

# Global Equities

Q3 2025 review



## Liontrust China Fund



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- Chinese equities outstrip both developed markets and the wider emerging market universe in Q3.
- Efforts by the US to contain Chinese AI developments has fuelled a state-backed push that given China a lead in low-cost model development
- Positive outlook, with ongoing technological innovation, government support for the property and consumer sectors, and a thawing of US trade tensions.

The Liontrust China Fund returned 19.8%\* in sterling terms over the quarter, compared with the 23.9% average in the IA China/Greater China sector and the 22.9% return from the MSCI China Index (both comparator benchmarks).

Global equities saw broad-based gains during the third quarter as global tensions eased with the US striking provisional trade frameworks with, among others, the EU and Japan, while negotiations with China continued under an ongoing truce. Signs of a weaker labour market in the US allowed the Fed to cut interest rates, for the first time this year, in September. Chinese equities rose a further 22.9% (sterling terms) during the third quarter, again well ahead of both emerging (+12.6%) and developed (+9.2%) markets.

Strong returns were broad based, with all sectors rising, although materials (+53%), healthcare (+35%), communication services (+33%) and consumer discretionary (+29%) led the way. In the case of materials, China's National Development and Reform Commission announced new targets to more than double Energy Storage System (utility scale) installations by 2027, and we also saw faster than expected solid-state battery deployment, all of which benefited battery materials companies. The gold price continued its strong run, rising by a further 17%, and the copper market tightened following the supply halt at Indonesia's Grasberg mine, the second largest globally. For healthcare, this year has seen significant progress in the development of innovative drugs,

including GLP-1s, which has led to a step-change in licensing deals with global pharma companies. Communication services and consumer discretionary sectors include China's giant internet companies which are participating in the global AI boom. Efforts by the US to contain Chinese AI developments has fuelled a state-backed push that has reshaped China's approach to high-tech development. These efforts have given China a lead in low-cost model development, allowing firms such as DeepSeek to significantly undercut industry pricing.

For the Fund, key positive contributions came from our holdings in the consumer staples and materials sectors, offset by the very strong performance of index heavyweights in the communications and consumer discretionary sectors. Ongoing technological innovation across sectors, continued government support for the property and consumer sectors, and a thawing of tensions in trade negotiations with the US should all support Chinese equities as we head towards 2026.

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

|                           | Sep-25 | Sep-24 | Sep-23 | Sep-22 | Sep-21 |
|---------------------------|--------|--------|--------|--------|--------|
| Liontrust China C Acc GBP | 26.4%  | 7.5%   | -9.2%  | -24.1% | -3.4%  |
| MSCI China                | 30.3%  | 12.7%  | -3.7%  | -22.0% | -11.2% |
| IA China/Greater China    | 25.5%  | 5.2%   | -11.4% | -19.7% | 1.6%   |
| Quartile                  | 2      | 2      | 2      | 4      | 3      |

\*Source: FE Analytics, as at 30.09.25, primary share class, 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. You may get back less than you originally invested. We recommend any fund is held long term (minimum period of 5 years). We recommend that you hold funds 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.

Investments in emerging markets may involve a higher element of risk due to less well-regulated markets and political and economic instability. This may result in higher volatility and larger drops in the value of the fund over the short term.

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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