LIONTRUST
COURAGE · POWER · PRIDE

Cashflow Solution

December 2025 review

Liontrust European Dynamic Fund

James Inglis-Jones
Co-head of Cashflow Solution Team

Samantha Gleave
Co-head of Cashflow Solution Team

Key takeaways

- European equities finished December on a firm footing, supported by improving sentiment and expectations of policy stability into 2026.
- Financials were a key driver of Fund performance, led by UBS Group and UniCredit.
- Outside financials, AP Moller-Maersk and Wartsila also performed strongly, helped by broker rating upgrades

Performance

The Fund returned 4.7% in sterling terms in December. The MSCI Europe ex-UK Index comparator benchmark returned 2.4% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 2.0%.

Commentary

European equities ended December on a constructive note, with the market supported by improving macro sentiment and expectations for policy stability into 2026. The European Central Bank kept rates unchanged and reiterated a careful stance as inflation cools and growth remains fragile. Elsewhere, US markets absorbed a quarter-point Fed cut, but a more cautious outlook on further easing left rate expectations finely balanced into 2026.

European markets were led by financials (+6.0%), alongside solid contributions from industrials (+2.5%) and consumer discretionary (+2.0%), with more modest gains from health care (+1.1%), information technology (+1.0%) and utilities (+0.8%). The weakest segments were real estate (-1.1%), consumer staples (-1.0%), energy (-0.8%) and communication services (-0.7%), while materials was broadly flat.

Financials were a standout contributor to Fund performance over the year, with the sector again delivering strong returns in December and featuring prominently among the Fund's best-performing holdings. UBS Group (+19%) and UniCredit (+10%) led the gains, supported by further strength from Banco Santander (+8.6%), Caixabank (+8.3%) and Deutsche Bank (+7.8%).

With regard to specific newsflow, UBS Group shares moved higher on expectations that the Swiss government may soften parts of its proposed banking reforms that would have increased UBS's required capital buffer. The adjustment appears focused on how certain balance-sheet items, such as deferred tax and software assets, are treated, which could meaningfully reduce the additional capital UBS would need to hold. While a major element of the package, requiring greater capitalisation of foreign subsidiaries, is still expected to proceed, the prospect of a lower overall capital burden was viewed positively by the market.

Away from the financials sector, Danish shipping giant AP Moller-Maersk (+13%) and Wartsila (+8.6%), the Finnish provider of technologies and lifecycle solutions for the marine and energy markets, also ranked among the top performers following a ratings upgrade from covering analysts.

Positive contributors to performance included:

UBS Group (+19%), AP Moller-Maersk (+13%) and UniCredit (+10%)

Negative contributors to performance included:

Technip Energies (-3.9%), Ahold Delhaize (-2.5%) and Geberit (-1.1%)

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

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust European Dynamic I Inc	29.3%	2.8%	16.9%	0.7%	24.0%
MSCI Europe ex UK	26.2%	1.9%	14.8%	-7.6%	16.7%
IA Europe Excluding UK	22.5%	1.7%	14.0%	-9.0%	15.8%
Quartile	1	2	2	1	1

*Source: Financial Express, as at 31.12.25, total return (net of fees and income reinvested), bid-to-bid, institutional class. Non fund-related return data sourced from Bloomberg.

**Source: Financial Express, as at 31.12.25, total return (net of fees and income reinvested), bid-to-bid, primary class.

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 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.

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.

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.

Disclaimer