

LIONTRUST SUSTAINABLE FUTURE UK GROWTH FUND - GBP

INVESTMENT RESEARCH NOTE
MARCH 2024

Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

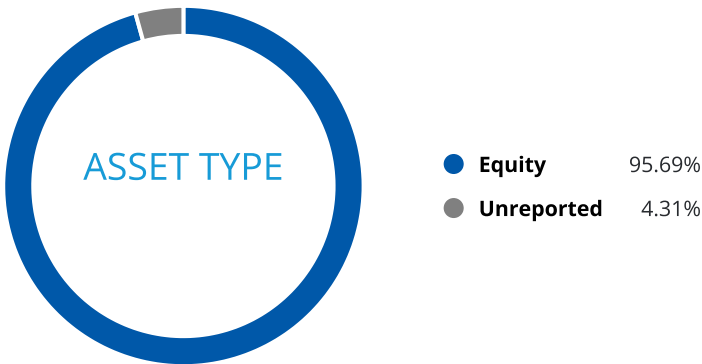
DESCRIPTION

SUMMARY

Liontrust is a specialist, independent fund management company launched in 1995 and listed on the London Stock Exchange in 1999. They have eight fund management teams covering global equity regions, fixed income and sustainable investments. The recent (July 2019) acquisition of Neptune Investment Management took total assets under management to £17bn and which has now risen to c. £21bn (as at 09/20).

Peter Michaelis, head of Sustainable Investment, is the lead fund manager with co-manager being Martyn Jones. Michaelis joined the firm following the acquisition of Alliance Trust in April 2017. He started his career as an environmental engineer before moving into the FM industry as a sustainable manager. He heads up a 13-strong integrated Sustainable Future Equities team, with members responsible for sectors and themes.

The fund is one of 8 future sustainable funds with a long-only bottom-up stock-picking strategy, with a long term growth aim. All investments will conform to Liontrust's strict Environmental, Social and Governance (ESG) criteria. Typically, at least 95% of the Fund's value will be invested in global equities. The fund uses a proprietary generated ESG scoring matrix, recognising the inaccuracies of third party ESG data. Active engagement with companies is also a core feature of the process, with a 98% voting participation at company meetings in 2019. The firm has worked to improve companies' diversity, climate change to reduce carbon emissions among other initiatives. Our internal ESG score therefore is **4/4**.



INVESTMENT PROCESS

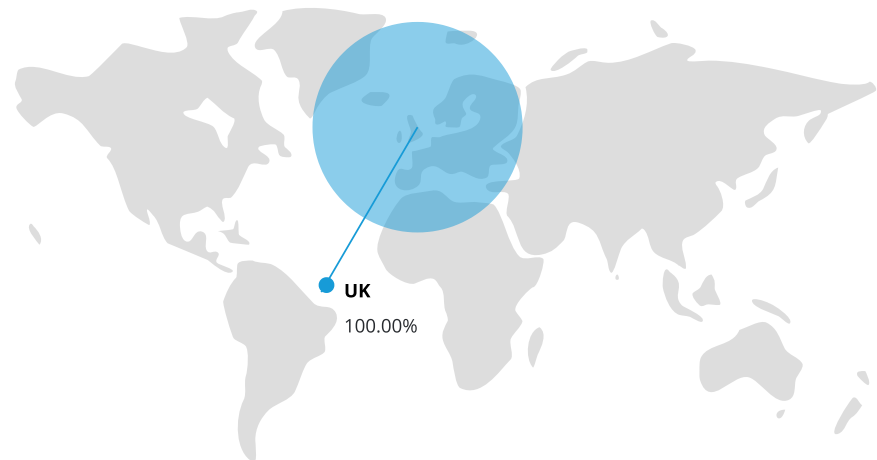
The Fund's philosophy is based on the belief that sustainable business models are key to the long-term profitability of companies. The managers seek out high-quality companies that are focused on improving people's quality of life in the future, driving resource efficiency or building resilient, prosperous and stable societies. They have identified 20 sustainable themes that contribute to a cleaner and safer planet. The investment process is high conviction-led with sustainability integrated throughout. Active share is c85% underpinned by a reasonably concentrated number of holdings around 40-60 names. Capacity can be 2-3x more and turnover 25-30% pa.

