

LIONTRUST SPECIAL SITUATIONS FUND - GBP

INVESTMENT RESEARCH NOTE
MARCH 2024

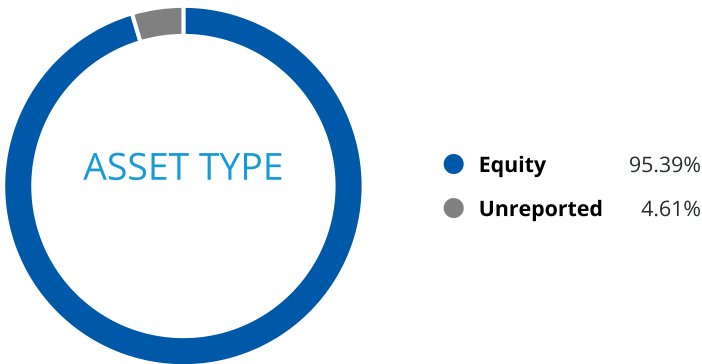
Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels 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).

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 will take total assets under management to £17bn.

The fund managers, Anthony Cross and Julian Fosh have worked together on The Fund since 2008, though it has been managed by Anthony since inception in June 2005. Their established approach is very considered and they have proven their ability to add value through disciplined adherence to their investment process.

The Liontrust Special Situations Fund aims to achieve a total return in outperforming the FTSE All-Share index, by adopting a long-term approach to investing, with no sector constraints. The composition of the portfolio and performance may differ from the index with a concentration on mid and small cap companies. They believe company success relies upon the strength, sustainability and exploitation of a company's intellectual capital and on how key employees (who create this intellectual capital) are motivated and retained. They believe that these qualities are difficult to replicate and therefore help to maintain profitability in face of increasing competition. The Fund will typically comprise between 40 and 50 stocks which possess these characteristics.



INVESTMENT PROCESS

The Fund Managers seek companies with competitive advantages that peers struggle to reproduce. The main competitive advantages fall into three categories:

- 1. Intellectual property;
- 2. Strong distribution channels;
- 3. Significant recurring business

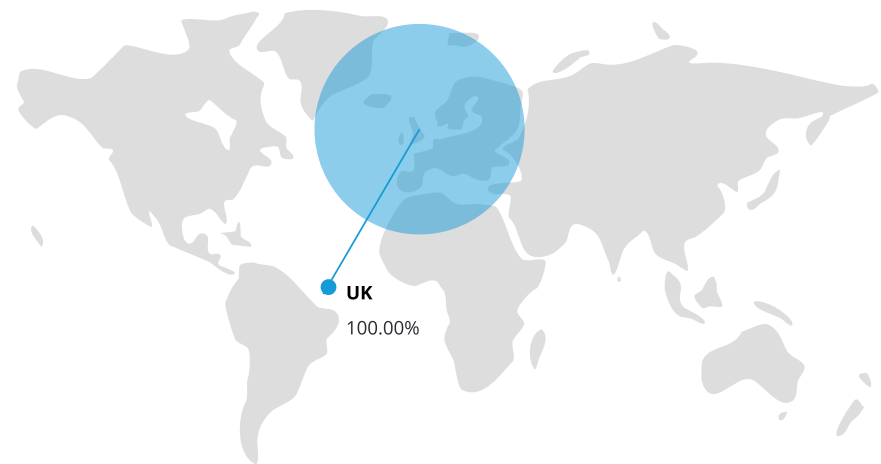
They also see the following as adding to a company's competitive advantage: franchises and licenses, good customer databases and relationships, effective procedures and formats, strong brands, company culture.

The screened companies are assessed for their possession of what the managers label 'Durable Economic Advantage', whereby companies must fall into one of the above three categories. Companies with the strongest 'Economic Advantage' from each of the market cap ranges form the basis of their respective investment universes. The universe of 'Economic Advantage' stocks is also measured for the market's appreciation of their potential earnings growth based on an understanding that under-appreciated companies have the strongest potential for growth. Companies are given a portfolio weight in accordance with their risk score. The risk scoring measures capture two separate areas that cover financial risk (balance sheet and accounting risk, capital requirements and financial gearing) and company and sector risks (trading environment, margin pressure, product and customer spread and maturity of market). The end result is to create an active, unconstrained, diversified portfolio of UK equities across the entire market cap spectrum, with weightings of 1-4% over the FTSE All-Share Index weight.

