

Global Equities

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Liontrust GF Global Alpha Long Short Fund



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Key highlights

- Global equity markets supported by strong corporate earnings, easing geopolitical tensions, and a more accommodative monetary policy stance from major central banks.
- The largest contributors to portfolio performance came from AI beneficiaries such as SK Hynix and Snowflake.
- Marvell added to the portfolio on strong capex guidance from data hyperscalers.

Performance

The Liontrust GF Global Alpha Long Short Fund returned 0.1% in US dollar terms in October, compared with the 0.4% return of the Secured Overnight Financing Rate reference benchmark and the 0.7% return of the HFRX Equity Hedge (USD) Index, also a reference benchmark.

Commentary

Market backdrop

Global equity markets continued their upward trajectory in October, supported by strong corporate earnings, easing geopolitical tensions, and a more accommodative monetary policy stance from major central banks.

Japan performed strongly with the Nikkei 225 up 15% (sterling terms), driven by tech sector strength and supportive government policy. Europe posted more modest gains (STOXX 600 +3.0% in sterling terms) against a difficult backdrop of political uncertainty in France.

In the US, a slightly lower than expected CPI at 3.0% reinforced the Fed's dovish pivot which accompanied the 25bps rate cut in October. This provided a tailwind for risk assets and, when coupled with strong Q3 earnings growth of 10.7% – led by technology and consumer discretionary sectors – set the scene for the S&P 500 to reach new highs as it delivered the seventh consecutive month of gains. Notable gains came from Nvidia, AMD, Amazon, and Alphabet. Gains were narrowly concentrated in large-cap growth stocks with mid-caps and equal-weight indices lagging. So far, the US government shutdown has largely been shrugged off by investors but remains in the background.

Asian markets overall performed strongly; Japan was the best performing developed market globally, China saw a rebound in technology stocks, aided by domestic stimulus and improving trade relations with the US, while South Korea extended its year-to-date gains to +70% by month end.

Geopolitics eased somewhat with the ceasefire in Gaza although the Ukraine/Russia appears at an impasse currently.

Portfolio review

The largest contributors to portfolio performance over the month came from AI beneficiaries:

- In the AI infrastructure basket, the long **SK Hynix** (+58% in US dollar terms) benefited from surging demand for AI memory chips, particularly HBM3E and DDR5 for servers. The company posted record Q3 profits and announced mass production of HBM4, securing full capacity bookings into 2026. Strategic partnerships with OpenAI and Broadcom further boosted sentiment.
- In the AI software basket, the long **Snowflake** (+22%) surged following Q3 results and revenue growth of 32% year-on-year, driven by enterprise adoption and strong customer retention which led to raised full-year guidance.

Elsewhere the consumer basket benefitted from a number of the shorts in the fast food retailing sector posting disappointing results, which aligns with our theme of a weak US consumer.

Detractors over the month included **BayCurrent Consulting** (-22%) which fell in early October on what appeared to be profit-taking, dragging down the digitalisation basket. Here, shorts also dragged as a number of names rose in the month.

China was also a weak theme as renewed investor caution over China's regulatory environment and geopolitical risks led to some profit taking following strong year-to-date performance.

Portfolio changes

We added a new position in **Marvell** over the month; Amazon's Q3 results confirmed strong Trainium 2/3 (custom AI chips) demand, which is key for Marvell. Coupled with strong capex guidance from the other hyper scalers within results, this has given us renewed confidence in Marvell's ability to exceed current market estimates for growth.

We pared back some China exposures, selling **Baidu** but maintaining a net long.

In the digitalisation basket, we added to the shorts – taking advantage of what we feel is a rally in some lower quality names.

We ended the month with net exposure of 37% and gross of 136%, somewhat lower than average reflecting a more cautious stance into the final months of the year.

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 GF Global Alpha Long Short B8 Acc USD	16.0%	21.4%	-3.8%	-6.9%	21.7%
FRB of New York Secured Overnight Financial Rate	4.4%	5.3%	4.5%	0.7%	0.0%
HFRX Equity Hedge	8.6%	11.4%	4.9%	-2.3%	17.7%

Source: FE Analytics, as at 30.09.25, total return, net of fees and income reinvested. *The Fund was launched on 24 January 2025 to receive the assets of GAM Star Alpha Technology, which was a sub-fund of GAM Star plc ("the merging fund"), which was very similar to the Fund. Because of the similarities between the merging fund and the Fund, the past performance of GAM Star Alpha Technology C Acc - EUR share class has been used for periods prior to the Fund's launch date.

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 can invest in derivatives. Derivatives are used to protect against currency, credit or 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 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. The Fund's volatility limits are calculated using the Value at Risk (VaR) methodology. In high interest rate environments the Fund's implied volatility limits may rise resulting in a higher risk indicator score. The higher score does not necessarily mean the Fund is more risky and is potentially a result of overall market conditions. The Fund may invest in emerging markets which carries a higher risk than investment in more developed countries. This may result in higher volatility and larger drops in the value of the fund over the short term. Certain countries, including China, have a higher risk of the imposition of financial and economic sanctions on them which may have a significant economic impact on any company operating, or based, in these countries and their ability to trade as normal. Any such sanctions may cause the value of the investments in the fund to fall significantly and may result in liquidity issues which could prevent the fund from meeting redemptions. The Fund may invest in smaller companies and may invest a small proportion (less than 10%) of the Fund in unlisted securities. There may be liquidity constraints in these securities 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. 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. There is no guarantee that an absolute return will be generated over any time period. The Fund may have 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. ESG Risk: there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG. Investors in share classes with a performance fee will pay a variable performance fee amount that is based on the performance of the underlying share class, which is likely to result in different total fees being charged each year and, during periods of outperformance, higher total fees than that of a share class with no performance fee. A performance fee may be payable in case the share class has outperformed its benchmark but had a negative performance. 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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