

Cashflow Solution

July 2025 review

Liontrust GF European Smaller Companies Fund



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- European equities moved higher in July, buoyed by easing trade tensions and encouraging earnings reports.
- **Bankinter** and **BPER Banca** were among the top performers for the period.
- **Betsson** fell as results missed expectations and Nordic revenues declined sharply, while **ATOSS** dropped after reporting lower profits and earnings despite higher sales.

The Fund's A3 share class returned 0.4%* in euro terms in July. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 1.2%.

European equities moved higher in July, buoyed by easing trade tensions and encouraging earnings reports. Gains were particularly notable in the energy (+4.9%) and financial (+4.8%) sectors, with the latter rising as a number of European banks reported solid quarterly performances.

Conversely, the information technology (-6.1%) 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.

Spanish lender **Bankinter** (+13%) was the top performer over the month after reporting net income for the second quarter that beat estimates, with a strong lending revenue beat. The bank delivered good performance in the second quarter, highlighted by a 14% increase in net profit and a 6% uplift in gross operating income. Return on tangible equity reached 19%, while return on equity surpassed 18%.

Staying in the financials space, Italian bank **BPER Banca** (+12%) was also among the stronger performers after receiving a ratings upgrade.

Avon Technologies (+8.5%), which specialises in the engineering and manufacturing of respiratory protection equipment for military, law enforcement and fire personnel, was also among the strong performers, gaining ground despite the absence of any specific company announcements.

Shares in **Betsson** (-17%) declined as Q2 figures fell short of market expectations. The drop came even as the company reported double-digit growth in both revenue and earnings.

Performance during the quarter was driven by continued strength in Latin America, a higher sportsbook margin of 9.5% (up from 8.6% in Q2 24), and successful expansion into new markets. Casino revenue rose 11%, while sportsbook revenue advanced 15%. However, the Nordic region remained a drag on performance, with revenue falling 28.4% year-on-year to €33.9 million. This marked a continuation of recent trends and was attributed to scaled-back marketing investment across all countries in the region.

Shares in **ATOSS Software** (-16%) declined after the company reported a drop in quarterly profit despite higher revenue. The German workforce management software provider posted a net profit of €10.4 million for the three months ending June, down 9.4% from €11.5 million in the same period last year.

Revenue rose 9.2% year-on-year to €45.8 million, up from €42.0 million, reflecting ongoing business momentum.

Positive contributors to performance included:

Bankinter (+13%), BPER Banca (+12%) and Avon Technologies (+8.5%)

Negative contributors to performance included:

Betsson (-17%), ATOSS Software (-16%) and IPSOS (-9.4%)

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

	Jun-25	Jun-24	Jun-23	Jun-22	Jun-21
Liontrust GF European Smaller Companies A3 Acc EUR	12.9%	14.5%	9.0%	-9.9%	59.6%
MSCI Europe Small Cap	12.2%	12.0%	6.7%	-17.7%	43.1%

	Jun-20	Jun-19	Jun-18
Liontrust GF European Smaller Companies A3 Acc EUR	-10.7%	-2.4%	2.3%
MSCI Europe Small Cap	-4.1%	-4.4%	9.8%

*Source: Financial Express, as at 31.07.25, total return (net of fees and income reinvested).

**Source: Financial Express, as at 30.06.25, total return (net of fees and income reinvested). Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (01.02.17). Investment decisions should not be based on short-term performance.

Key Features of the Liontrust GF European Smaller Companies Fund

Investment objective & policy ¹	The investment objective of the Fund is to achieve long term capital growth by investing primarily in European smaller companies. The Fund may invest in all economic sectors in all parts of the world,
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	although it is intended it will invest primarily in equities and equity related derivatives (i.e. total return swaps, futures and embedded derivatives) in European companies (including the UK and Switzerland). The majority of the assets of the Fund (more than 85%) are expected to be invested in smaller companies (with a market capitalisation of less than 5 billion euros at the time of the initial investment). In normal conditions, the Fund will aim to hold a diversified portfolio, although at times the Investment Adviser may decide to hold a more concentrated portfolio, and it is possible that a substantial portion of the Fund could be invested in cash or cash equivalents. The Fund may use FX forwards to hedge the Fund's currency exposures. The Fund has both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Fund.
Recommended investment horizon	5 years or more
Risk profile (SRRI) ²	6
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Small -Cap Index net total return (the "Benchmark") by virtue of the fact that it seeks to outperform the Benchmark. However the Benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Benchmark.

Notes: 1. As specified in the PRIIP KID of the fund; 2. SRI = Summary Risk Indicator. Please refer to the PRIIP KID for further detail on how this is calculated.

For a comprehensive list of common financial words and terms, see our glossary at:

<https://www.liontrust.co.uk/glossary>.

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.

The Fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.

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.

The Fund uses derivative instruments that may result in higher cash levels. Outside of normal conditions, the Fund may choose to hold higher levels of cash. Cash may be deposited with several credit counterparties (e.g. international banks) or in short dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

There is no guarantee that a positive absolute return will be generated over any time period.

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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