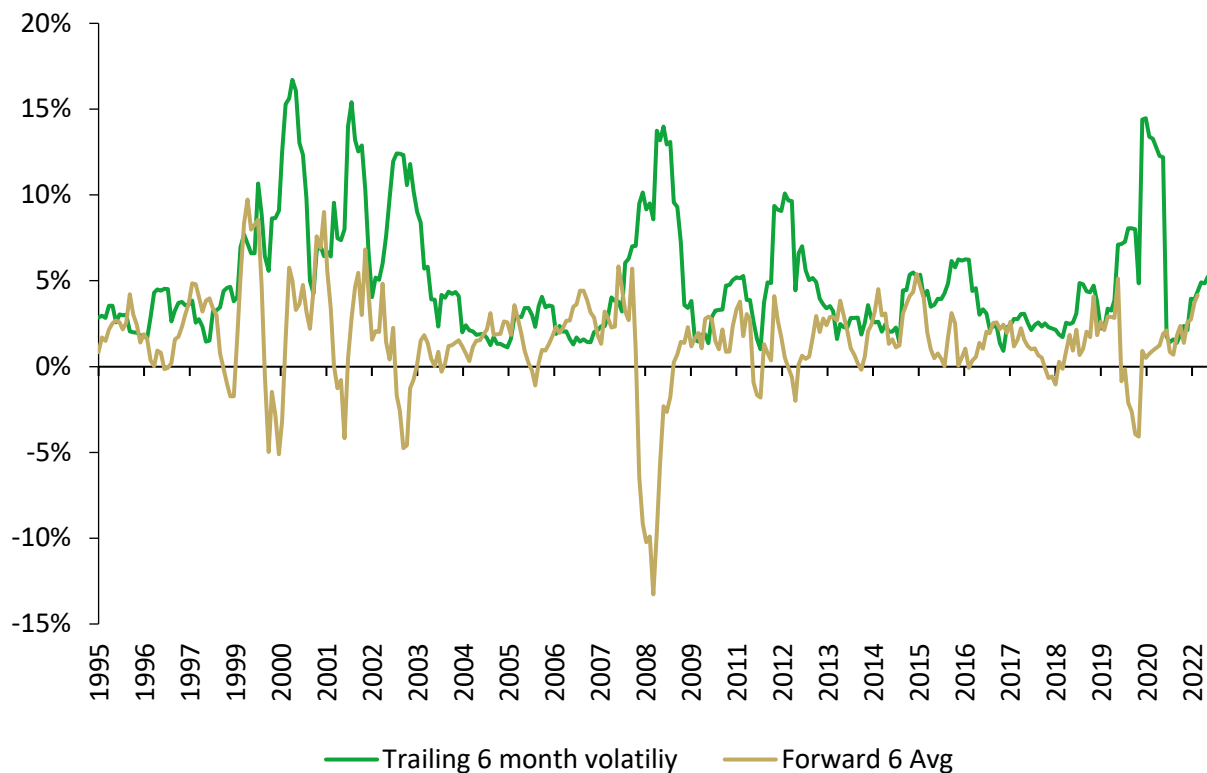
Past performance does not predict future returns

- At this point in the market cycle it pays to have exposure to stocks with attractive momentum characteristics . . .
- . . . low volatility of momentum is typically highly predictive of good future returns



### Volatility and Return

Low volatility is highly predictive for good performance



Source: Liontrust & Factset, 30.09.95 to 31.08.22



Recovering value stock examples

Short Book Example

**SOFTWARE COMPANY**



**Momentum:** Recent downgrades to revenue and pre-tax profit forecasts (lower gross margins), negative share price momentum



