

Global Equities

Q3 2025



Liontrust Balanced Fund



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Key highlights

- Fund's top contributors show geographic diversity of portfolio as markets outside of US perform well during the quarter.
- New positions include Vestas Wind Systems and JD Health.
- We continue to pursue differentiated and diversified returns away from the concentrated Magnificent Seven trade.

Performance

The Liontrust Balanced Fund returned 8.1%* over the quarter, compared with the average return of 5.3% in the IA Mixed Investment 40-85% Shares Sector, its comparator benchmark.

Commentary

Market backdrop

The MSCI ACWI has now posted six consecutive months of gains in US dollar terms, and was up 9.6% over Q3. Positive investor sentiment was partly driven by a 25 basis point (bps) cut by the Federal Reserve which, whilst largely expected, was heavily influenced by weaker US employment data (and not inflation, which remains sticky).

Over Q3 the S&P 500 rose 7.4% (US dollar terms) with the Goldman Sachs AI basket up 15.9% and the Bloomberg Mag 7 index up 17.6% as technology again dominated market leadership. This masked a more

lacklustre performance by the rest of the index, demonstrated by the S&P equal weighted index only returning 4.4% in US dollar terms in the same period.

Markets outside the US also continued to do well with the exception of Europe, which took a pause.

Geopolitical risks continued to mount during the quarter as well as concerns over rates of growth, interest rates and debt levels in the US economy. This served to feed the continued flight to safe haven assets like gold, which is up 47% in 2025 to date – its best performance in the last 46 years!

Portfolio review

Positive contributors to Fund returns were geographically diverse and included **Seagate Technology** (+67% in sterling terms) and **Alphabet** (+41%) in the US, **Alibaba** (+60%) in China, **EssilorLuxottica** (+21%) in Europe and **Barrick Mining** (+61%) and **Agnico Eagle Mines** (+45%) in Canada – showing the global breadth of the portfolio.

Alphabet remains one of our favourite under-appreciated Magnificent Seven names, which performed strongly after a federal judge ruled that Google would not be forced to sell Chrome, the source of a significant overhang for the stock.

Alongside Barrick Mining and Agnico Eagles Mines, **Newmont** (+48%) also featured in the portfolio's top ten contributors as mining stocks benefitted from the rally in gold and other precious metals

Although technology was an area of strength for the market and portfolio overall, the quarterly detractors included software groups **SAP** (-10%) and **Atalssian** (+20%). The healthcare sector also saw some weakness, as **Sysmex Corporation** (-27%), **Novo Nordisk** (-20%), **Dexcom** (-22%) and **Intuitive Surgical** (-16%) among the detractors.

With equity market gains comfortably exceeding modest quarterly returns from global government bonds, the portfolio's low fixed income allocation (<20%) relative to the sector's 15% - 60% range was once again beneficial in attribution terms.

Portfolio Changes

A new position in **Vestas Wind Systems** was added to the portfolio. Vestas is well-positioned to benefit from a significant policy-driven tailwind following a better-than-expected outcome from recent US renewable energy legislation. Updated guidance on tax credits under the Inflation Reduction Act proved far more favourable than anticipated, extending eligibility and easing compliance requirements, which has already renewed confidence in US order momentum. With a robust €67.3 billion backlog, including a high-margin service segment targeting 25% operating margin by 2026, and a growing US footprint to capture accelerating demand, Vestas combines strong fundamentals with operational improvements that support margin expansion. The removal of regulatory uncertainty in one of its largest markets transforms a key risk into a powerful growth catalyst, positioning Vestas for sustained profitability and long-term value creation.

In the consumer staples sector, **Costco** reached our price target and led us to switch into **JD Health**. JD runs China's largest online healthcare platform by revenue which includes online pharmacy, internet hospital consultations, and health services/ads. Its gross margin benefits from a rising services mix whilst operating margin has been expanding as marketplace, ads and value-added services outgrow first-party retail. With paid user penetration still low, we believe JD Health can expand average revenue per user while lifting returns on capital via asset-light service layers.

We also sold out of **Dexcom** and **Starbucks**, two companies where the business strategy implementation is not meeting our expectations, leading to increasing risk to our upside price target. In these cases, we feel capital could be better deployed elsewhere in the portfolio.

Outlook

The outlook for the rest of 2025 continues to present plenty of opportunities for differentiated and diversified returns in the equity markets. In our view, the path to the best returns will likely continue to lie outside the concentrated Mag7 trade; these stocks now account for 40% of the S&P market capitalisation and this has

proved troublesome for active managers bent on finding better alternatives. The evidence of the first nine months of 2025 suggests this is becoming easier.

At the same time, risks are building around the world – both geopolitical and economic. Much of the US data remains weak, yet headline GDP figures are robust. High levels of AI capital investment are having a meaningful impact at the headline level, but this has little effect on the low-end consumer.

Given this backdrop, our base case is that equity markets globally remain little changed in the final quarter of the year but that there will be plenty of ways to enhance returns beyond the index level. Key themes include defence spending in Europe; the catch-up trade in Chinese tech/AI versus the US; Japanese digitalisation; and emerging markets equities on US dollar weakness – all providing diversification from the US.

Within the US, we take the view that the winners of the next 10 years will not be the same as the last decade, with companies that use AI effectively across multiple sectors offering interesting opportunities. Within technology, we remain cautious on the longevity of the AI capex cycle and favour selective names that support the trends in AI rather than the titans that build it.

The path of the US dollar is a critical component of many investment themes today and we expect it to remain weak on the back of government debt levels and a servicing bill that is now close to the 4% of GDP, seen by many as an exit velocity level. Assuming this to be the case, then any equity investments must be viewed through the lens of a weak dollar and this is perhaps the biggest factor in deciding geographic exposures as well as other adjacent ideas like the continued success of investing in stores of value like gold, gold miners, and crypto.

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

	Sep-25	Sep-24	Sep-23	Sep-22	Sep-21
Liontrust Balanced C Acc	15.2%	16.9%	7.2%	-13.9%	13.7%
IA Mixed Investment 40-85% Shares	9.3%	13.9%	5.1%	-10.2%	16.6%
Quartile	1	1	2	4	4

* Source: FE Analytics, as at 30.09.25, total return, net of fees and income reinvested

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. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

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.

Investment in the Fund involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates. The Fund may invest in emerging markets/soft currencies or in financial derivative instruments, both of which may have the effect of increasing volatility.

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