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Global Innovation

Q3 2025

Liontrust GF Global Dividend Fund

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Key takeaways

- The quarter's narrative was one of broadening fundamentals across healthcare, industrials, digital platforms and energy infrastructure.
- Q3 top contributors: Oracle, Alibaba and TSMC. Detractors: Novo Nordisk, Intuit and Atlas Energy Solutions.
- As we enter Q4 and look towards 2026, we expect improving company fundamentals to drive Fund returns

Performance overview

The Liontrust GF Global Dividend Fund returned 5.2% in Q3 in US dollar terms, versus the 7.3% from the MSCI World Index comparator benchmark.

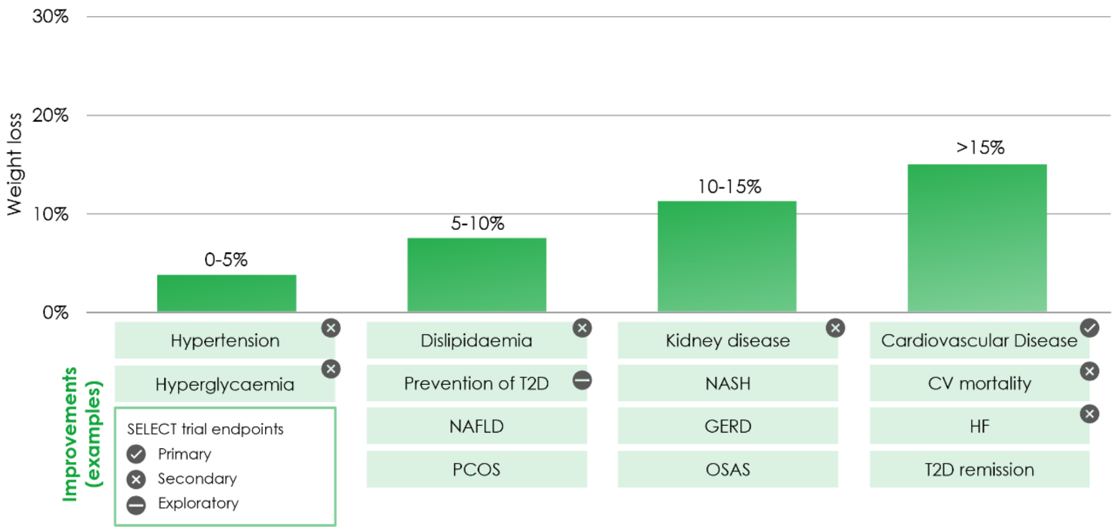
Fund commentary

The quarter's narrative was one of broadening fundamentals across healthcare, industrials, digital platforms and energy infrastructure. We continue to favour cash-generative leaders with rising reinvestment runways and disciplined capital allocation.

In healthcare, **Eli Lilly** and **Novo Nordisk** are building the industrial and clinical backbone of the GLP-1 era. The debate after recent share weakness is not whether GLP-1s work, but how far first-mover advantages can reach. Evidence keeps widening the addressable market: semaglutide now carries an FDA label for reducing major cardiovascular events; FLOW (a major kidney-outcomes study) showed renal and cardiovascular benefit; Tirzepatide is approved for obstructive sleep apnoea. Together these expand eligibility, strengthen payer support and shift the narrative beyond weight loss. Credible forecasts see annual GLP-1 sales exceeding $100 billion by 2030 with upside towards $150 billion as insurance coverage broadens, oral agents arrive and adjacent indications scale.

The moat is industrial as much as clinical: complex peptide synthesis, sterile fill-finish, autoinjector assembly and global cold-chain logistics. Both companies have invested for years to entrench this capability. Execution remains strong: Lilly's Q2 revenue grew 38% year on year to $15.6 billion with gross margin at 84.3%; Zepbound reached $3.38 billion and Mounjaro $5.2 billion. Novo's diabetes and obesity care rose 18% year on year, with obesity care up 58% to DKK 38.8 billion and Wegovy up 78% to DKK 36.9 billion, approaching 280k weekly US prescriptions. We view recent volatility as sentiment-driven; fundamentals continue to compound.

Improvements per weight loss bracket – Eli Lily



Source: Eli Lily Earnings Report, August 2025.