**Cash Return:** No dividends to shareholders, share issuance to fund acquisitions



**Recovering Value:** Expensive valuation

Long Book Example



**MAERSK**



**Momentum:** Strong business & share price momentum

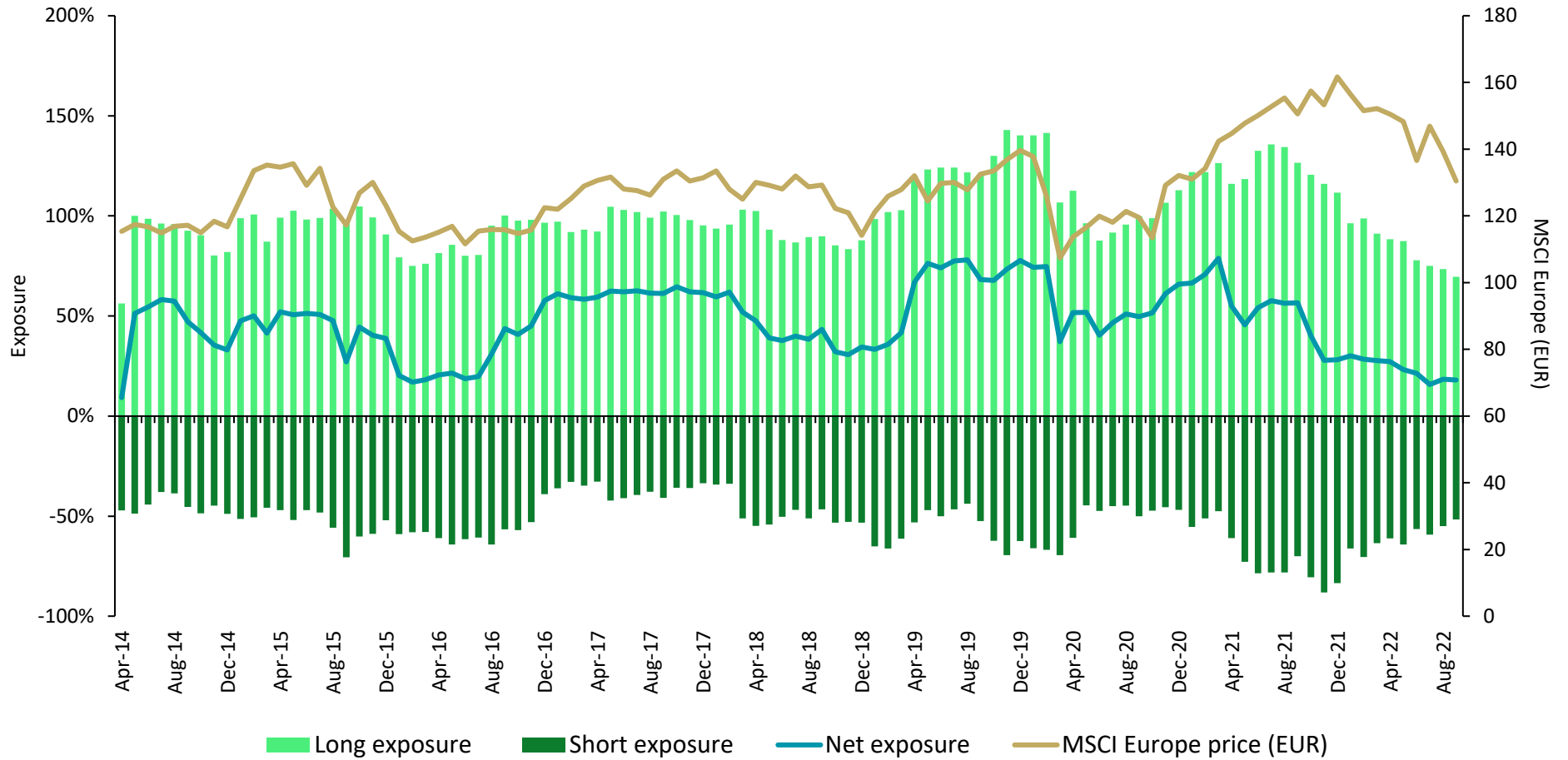


**Cash Return:** Regular & special dividends and share buybacks



**Recovering Value:** Undervalued, capital allocation discipline and divestments

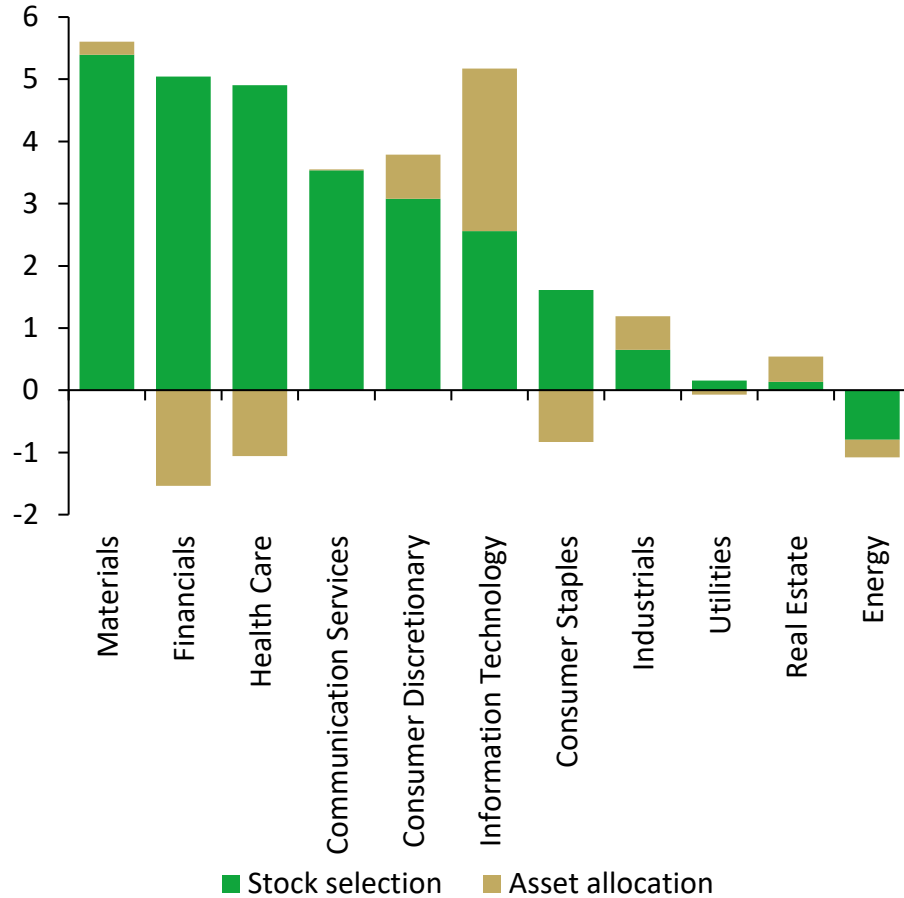
## LESEF net exposure



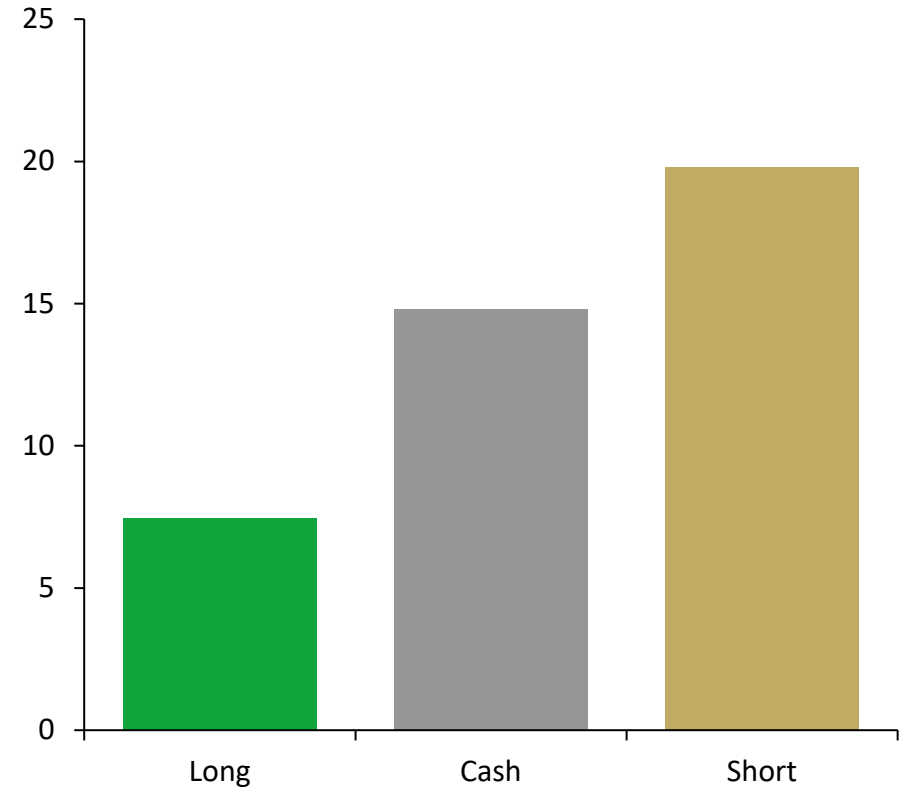
Source: Factset & Bloomberg, 30.04.14 to 30.09.22. Liontrust GF European Strategic Equity A4 share class EUR versus one of the comparator benchmarks MSCI Europe

Past performance does not predict future returns

Year to date sector attribution



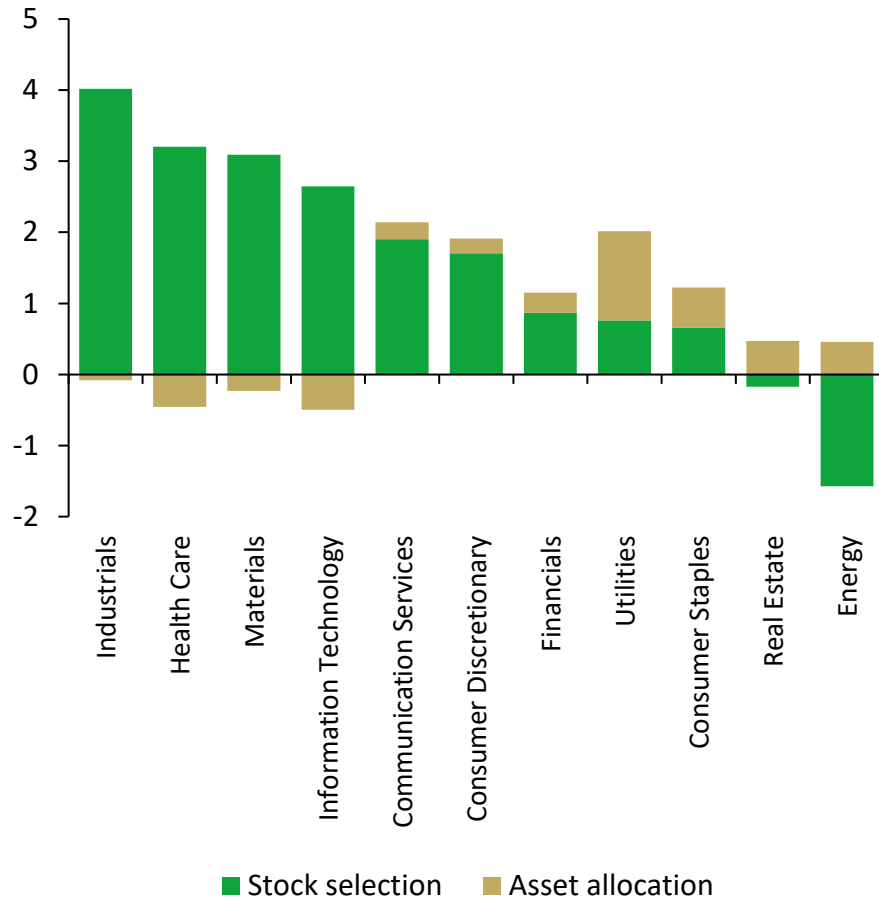
Year to date attribution by holding type



