

Fund factsheet

31/10/2023

Structure

Open Ended Investment Company (OEIC)

Regulatory status

UCITS

Fund launch date

29/03/2019

Benchmark

MSCI Europe ex UK (comparator)

Fund size (GBP)

£670m

Number of holdings

45

Dealing frequency

Daily

IA sector

IA Europe ex UK

UK UCITS ManCo.

Waystone Management (UK) Limited

Yield (projected 2023¹)

5.31%

Yield (historic - 2022¹)

I Acc 4.5045p / 3.04%

I Inc 4.0854p / 3.13%

R Acc 4.2214p / 2.87%

R Inc 3.0527p / 2.74%

Initial charge

N/A

Performance fees

N/A

Ex - dividend date

31st December



Fund manager

Rob Burnett has managed the WS Lightman European Fund since launch on 29th March 2019. He has managed European equity portfolios since 2005.

Fund aim and objectives

The objective of the fund is to provide long term (in excess of five years) capital growth. The fund will invest at least 80% of its assets directly in the shares of companies listed and domiciled in Europe (excluding the UK). The fund will have a concentrated portfolio of approximately 40-50 holdings, selected at the manager's discretion. The investment manager seeks to invest in undervalued companies with positive operational momentum.

Fund commentary

Markets continue to be pressurised by high bond yields. 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.

Despite a tricky backdrop, we believe the fund can deliver positive absolute and relative returns.

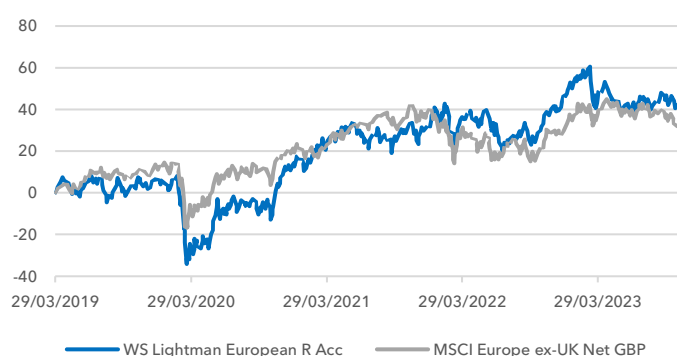
Sector breakdown		Top 10 countries		Top 10 holdings	
Materials	22.77%	Sweden	14.48%	Equinor	5.15%
Energy	21.84%	France	13.55%	Shell	4.44%
Communication Services	15.62%	Norway	12.90%	GALP Energia	4.40%
Industrials	13.34%	Germany	11.36%	Orange	4.35%
Healthcare	10.89%	Netherlands	11.12%	Telefonica	4.13%
Financials	9.47%	Australia	5.74%	Koninklijke	3.47%
Consumer Staples	5.72%	Spain	5.67%	Carrefour	3.44%
Consumer Discretionary	0.19%	Switzerland	5.45%	Bayer	3.19%
Cash	0.16%	Portugal	4.40%	BHP	3.03%
Utilities	0.00%	US	4.04%	Antofagasta	3.03%

Fund share classes

Share class	OCF (capped)	SEDOL	ISIN	Bloomberg	Min. initial investment	Min. subsequent investment	Regular saving
Institutional (Acc)	0.6%	BGPFJM6	GB00BGPFJM62	LFLMEIA LN	£100m	£1,000	N/A
Institutional (Inc)	0.6%	BJCWFY5	GB00BJCWFY55	LFLMEIE LN	£100m	£1,000	N/A
Retail (Acc)	0.8%	BGPFJN7	GB00BGPFJN79	LFLMERA LN	£1,000	£1,000	£50
Retail (Inc)	0.8%	BJCWFZ6	GB00BJCWFZ62	LFLMERE LN	£1,000	£1,000	£50

Performance

Since launch (%)



Cumulative (%)	1m	3m	6m	1yr	3yr	Launch
R-Acc	-3.40	-3.01	-3.86	8.50	62.01	41.87
I-Acc	-3.39	-2.97	-3.76	8.72	62.97	43.20
Benchmark	-3.04	-6.62	-6.92	10.66	29.18	33.35

Calendar year (%)	2023	2022	2021	2020	2019*	2018
R-Acc	-2.93	11.00	16.97	6.22	5.98	n/a
I-Acc	-2.76	11.21	17.20	6.43	6.16	n/a
Benchmark	3.51	-7.62	16.73	7.49	11.15	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 GBP; fund prices from Northern Trust, benchmark from MSCI. For periods covering part of a calendar year, performance has not been annualised: *2019 performance is from fund launch on 29/03/2019 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 GBP 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 net yields 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 GBP denominated unit prices or index values as at beginning and end of periods. Fund performance is net of fees with net income reinvested. Benchmark is MSCI Europe ex UK net return GBP index.