

Cashflow Solution

January 2026 review

Liontrust GF European Strategic Equity Fund



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Key takeaways

- European equities rose despite geopolitical volatility, with strength in IT, utilities and energy, while consumer discretionary and communication services lagged.
- The Fund underperformed the benchmark, as the long book lagged and the short book also detracted in relative terms amid rising markets.
- ASML, Wärtsilä and ArcelorMittal were notable contributors, while key detractors included Betsson, Microsoft and AB Foods.

Performance

The Fund's A4 share class returned 1.0%* in euro terms in January. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 3.1% and 2.1% respectively.

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.

Performance over the period was driven by weakness in both sides of the book relative to the benchmark. The long book (c. 107% of NAV) underperformed the benchmark, detracting from relative returns. In addition, the short book (c. 32% of NAV) generated a positive absolute return as markets rose, also weighing on performance in relative terms, further contributing to the Fund's underperformance versus the benchmark.

ASML (+32%) led the long book's top performers, 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.

Wärtsilä (+13%) delivered strong performance over the period, supported by positive order newsflow across its marine and energy businesses. A series of new contract wins and customer engagements, including engine selections and long-term service agreements, pointed to improving demand and strengthened revenue visibility, helping to underpin investor confidence and drive the share price higher.

ArcelorMittal's (+18%) 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.

Long book detractors included **Betsson** (-31%), which 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.

Microsoft (-12%) shares fell after the company reported record levels of investment alongside a slight slowdown in cloud sales growth, raising concerns that returns from its AI spending may take longer to materialise. Capital expenditure reached \$37.5 billion in the fiscal second quarter, up 66% year on year and above expectations, reflecting continued heavy investment in AI infrastructure.

A key driver of **ABF's** (-9.8%) share price weakness was a disappointing trading update, which highlighted weaker-than-expected sales at its Primark retail business alongside softer performance in parts of the food division. As a result, the company guided that group profit and earnings per share would fall year on year, prompting analyst downgrades and weighing on investor sentiment.

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%

	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 31.01.26, 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>

Key Features of the Liontrust GF European Strategic Equity Fund

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	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.
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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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