

Global Equities

Q4 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 3.2% in Q4 in US dollar terms, contributing to a strong 21% return for the year, while emerging markets significantly outperformed with their best annual result since 2017.
- US market returns were more subdued as investors rotated away from mega-cap growth, while Europe and developed international markets performed well on easing inflation and supportive monetary policy.
- Japan was a standout positive, driven by tech strength and supportive government policy.

Performance

The Liontrust Global Alpha Fund returned 1.5%* over the quarter, compared with the 3.4% return of the MSCI ACWI Index comparator benchmark and the 2.7% 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 equity markets continued their upward trajectory, supported by strong corporate earnings and a more accommodative monetary policy stance from major central banks. Leadership shifted away from US mega-caps and toward European and broader international markets.

The MSCI World Index rose 3.2% in US dollar terms, while the MSCI World ex-US gained 5.3%, marking a significant broadening of global equity market participation.

Emerging markets outperformed developed peers over the quarter (+4.8%) and strongly for the year, supported by a weaker US dollar and a resilient global economy.

Japan performed strongly with the Nikkei 225 up 12%, driven by tech sector strength and supportive government policy. Asian markets overall performed strongly as China saw a rebound in technology stocks, aided by domestic stimulus and improving trade relations with the US, while South Korea extended its gains.

In the US, equity performance was more muted. Sector rotation favoured financials over defensives such as utilities and real estate. Macroeconomic data indicated moderating inflation and softer labour conditions, reinforcing expectations of a soft landing following the Fed's dovish pivot. The Federal Reserve delivered its second and third rate cuts of 2025, lowering the target range to 3.50–3.75%.

Europe performed well, supported by easing inflation and a Bank of England rate cut.

Commodities were mixed: oil prices remained weak, but gold advanced 13%, capping a year of exceptional performance driven by safe-haven demand.

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

Portfolio review

In the AI infrastructure basket, the long **SK Hynix** (+83% in sterling terms) benefited from surging demand for AI memory chips, particularly HBM3E and DDR5 for servers. The company posted record Q3 profits and announced mass production of HBM4, securing full capacity bookings into 2026. Strategic partnerships with OpenAI and Broadcom further boosted sentiment.

Other key contributors included **Alphabet** (+29%), re-rating on strong advertising trends and ongoing margin expansion, and **Expedia** (+33%), following strong bookings and renewed cost discipline.

Detractors included **BayCurrent Consulting** (-30%) which fell in early October on what appeared to be profit-taking. **Alibaba** (-18%), following a 110% rally to end September, declined in Q4, driven by some renewed investor caution over China's regulatory environment and geopolitical risks. **Uber** (-17%) also fell on profit-taking and concerns over mobility pricing weighed on performance.

Portfolio Changes

We added a new position in **Marvell** after Amazon's Q3 results confirmed strong Trainium 2/3 (custom AI chips) demand which is key for Marvell. Coupled with strong capex guidance from the other hyper scalers over results season, this has given us renewed confidence in Marvell's ability to exceed current market estimates for growth.

We also bought **M3**, a leading healthcare platform company offering comprehensive medical-related services primarily to physicians and healthcare professionals via the internet. Growth is structurally driven by the global digitisation of healthcare, and we believe that ongoing investments in AI-enabled platforms, cloud-based services, and international expansion will underpin strong long-term revenue growth. In addition, the company continues

to target strategic acquisitions and partnerships, particularly in digital health and clinical trial technology, which should further support enhanced value creation in our view.

The portfolio's materials sector exposure was lifted during the quartet through the addition of **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.

Elsewhere, we pared back some of our China exposures including **BYD**, **Full Truck Alliance** and **trip.com** as year-to-date outperformance had taken our overall positions in China to a more extended weighting.

We used the proceeds to add to favoured holdings **Atlassian**, **Intuitive Surgical**, **London Stock Exchange** and **Paypal**.

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.

Investment in the Fund involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates. The Fund may invest in emerging markets/soft currencies or in financial derivative instruments, both of which may have the effect of increasing volatility.

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