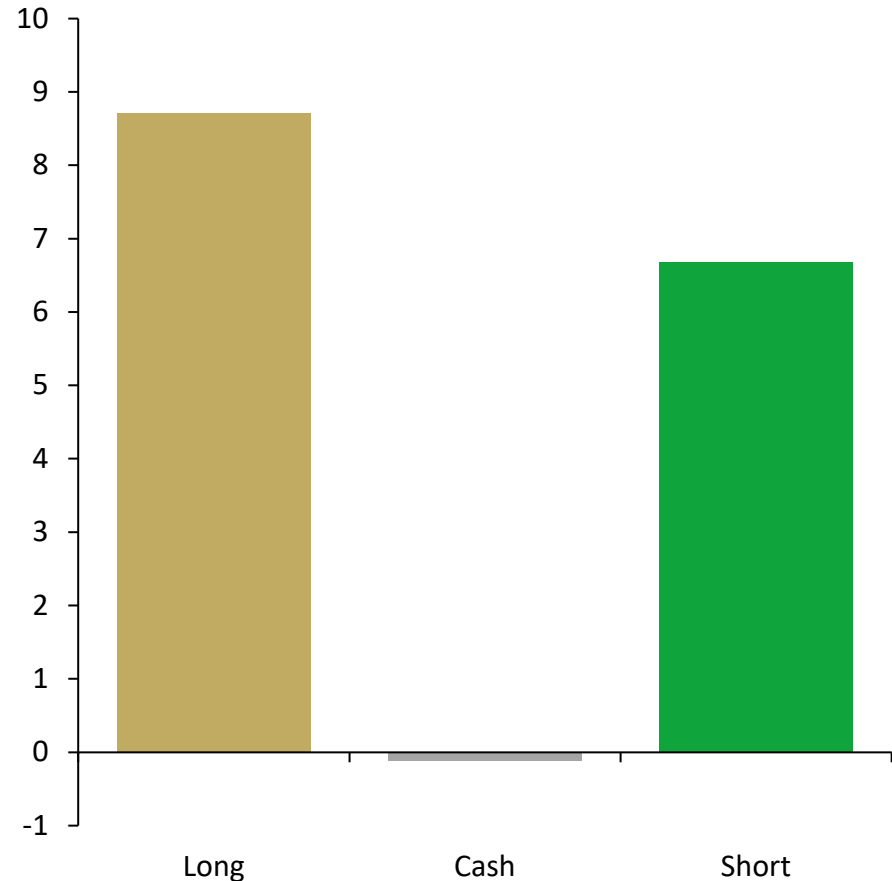
Source: Liontrust, as at 30.09.22, YTD sector attribution chart ex Cash and Other. Attribution is on a geometric basis versus a comparator benchmark, MSCI Europe on a gross basis. The deduction of fees will have the effect of reducing these returns

