

Cashflow Solution

October 2025 review

Liontrust European Dynamic Fund



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Key takeaways

- European equity markets experience a broad-based rally, with investor sentiment supported by the US-China trade deal, US rate cut, and ongoing AI investment.
- The rally provided a benign environment for the portfolio's balanced positioning and momentum emphasis.
- Swedish telecoms group Ericsson and Finnish materials handling specialist Konecranes lead the portfolio's gainers.

Performance

The Fund returned 3.9% in sterling terms in September. The MSCI Europe ex-UK Index comparator benchmark returned 3.0% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 3.2%.

Commentary

Equity indices globally climbed to notch new all-time highs in October, aided by an easing of trade tensions between the US and China.

Ahead of a summit in South Korea, Trump had threatened a 100% import tariff on Chinese goods, while China had imposed export controls on rare earths minerals – a key component in the production of a range of goods including smartphones and electric vehicle batteries. The agreement of a one-year trade deal to avoid these restrictions sparked a significant relief rally.

Sentiment was also boosted by an interest rate cut from the US Federal Reserve – the second this year – as well as a number of new corporate commitments to boost AI investment.

This supportive environment allowed most areas of European markets to enjoy a broad-based rally. Utilities (+8.1% in sterling terms), IT (+7.1%) and energy (+6.7%) were the most buoyant sectors in October, with only communication services (-3.1%) recording a negative return.

From a style perspective, both MSCI Europe ex-UK Growth (+3.0%) and MSCI Europe ex-UK Value (+2.9%) participated fairly equally in the market rally, with momentum recovering strongly during the month – a benign backdrop for the portfolio's current positioning.

Within the Fund's holdings, Swedish telecoms group **Ericsson** (+25%) beat expectations with Q3 results, as profits came in around 10% ahead of consensus following cost-cutting efforts and operational efficiencies. With Ericsson commenting that improved gross margin levels of 48% should be maintained, analysts upgraded earnings forecasts for 2026.

Konecranes (+23%), the provider of industrial cranes and equipment for the container handling industry, saw Q3 order intake of 1.15 billion euros, ahead of consensus estimates of 919 million euros, taking its order book up 7.4% to 3.06 billion euros. Although the company caveated its assessment of healthy industrial demand segments with a warning of ongoing uncertainty around geopolitics and trade policy, the shares rose strongly.

Wartsila (+12%) continued its strong 2025 share price run as it released in-line Q3 results. The supplier of power equipment in the marine and energy markets recorded 6% organic growth in order intake to 1.79 billion, while net sales were flat on the same basis at 1.63 billion euros.

A marginal Q3 revenue miss versus consensus expectations saw **Technip Energies** (-12%) shares weaken, giving up a portion of this year's strong gains. The engineering specialist in energy, industrials and chemicals sectors confirmed full-year guidance and commented on a strong outlook with short-term prospects in LNG, decarbonisation and sustainable fuels.

OPAP (-9.1%) shares slid as investors digested its planned merger with Allwyn, the operator of the UK national lottery and owner of a 52% stake in OPAP. The combination would create the world's second largest gaming group behind Flutter.

Positive contributors to performance included:

Ericsson (+25%), Konecranes (+23%) and Wartsila (+12%).

Negative contributors to performance included:

Technip Energies (-12%), OPAP (-9.1%) and Spotify Technology (-5.1%).

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

	Sep-25	Sep-24	Sep-23	Sep-22	Sep-21
Liontrust European Dynamic I Inc	15.2%	12.9%	26.8%	-8.7%	42.8%
MSCI Europe ex UK	13.9%	14.5%	19.0%	-12.8%	20.9%
IA Europe Excluding UK	12.1%	14.6%	18.7%	-16.1%	22.4%
Quartile	2	4	1	1	1

* Source: Financial Express, as at 31.10.25, 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 30.09.25, 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.com/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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