

Global Equities

January 2025



Liontrust Global Alpha Fund



Mark Hawtin
Head of Global Equities team



Pieran Maru
Fund Manager

Key highlights

- Global equities started 2026 on a firm footing as leadership broadened beyond US mega-caps. International and emerging markets outperformed, helped by a weaker dollar, while value and cyclicals gained traction.
- Materials saw unusually elevated volatility in January, driven largely by sharp movements in precious metals. Gold and silver rallied strongly early in the month, extending their powerful 2025 performance as investors sought hedges against geopolitical risks and currency volatility.

Performance

The Liontrust Global Alpha Fund returned 1.8% in sterling terms in January, compared with the 0.9% return of the MSCI ACWI Index comparator benchmark and the 1.1% 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	1.8%	-1.3%	8.3%	1.8%	6.6%	57.2%	30.9%	1091.0%
MSCI ACWI	0.9%	-0.4%	8.9%	0.9%	10.4%	51.4%	75.9%	627.0%
IA Global	1.1%	-0.2%	6.6%	1.1%	7.0%	36.5%	49.5%	456.8%
Quartile	2	3	2	2	3	1	3	1

Source: Financial Express & Morningstar, as at 31.01.26, total return, net of fees, income reinvested

Commentary

Market backdrop

Global equities started 2026 on a firm footing as leadership broadened beyond US mega-caps. International and emerging markets outperformed, helped by a weaker dollar, while value and cyclicals gained traction. The MSCI World advanced, with MSCI World ex-US and EM stronger still.

In the US, the S&P 500 briefly topped 7,000 intramonth and finished January modestly higher. Breadth improved: small caps and value outperformed large-cap growth, and energy led global sectors as WTI crude snapped a five-month losing streak with a 13–14% rebound.

Central banks stayed data-dependent. The Federal Reserve held rates at 3.50–3.75% in late January, while late-month policy headlines (Fed leadership nomination) and geopolitics introduced short-term volatility; nonetheless, the weaker dollar underpinned non-US returns.

Materials saw unusually elevated volatility in January, driven largely by sharp movements in precious metals. Gold and silver rallied strongly early in the month, extending their powerful 2025 performance as investors sought hedges against geopolitical risks and currency volatility. However, in the final days of January, the precious-metals complex experienced a severe sell-off, with gold falling ~4% and silver dropping ~10% in a single session as traders locked in gains following record levels achieved earlier that week. This reversal coincided with a rebound in the US dollar – after touching a four-year low earlier in the month – and shifting interest-rate expectations.

Portfolio review

The market sharply repriced the scale and persistence of the supply-demand imbalance in HBM, DDR5 and storage as it became increasingly clear that the ongoing AI-server build-out is creating a multi-year shortage, supporting sustainably strong pricing into 2027. **Seagate Technology** (+45% in sterling terms), **SK Hynix** (+37%) and **Micron** (+19%) all performed strongly with positive contribution.

Within emerging markets, Latin America saw a strong rally led by Brazil with our holdings in both **Credicorp** (+22%) and **Nu Holdings** (+3.9%) contributing positively and sending the financials sector to the top of the attribution table. Materials followed closely behind as metals prices strengthened and where, despite some recent volatility, a disconnect still remains between forward metals prices and consensus forward earnings for miners. Our view remains that the sector is undervalued and continues to provide effective diversification within the portfolio.

Japan had a tumultuous month against a difficult political background. This, coupled with heightened concern around AI encroachment into software, sent **Baycurrent** (-17%) and **M3** (-10%) lower, dragging on performance.

Premium software in the US also dragged; **Shopify** (-20%), **Atlassian** (-29%) and **Snowflake** (-14%) were particularly weak amid value rotation.

Portfolio changes

Over the month we increased exposure to AI infrastructure and specifically memory through additions to **Micron** and **Infineon**. We funded this through some profit taking in higher-multiple software names.

We made broad reductions across gold and copper miners, taking profits and reducing the portfolios sensitivity to commodity price volatility whilst maintaining an overweight to the sector.

We lowered our exposure to healthcare by exiting **Elevance Health** and trimming **Intuitive Surgical**.

Outlook

We entered 2026 with a constructive but balanced view. The global equity market backdrop improved further in January, reinforcing several themes that emerged into year-end. Market leadership broadened meaningfully, with international and emerging markets outperforming US equities as the dollar weakened and cyclical sectors

gained momentum. At the same time, the S&P 500 held near record levels, briefly surpassing the 7,000 mark before finishing the month modestly higher. These dynamics strengthen our conviction that 2026 will be characterised by a wider opportunity set beyond the U.S. mega-cap complex that dominated the prior two years.

January's data remained broadly consistent with a soft-landing scenario, with inflation continuing to moderate and labour conditions cooling gradually. The Federal Reserve held rates at 3.50–3.75%, signalling a pause after 2025's cuts. Late-month volatility – sparked by the nomination of a new Fed Chair – did little to derail underlying fundamental resilience.

Macro conditions continue to point toward a soft landing, with inflation easing and labour markets gradually cooling. The Fed held rates steady at 3.50–3.75%, and although the late-month Fed Chair nomination added volatility, fundamentals remained intact.

Risks persist – policy divergence, geopolitics, and valuation sensitivity within premium software – but the combination of broader equity leadership, firming global growth, and accelerating AI-capex continues to create a favourable environment for 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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