Past performance does not predict future returns

2021 sector attribution\*

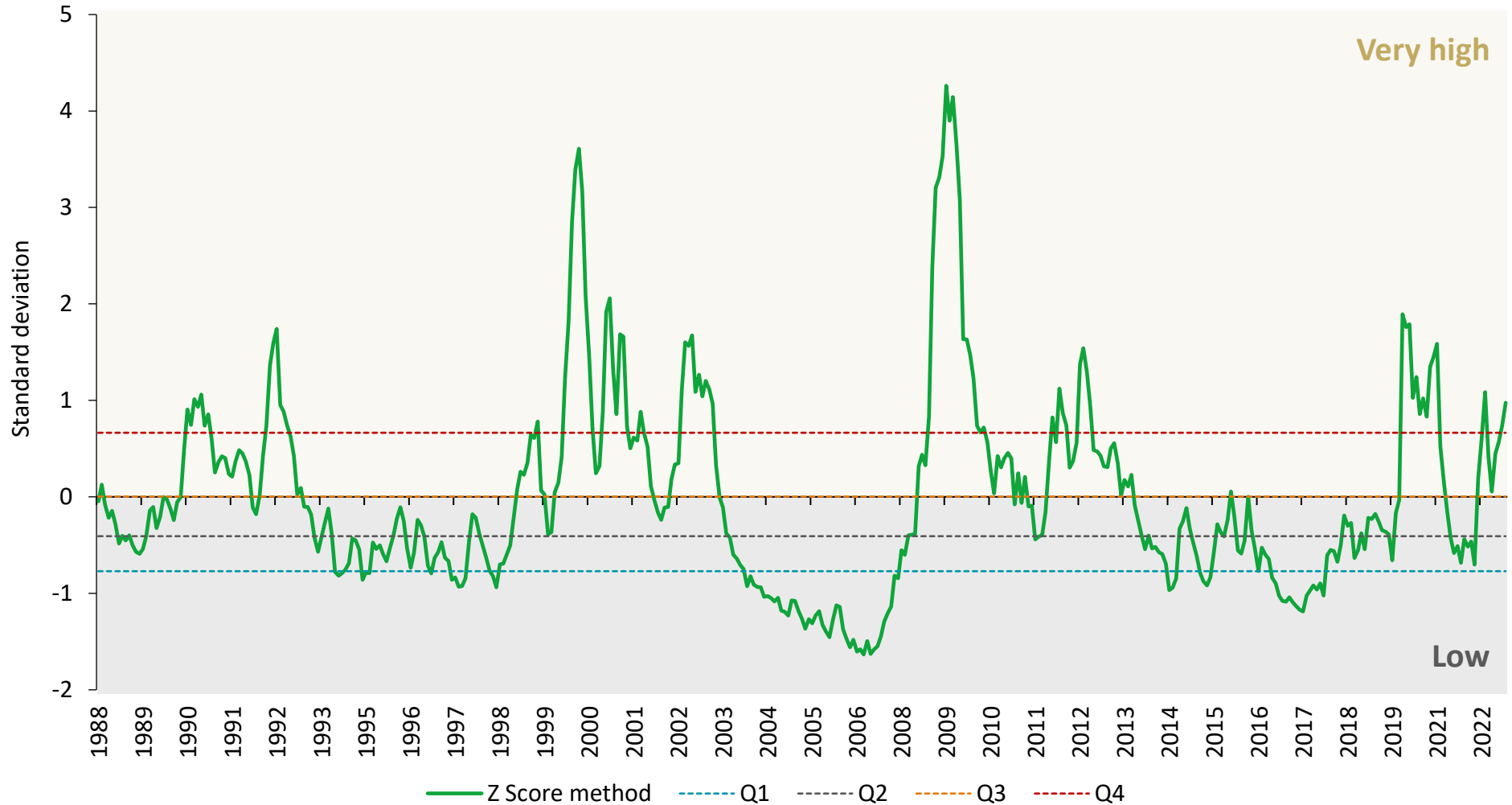


Q4 2021 attribution by holding type



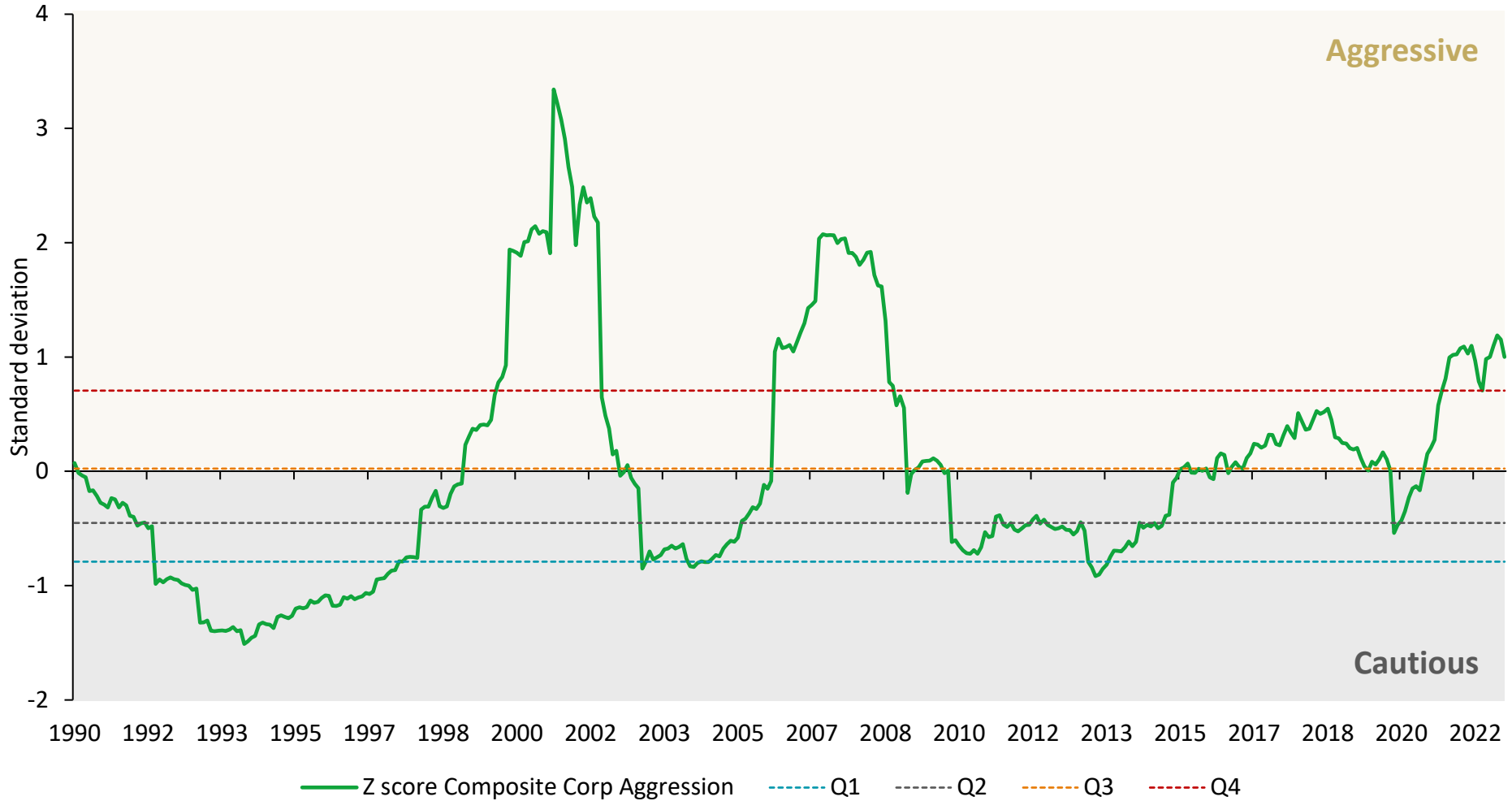
Source: Liontrust, as at 31.12.21. Attribution is on a geometric basis versus a comparator benchmark, MSCI Europe on a gross basis. The deduction of fees will have the effect of reducing these returns. \*Sector net exposure ex Cash and Other