Stock selection has 4 core filters: thematic analysis, sustainability analysis, fundamentals and valuation. The thematic analysis covers structural headings of "Better resource efficiency", "Improved health" and "Greater safety and resilience" with 20 themes under these. Initially, high-quality companies that fall within one of the themes are identified. The companies are then entered into a proprietary sustainability matrix, which scores them according to "What they do" and "How they do it". The matrix assesses the impact of a company's product on the environment, and management quality, with an average score derived. Companies that score poorly against these ESG criteria are excluded. A variety of fundamental metrics including return on equity, quality of earnings and free cash flow are used to analyse a company's business. This allows the team to identify and forecast the growth prospects and underlying strength of a company's finances, and the likely return.

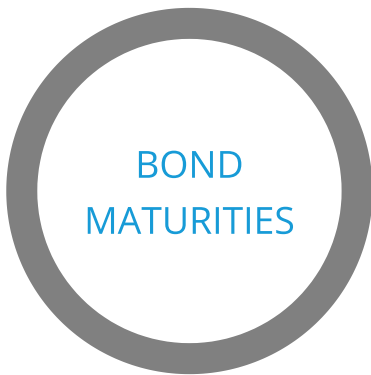
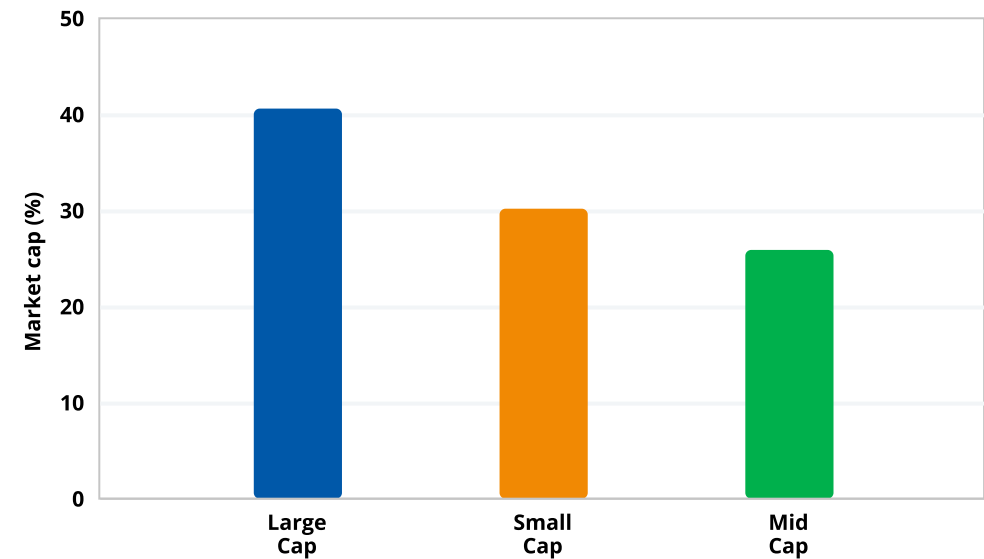
Company meetings address issues that are critical to future financial performance; many of these will relate to ESG considerations. An external Sustainable Future Advisory Committee meets 3 times a year consisting of sustainable development experts with a deep knowledge of developing trends in the ESG space. There are collaborations with academics, NGOs and Liontrust also commissions studies from consultancies such as the New Economics Foundation. Third party research is used to collate ESG information on the performance of portfolio companies and used to derive a Sustainability Rating. The fund gravitates to a quality growth style bias, with exposure to technology, industrials and consumer discretionary, which have dominated sector-based attribution over 3 years. 2020 saw an in-line drawdown with the comparator in March, and then stronger relative performance thereafter, benefiting from its exposure to financials and technology and avoidance of sectors like oil and airlines. Attribution analysis points to a large and micro cap tilt over 3 years, showing the diverse stock selection focus.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Not Applicable



