

Global Innovation

Q3 2025



Liontrust Global Innovation Fund



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Key takeaways

- Our investments share a simple thread – AI is moving from experimentation to deployment across commerce, finance, healthcare and industry.
- Q3 Top contributors: Oracle, Planet Labs and Tesla. Detractors: Novo Nordisk, Sweetgreen and Maplebear.
- As we enter Q4 and look towards 2026, we expect improving company fundamentals to drive returns.

Performance

The Liontrust Global Innovation Fund returned 7.4% in Q3, versus the IA Global sector return of 7.3% and the MSCI All-Country World Index return of 9.6% (both comparator benchmarks).

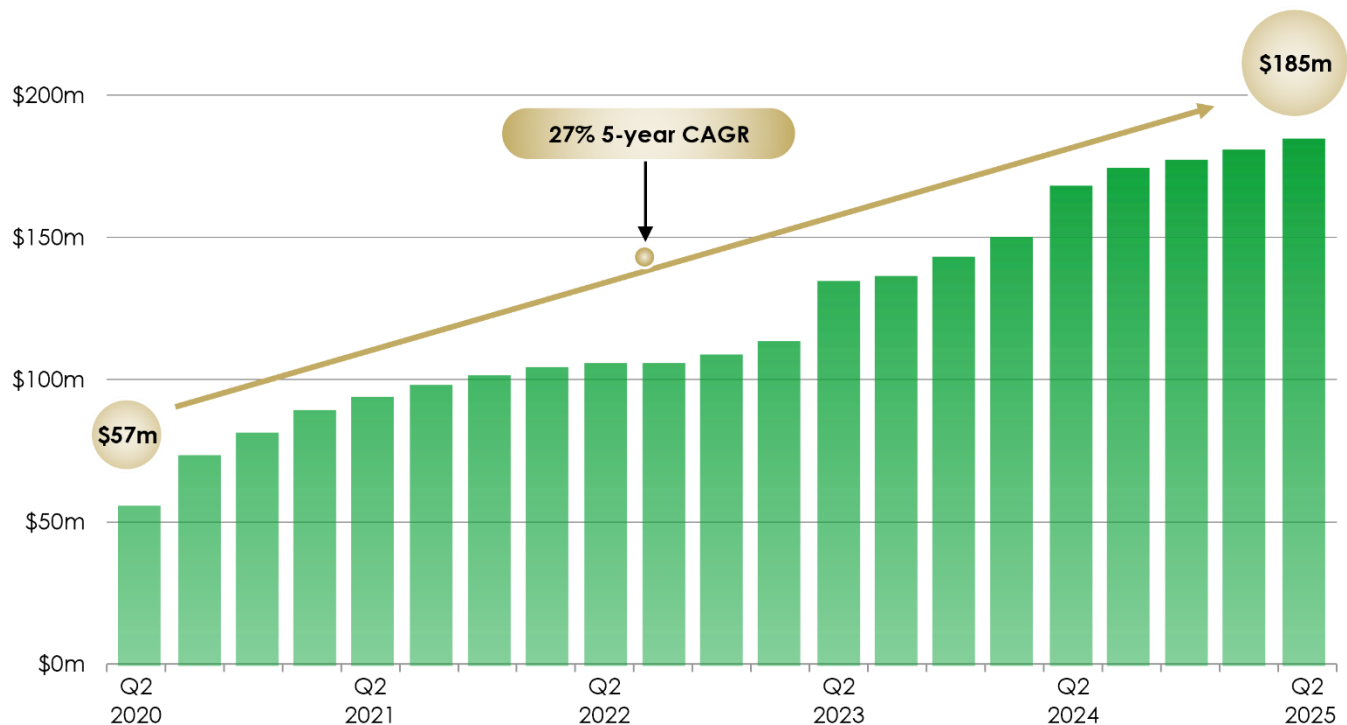
Longer-term performance remains strong, the Fund having returned 108.7% since manager inception (30.06.19), in the 1st quartile of peers ahead of the IA Global sector return of 70.7% and the MSCI All-Country World Index return of 94.5%.

