

Fund factsheet

31/10/2023

Structure

Société d'investissement
à Capital Variable
(SICAV)

Regulatory status

UCITS

Fund launch date

14/09/2020

Benchmark

None. Can use MSCI Europe
as comparator

Fund size (EUR)

€350m

Number of holdings

45

Dealing frequency

Daily

UCITS ManCo.

Link Fund Solutions
(Luxembourg) S.A.

Yield (projected 2023¹)

5.41%

Yield (historic - 2022¹)

I Acc €3.05 / 2.89%
I Inc €5.54 / 5.49%

Initial charge

N/A

Performance fees

N/A

Dividend Frequency

Annual



Fund manager

Rob Burnett has managed the Lightman European Equities Fund since launch on 14th September 2020. He has managed European equity portfolios since 2005.

Fund aim and objectives

The investment objective is to provide capital growth and to generate positive Environmental, Social and/or Governance (ESG) momentum, over the long term (in excess of 5 years). The investment manager will primarily invest the fund's assets in the shares of companies listed and domiciled in Europe, maintaining a concentrated portfolio of approximately 40-50 holdings. The investment manager seeks to invest in undervalued companies with positive operational momentum. ESG factors will also be incorporated in the analysis by adjusting standard financial metrics to reflect the impact of selected ESG factors.

Fund commentary

Whilst most investors expect bond yields to fall sharply, we are not convinced. We believe we are likely in a period of sustainably high interest rates, irrespective of the inflation or growth outlook. Governments are short of funding. To find sufficient investor support for current spending plans, governments will likely need to pay higher interest rates for the foreseeable future.

All things being equal, value equities ought to be a safe haven in this scenario. A structurally higher cost of capital should compress valuations of most securities, with low priced securities more resilient. But there are pockets of value that ought to face earnings risk. We believe this is a difficult time for the consumer, with discretionary spending facing headwinds. The pressure from high interest rates has yet to be fully experienced both in the US and Europe. We also see Energy prices staying high, even in an economic slowdown. The combination of high energy prices and high interest rates ought to begin to dent discretionary spending.

Governments need to raise money from somewhere and so tax raids on companies and industries are likely. Whilst we do not see headline increases in corporation tax, we do anticipate tax loopholes being closed. European companies selling into the US and paying low taxes on their US earnings are vulnerable. We are scrutinising the effective tax rates of our companies more carefully. Some Healthcare companies are facing some risks in this respect.

The Energy sector is already facing windfall taxes and we expect this to continue, but we do not believe this derails the investment case. Oil and Gas companies are already the highest tax paying sector, with governments keen to retain that revenue. Excessive taxation would push the industry to different jurisdictions. Oil and gas companies also have strong balance sheets with close to zero debt, high free cashflow yields and high dividend and buy-back potential. We see this sector as a key defensive component of the portfolio.

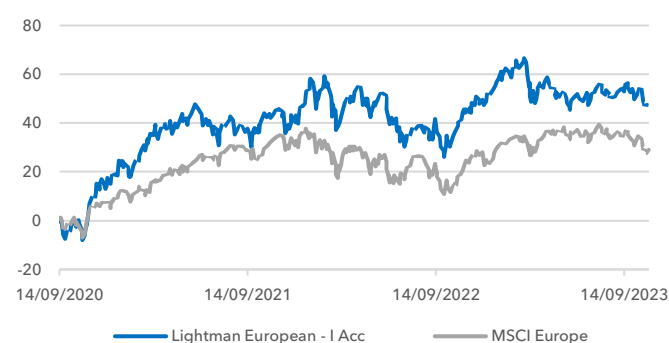
Sector breakdown		Top 10 countries		Top 10 holdings	
Materials	22.13%	Sweden	14.28%	Equinor	5.47%
Energy	21.90%	France	13.84%	GALP Energia	4.48%
Communication Services	15.22%	Norway	12.23%	Orange	4.36%
Industrials	13.88%	Netherlands	10.46%	Shell	4.28%
Financials	9.47%	Germany	9.56%	Telefonica	3.98%
Healthcare	9.11%	Australia	5.65%	Koninklijke	3.35%
Consumer Staples	5.06%	Spain	5.48%	Carrefour	3.15%
Cash	3.06%	Switzerland	5.28%	Antofagasta	3.08%
Consumer Discretionary	0.17%	Portugal	4.48%	BHP	2.97%
Utilities	0.00%	Finland	4.27%	Rio Tinto	2.68%

Fund share classes

Share class	OCF (capped)	SEDOL	ISIN	Bloomberg	Min. initial investment	Min. subsequent investment	Regular saving
Institutional (Acc)	0.8%	BMF2996	LU2214500949	LIEEFIA LX	€100,000	None	N/A
Institutional (Inc)	0.8%	BPBM2X6	LU2401174797	ELLEID LX	€100,000	None	N/A
Retail (Acc)	1.25%	BMF29C9	LU2214501673	LIEEFRA LX	€1,000	None	€100
Retail (Inc)	1.25%	BPBM2Y7	LU2401174870	ELLEERD LX	€1,000	None	€100

Performance

Since launch (%)



	Cumulative (%)	1m	3m	6m	1yr	3yr	Launch
I-Acc	-4.06	-5.34	-4.39	5.48	60.15	47.75	
MSCI Europe	-3.57	-7.40	-5.73	8.22	38.62	28.95	

	Calendar year (%)	2023	2022	2021	2020*	2019	2018
I-Acc	-2.15	3.35	23.58	18.22	n/a	n/a	
MSCI Europe	4.94	-9.49	25.13	8.51	n/a	n/a	

Past performance is not an indicator of future performance. Tax treatment depends on the individuals' circumstances and may be subject to change in the future. All data as at 31/10/23 in EUR; fund prices from Northern Trust, MSCI Europe from MSCI. For periods covering part of a calendar year, performance has not been annualised: *2020 performance is from fund launch on 14/09/2020 to year end.²

What are the risks specific to this fund?

- The value of investments and the income derived from them may fall as well as rise and shareholders may not recoup the original amount they invest in the Fund.
- Funds investing in overseas securities are exposed to currency risk. Exchange rate movements may cause the EUR value of investments to increase or decrease.
- The Fund may suffer a reduction in value due to dealing costs incurred when buying and selling investments and management fee charges applied to the fund. Net yields may be lower than gross yields.

Contacts

The Key Investor Information Document (KIID) and prospectus are available in English from:

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¹ Note: 2022 yields are gross yield based on finalised accounts of the fund for the period Jan - Dec 2022. Net yield is after expenses and taxes. Yield % is calculated using ex-dividend unit price as on 03/01/2023. 2023 gross yields are approximate and have been calculated based on actual stock weightings and consensus dividend yields for 2023 as available on Bloomberg.

² Performance quoted does not consider applicable taxes on the investor. Performance calculated using EUR denominated unit prices or index values as at beginning and end of periods. Fund performance is net of fees with net income reinvested. MSCI Europe values used are net return EUR index.