Not Applicable

OVERALL PERFORMANCE

● Liontrust Sustainable Future UK Growth 2 ACC ● UK All Share Total Return GBP

GROWTH (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



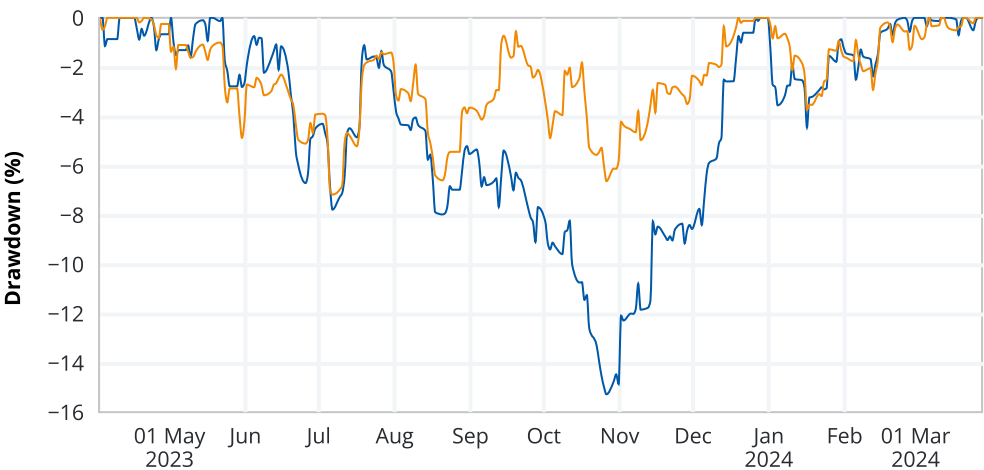
GROWTH (%) - FROM INCEPTION

21 Feb 2001 - 29 Mar 2024



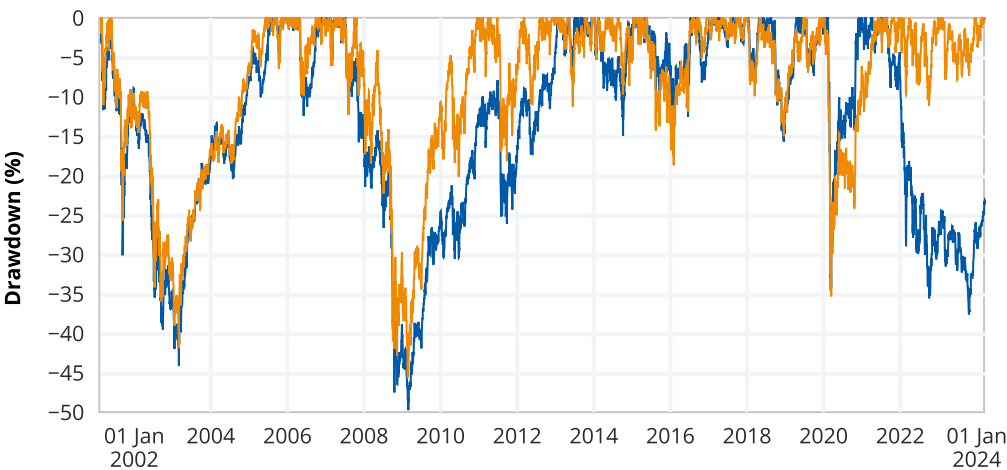
DRAWDOWN (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