Fund commentary

Our investments share a simple thread – AI is moving from experimentation to deployment across commerce, finance, healthcare and industry. **Shopify** is a clear example. It is turning its brand catalogue and full-stack commerce tools into rails that AI shopping agents can use. New releases such as Catalog, Universal Cart, Checkout Kit 2.0, Sidekick and the AI Store-Builder reduce integration work and meet demand wherever it starts. Execution remains strong. Q2 revenue grew 31% to \$2.7 billion and GMV rose 29% to \$88 billion. Guidance

went up. With rapid product cadence, we see scope for compound growth above 20% and rising free cash flow.

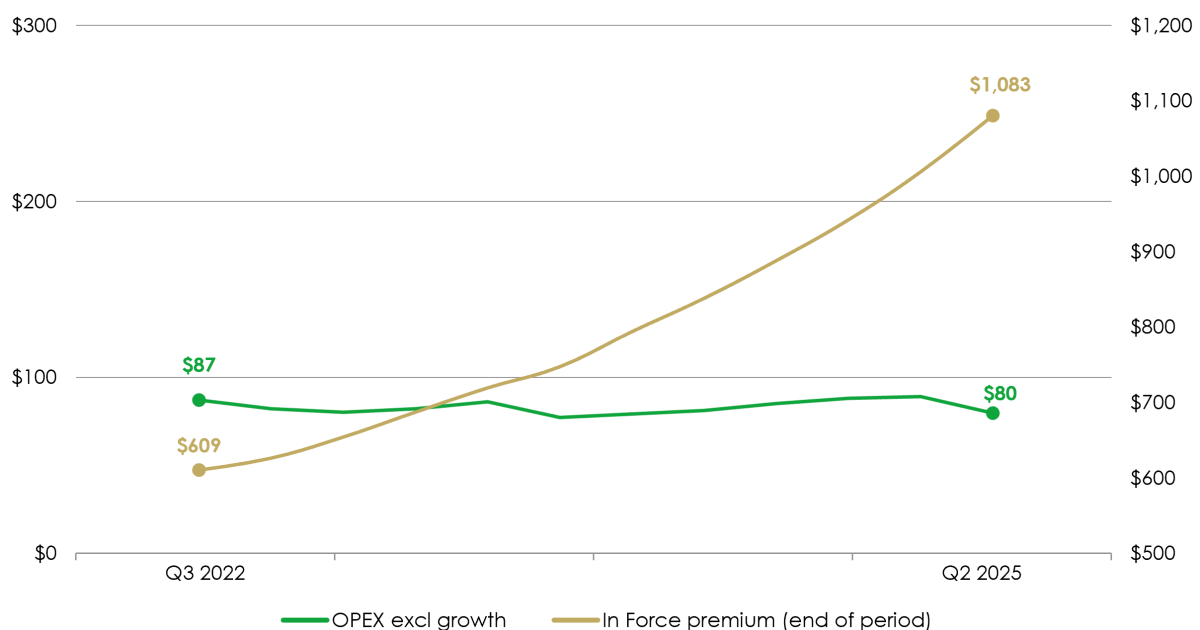
Monthly recurring revenue* continues to grow over time



Source: Shopify, August 2025. Note: * Monthly Recurring Revenue, or MRR, is the aggregate value of all subscription plans, excluding variable platform fees, in effect on the last day of the period, assuming merchants maintain their subscription the following month and is used by management as a directional indicator of subscription solutions revenue going forward.

The same flywheel is appearing in insurance – **Lemonade's** AI handles quoting, claims and fraud in seconds, which improves conversion and pricing and then feeds better data back into the model. Q2 revenue rose 35% to \$164 million. In-force premium rose 29% to \$1.08 billion. Gross profit more than doubled and the loss ratio improved to about 70%. The company generated \$25 million of adjusted free cash flow. Cutting the quota-share from 55% to 20% should lift retained economics as loss ratios normalise over 2025–26.

