

Cashflow Solution

July 2025 review

Liontrust GF European Strategic Equity Fund



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- European equities moved higher in July, buoyed by easing trade tensions and encouraging earnings reports from select companies.
- A tough month for the short book weighed on Fund performance.
- Within the long book, **Wartsila** continued its strong momentum into July, boosted by a newly announced engine contract. **eBay** and **Belimo** also delivered robust performances.
- Long book detractors included **Kongsberg Gruppen**, which fell as Q2 results cited rising costs, lower cash reserves, and mixed order intake, and **Betsson**, which declined after Q2 figures missed expectations despite strong revenue and earnings growth.

The Fund's A4 share class returned -1.7%* in euro terms in July. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 0.7% and 0.6% respectively.

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.

The Fund's short book had a tough month, with a moderate negative contribution coming from a range of positions, most notably an electronic air taxi maker which rose significantly on the announcement of plans to expand operations, doubling production capacity.

The top long book performer in July was **eBay** (+26%) after the company delivered strong Q2 results and issued an optimistic outlook for the current quarter, driven by robust demand in both US and international markets.

Revenue climbed 6.1% year-over-year to \$2.73 billion, beating estimates of \$2.64 billion. Adjusted EPS increased 16% to \$1.37, topping expectations of \$1.30. Gross merchandise volume rose 6% to \$19.51 billion, also above forecasts. For Q3, eBay projects revenue between \$2.69 billion and \$2.74 billion, exceeding the consensus estimate.

Finnish engineering specialist **Wartsila** (+21%) 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 (+19%), 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.

Long book detractors included **Kongsberg Gruppen** (-19%), a leading aerospace and defense specialist, whose second-quarter results noted rising costs, a dip in cash reserves and mixed order intake across its divisions.

Swedish betting company **Betsson** (-17%) declined as Q2 figures fell short of market expectations, even as it 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 2024), and successful expansion into new markets. 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 audio streaming platform **Spotify Technology** (-16%) 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.

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

	Jun-25	Jun-24	Jun-23	Jun-22	Jun-21
Liontrust GF European Strategic Equity A4 Acc EUR	6.7%	14.7%	3.1%	31.7%	36.9%
MSCI Europe	8.1%	13.7%	16.7%	-6.5%	27.9%
HFRX Equity Hedge EUR	5.2%	7.3%	2.0%	-2.2%	19.0%

	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16
Liontrust GF European Strategic Equity A4 Acc EUR	-15.5%	2.5%	3.0%	5.3%	2.9%

MSCI Europe	-5.5%	4.5%	2.8%	18.0%	-11.0%
HFRX Equity Hedge EUR	-4.5%	-6.3%	3.5%	6.0%	-9.4%

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

**Source: Financial Express, as at 30.06.25, total return (income reinvested and net of fees). Investment decisions should not be based on short-term performance.

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 Features of the Liontrust GF European Strategic Equity Companies Fund

Investment objective & policy ¹	<p>The investment objective of the Fund is to achieve a positive absolute return over the long term for investors through a portfolio of long, synthetic long and synthetic short investments primarily in European equities and equity related derivatives. The Fund may invest anywhere in the world but will primarily invest in European companies either directly or via derivatives. The Fund may use financial derivative instruments for investment purposes and for efficient portfolio management (including hedging). The Fund will take both long and short positions in derivatives meaning the gross exposure of the Fund will typically be greater than 100% of the net asset value of the Fund.</p> <p>The Investment Adviser will alter the ratio of long and short exposures in the Fund depending on the Investment Adviser's confidence in the investment process' ability to generate returns from the short positions. Where sufficient short opportunities can be found, the Fund will have an approximately equal weighting in long and short positions. At other times, the Fund will have a net long position i.e. more long positions than short positions held in the Fund. Where investments are held in a currency other than the base currency, the exposure to currency risk may be minimised by hedging. The Fund expects to provide a positive absolute return under all market conditions over the medium to long term. However, there is no guarantee this will be achieved over this or any other time period. Income from the Fund's investments is reinvested. 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.</p>
Recommended investment horizon	5 years or more
Risk profile (SRRI) ²	4

Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Index and the HFRX Equity Hedge (EUR) Index (the "Benchmarks") by virtue of the fact that it uses the Benchmarks for performance comparison purposes. The Benchmarks are 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 Benchmarks.

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.

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.

As the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares. In addition the spread between the price you buy and sell units 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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