

Cashflow Solution

February 2026 review

Liontrust GF European Strategic Equity Fund



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Key takeaways

- European equities rise but AI concerns continue to influence sector performance. The market backdrop provided a tough environment for both the long and short books in February.
- Ahold Delhaize and Arcelor/Mittal both recorded strong gains after releasing better-than-expected quarterly 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's A4 share class returned -0.2%* in euro terms in February. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 4.1% and 0.7% respectively.

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.

The market backdrop provided a tough environment for both the long and short books in February. Gains in the long book lagged the market rise slightly, while the short book saw some positions experience outsized gains. Negative short book contributions included a Swedish heating and plumbing group and French semiconductor substrates manufacturer, which both comfortably beat expectations with quarterly results.

Within the long book, steel producer **ArcelorMittal** (+23%) beat analyst estimates with its Q4 EBITDA of \$6.5 billion, equivalent to \$121 per tonne. Investors were also 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** (-1.5%) 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.

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 28.02.26, 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 (SRI) ²	4
Active/passive investment style	Active
Benchmark	<p>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.</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.

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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