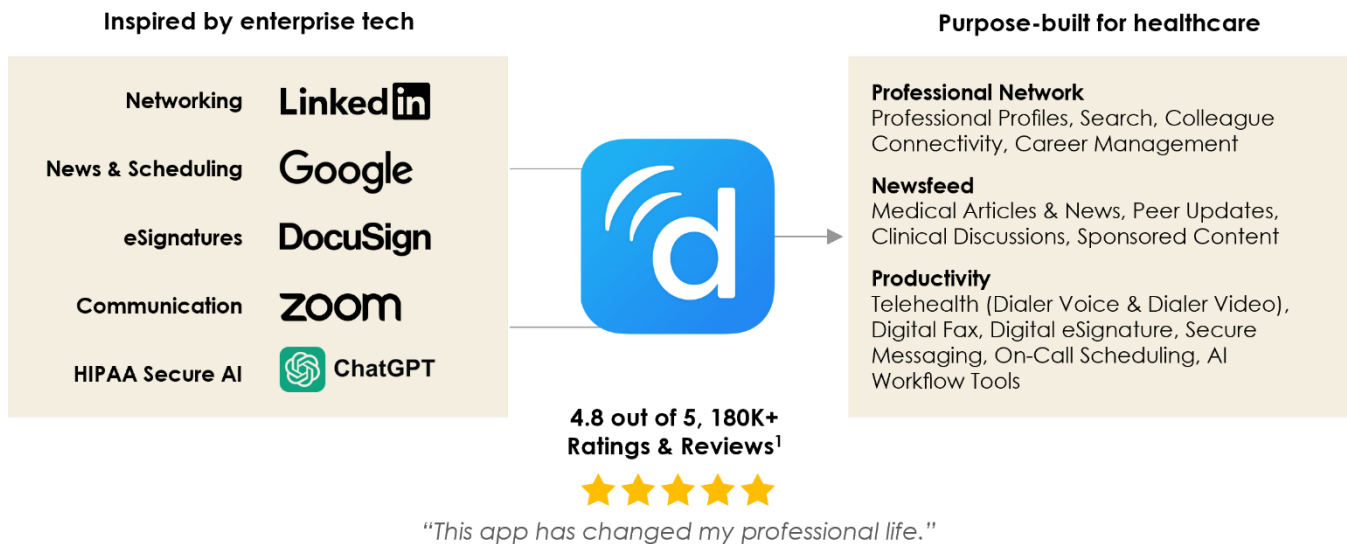
IFP vs OPEX excluding growth spend (\$m)



Source: Lemonade, Q2 25 Note: Q2 25 OPEX includes a one time benefit from a tax refund in the quarter of \$11.7m

In healthcare the focus is workflow, not scale. **Doximity's** AI Scribe now shows 75% weekly retention and is moving into telehealth. This supports usage without hurting margins because unit costs are now pennies per visit. Q1 revenue rose 15% to \$145.9 million. EBITDA grew 21% at a 55% margin and free cash flow rose 52% to \$60.1 million. Net revenue retention is 118% and guidance increased. The balance sheet is strong and buybacks continued.

Bringing tech to medicine



Source: Doximity, August 2025. All use of company logos, images or trademarks in this presentation are for reference purposes only.

Innovation also demands power – **GE Vernova** is benefiting from the largest grid and generation build-out in decades, much of it linked to data centres. Gas-power orders lifted the backlog and slot reservations to 54GW. Electrification backlog reached \$24 billion. Services remain the high-margin core. Management now guides to 8-9% EBITDA margins and \$3-3.5 billion of free cash flow. We see durable growth as backlog converts and grid upgrades scale.

L'Oréal is emerging as the leading beauty-tech platform, integrating AI across R&D, personalisation and go-to-market. Its pipeline added c.300bps to new product growth, with launches such as Lancôme's Absolu 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.

