

Cashflow Solution

December 2025 review

Liontrust GF European Strategic Equity Fund



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Key takeaways

- European equities finished December on a firm footing, supported by improving sentiment and expectations of policy stability into 2026.
- Both the long and short books contributed positively to performance
- Financials were a key driver of long book performance, led by IG Group which extended its share buyback programme and delivered a strong trading update.

Performance

The Fund's A4 share class returned 2.8%* in euro terms in December. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 2.7% and 0.7% respectively.

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 (+6.6%), 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%).

Both the long book (c.107% of Fund NAV) and the short book (c.32%) contributed positively over the period, helping the Fund outperform the benchmark.

Financials have been a key driver of Fund performance over the year and again delivered strong returns in December, with several positions among the best-performing long holdings. IG Group (+16%), UniCredit (+11%), Banco Santander (+9.0%) and Caixabank (+8.6%) all performed well.

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.

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 a covering analysts.

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.

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

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust GF European Strategic Equity A4 Acc EUR	4.1%	18.5%	1.4%	18.3%	32.9%
MSCI Europe	19.4%	8.6%	15.8%	-9.5%	25.1%
HFRX Equity Hedge EUR	7.8%	6.2%	4.7%	-5.2%	11.0%

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	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
Liontrust GF European Strategic Equity A4 Acc EUR	-10.0%	23.2%	-7.1%	4.2%	4.8%
MSCI Europe	-3.3%	26.0%	-10.6%	10.2%	2.6%
HFRX Equity Hedge EUR	2.9%	8.5%	-12.3%	7.8%	-1.7%

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

**Source: Financial Express, as at 31.12.25, total return (income reinvested and net of fees). Investment decisions should not be based on short-term performance.

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>

Investment objective & policy ¹	<p>The investment objective of the Fund is to achieve a positive absolute return over the long term for investors through a portfolio of long, synthetic long and synthetic short investments primarily in European equities and equity related derivatives. The Fund may invest anywhere in the world but will primarily invest in European companies either directly or via derivatives. The Fund may use financial derivative instruments for investment purposes and for efficient portfolio management (including hedging). The Fund will take both long and short positions in derivatives meaning the gross exposure of the Fund will typically be greater than 100% of the net asset value of the Fund.</p> <p>The Investment Adviser will alter the ratio of long and short exposures in the Fund depending on the Investment Adviser's confidence in the investment process' ability to generate returns from the short positions. Where sufficient short opportunities can be found, the Fund will have an approximately equal weighting in long and short positions. At other times, the Fund will have a net long position i.e. more long positions than short positions held in the Fund. Where investments are held in a currency other than the base currency, the exposure to currency risk may be minimised by hedging. The Fund expects to provide a positive absolute return under all market conditions over the medium to long term. However, there is no guarantee this will be achieved over this or any other time period. Income from the Fund's investments is reinvested. 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.</p>
Recommended investment horizon	5 years or more
Risk profile (SRRI) ²	4
Active/passive investment style	Active
Benchmark	<p>The Fund is considered to be actively managed in reference to MSCI Europe Index and the HFRX Equity Hedge (EUR) Index (the "Benchmarks") by virtue of the fact that it uses the Benchmarks for performance comparison purposes. The Benchmarks 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 Benchmarks.</p>

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.

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.

As the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares. In addition the spread between the price you buy and sell units 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.

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