Lightman

LF Lightman European Fund

For promotional purposes

Fund factsheet
31/03/2023

Structure
Open Ended Investment Company (OEIC)

Regulatory status
UCITS

Fund launch date
29/03/2019

Benchmark
MSCI Europe ex UK (comparator)

Fund size (GBP)
£630m

Number of holdings
41

Dealing frequency
Daily

IA sector
IA Europe ex UK

UK UCITS ManCo.
Link Fund Solutions Ltd

Yield (projected 2023[1])
4.71%

Yield (historic - 2022[1])

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 LF 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

Equity index upside appears limited for the time being. In early October 2022 we published a note suggesting adding to European equities. Investor pessimism had gone too far, and we listed a series of catalysts that could surprise positively, including more resilient economic growth.

This has broadly played out. But today, valuations are 20% higher and there are limited positive catalysts in the short term. Inflation can decline further, but the market has discounted an inflation decline already. Today's market multiple reflects a lower level of future inflation. Bond yields may decline somewhat but we have already seen record inflows into Sovereign debt in anticipation of rate cuts, and government bond issuance is set to rise.

Equity market resilience in recent weeks has almost certainly been supported by central bank liquidity. Various central banks have supported markets in aggregate terms from October last year. The collapse of Silicon Valley Bank prompted the Fed to expand their balance sheet by $400bn in March. But going forward, liquidity might drain from markets with Quantitative Tightening resuming.

This set-up appears similar to 2022. Equities are facing a rising cost of capital with earnings growth set to slow. We view the best protection in this environment is from equities with high free cash flow yields and strong balance sheets that operate in supply-constrained industries. The portfolio's median 2023 PE is 9.5x and price to sales of 0.9x. The weighted forecast 2023 dividend yield is 4.7%. Whilst we anticipate limited gains for the index, we see the potential for positive absolute and relative returns for the Lightman European funds in 2023.

Sector breakdown		Top 10 countries		Top 10 holdings	
Materials	20.92%	France	18.28%	Novartis	4.84%
Energy	18.31%	Germany	13.81%	Orange	4.55%
Communication Services	14.97%	Spain	11.89%	Telefonica	4.54%
Financials	13.59%	Netherlands	11.34%	Bayer	4.31%
Health Care	11.94%	Sweden	10.47%	Shell	3.94%
Industrials	9.62%	Norway	6.32%	KPN	3.94%
Consumer Staples	5.29%	Switzerland	4.84%	Repsol	3.86%
Cash	3.15%	Finland	4.84%	BNP Paribas	3.49%
Consumer Discretionary	1.86%	US	3.98%	Carrefour	3.20%
Miscellaneous	0.35%	Portugal	3.18%	GALP Energia	3.18%

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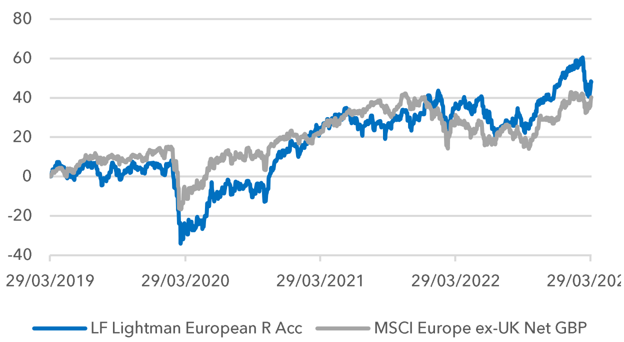
Fund share classes

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	LFLMERI LN	£1,000	£1,000	£50

Performance

Since launch (%)



Cumulative (%)	1m	3m	6m	1yr	3yr	Launch
R-Acc	-5.57	1.31	20.38	9.01	101.68	48.07
I-Acc	-5.55	1.36	20.49	9.23	102.85	49.28
Benchmark	1.12	8.89	21.37	8.62	52.93	40.28

Calendar year (%)	2023	2022	2021	2020	2019*	2018
R-Acc	1.31	11.0	16.97	6.22	5.98	n/a
I-Acc	1.36	11.21	17.20	6.43	6.16	n/a
Benchmark	8.89	-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 31/03/23 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.