

Cashflow Solution

January 2026 review

Liontrust European Dynamic Fund



James Inglis-Jones

Co-head of Cashflow Solution Team



Samantha Gleave

Co-head of Cashflow Solution Team

Key takeaways

- Despite ongoing geopolitical volatility, European equities delivered a positive return in January.
- The IT sector was a key contributor to market performance, with holdings in ASML and BE Semiconductor notably supporting Fund returns.
- Although news flow was relatively limited among detractors, Renault declined following analyst downgrades.

Performance

The Fund returned 3.9% in sterling terms in January. The MSCI Europe ex-UK Index comparator benchmark returned 2.2% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 1.8%.

Commentary

January was marked by heightened geopolitical uncertainty, most notably following President Trump's remarks suggesting a US ambition to acquire Greenland. These comments briefly unsettled markets, with eurozone equities coming under pressure mid-month amid concerns over potential tariffs and even military intervention. Sentiment subsequently improved as rhetoric cooled and the US, alongside its NATO allies, pivoted towards dialogue focused on Arctic security cooperation.

Despite the backdrop of geopolitical volatility, the MSCI Europe ex UK Index posted positive a return over the month. Information technology (+9.8%), energy (+8.7) and utilities (+6.9%) were the strongest-performing sectors, while consumer discretionary (-9.2%) and communication services (-2.4%) lagged. Within information

technology, gains were led by semiconductor stocks, supported by a number of well-received earnings announcements, whereas software stocks underperformed their peers.

ASML (+31%) was the top performer over the period, supported by its exposure to accelerating AI-driven semiconductor demand, which is driving increased capital investment across the industry. This was reinforced by strong order momentum, signalling sustained customer spending and improved revenue visibility, while guidance for significantly higher 2026 net sales (€34 billion–€39 billion), ahead of consensus expectations, further underpinned sentiment. In addition, positive analyst commentary and upgrades highlighted ASML's dominant competitive position and long-term growth potential, providing further support to the share price.

BE Semiconductor (+22%) delivered a strong performance over the period, driven by a sharp improvement in order intake, with preliminary bookings rising significantly quarter-on-quarter and exceeding market expectations. This strength reflected broad-based demand across key end markets, including increased orders from Asian subcontractors linked to data-centre investment and renewed capacity spending by major photonics customers.

ArcelorMittal's (+17%) share price strength appears to reflect continued positive sentiment following last year's announcement of EU tariffs on steel imports, which are expected to improve market supply–demand dynamics and support pricing.

OPAP's (-12%) share price weakness likely reflects caution ahead of the shareholder vote on the proposed cash exit option following the takeover transaction with Allwyn, with uncertainty around the outcome weighing on sentiment.

Renault's (-10%) share price fell over the period following analyst downgrades and reduced forecasts, as brokers raised concerns around weaker market conditions and pressure on margins. Lower price targets reflected expectations of softer volumes and profitability, which weighed on investor confidence and drove the shares lower.

Positive contributors to performance included:

ASML (+31%), BE Semiconductor (+22%) and ArcelorMittal (+17%)

Negative contributors to performance included:

OPAP (-12%), Renault (-10%) and Amadeus IT (-9.8%)

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 31.01.26, 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

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 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.