### Investor anxiety in Europe



Source: Liontrust & Factset, 01.07.88 to 30.09.22. Q = Quartile

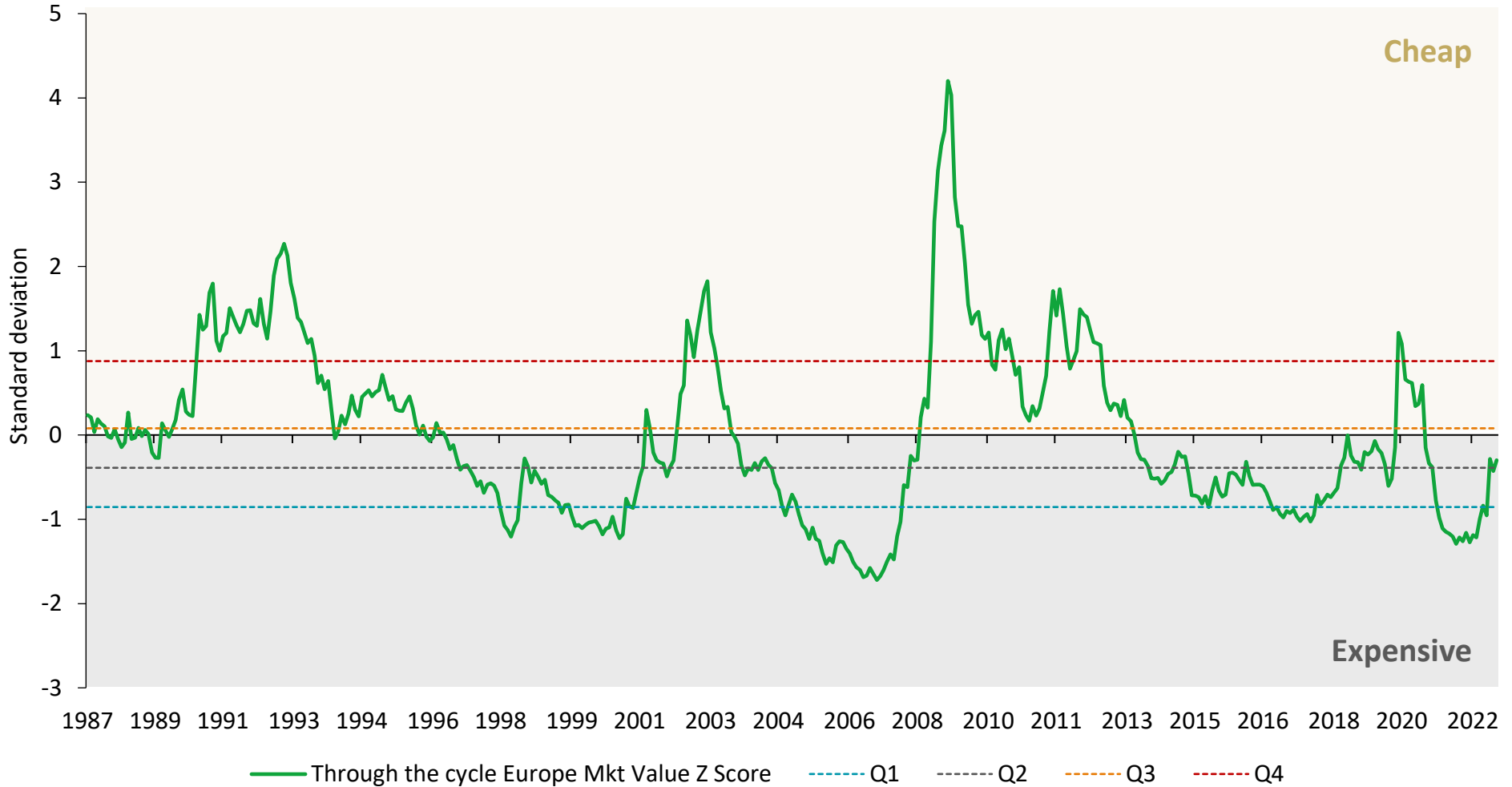
### Corporate aggression in Europe



Source: Liontrust & Factset, 31.05.90 to 30.09.22. Q = Quartile

# Stage 4: Market Regime Indicators | European markets are now less expensive but not yet in cheap territory

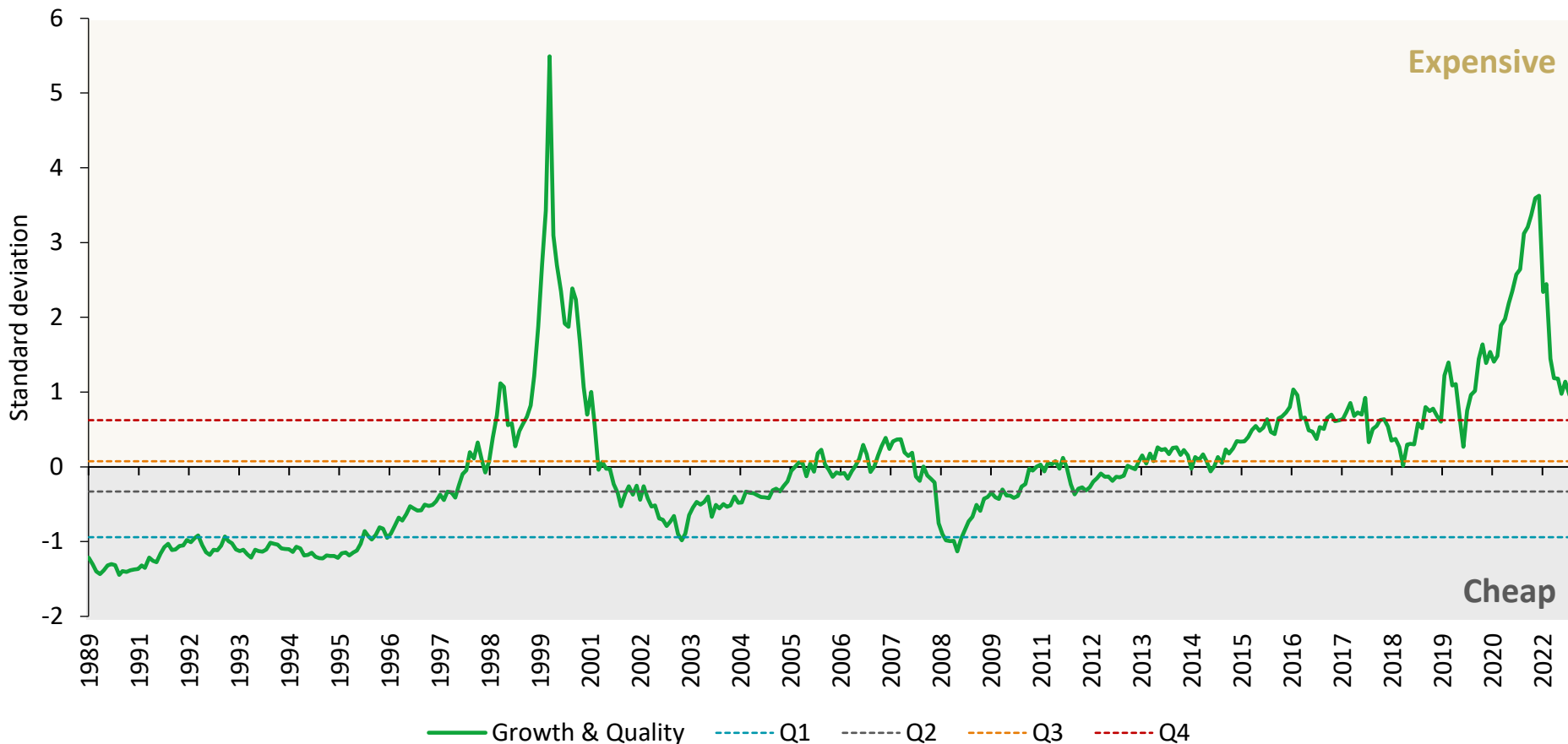
### European valuation indicator



Source: Liontrust & Factset, as at 01.12.87 to 31.08.22. Q = Quartile

The beneficiary of the environment prevailing in the last 10 years until six months ago were growth investors –they’ve enjoyed tremendous returns in the last 10 years – propelling valuations of quality growth stocks to levels only surpassed by the Tech bubble