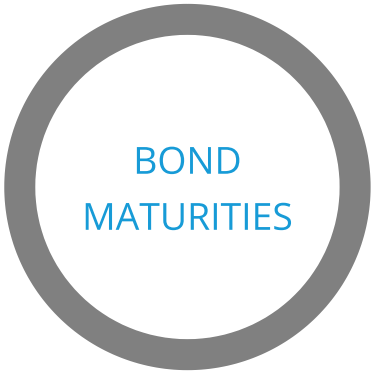
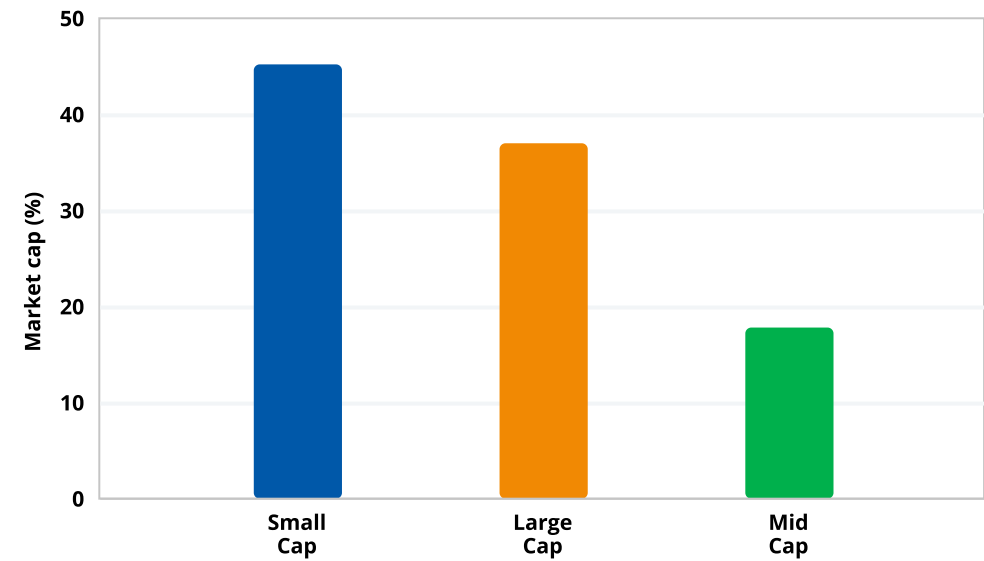
There is both a mark-to-market and liquidity risk to the strategy given the small cap exposure in the Fund which would underestimate the true level of volatility within the Fund. This can be exacerbated particularly in the event of a severe market crisis event. The large size of the Fund adds to the potential liquidity risk in a similar volatile market event.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Not Applicable



