

# Economic Advantage

January 2026 review



## Liontrust UK Micro Cap Fund



Anthony Cross  
Head of Economic  
Advantage



Matt Tonge  
Fund  
Manager



Victoria Stevens  
Fund  
Manager



Alex Game  
Fund  
Manager



Natalie Bell  
Fund  
Manager

### Key highlights

- Eagle Eye Solutions stages large share price recovery on profit guidance upgrade.
- Kitwave the latest Fund holding to receive takeover interest
- Power Probe gives back last month's post-IPO gains.

### Performance

The Liontrust UK Micro Cap Fund returned 4.3%\* in January. The FTSE Small Cap (excluding investment trusts) Index and the FTSE AIM All-Share Index comparator benchmarks returned 5.7% and 6.8% respectively. The average return of funds in the IA UK Smaller Companies sector, also a comparator benchmark, was 5.4%.

### Commentary

Although global geopolitical risks were heightened by the US incursion in Venezuela, its threats to intervene amid widespread unrest in Iran, and Trump's continued pursuit of Greenland, investor risk appetite showed little sign of being affected.

The MSCI All Country World Index returned 0.9%, split between emerging markets up 4.8% and developed markets edging 0.2% higher, the latter figure subdued by dollar weakness.

One of the key consequences of the UK's unloved status in recent years, particularly within the small cap space, is an increase in opportunistic takeovers from private equity or corporate acquirers, who are able to recognise and exploit the opportunity created by valuations trading at significant discounts to long-term averages and global peers.

During January, delivery wholesale business **Kitwave Group** (+32%) became the latest Fund holding to move towards the exit door of the UK stock market. It recommended a 295p cash offer from a private equity firm – a 34% premium to Kitwave's prior share price but lower than its level as recently as June, when a profit warning on weak leisure venue demand prompted a decline.

**Eagle Eye Solutions'** (+35%) shares also staged a recovery from a summer 2025 profit warning, after commenting that profits for the year to 30 June 2026 are on course to comfortably exceed consensus expectations. The 2025 warning involved the loss of a high-margin US contract, a setback shown by the latest update to be an isolated one-off. The software-as-a-service and AI digital marketing specialist noted that the value of new customers won in the first half of its financial year has improved significantly, with last year's global OEM agreement also delivering its first contracts.

**Netcall** (+19%), the provider of AI-driven enterprise technology, confirmed a solid, in-line performance in the six months to 31 December, with revenue up 11% in organic terms.

**Animalcare** (+19%) issued an upbeat assessment of 2025 – a year in which its Randlab acquisition boosted revenue and earnings growth to 20% and 50% respectively – and a 2026 outlook which notes positive momentum at the start of the year.

Newsflow was lighter among the largest portfolio detractors. New holding **Power Probe** (-1.5%) gave back the gains made in the immediate aftermath of last month's IPO. Although **EKF Diagnostics** (-6.8%) lost some ground, its 2025 trading statement reported on solid trends, with revenues up 3% and adjusted earnings rising 10%.

#### **Positive contributors included:**

Eagle Eye Solutions (+35%), Kitwave Group (+32%), ActiveOps (+23%), Netcall (+19%) and Animalcare (+19%).

#### **Negative contributors included:**

CML Microsystems (-1.5%), Power Probe (-1.5%), Gately Holdings (-7.7%), EKF Diagnostics (-6.8%) and Mercia Asset Management (-6.8%).

Discrete years' performance (%) to previous quarter-end\*\*:

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust UK Micro Cap I Acc	-1.2%	0.0%	1.0%	-17.1%	33.6%
FTSE Small Cap ex ITs	10.9%	13.8%	10.4%	-17.3%	31.3%
FTSE AIM All Share	8.5%	-4.0%	-6.4%	-30.7%	6.1%
IA UK Smaller Companies	4.1%	6.7%	0.5%	-25.2%	22.9%
Quartile	3	4	3	1	1

\*Source: Financial Express, as at 31.01.26, total return (net of fees and income reinvested), bid-to-bid, institutional class. \*\*Source: Financial Express, as at 31.12.25, total return (net of fees and income reinvested), bid-to-bid, institutional 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.**

The Fund may invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.

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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