### Growth and quality composite



Source: Liontrust & Factset, 31.12.89 to 30.09.22. Q = Quartile

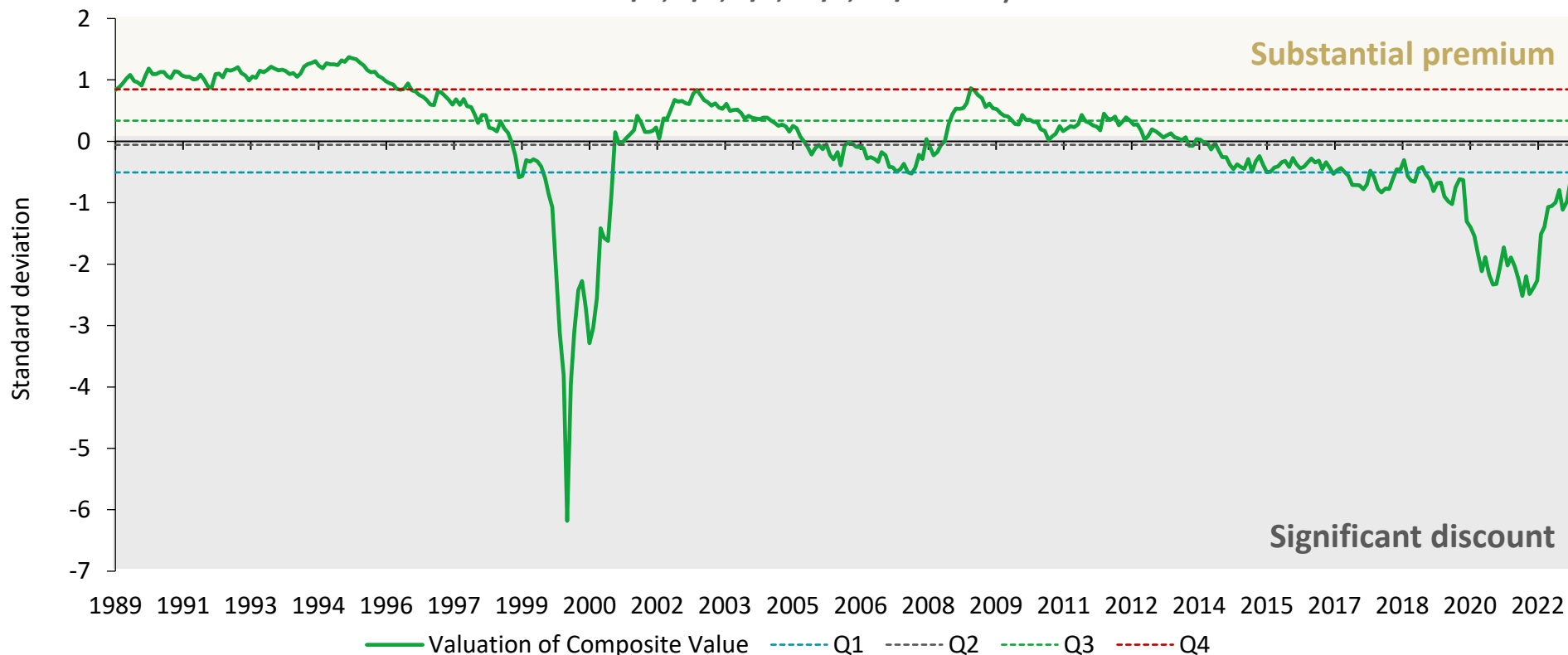
Valuation of High Growth companies on stable value measures, Europe 1989-2022



Source: Liontrust & Factset, as at 29.12.89 to 30.09.22. 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

- Based on our process, **value remains extremely cheap in Europe**
- This reflects a tough environment for value investors in both the US and Europe

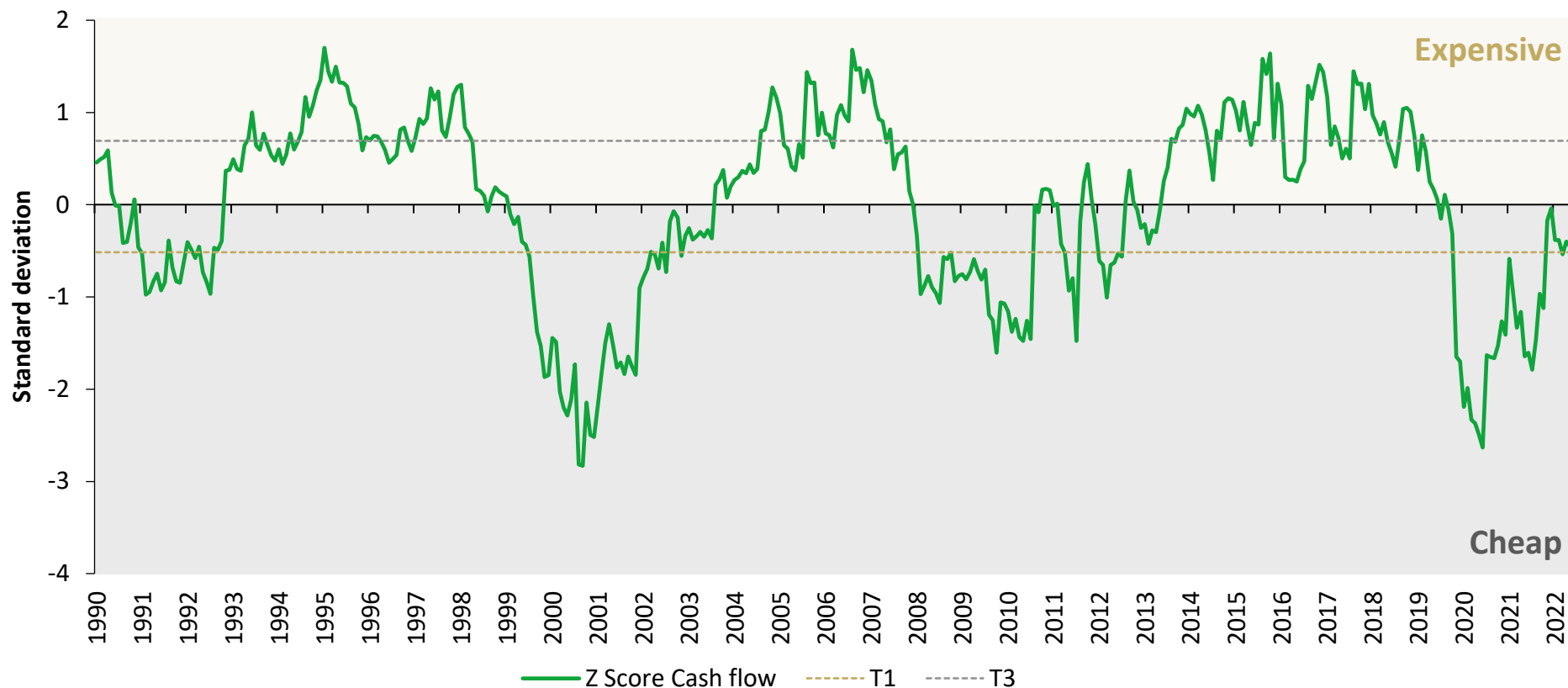
Through the cycle value of the cheapest 20% of companies on a Composite Value measure relative to the European market (Composite follows the Bloomberg value factor and includes P/B, P/S, E/P, CF/P, EV/EBITDA)



Source: Liontrust & Factset, 31.12.89 to 30.09.22. P/B – Price to book ratio; P/S = Price to Sales ratio; E/P – Earnings to Price ratio; CF/P – Cash flow to Price ratio; EV/EBITDA = Enterprise Value to its Earnings Before Interest, Taxes, Depreciation & Amortisation

- However, we remain confident in the outlook for our process
- We monitor the valuation of the top quintile of cashflow
- Today it's very cheap relative to history – **today we hold unusually cheap stocks with good cashflow**