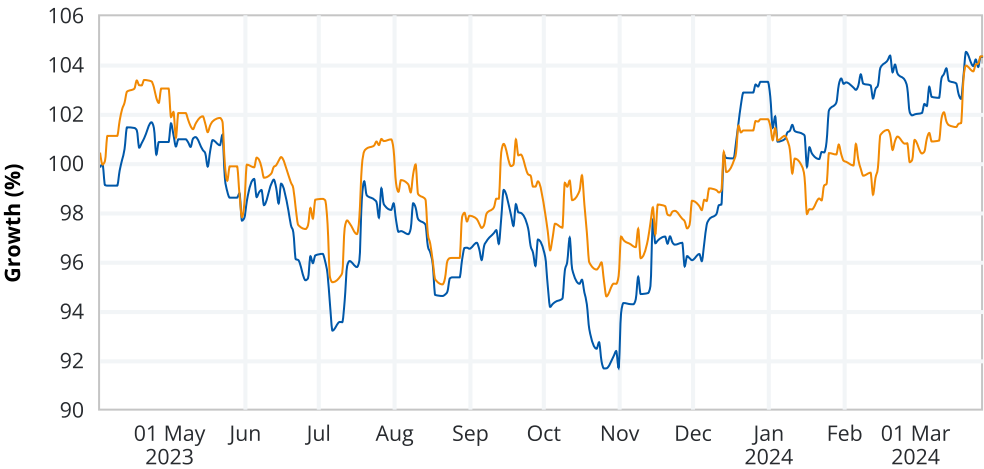
Not Applicable

OVERALL PERFORMANCE

● Liontrust Special Situations Fund I Inc GBP ● UK All-Share Equity GBP

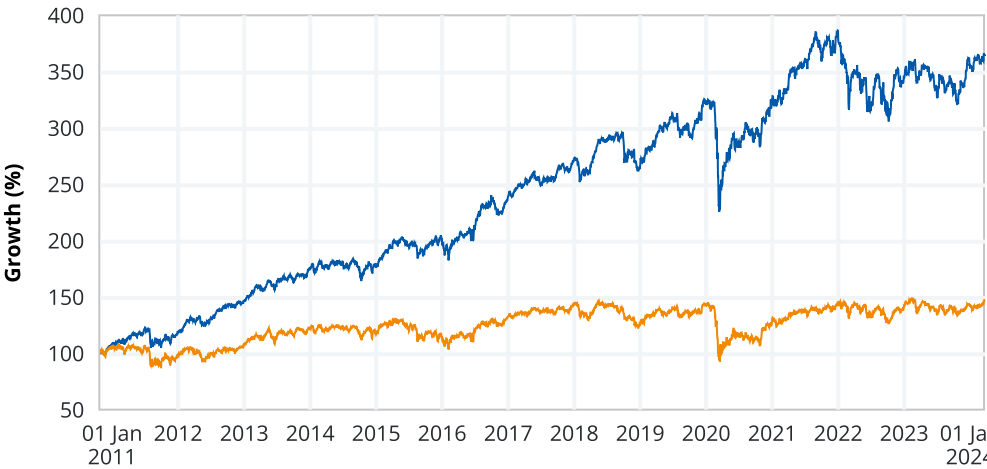
GROWTH (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



GROWTH (%) - FROM INCEPTION

2 Nov 2010 - 29 Mar 2024



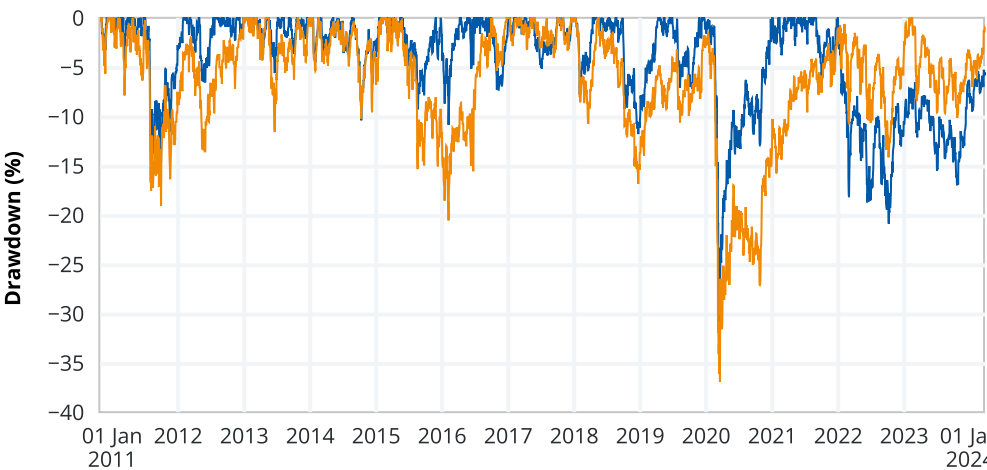
DRAWDOWN (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



