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Global Equities

Q4 2025 review

Liontrust China Fund

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- The rally in Chinese equities, stretching back to early 2024, stalled in Q4 as the region underperformed global equities and wider emerging markets.
- 2026 should see policy pivot from stabilisation toward supporting domestic consumption via trade-in subsidies, targeted fiscal measures and incremental easing that can improve household confidence.
- China's AI ecosystem is moving from early adoption to scaled deployment, which could provide an important offset to cyclical uncertainty and a potential catalyst for a broader re-rating as earnings visibility improves.

The Liontrust China Fund returned -9.9%* in sterling terms over the quarter, compared with the -3.8% average in the IA China/Greater China sector and the -7.3% return from the MSCI China Index (both comparator benchmarks).

The rally in Chinese equities that began in early 2024 stalled in the final quarter of 2025, with the MSCI China Index falling -7.3% while global equities pushed higher (+3.4%), continuing to be led by emerging markets (+4.8%).

The global backdrop remained supportive with synchronised central bank easing and a clear pivot in the US Federal Reserve's reaction function toward downside employment risks. The Fed cut rates twice during the quarter and, with continued benign inflation readings, further easing is expected through 2026.

While China's economic data improved at the margin into year end, with December's manufacturing PMI moving back above 50 for the first time since March, Q3 GDP of +4.8% reinforced the view that policy support was stabilising activity rather than reaccelerating it. Fiscal policy is expected to be more proactive in 2026 with an emphasis on domestic demand, innovation and the safety net.

The dispersion in sector returns was high, with materials (+15%), energy (+12%) and financials (+9%) generating strong returns while healthcare (-17%), technology (-16%) and real estate (-16%) were much weaker.

The Fund saw strong performance in the materials sector during the quarter, but this was more than offset by weak returns in domestic-facing sectors such as consumer discretionary and healthcare.

Looking into 2026, we see a more constructive setup for Chinese equities as policy increasingly pivots from stabilisation toward supporting domestic consumption via trade-in subsidies, targeted fiscal measures and incremental easing that can improve household confidence. At the same time, China's AI ecosystem is moving from early adoption to scaled deployment, with leadership spanning applications, cloud/software and select hardware/semis supply chains. This can provide an important offset to cyclical uncertainty and a potential catalyst for a broader re-rating as earnings visibility improves. While the geopolitical risk premium is unlikely to disappear, the tone and trajectory have improved versus prior extremes, reducing tail risk and opening room for selective foreign re-engagement.

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

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust China C Acc GBP	16.3%	17.7%	-22.2%	-15.5%	-16.7%
MSCI China	22.1%	21.6%	-16.2%	-12.1%	-21.0%
IA China/Greater China	21.9%	13.8%	-20.2%	-16.0%	-10.7%
Quartile	4	1	4	2	3

*Source: FE Analytics, as at 31.12.25, 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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