

# Cashflow Solution

December 2025 review

## Liontrust GF European Smaller Companies 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.
- December's top performers included Per Aarsleff on solid Q4 earnings, and IG Group which extended its share buyback programme and delivered a strong trading update.
- AJ Bell fell as full-year results slightly missed expectations, with higher costs and margin guidance outweighing 22% pre-tax profit growth and an 18% revenue increase.

### Performance

The Fund's A3 share class returned 3.0%\* in euro terms in December. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 2.4%.

### 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.

The wider European market was led by financials (+6.6%), alongside solid contributions from materials (+4.0%), industrials (+3.0%) and consumer discretionary (+2.2%), with more modest gains from information technology (+1.4%) and healthcare (+1.2%). The weakest segments were energy (-1.4%), consumer staples (-0.9%) and real estate (-0.7%).

Danish civil engineering and construction company **Per Aarsleff** (+20%) reported a solid Q4 earnings, with revenue up 4.1% to DKK 22,620 million and EBIT up 6.9% to DKK 1,177 million, lifting the EBIT margin to 5.2%. The company's Pipe Technologies and Technical Solutions led performance, offsetting weakness in Ground Engineering, while Construction grew revenue 6% to DKK 10,655 million.

Trading platform **IG Group** (+16%) extended its share buyback by £75 million and reported a strong quarterly trading update. Organic trading revenue rose 29% to £270.7 million (three months to end-November), with growth broad-based across products. In the US, Tastytrade net trading revenue increased 51% to \$65.3 million, while stock trading and investments accelerated, supported by the commission-free offer and the inclusion of Freetrade since its April acquisition.

Renewable energy company **Drax** (+10%) shares have risen sharply in recent weeks amid speculation it could leverage existing assets to benefit from the data-centre buildout and rising electricity demand. Reports suggest the group is considering plans to add up to 1GW of data-centre capacity. Separately, the company has also been supported by multiple broker rating upgrades.

**AJ Bell** (-18%) fell as full-year results, while solid, came in slightly below expectations. Pre-tax profit rose 22% to £137.8 million and revenue increased 18% to £317.8 million, but investors focused on higher costs and margin guidance. Administrative expenses climbed 18% to £184.7 million, driven by increased distribution spend (largely advertising/marketing) and a 17% rise in technology costs to £55.1 million. The company also cautioned that revenue margins are likely to ease slightly next year after elevated FX dealing activity.

Despite reporting strong Q2 2025 results, **Clas Ohlson** (-16%) shares declined. Total sales rose 9% organically to SEK 3.0 billion, supported by solid demand across the business. Operating profit increased 30% to SEK 410 million, with the operating margin improving to 13.6%, highlighting continued operating leverage and good cost control.

#### Positive contributors to performance included:

Per Aarsleff (+20%), IG Group (+16%) and Drax Group (+13%)

#### Negative contributors to performance included:

AJ Bell (-18%), Clas Ohlson (-16%) and Kainos Group (-3.5%)

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

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust GF European Smaller Companies A3 Acc EUR	15.0%	13.0%	7.0%	-17.3%	33.7%
MSCI Europe Small Cap	16.4%	5.7%	12.7%	-22.5%	23.8%

	Dec-20	Dec-19	Dec-18
Liontrust GF European Smaller Companies A3 Acc EUR	7.4%	35.8%	-19.9%
MSCI Europe Small Cap	4.6%	31.4%	-15.9%

\* Source: Financial Express, as at 31.12.25, total return (net of fees and income reinvested).

\*\* Source: Financial Express, as at 31.12.25, total return (net of fees and income reinvested). Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (01.02.17). Investment decisions should not be based on short-term performance.

## Key Features of the Liontrust GF European Smaller Companies Fund

Investment objective & policy <sup>1</sup>	The investment objective of the Fund is to achieve long term capital growth by investing primarily in European smaller companies. The Fund may invest in all economic sectors in all parts of the world, although it is intended it will invest primarily in equities and equity related derivatives (i.e. total return swaps, futures and embedded derivatives) in European companies (including the UK and Switzerland). The majority of the assets of the Fund (more than 85%) are expected to be invested in smaller companies (with a market capitalisation of less than 5 billion euros at the time of the initial investment). In normal conditions, the Fund will aim to hold a diversified portfolio, although at times the Investment Adviser may decide to hold a more concentrated portfolio, and it is possible that a substantial portion of the Fund could be invested in cash or cash equivalents. The Fund may use FX forwards to hedge the Fund's currency exposures. The Fund has 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.
Recommended investment horizon	5 years or more
Risk profile (SRRI) <sup>2</sup>	6
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Small -Cap Index net total return (the "Benchmark") by virtue of the fact that it seeks to outperform the Benchmark. However the Benchmark is 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.

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.

For a comprehensive list of common financial words and terms, see our glossary at:

<https://www.liontrust.com/glossary>.

---

## 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 may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and 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 use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.

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.

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.

There is no guarantee that a positive absolute return will be generated over any time period.

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

Non-UK individuals: This document is issued by Liontrust Europe S.A., a Luxembourg public limited company (société anonyme) incorporated on 14 October 2019 and authorised by and regulated as an investment firm in Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF") having its registered office at 18, Val Sainte Croix, L-1370 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B.238295.

UK individuals: This document is issued by Liontrust Investment Partners LLP (2 Savoy Court, London WC2R 0EZ), authorised and regulated in the UK by the Financial Conduct Authority (FRN 518552) to undertake regulated investment business.

It should not be construed as advice for investment in any product or security mentioned, an offer to buy or sell units/shares of Funds mentioned, or a solicitation to purchase securities in any company or investment product. Examples of stocks are provided for general information only to demonstrate our investment philosophy. The investment being promoted is for units in a fund, not directly in the underlying assets.

This information and analysis is believed to be accurate at the time of publication, but is subject to change without notice. Whilst care has been taken in compiling the content, no representation or warranty is given, whether express or implied, by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified.

**This is a marketing communication.** Before making an investment, you should read the relevant Prospectus and the Key Investor Information Document (KIID) and/or PRIIP/KID, which provide full product details including investment charges and risks. These documents can be obtained, free of charge, from [www.liontrust.com](http://www.liontrust.com) or direct from Liontrust. If you are not a professional investor please consult a regulated financial adviser regarding the suitability of such an investment for you and your personal circumstances. All use of company logos, images or trademarks in this document are for reference purposes only.