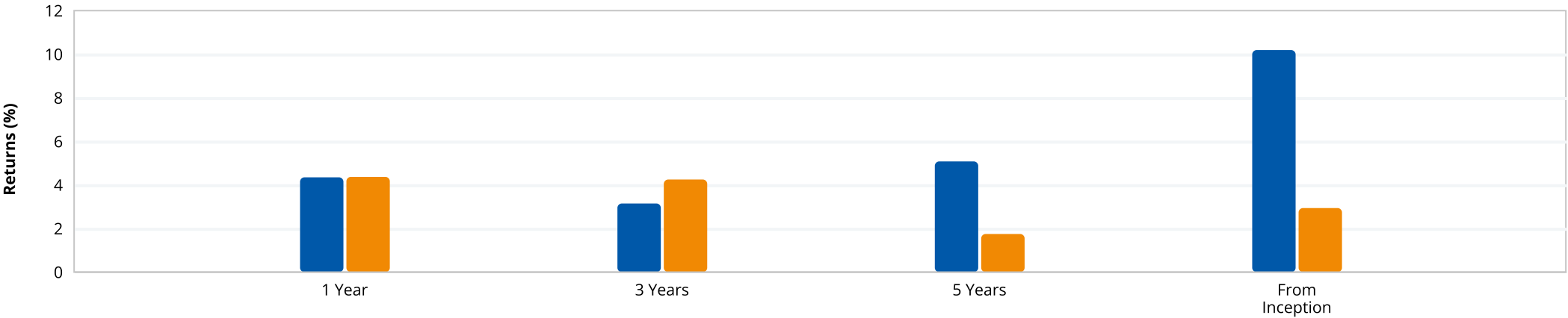
DRAWDOWN (%) - FROM INCEPTION

2 Nov 2010 - 29 Mar 2024



RETURNS

● Liontrust Special Situations Fund I Inc GBP ● UK All-Share Equity GBP



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	0.13	-1.45	2.33										0.98
2023	2.41	1.94	-1.43	0.86	-3.16	-1.45	1.92	-1.56	0.34	-4.67	4.08	7.44	6.30
2022	-6.41	-3.88	1.46	-0.31	-1.07	-8.50	8.72	-4.44	-4.76	3.87	7.59	-2.53	-11.23
2021	0.51	0.46	3.69	5.17	0.70	0.60	2.89	4.02	-2.07	0.58	-2.73	5.38	20.52
2020	-1.54	-7.99	-12.91	9.64	3.97	-1.69	1.80	2.22	-1.63	-2.71	8.25	3.64	-1.20
2019	3.89	1.64	2.09	5.64	-0.37	2.73	0.68	-3.78	1.25	-0.75	4.33	2.73	21.62

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	4.35	3.15	5.08	10.19
●	4.37	4.25	1.75	2.94

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	4.32	9.70	28.01	265.40
●	4.33	13.23	9.04	47.27

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PERFORMANCE - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024

	●	●
RETURNS (%)	4.35	4.37
VOLATILITY (%)	10.31	10.25
ALPHA	-0.07 *	
BETA	1.07 *	1.00
CORRELATION	0.86 *	1.00
SHARPE RATIO	-0.05	-0.05
SORTINO RATIO	-0.08	-0.08
MAX DRAWDOWN (%)	-9.83	-8.49

*Calculated over a 3 year period where history permits.

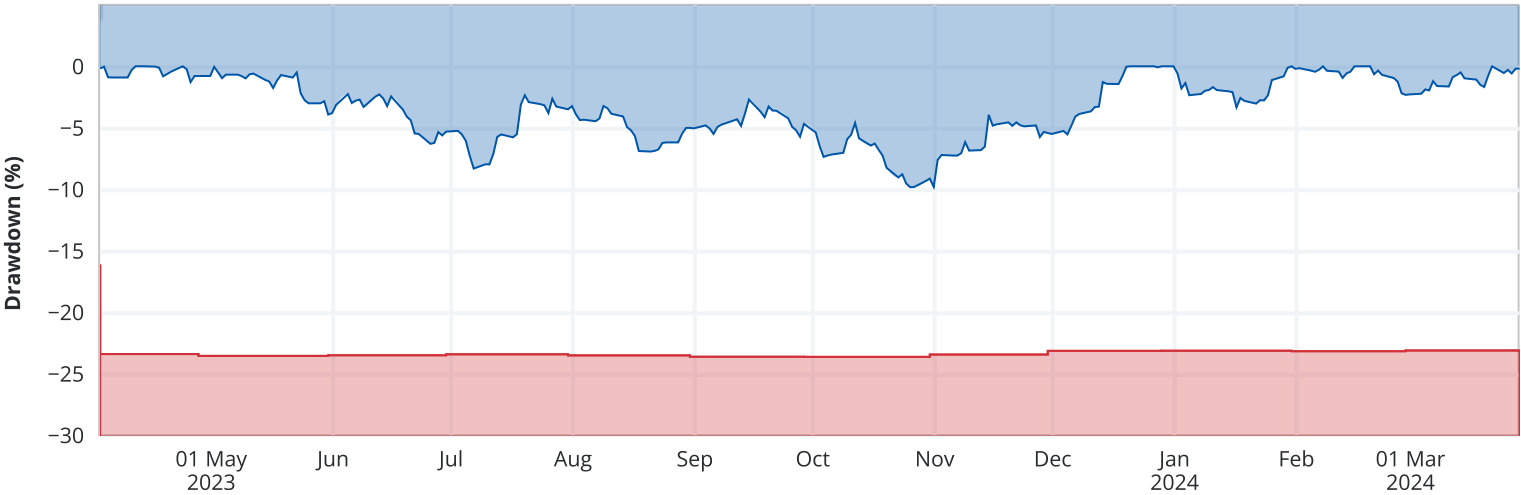
PERFORMANCE - FROM INCEPTION

2 Nov 2010 - 29 Mar 2024

	●	●
RETURNS (%)	10.19	2.94
VOLATILITY (%)	12.57	15.38
ALPHA	0.60	
BETA	0.85	1.00
CORRELATION	0.86	1.00
SHARPE RATIO	0.72	0.12
SORTINO RATIO	0.98	0.17
MAX DRAWDOWN (%)	-30.73	-36.92

SIMPLE STRESS TEST DRAWDOWN (%)

3 Apr 2023 - 29 Mar 2024



Stress test notes

The chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

DISCLAIMER

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