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Economic Advantage

August 2025 review

Liontrust UK Micro Cap Fund

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- UK equities delivered mixed returns in August, with large caps outperforming and the FTSE 100 leading gains. The Bank of England cut rates by 25bps to 4% in a narrow 5–4 vote, reflecting policy uncertainty.
- Tribal Group leads the monthly gainers on strong earnings and recurring revenue growth.

The Liontrust UK Micro Cap Fund returned -1.0%* in August. The FTSE Small Cap (excluding investment trusts) Index and the FTSE AIM All-Share Index comparator benchmarks returned -1.6% and 0.4% respectively. The average return of funds in the IA UK Smaller Companies sector, also a comparator benchmark, was -1.6%.

UK equities advanced through much of August, supported by resilience in the energy sector and early strength in financials. However, sentiment towards banks weakened later in the month amid renewed discussion of a potential windfall tax on central bank reserves.

The Bank of England reduced interest rates by 25 basis points to 4%, in line with market expectations. Notably, the decision was narrowly split, with the MPC voting 5–4, underlining the complexity of the current economic backdrop and hinting at a more cautious approach to further easing.

The FTSE 100 (+1.2%) led the UK market in August, while the mid-cap FTSE 250 (-1.2%) and the FTSE Small Cap ex-Investment Companies (-1.6%) both posted losses. The FTSE AIM All-Share (+0.4%) delivered a small positive return.

Whilst August is a typically quiet month for newsflow, it was pleasing to see a strong trading update from Tribal Group (+21%), the provider of student information systems and education services, which reported higher first-half earnings as growth in cloud-based subscriptions and the launch of new services offset a decline in legacy contracts.

For the six months to 30 June 2025, annual recurring revenue rose by 5.5% to £59.9 million, compared with £56.8 million at the end of December. Group revenues increased by 2.3% to £45.3 million, driven by demand for Tribal's cloud-based Student Information Systems (SIS).

Several holdings delivered strong positive performance over the month, even in the absence of material stock-specific news. Record Plc (+8.9%), NextEq Plc (+8.9%), Calnex Solutions (+8.8%) and Intercede Group (+8.5%) all saw meaningful gains. This likely reflects a combination of broader market factors rather than company-specific developments

There were no material detractors from performance during the month.

Positive contributors included:

Tribal Group (+21%), Record Plc (+8.9%), NextEq Plc (+8.9%), Calnex Solutions (+8.8%) and Intercede Group (+8.5%)

Negative contributors included:

Essensys Group (-14%), Solid State (-9.3%), Croma Security Solutions (-9.2%), CML Microsystems (-9.1%), and Gaming Realms (-6.3%)

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

	Jun-25	Jun-24	Jun-23	Jun-22	Jun-21
Liontrust UK Micro Cap I Acc	-5.1%	13.6%	-3.8%	-15.9%	59.5%
FTSE Small Cap ex ITs	13.1%	18.5%	-0.3%	-14.6%	65.2%
FTSE AIM All Share	2.8%	3.4%	-12.5%	-29.0%	42.5%
IA UK Smaller Companies	2.6%	14.1%	-5.5%	-22.1%	53.1%
Quartile	4	2	2	1	2

*Source: Financial Express, as at 30.08.25, total return (net of fees and income reinvested), bid-to-bid, institutional class. **Source: Financial Express, as at 30.06.25, total return (net of fees and income reinvested), bid-to-bid, institutional 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.

The Fund may invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.

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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