

Cashflow Solution

October 2025 review

Liontrust GF European Smaller Companies 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 saw gains for value and growth style factors, with a recovery for momentum, but small caps lagged their larger peers.
- Swedish telecoms group Ericsson and Finnish materials handling specialist Konecranes lead the portfolio's gainers.

Performance

The Fund's A3 share class returned -0.1%* in euro terms in October. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 1.1%.

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 (+7.4% in euro terms), IT (+6.5%) and energy (+6.0%) were the most buoyant sectors in October, with only communication services (-3.0%) recording a negative return.

From a style perspective, both MSCI Europe Growth (+2.4%) and MSCI Europe Value (+2.8%) participated fairly equally in the market rally.

This corresponds to the constructive trend identified by our market regime indicators. Market valuation continues to be reasonable and levels of corporate mal investment remain low. Our investor anxiety indicator continues to fall, suggesting a balanced portfolio by style, albeit with an emphasis on momentum.

BPER Banca (+9.7%), the Italian bank in the process of combining with Banco Popolare di Sondrio, rallied after entering a synthetic position to purchase exposure equivalent to 10% of its share capital – a strategic move which would underpin any future share buyback programmes.

Playtech (-29%) fell on the escalation of a dispute with gaming peer Evolution. In 2021, US regulators began an investigation into Evolution's activities after receiving a number of allegations of irregular practices. The probe concluded in 2024. In October, Evolution named Playtech as the firm behind those allegations and accused it of a smear campaign.

Following an 80%+ share price rally in 2025, German web hosting and cloud computing group **Ionos Group** (-23%) saw some profit taking alongside broker ratings downgrades.

Positive contributors to performance included:

Buzzi (+12%), BPER Banca (+9.7%) and Serco Group (+6.5%).

Negative contributors to performance included:

Playtech (-29%), Ionos Group (-23%) and Avon Technologies (-11%).

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

	Sep-25	Sep-24	Sep-23	Sep-22	Sep-21
Liontrust GF European Smaller Companies A3 Acc EUR	8.2%	21.1%	14.2%	-20.7%	59.1%
MSCI Europe Small Cap	8.4%	20.3%	14.0%	-26.9%	38.0%

	Sep-20	Sep-19	Sep-18
Liontrust GF European Smaller Companies A3 Acc EUR	-1.9%	-6.7%	2.0%
MSCI Europe Small Cap	0.2%	-1.8%	3.4%

*Source: Financial Express, as at 31.10.25, total return (net of fees and income reinvested).

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