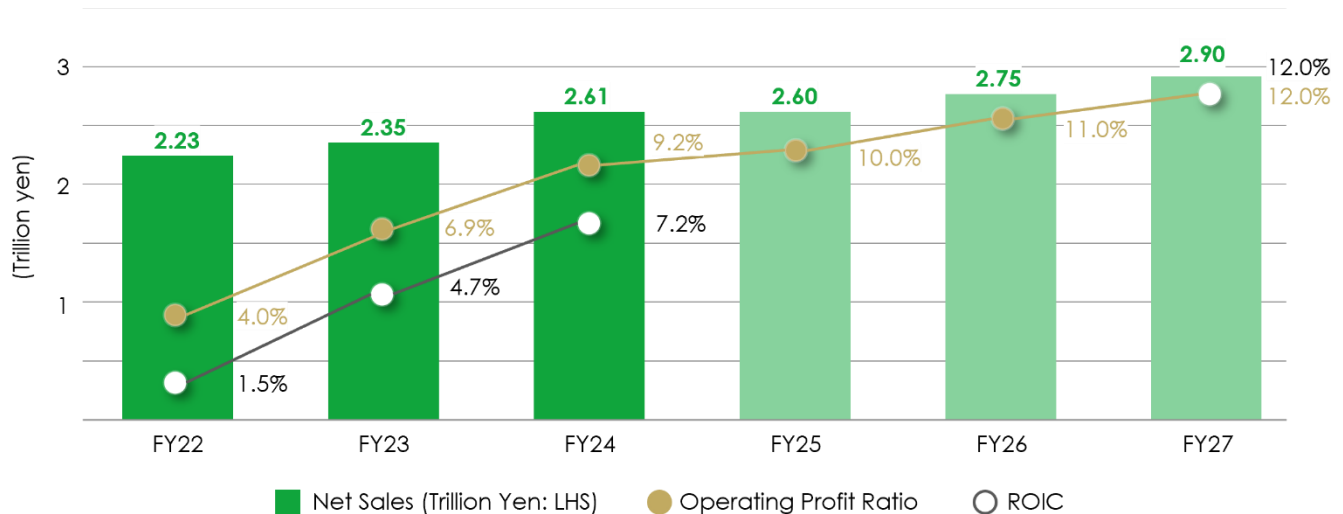
The energy transition underpins many of these trends. **Brookfield Renewable** is building a diversified, inflation-linked platform across hydro, wind, solar, storage and nuclear services. Q2 funds from operations rose 10% to \$371 billion, with hydro FFO up over 50% and distributed energy/storage up 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.

Mobility and energy storage sit at the same junction – **Tesla's** operating metrics stabilised after a weak start to the year. Deliveries rose 14% quarter on quarter to 384,000. Free cash flow held at \$0.1 billion and cash ended at \$36.8 billion to fund more than \$9 billion of capex. Robotaxi pilots launched in Austin and FSD adoption increased after version 12. The energy business delivered a record \$846 million gross profit despite tariff headwinds, helped by vertical integration.

The hardware side of AI is widening from chips to motion – **Nidec** is pivoting from autos to industrial drives, energy systems and data-centre power. Operating margin is near 10% with a path above 12% as low-return

programmes close. Exposure to collaborative-robot gearboxes, grid-scale storage and HDD spindle motors ties growth to both physical-AI and cloud capex.