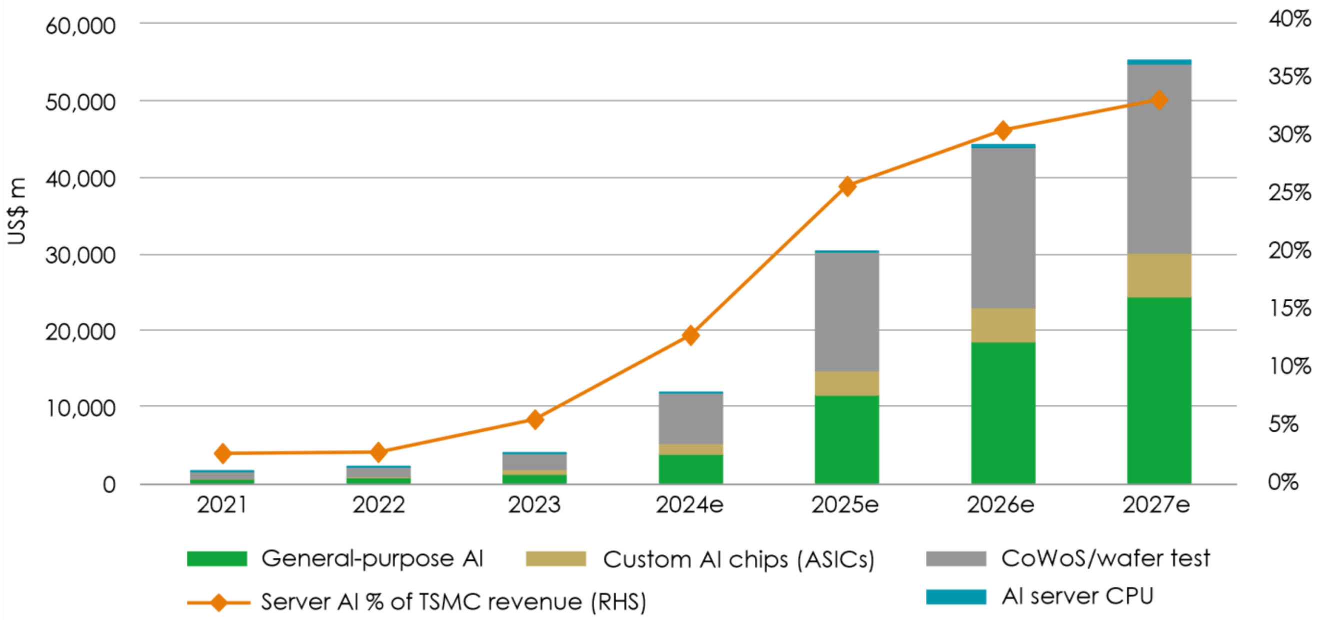
From health outcomes to operational excellence, **Rational** showed how a focused industrial can compound through the cycle. The company's chef-led, demo-heavy route to market anchors a growing aftermarket of accessories, parts, service and ConnectedCooking software that now represents c.31% of sales. A >120-country footprint, c.4,000 partners and over 1,000 in-house chefs build adoption and stickiness.

Q2 was the second-best quarter in the company's history, with North America and Europe ex-Germany offsetting a softer Asian market. Management continues to invest in sales capacity and R&D while holding firm on discipline. Looking forward, guidance is for an EBIT margin around 26% and mid-single-digit growth, supported by steady gross margins, tight working capital and a strong equity ratio.

As AI capex accelerates, the "picks and shovels" are winning. **Amphenol** delivered record results, with sales up 57% year on year (41% organically) and EPS up 84%. IT datacom grew 133% organically, now 36% of group sales, as the company ships high-speed interconnects, power and fibre-optic products into next-generation data centres. Orders rose 36% to $5.52 billion and margins reached 25.6%. A broad portfolio across autos, aerospace, industrial and defence, plus targeted RF acquisitions, positions Amphenol to dominate the interconnect layer of the electronics build-out.

The same demand for scale and energy efficiency underpinned results from **TSMC**, which continues to be the cornerstone of the AI hardware stack. Having added to our position ahead of earnings, we benefited as the company reported 30% projected revenue growth for 2025 and confirmed that high-performance computing now represents 60% of its business. TSMC's upcoming N2 node, due in the second half of next year, promises a 15% speed gain and 30% power saving – critical for the world's expanding AI infrastructure. Once reliant on Apple's smartphone cycle, TSMC is now leveraged to the largest compute build-out in history.

