

Cashflow Solution

July 2025 review

Liontrust European Dynamic Fund



James Inglis-Jones

Co-head of Cashflow Solution Team



Samantha Gleave

Co-head of Cashflow Solution Team

- European equities moved higher in July, buoyed by easing trade tensions and encouraging earnings reports.
- **Wartsila** continued its strong momentum into July, boosted by a newly announced engine contract, while **Deutsche Bank** and **Belimo** also delivered robust performances.
- **Kongsberg** declined following Q2 results due to rising costs and weaker order trends, while **Renault** cut its 2025 earnings forecast amid soft June sales and a deteriorating outlook.

The Fund returned 3.5% in sterling terms in July. The MSCI Europe ex-UK Index comparator benchmark returned 0.9% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 1.1%.

European equities moved higher in July, buoyed by easing trade tensions and encouraging earnings reports. Gains were particularly notable in the financials (+6.4%) and energy (+3.7%) sectors, with the former rising as a number of European banks reported solid quarterly performances.

Conversely, the information technology (-5.6%) sector lagged, weighed down by underwhelming earnings and cautious forward guidance from prominent European software and semiconductor firms.

Meanwhile, the European Central Bank maintained its benchmark interest rate at 2% during the month. President Christine Lagarde, speaking in June, had signalled that the current cycle of monetary policy easing was approaching its conclusion.

The top performer in July was Finnish engineering specialist **Wartsila** (+22%) which reported second-quarter orders that exceeded analyst expectations, boosted by a newly announced contract for 15 large Wartsila engines for a 282-megawatt U.S. data centre. Marine orders also performed strongly, surpassing consensus estimates.

Belimo (+20%), the Swiss manufacturer of heating, ventilation and air conditioning (HVAC) equipment, rose after reporting a 31% increase in first-half net income, driven by broad-based sales growth, improved margins, and strength in the data centre segment – most notably in the US and Canada.

Pre-tax profits at **Deutsche Bank** (+16%) surged to €2.4 billion in the three months to June, a significant jump from €400 million in the same period last year. This improvement was partly driven by the release of €85 million in legal provisions, compared with charges of €1.3 billion a year earlier linked to a prolonged legal dispute over the acquisition of Postbank.

The income boost helped the bank improve its cost-income ratio to 62.3% in the first half of 2025, down from 78.1% a year ago. Management has set a target of achieving a full-year ratio below 65%.

Kongsberg Gruppen (-19%), a leading aerospace and defence specialist, was the heaviest detractor after its second-quarter results noted rising costs, a dip in cash reserves and mixed order intake across its divisions.

Renault (-16%) was also weak after the French multinational carmaker revised its 2025 earnings forecast downward. The adjustment followed weaker-than-expected sales results in June and the company's warning of continued negative market trends over the next six months.

In its earnings release, Renault projected an operating margin of approximately 6.5% for the 2025 fiscal year, down from the previous estimate of over 7%. This revision was attributed to "deteriorating automotive market conditions," "growing commercial pressure from competitors," and an anticipated "ongoing decline in the retail market."

Shares in audio streaming platform **Spotify Technology** (-15%) fell despite exceeding expectations for subscriber and user growth in the second quarter. The company reported 276 million premium subscribers, up from 268 million in Q1 and above the forecast of 273 million. Monthly active users rose to 696 million from 678 million, also beating estimates of 689 million.

However, Spotify posted an unexpected quarterly loss of €86 million, compared to a €274 million profit a year earlier. The loss was driven by higher costs, including personnel and marketing expenses.

Positive contributors to performance included:

Wartsila (+22%), Belimo (+20%) and Deutsche Bank (+16%)

Negative contributors to performance included:

Kongsberg Gruppen (-19%), Renault (-16%) and Spotify Technology (-15%)

Discrete years' performance (%) to previous quarter-end**:

	Jun-25	Jun-24	Jun-23	Jun-22	Jun-21
Liontrust European Dynamic I Inc	9.4%	13.9%	24.8%	-5.9%	43.8%
MSCI Europe ex UK	8.8%	12.1%	19.0%	-10.6%	21.8%
IA Europe Excluding UK	9.1%	11.7%	18.4%	-12.6%	23.7%
Quartile	3	1	1	1	1

*Source: Financial Express, as at 31.07.25, total return (net of fees and income reinvested), bid-to-bid, institutional class. Non fund-related return data sourced from Bloomberg.

**Source: Financial Express, as at 30.06.25, total return (net of fees and income reinvested), bid-to-bid, primary class.

For a comprehensive list of common financial words and terms, see our glossary at:
<https://www.liontrust.co.uk/benefits-of-investing/guide-financial-words-terms>

Key Risks

Past performance does not predict future returns. You may get back less than you originally invested. We recommend this fund is held long term (minimum period of 5 years). We recommend that you hold this fund as part of a diversified portfolio of investments

Overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.

This Fund may have a concentrated portfolio, i.e. hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.

The Fund may encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.

Outside of normal conditions, the Fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. International banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

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