Combined cashflow



Source: Liontrust & Factset, 31.05.90 to 30.09.22. T = Tercile

# Portfolio Long Book breakdown of stocks by Secondary Scores

## Liontrust GF European Strategic Equity Fund



Lower is better

Stock Code	Stock	Sector	Country	Momentum Absolute Score	G2 Decile Rank**	Cash Return Absolute Score*	Recovering Value Decile Rank**	Contrarian Value Decile Rank**
FOUR LN Equity	4IMPRINT GROUP PLC	Media	United Kingdom	0	2	0	9	9
AAL LN Equity	ANGLO AMERICAN PLC	Industrial Metals and Mining	United Kingdom	5	2	4	1	8
MAERSKB DC Equity	AP MOLLER-MAERSK A/S-B	Industrial Transportation	Denmark	2	2	4	1	5
BIRG ID Equity	BANK OF IRELAND GROUP PLC	Banks	Ireland	4	6	1	1	2
PBB GR Equity	DEUTSCHE PFANDBRIEFBANK AG	Banks	Germany	-1	8	1	1	3
ITRK LN Equity	INTERTEK GROUP PLC	Industrial Support Services	United Kingdom	1	3	1	7	9
IPS FP Equity	IPSOS	Media	France	8	2	3	1	5
SDF GR Equity	K+S AG-REG	Chemicals	Germany	1	6	3	1	2
PNDORA DC Equity	PANDORA A/S	Personal Goods	Denmark	-2	5	5	4	3
RIO LN Equity	RIO TINTO PLC	Industrial Metals and Mining	United Kingdom	3	2	3	4	8
ABBN SW Equity	ABB LTD-REG	Electronic and Electrical Equipment	Switzerland	0	2	4	6	6
BNP FP Equity	BNP PARIBAS	Banks	France	1	5	2	1	2
BWO NO Equity	BW OFFSHORE LTD	Oil, Gas and Coal	Norway	2	3	3	5	1
CPG LN Equity	COMPASS GROUP PLC	Consumer Services	United Kingdom	6	5	0	2	6
FORT LN Equity	FORTERRA PLC	Construction and Materials	United Kingdom	6	1	3	1	4
GSK LN Equity	GSK PLC	Pharmaceuticals and Biotechnology	United Kingdom	6	2	2	2	6
INDV LN Equity	INDIVIOR PLC	Pharmaceuticals and Biotechnology	United Kingdom	6	1	0	3	9
IHG LN Equity	INTERCONTINENTAL HOTELS GROU	Travel and Leisure	United Kingdom	1	4	-1	6	6
JMT PL Equity	JERONIMO MARTINS	Personal Care, Drug and Grocery Stores	Portugal	4	1	2	2	5
KOG NO Equity	KONGSBERG GRUPPEN ASA	General Industrials	Norway	1	2	3	2	8
LUNE SS Equity	LUNDIN ENERGY AB	Oil, Gas and Coal	Sweden	4	7	4	3	6
EMG LN Equity	MAN GROUP PLC/JERSEY	Investment Banking and Brokerage Services	United Kingdom	8	1	4	1	7
MBG GR Equity	MERCEDES-BENZ GROUP AG	Automobiles and Parts	Germany	1	5	4	1	1
NOVOB DC Equity	NOVO NORDISK A/S-B	Pharmaceuticals and Biotechnology	Denmark	9	1	1	8	9
RXL FP Equity	REXEL SA	Electronic and Electrical Equipment	France	2	2	1	1	4
ROG SW Equity	ROCHE HOLDING AG-GENUSSCHEIN	Pharmaceuticals and Biotechnology	Switzerland	2	3	4	8	6
RBREW DC Equity	ROYAL UNIBREW	Beverages	Denmark	1	4	4	8	10
SGE LN Equity	SAGE GROUP PLC/THE	Software and Computer Services	United Kingdom	0	1	3	4	5
SRP LN Equity	SERCO GROUP PLC	Industrial Support Services	United Kingdom	7	2	2	1	4
SWMA SS Equity	SWEDISH MATCH AB	Tobacco	Sweden	9	2	5	6	8
TETY SS Equity	TETHYS OIL AB	Oil, Gas and Coal	Sweden	1	4	3	1	4
WPP LN Equity	WPP PLC	Media	United Kingdom	0	4	5	1	2
COF US Equity	CAPITAL ONE FINANCIAL CORP	Banks	US	-1	3	3	3	2
MSFT UW Equity	MICROSOFT CORP	Information Technology	US	0	1	2	7	10
RS UN Equity	RELIANCE STEEL & ALUMINUM	Industrial Metals and Mining	US	6	6	2	4	7
				15	18	20	18	7

Source: Liontrust & Bloomberg, as at 15.06.22.

Notes: \*Absolute Score: High = Best, Low = Worst. \*\*Decile Rank: 1 = Top Decile, 10 = Bottom Decile. Shaded areas denote 1st or 2nd decile



### James Inglis-Jones | Samantha Gleave

James Inglis-Jones formed the Cashflow Solution team on joining Liontrust in March 2006 and was joined by Samantha Gleave in 2012. James and Samantha jointly manage the Cashflow Solution range of funds having first worked together in 1998 and with an average industry experience of 25 years

James previously managed funds at Fleming Investment Management, JP Morgan Fleming and Polar Capital. Samantha formerly worked at Sutherlands Limited, Fleming Investment Management, Credit Suisse First Boston and Bank of America Merrill Lynch. Samantha was in a No 1 ranked equity research sector team (Extel & Institutional Investor Surveys) at Credit Suisse and won awards for Top Stock Pick and Earnings Estimates at Bank of America Merrill Lynch

### Cashflow Solution Investment Process



The process is based on the belief the most important determinant of shareholder returns is company cash flows. The fund managers believe stock prices are frequently mis-priced as they tend to reflect the often-unreliable forecasts of future profitability made by company managers. The fund managers find, in contrast, that historical analysis of company cash flows is a more reliable guide to future profitability and stock price valuation in the medium term. They invest in companies that generate strong cash returns from their capital, appear cheap on those cash flows and are run by managers committed to an intelligent use of capital

## Past performance does not predict future returns

<p><b>Liontrust</b></p>					
<p><b>GF European Strategic Equity</b> 1, 2</p>					

## Fund Manager Ratings

<p><b>James Inglis-Jones</b></p>	<p>AAA rated by Citywire for their risk-adjusted performance from 30.09.19 to 30.09.22</p>	
<p><b>Samantha Gleave</b></p>	<p>AAA rated by Citywire for their risk-adjusted performance from 30.09.19 to 30.09.22</p>	

Source: Liontrust have been awarded the FT Adviser 100 Club Awards 2019 and 2020 – Small to Mid Investment Group of the Year, Professional Paraplanner Awards 2020 – Best Active Investment Solution Provider, Investment Week Fund Manager of the Year Awards 2021 – Global Group of the Year, Shares Magazine Awards – Fund Group of the Year Award, Financial News – Asset Manager of the Year, Professional Pensions Investment Awards 2021 – UK Equity Manager of the Year, Online Money Awards – Best Investment Trust Group Award, and Professional Paraplanner Awards 2022 – Best Active Investment Solution Provider, Liontrust won Group of the Year at the Investment Week Fund Manager of the Year Awards 2022

1. FE Crown Rating, 1. Morningstar Rating 2. Morningstar Sustainability Rating

## Past performance does not predict future returns

To previous quarter 12 months ending (%)	Sep-22	Sep-21	Sep-20	Sep-19	Sep-18	Sep-17	Sep-16	Sep-15
Liontrust GF European Strategic Equity A4 Acc EUR	29.2	36.8	-14.9	3.0	2.6	5.2	0.7	14.5
MSCI Europe	-11.0	28.8	-7.8	5.7	1.5	16.3	1.8	2.6
HFRX Equity Hedge EUR	-4.0	16.5	-2.4	-3.5	-1.1	5.8	-1.3	-3.6

A performance fee of 20% is calculated and accrued at each valuation point. Payment is subject to the Fund's net asset value exceeding an Adjusted Prior Net Asset Value which is a High Water Mark adjusted by any new subscriptions or redemptions and a 4% hurdle per calendar year. No Performance Fee will be payable with respect to a Fund class in any Performance Period unless such class has recovered any accumulated underperformance for previous Performance Periods. Any performance fees are only payable on the positive difference between the NAV and the Adjusted Prior Net Asset Value. Details of the Fund's performance fee in the last financial year can be found in the Key Investor Information Document (KIID) which can be obtained free of charge from the Liontrust website.