TSMC AI revenue breakdown

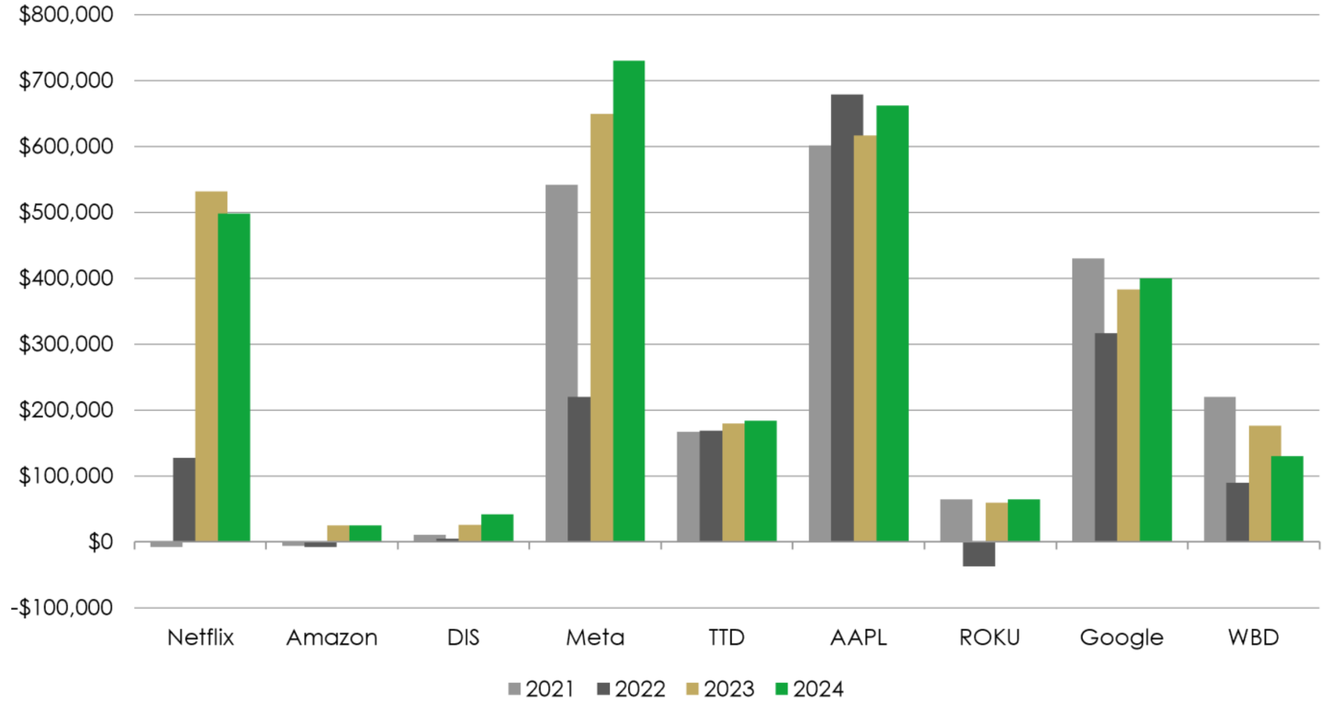


Source: TSMC Earnings Update, July 2025

Within life sciences, **Danaher** is turning the corner after a cyclical downturn. Q2 core revenue rose 1.5% and EPS grew 5%, with free cash flow of $1.1 billion and 143% conversion as Danaher Business System productivity and $150 million of structural savings take hold. Biotechnology grew 6% core, driven by consumables strength across big pharma and CDMOs; Diagnostics grew 2% core; Life Sciences should improve into H2 as new instruments and stimulus support demand. With >80% recurring consumables and an innovation pipeline spanning proteomics, cell and gene, Danaher remains a resilient enabler of precision medicine.

In digital platforms, **Meta** continues to pair stronger ad performance with heavy AI investment. Proprietary engagement data across 3.4 billion users gives Meta a differentiated training asset. In Q2 the company invested $17 billion (36% of sales) in AI infrastructure and lifted full-year guidance to $66-72 billion, with multi-gigawatt clusters such as Prometheus, Hyperion and Titan slated to come online. The build-out is matched by talent and product focus through Meta Superintelligence Labs. We see these outlays as extending the company's advantage while supporting cash-flow durability.

