

Global Equities

December 2025



Liontrust Global Alpha Fund



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Key highlights

- Global equity markets ended 2025 on a positive but varied note. The MSCI World Index gained 0.8% in December, contributing to a strong 21.1% return for the year, while emerging markets significantly outperformed with their best annual result since 2017.
- US markets were broadly flat as investors rotated away from mega-cap growth, while Europe and developed international markets outperformed meaningfully on easing inflation and supportive monetary policy.
- Japan advanced modestly in the month as the Bank of Japan continued gradual policy tightening, contributing to currency adjustments and global factor rotations.

Performance

The Liontrust Global Alpha Fund returned 0.0% in sterling terms in December, compared with the -0.5% return of the MSCI ACWI Index comparator benchmark and the -0.2% average return in the IA Global sector (also a comparator benchmark).

| | 1m | 3m | 6m | YTD | 1yr | 3yr | 5yr | Since inception |
|-------------------------------------|-------|------|-------|-------|-------|-------|-------|-----------------|
| Liontrust Global Alpha C Acc GBP | 0.0% | 1.5% | 11.0% | 12.4% | 12.4% | 62.2% | 29.0% | 1070.0% |
| MSCI ACWI | -0.5% | 3.4% | 13.3% | 13.9% | 13.9% | 57.1% | 72.7% | 620.4% |
| IA Global | -0.2% | 2.7% | 10.2% | 11.2% | 11.2% | 41.1% | 47.7% | 451.0% |
| Quartile | 2 | 3 | 2 | 2 | 2 | 1 | 3 | 1 |

Source: Financial Express & Morningstar, as at 31.12.25, total return, net of fees, income reinvested

Commentary

Market backdrop

Global equities advanced in December, with leadership shifting away from US mega-caps and toward European and broader international markets. The MSCI World Index rose 0.8% in US dollar terms, while the MSCI World ex-US gained 3.0%, marking a significant broadening of global equity market participation. Emerging markets outperformed developed peers over the month and strongly for the year, supported by a weaker US dollar and a resilient global economy.

In the US, equity performance was muted. The S&P 500 gained 0.1% in December as sector rotation favoured financials over defensives such as utilities and real estate. Macroeconomic data indicated moderating inflation (headline CPI 2.7% YoY) and softer labour conditions, reinforcing expectations of a soft landing. The Federal Reserve delivered its third rate cut of 2025, lowering the target range to 3.50–3.75%.

Europe performed particularly well, supported by easing inflation and a Bank of England rate cut, with the STOXX All Europe Index up 2.8% during the month. Japan also posted modest gains amid policy normalization from the Bank of Japan. Commodities were mixed: oil prices remained weak, marking their fifth consecutive monthly decline, while gold advanced 1.9%, capping a year of exceptional performance driven by safe-haven demand.

Overall, the global investment backdrop in December reflected stabilizing inflation, ongoing monetary easing across major Western central banks, a weaker dollar, and improved breadth in global equity participation.

Portfolio review

Positive contribution over the month was led by Storage, Defence and Financial Services baskets. Notable stock names were **SK Hynix** (+24%) in Storage, **Rolls-Royce** (+7.7%) in Defence and **Plus500** (+14%) in Financial Services.

Portfolio changes

We added to our positions in the materials sector over the month with **Capstone Copper** and **Freeport-McMoRan**. Copper demand/supply is expected to remain very tight, leading to the expectations of continued upside price pressure; both companies offer greater portfolio exposure to copper.

We took some profits in **Alphabet**, which has been the best performer of the Mag 7 in 2025, experiencing a strong re-rating. Whilst still positive overall, the current valuation is offering us more pedestrian upside. We have rotated into financials, adding to **Plus500** and **Credicorp**.

We also reduced exposure to healthcare by trimming **Essilor Luxottica**. The stock has been a strong performer and, similar to Alphabet, we have reduced to allocate capital elsewhere.

Outlook

We enter 2026 with a constructive but balanced view. Global equities ended 2025 on strong footing, supported by easing inflation, clearer monetary policy direction and broadening market participation outside the US mega-cap complex. December data reinforced expectations of a soft landing, with moderating inflation and cooling labour conditions across major developed markets.

Key thematic drivers for the year ahead include:

- AI diffusion beyond mega-caps, favouring semiconductor supply chains, automation, and software platforms that enable operational productivity.
- European and Japanese cyclical, which continue to benefit from supportive monetary and fiscal dynamics and improving economic visibility.
- Emerging market leadership, particularly as the MSCI World ex-US and EM indices outperformed in December and throughout 2025 on dollar weakness and stronger local growth momentum.

- Commodity and defence-related demand, supported by heightened geopolitical risk and shifting global industrial policy.

We remain mindful of risks heading into early 2026, including policy divergence across central banks, geopolitical uncertainties, and potential volatility as investors recalibrate expectations for rate-cut velocity and corporate earnings growth. Nonetheless, with broadening equity leadership and improved global macro stability, we believe the environment remains highly conducive to active, globally diversified stock selection.

Discrete years' performance to previous quarter-end:

| | Dec-25 | Dec-24 | Dec-23 | Dec-22 | Dec-21 |
|----------------------------------|--------|--------|--------|--------|--------|
| Liontrust Global Alpha C Acc GBP | 12.4% | 19.7% | 20.5% | -33.6% | 19.9% |
| MSCI ACWI | 13.9% | 19.6% | 15.3% | -8.1% | 19.6% |
| IA Global | 11.2% | 12.6% | 12.7% | -11.1% | 17.7% |
| Quartile | 2 | 1 | 1 | 4 | 2 |

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

Key Risks

Past performance does not predict future returns. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

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.

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 in 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. 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 Fund invests in a diversified defensive securities strategy. Credit Counterparty Risk: 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 shortdated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash. Liquidity Risk: the Fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Fund in unlisted securities. There may be liquidity constraints in these securities 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. Emerging Markets Risk: the Fund may invest in emerging markets which carries a higher risk than investment in more developed countries. This may result in higher volatility and larger drops in the value of the fund over the short term. ESG Risk: there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG.

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