

Cashflow Solution

January 2026 review

Liontrust GF European Smaller Companies Fund



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Key takeaways

- European equities advanced despite geopolitical volatility, with strength in IT, energy and utilities, while consumer discretionary and communication services lagged.
- Share price gains among top performers – Rotork, Bekaert and Serco – were driven largely by broader market dynamics, with limited company-specific news flow.
- Betsson was among the largest detractors, falling after an underwhelming preliminary Q4 update, while Dunelm declined after warning that a challenging macroeconomic backdrop and cautious consumer behaviour are likely to weigh on profits.

Performance

The Fund's A3 share class returned 0.2%* in euro terms in January. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 3.6%.

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, European equities posted positive returns over the month. Information technology (+10%), utilities (+8.1%) and energy (+6.6%) were the strongest-performing sectors, while consumer discretionary (-7.8%) and communication services (-0.9%) 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.

News flow among the top performers – **Rotork** (+9.5%), **Bekaert** (+9.5%) and **Serco** (+8.2%) – was relatively limited over the month, with share price strength largely driven by broader market dynamics rather than any material company-specific developments.

Betsson (-31%) reported preliminary fourth-quarter revenue of €304 million, marginally lower than the €307 million recorded in the same period last year. Operating income declined more sharply to €53 million from €70 million in Q4 2024, reflecting the impact of higher gaming taxes and increased personnel costs on profitability.

Management noted that the performance continues to reflect a shift in the group’s revenue mix, with regulated markets accounting for a record 68% of total revenue, up from 60% in the prior-year period.

Dunelm’s (-16%) shares declined after the company cautioned that a challenging macroeconomic backdrop and cautious consumer behaviour are expected to weigh on profits. The retailer now anticipates FY2026 profit before tax to be at the lower end of the £214 million–£227 million consensus range, reflecting weaker trading across the homewares sector. Spending was particularly subdued during key periods such as Black Friday and the festive season, as consumers tightened budgets and sought lower-priced alternatives, weighing on volumes and margins.

Despite delivering a robust set of results, **Games Workshop** (-9.2%) was among the notable detractors over the period. The hobby miniatures company reported a 10.9% increase in revenue, surpassing £332 million for the half-year to 30 November 2025, driven by continued strength in its core hobby business. Sales in this segment, which encompasses the design and sale of its signature miniature figurines, rose sharply by 17.3% to £316 million. This translated into an 11.3% increase in profit to £140 million, while net cash climbed to £112.5 million.

Positive contributors to performance included:

Rotork (+9.5%), Bekaert (+9.5%) and Serco (+8.2%)

Negative contributors to performance included:

Betsson (-31%), Dunelm Group (-16%) and Games Workshop (-9.2%)

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 31.01.26, 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 ¹	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) ²	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.

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