

# Cashflow Solution

February 2026 review

## Liontrust European Dynamic Fund



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### Key takeaways

- European equities rise but AI concerns continue to influence sector performance.
- ArcelorMittal rose on better-than-expected quarterly earnings, with investors in Eiffage also responding positively to results.
- Online travel agency Booking Holdings sold off as it was caught up amid wider fears over the potential for AI tools to threaten a range of businesses, particularly those providing software or online tools.

### Performance

The Fund returned 4.1% in sterling terms in February. The MSCI Europe ex-UK Index comparator benchmark returned 4.9% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 4.2%.

### Commentary

European equity markets registered gains in February despite ongoing concerns around the impact of AI on certain sectors, as well as a spike in geopolitical risk at the end of the month as the US and Israel launched attacks on Iran.

Software and professional services firms were among those in focus due to the potential for AI tools to undermine their core businesses. At the same time, investors continued to show some nervousness over the scale of capital investment from the biggest AI players.

All sectors of the MSCI Europe ex UK Index were in positive territory in sterling terms, although there was a large range of dispersion between the largest gainers, defensive areas including consumer staples (+13%) and

communication services (+13%), and the more cyclical laggards such as financials (+1.1%) and consumer discretionary (+2.9%). Healthcare (+0.9%) was also an area of lower returns.

Within the Fund, a top performer was international supermarket operator **Ahold Delhaize** (+28%). It rallied as Q4 results showed 6.1% net sales growth year-on-year in constant exchange rates, with comparable sales excluding gasoline up 2.5%. Operating profit beat consensus expectations after margins improved to 4.2%, boosted by a strong performance in its US operations. A solid outlook for 2026 from the retailer includes targets of mid- to high-single-digit earnings per share growth and an operating margin of 4%.

Steel producer **ArcelorMittal** (+23%) also beat analyst estimates with its Q4 EBITDA of \$6.5 billion, equivalent to \$121 per tonne. Investors were encouraged by a 2026 outlook which predicts a 2% increase in global ex-China demand growth, as well as highlighting the potential for ArcelorMittal to benefit from greater domestic European production as trade tariffs reduce the attractiveness of imports. Following strong cash generation, the company announced a 9% dividend increase and committed to returning 50% of free cash flow via share buybacks.

Shares in French construction and concessions group **Eiffage** (+19%) rallied ahead of 2025 results which showed a 4.8% like-for-like revenue increase to over €25 billion. Over the next year, Eiffage expects revenue growth to slow, but operating profit to benefit from improved margins.

Online travel agency **Booking Holdings** (-15%) sold off amid wider fears over the potential for AI tools to threaten a range of businesses, particularly those providing software or online tools. The company itself reported 9% growth in room nights in Q4, lifting revenue 11% in constant currency terms. While acknowledging the accelerating pace of change in the travel industry, Booking emphasised the opportunity to deploy generative AI itself and issued an upbeat 2026 outlook of high single digit growth in both bookings and revenues.

Swiss building materials group **Holcim** (-8.9%) lost some ground on speculation that the EU could delay plans to withdraw carbon allowances. This measure had been expected to reduce supply and improve market dynamics for major players, such as Holcim, that can comply with decarbonisation regulations.

Despite reporting a 56% increase in Q4 net profit to \$1.2 billion, ahead of consensus estimates, **UBS Group** (-10%) shares slid on some signs of a slowdown in asset growth in its wealth management division. Net new assets of \$8.5 billion was down from \$37.5 billion in the prior quarter.

**Positive contributors to performance included:**

Ahold Delhaize (+28%), ArcelorMittal (+23%) and Eiffage (+19%).

**Negative contributors to performance included:**

Booking (-15%), UBS Group (-10%), Holcim (-8.9%).

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 28.02.26, 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.

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