Source: FE Analytics, as at 30.09.22. Liontrust GF European Strategic Equity Fund, A4 share class, net of fees, income reinvested, Euros versus MSCI Europe and HFRX Equity Hedge EUR comparator benchmarks. Discrete data is not available for ten full 10-year period due to the launch date of the funds. Liontrust GF European Strategic Equity Fund was launched in 25.04.14.

<b>INVESTMENT OBJECTIVE &amp; POLICY<sup>1</sup>:</b>	<p>The investment objective of the Fund is to achieve a positive absolute return over the long term for investors through a portfolio of long, synthetic long and synthetic short investments primarily in European equities and equity related derivatives.</p> <p>The Fund may invest anywhere in the world but will primarily invest in European companies either directly or via derivatives.</p> <p>The Fund may use financial derivative instruments for investment purposes and for efficient portfolio management (including hedging). The Fund will take both long and short positions in derivatives meaning the gross exposure of the Fund will typically be greater than 100% of the net asset value of the Fund.</p> <p>The Investment Adviser will alter the ratio of long and short exposures in the Fund depending on the Investment Adviser’s confidence in the investment process’ ability to generate returns from the short positions.</p> <p>Where sufficient short opportunities can be found, the Fund will have an approximately equal weighting in long and short positions. At other times, the Fund will have a net long position i.e. more long positions than short positions held in the Fund.</p> <p>Where investments are held in a currency other than the base currency, the exposure to currency risk may be minimised by hedging.</p> <p>The Fund expects to provide a positive absolute return under all market conditions over the medium to long term. <i>However, there is no guarantee this will be achieved over this or any other time period.</i></p> <p>Income from the Fund's investments is reinvested.– 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.</p>
<b>RECOMMENDED INVESTMENT HORIZON:</b>	5 years or more
<b>SRRI<sup>2</sup>:</b>	5
<b>ACTIVE / PASSIVE INVESTMENT STYLE:</b>	Active
<b>BENCHMARK:</b>	<p>The Fund is considered to be actively managed in reference to MSCI Europe Index and the HFRX Equity Hedge (EUR) Index (the “Benchmarks”) by virtue of the fact that it uses the Benchmarks for performance comparison purposes. The Benchmarks are 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 Benchmarks.</p>

Notes: 1. As specified in the KIID of the fund; 2. SRRI = Synthetic Risk and Reward Indicator. Please refer to the KIID for further detail on how this is calculated

**Composite:** Cashflow Solution - Pan Europe Strategic Long / Short Equities  
**Composite Inception Date:** 01 May 2014  
**Reporting Currency:** EUR  
**Reporting Date:** 31 December 2021  
**Benchmark:** MSCI Europe - Net Return

Year	Cumulative Return	Benchmark Cumulative Return	Number of Portfolios	Account Dispersion (StdDev)	3 Year Annualized Sample Standard Deviation	Benchmark 3 Year Annualized Sample Standard Deviation	Composite Market Value	Total Firm Assets
2021	35.19	25.13	1	--	16.96	16.52	60,342,000.00	41,921,067,235
2020	-8.39	-3.32	1	--	14.69	16.89	50,737,000.00	30,688,715,252
2019	25.37	26.05	1	--	9.52	10.23	87,288,400.00	21,094,255,942
2018	-5.33	-10.57	1	--	7.40	10.05	95,784,500.00	12,025,824,402
2017	6.32	10.24	1	--	6.35	13.07	115,185,000.00	11,502,718,419
2016	7.21	2.58	1	--	--	--	67,857,400.00	6,737,342,637
2015	8.48	8.22	1	--	--	--	25,689,000.00	6,164,912,672
2014*	7.68	2.73	1	--	--	--	1,940,300.00	5,333,957,314

**\*Data is for the period from May 1, 2014 (Composite Inception) through December 31, 2014.**

- Liontrust Asset Management PLC (“Liontrust” or the “Firm”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS standards. Liontrust has been independently verified for the periods 1st January 2000 to 31st December 2021 inclusive. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.
- For the purposes of GIPS, the Firm is defined as all funds under the management of Liontrust Asset Management PLC. The “Firm” is known as Liontrust, and this encompasses the combined investment management activities of Liontrust Investment Partners LLP and Liontrust Fund Partners LFP. Liontrust is a specialist fund management company launched in 1995 and listed on the London Stock Exchange in 1999. All Liontrust entities are authorised and regulated by the Financial Conduct Authority.
- The Firm was redefined from Liontrust Investment Partners LLP to Liontrust Asset Management PLC on 1st January 2018 as this Firm definition is the broadest definition available that includes all assets contained in the Firm’s composites.

4. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
5. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds are available upon request.
6. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein.
7. The aim of the investment process is to buy companies with strong cash flows that deploy cash prudently and which we consider to be relatively cheap. We want to invest in these businesses because in our experience strong company cash flows after investment spending provides a valuable margin of safety that is often undervalued and underappreciated by investors, most of whom tend to be more focused on forecasting future profits. The process seeks to achieve a positive absolute return over the long-term through a portfolio of long, synthetic long and synthetic short investments in European equities and equity-related derivatives. At selection only stocks from the top 20% of the combined cash flow ratios are selected for inclusion in the long book and stocks from the bottom 20% are selected for the short book. The Composite has flexibility to alter the long/short exposure ratio at various times in the investment cycle. Investment in the Composite involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates.
8. For the purposes of GIPS the composite was created on the 1st May 2014, however the composite has been managed by Liontrust since 24th April 2014.
9. Returns presented are time-weighted returns. Valuations are computed and performance is reported in Euro.
10. The Benchmark is the MSCI Europe Index.
11. All performance returns have been calculated gross of Ongoing Charges Figure (OCF). Furthermore, no other fees have been deducted bar trading expenses.
12. A representative fee schedule for this composite is a yearly Ongoing Charges Figure (OCF) ranging between 1.70% - 2.25% and 20% Outperformance Fee with 1% per quarter hurdle rate on a high watermark basis, if applicable. Note that fees for institutional investors are assessed on a case-by-case basis.
13. Throughout all time periods the number of portfolios contained within the composite was less than five, therefore no measurement of dispersion has been presented.
14. The three-year annualised standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.
15. Liontrust is generally permitted to use financial derivative instruments to more effectively manage the level of investment risk and to facilitate efficient investment and management of cash and liquidity in each Fund. Liontrust may use futures, forwards (including forward rate agreements), options (both writing and purchasing), swaps (including credit default swaps) and contracts for difference, including both exchange traded and over the counter derivative instruments for any Fund. Additional information regarding investments in derivative instruments are available on request. Portfolios within this composite will consistently have a high level of derivative use.