

Cashflow Solution

February 2026 review

Liontrust GF European Smaller Companies Fund



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Key takeaways

- European equities rise but AI concerns continue to influence sector performance.
- Clas Ohlson, the Swedish retailer of household goods and electricals, was a portfolio highlight after announcing strong January trading.
- Kainos Group and Huron Consulting Group were among the portfolio holdings affected by AI-related weakness in professional services and software stocks.

Performance

The Fund's A3 share class returned -0.6%* in euro terms in February. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 2.4%.

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.

Most sectors of the MSCI Europe Index were in positive territory in euro terms, although there was a large range of dispersion between the largest gainers, defensive areas including communication services (+10%) and consumer staples (+9.5%), and the more cyclical laggards such as financials (-0.1%) and consumer discretionary (+1.5%). Real estate (+10.8%) was also a notable gainer.

Shares in **Clas Ohlson** (+21%), the Swedish retailer of household goods and electricals, enjoyed a very strong run in 2025 as it reported impressive organic sales growth. Some profit-taking was seen in December following modest signs of a sales slowdown, but an update on January trading helped the shares regain momentum. Clas Ohlson generated organic net sales growth of 13% year-on-year in January across its 244 stores, predominantly in Sweden, Norway and Finland. There was growth across all prioritised product ranges, with an additional boost in weather-related products following a period of particularly cold weather.

Kainos Group (-17%), a UK provider of enterprise software and digital services, and **Huron Consulting Group** (-16%), the US-based management consultancy to healthcare and higher education sectors, were both caught up in the AI sell-off among professional services and software firms.

Danish civil engineering and construction group **Per Aarsleff** (-11%) weakened modestly following quarterly results. Although revenue growth in the period to 31 December was strong at 12%, the outlook for the rest of the financial year was a little below expectations at a 6% - 11% guidance range.

Positive contributors to performance included:

Clas Ohlson (+21%), Burkhalter +17%) and Rotork (+7.7%).

Negative contributors to performance included:

Kainos Group (-17%), Huron Consulting Group (-16%) and Per Aarsleff (-11%).

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 28.01.26, 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,
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	<p>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.</p>
Recommended investment horizon	5 years or more
Risk profile (SRII) ²	6
Active/passive investment style	Active
Benchmark	<p>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.</p>

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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