Pivoting the business is feeding through to financials



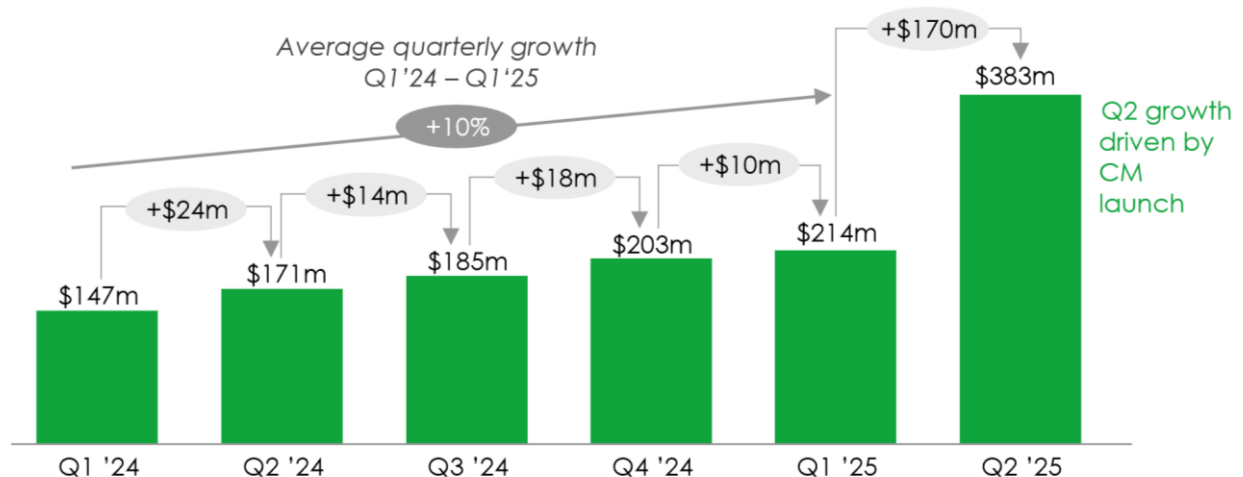
Source: Nidec Earnings Update, July 2025

Digital engagement is also compounding – **Spotify's** scale is now matched by improving unit economics. Monthly active users reached 696 million and Premium subscribers 276 million. AI features are lifting session length and turning engagement into first-party intent that should support advertising once the stack rebuild completes. We trimmed earlier in the year and added after the results-day pullback. We see advertising regaining share in 2025 and a path to mid-30s group margins with 20% plus top-line growth.

In food retail, **Sweetgreen** remains early in a digital-first rebuild. The Infinite Kitchen format aims to increase throughput and consistency while reducing waste. Shares detracted in the period, but the direction of travel is towards stronger unit economics as the format scales and loyalty engagement deepens. Still exposed to a cyclical downturn, the company is well positioned to execute as lower interest rates stimulate consumer confidence. We exited, **Novo Nordisk**, the other poor performer for the period as we had better opportunities on the watchlist.

Healthcare innovation remains a second engine. **Alnylam's** launch of AMVUTTRA for ATTR-cardiomyopathy moved revenue up 64% year on year to \$672 million and drove a 27% guidance upgrade for 2025. Rapid US adoption with broad payer coverage gives the TTR franchise multi-year visibility and funds a wider late-stage pipeline in cardio-renal, CNS and metabolic disease.

A step-change in TTR revenue run rate



Source: Alnylam Pharmaceuticals earnings report, July 2025

Automation is the final link. We initiated a new position in **Keyence**, a leader in factory-automation sensors. Revenue grew 6% year on year and operating margin stayed at 49.5%. The purchase of CADENAS adds a high-margin software pillar that fits its installed base. Management sees a route to about ¥100 billion of incremental recurring revenue this decade while keeping operating margins above 50%. This positions Keyence as an enabler of physical-AI adoption on the factory floor.

Outlook

As we enter Q4 and look towards 2026, we expect improving company fundamentals to drive returns. Short-term macro factors are likely to create volatility. We plan to use that volatility to the Fund's advantage.

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

	Sep-25	Sep-24	Sep-23	Sep-22	Sep-21
Liontrust Global Innovation C Acc GBP	29.2%	28.4%	5.3%	-24.3%	19.5%
MSCI AC World	16.8%	19.9%	10.5%	-4.2%	22.2%
IA Global	12.1%	16.2%	7.8%	-8.9%	23.2%
Quartile	1	1	3	4	4

*Source: FE Analytics, as at 30.09.25, C accumulation share class, total return, net of fees and income reinvested. Fund inception date is 31.12.01; the current fund managers' inception date is 01.07.19

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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