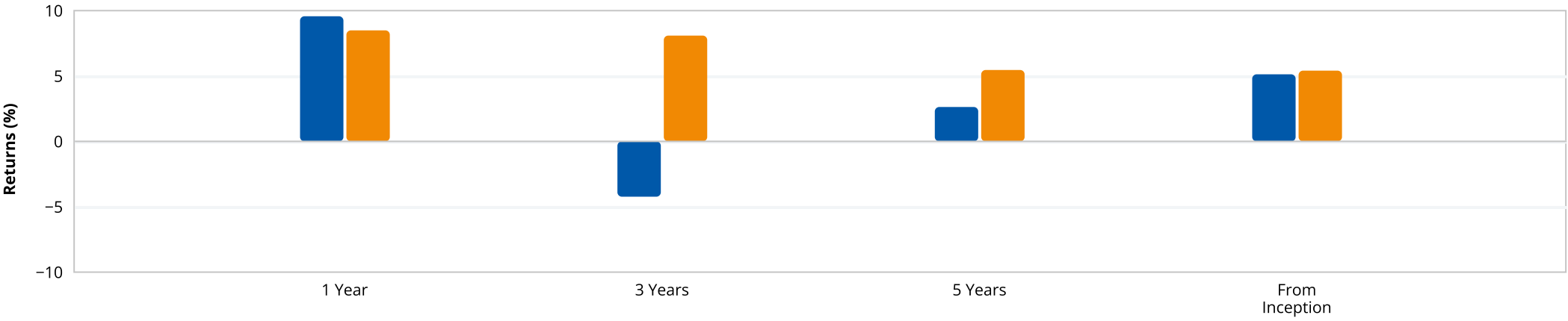
DRAWDOWN (%) - FROM INCEPTION

21 Feb 2001 - 29 Mar 2024



RETURNS

● Liontrust Sustainable Future UK Growth 2 ACC ● UK All Share Total Return GBP



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-0.87	0.89	4.11										4.13
2023	2.88	1.76	-4.61	2.70	-0.97	-1.73	2.42	-3.10	-2.61	-7.35	7.08	9.71	5.01
2022	-11.44	-5.37	1.32	-3.25	-0.85	-9.35	9.89	-6.31	-8.58	3.22	5.61	-2.05	-25.80
2021	-1.97	3.25	2.57	3.82	-0.69	0.71	3.28	4.95	-3.87	-0.75	-3.06	4.08	12.48
2020	-0.56	-8.23	-15.98	11.53	3.89	-0.70	-0.36	3.40	0.02	-2.98	11.77	6.85	5.34
2019	4.67	3.04	2.01	7.19	-0.14	2.11	1.02	-3.18	0.92	0.65	2.74	6.09	30.21

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	9.57	-4.23	2.63	5.13
●	8.49	8.09	5.46	5.41

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	9.49	-12.10	13.78	215.97
●	8.43	26.14	30.34	236.13

● Liontrust Sustainable Future UK Growth 2 ACC ● UK All Share Total Return GBP

PERFORMANCE - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024

RETURNS (%)	9.57	8.49
VOLATILITY (%)	12.45	10.29
ALPHA	-1.06 *	
BETA	1.28 *	1.00
CORRELATION	0.81 *	1.00
SHARPE RATIO	0.35	0.33
SORTINO RATIO	0.54	0.49
MAX DRAWDOWN (%)	-15.28	-7.17

*Calculated over a 3 year period where history permits.

PERFORMANCE - FROM INCEPTION

21 Feb 2001 - 29 Mar 2024

RETURNS (%)	5.13	5.41
VOLATILITY (%)	15.69	17.63
ALPHA	0.00	
BETA	1.00	1.00
CORRELATION	0.88	1.00
SHARPE RATIO	0.18	0.18
SORTINO RATIO	0.24	0.25
MAX DRAWDOWN (%)	-49.75	-45.61

SIMPLE STRESS TEST DRAWDOWN (%)

3 Apr 2023 - 29 Mar 2024



Stress test notes

The chart shows the calculated drawdown over a trailing 12-month period. The Review Point is a potential intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown exceed the Review Point, then this indicates that market conditions may be abnormal. This is the point at which immediate action should be considered.

DISCLAIMER

Liontrust Sustainable Future UK Growth Fund - GBP | March 2024

Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).