Free cash flow per full time employee growth from 2021 to 2024



Source: Meta Platforms, earnings report July 2025

Alibaba continues to execute. The group is simplifying its structure, prioritising core commerce and Cloud, and improving operating discipline. Taobao and Tmall remain the cornerstone, with better tools for merchants and stronger user engagement, while Cainiao enhances fulfilment quality and monetisation. Alibaba Cloud is concentrating on higher-value workloads and AI services, supporting a steadier growth and margin profile. Balance-sheet strength and ongoing buy-backs provide additional support to the investment case.

Consumer staples with genuine innovation also contributed – **L'Oréal** is emerging as the leading beauty-tech platform, integrating AI across R&D, personalisation and go-to-market. Its pipeline added c.300 basis points to new product growth, with launches such as Lancôme's Absolue Longevity Cream and Helena Rubinstein's Replasty performing strongly. Tools like Beauty Genius have supported over 500,000 customer conversations, while targeted acquisitions bolster premium positioning. We expect like-for-like growth to remain healthy with margin expansion towards c.21% as AI tools improve productivity.

The energy transition underpins many of these trends. **Brookfield Renewable** is building a diversified, inflation-linked platform across hydro, wind, solar, storage and nuclear services. Q2 funds from operations rose 10% to $371 million, with hydro FFO (a financial metric for real estate) up over 50% and distributed energy/storage up nearly 40% as 2.1GW of new capacity was commissioned. Westinghouse continues to outperform on core services to two-thirds of the world's nuclear fleet while new-build momentum improves in Europe and the US. Liquidity stands at $4.7 billion and capital recycling of $1.5 billion supports a pipeline through 2029. Management targets 12–15% total returns with 5–9% distribution growth over time.

Outlook

As we enter Q4 and look towards 2026, we expect improving company fundamentals to drive Fund returns. Short-term macro conditions are likely to introduce volatility. We intend to use that volatility to add to high-conviction positions where cash flows, dividends and competitive moats continue to strengthen.

Key Features of the Liontrust GF Global Dividend Fund

INVESTMENT OBJECTIVE & POLICY[1]:	The Fund aims to achieve income with the potential for capital growth over the long-term (five years or more). The Fund aims to deliver a net target yield in excess of the net yield of the MSCI World Index each year. **There can be no guarantee that the Fund will achieve its investment objective.** The Investment Adviser will seek to achieve the investment objective of the Fund by investing at least 80% of the Fund's Net Asset Value in shares of companies across the world. The Fund may also invest up to 20% of its Net Asset Value in other eligible asset classes. Other eligible asset classes include collective investment schemes (which may include funds managed by the Investment Adviser), cash or near cash, deposits and Money Market Instruments. In addition the Fund may invest in exchange traded funds ("ETFs") (which are classified as collective investment schemes) and other open-ended collective investment schemes. Investment in open-ended collective investment schemes will not exceed 10% of the Fund's Net Asset Value. The Fund may invest in closed-ended funds domiciled in the United Kingdom and/or the EU that qualify as transferable securities. Investment in closed-ended funds will be used where the closed-ended fund aligns to the objectives and policies of the Fund. Investment in closed-ended funds will further be confined to schemes which are considered by the Investment Adviser to be liquid in nature and such an investment shall constitute an investment in a transferable security in accordance with the requirements of the Central Bank. Investment in closed-ended funds is not expected to comprise a significant portion of the Fund's Net Asset Value and will not typically exceed 10% of the Fund's Net Asset Value.
RECOMMENDED INVESTMENT HORIZON:	The Fund is considered to be suitable for investors seeking income with the potential for long-term capital growth over a long term investment horizon (at least 5 years) with the level of volatility typical of an equity fund.
SRI[2]:	6
ACTIVE / PASSIVE INVESTMENT STYLE:	Active
BENCHMARK:	The Fund is considered to be actively managed in reference to the MSCI World Index (the "Benchmark") by virtue of the fact that it uses the benchmark(s) for performance comparison purposes. The benchmark(s) are 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.
SUSTAINABILITY PROFILE	The Fund is a financial product subject to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

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.

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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 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.

The Funds managed by the Global Innovation Team:

May hold overseas investments that 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 a 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 a Fund's value than if it held a larger number of investments.

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.

Outside of normal conditions, 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.

May be exposed to Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

Do not guarantee a level of income.

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.

The risks detailed above are reflective of the full range of Funds managed by the Global Innovation Team and not all of the risks listed are applicable to each individual Fund. For the risks associated with an individual Fund, please refer to its Key Investor Information Document (KIID)/PRIIP KID.

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