

Global Equities

February 2026



Liontrust GF Global Alpha Long Short Fund



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Key highlights

- Leadership diverged sharply by region: US markets lagged while Europe and Asia Pacific extended their strength, leaving the MSCI World Index up 0.8% (US dollars).
- While the S&P 500 fell 0.8%, the equal-weight S&P 500 rose 3.5%, reflecting an ongoing rotation away from US mega-cap growth and toward smaller and more value-oriented stocks.
- AI “disruption risk” became a dominant narrative driver, triggering sharp selloffs in parts of software, data and other service-heavy industries perceived as vulnerable to agentic AI workflows, while investors rotated into more asset-heavy and “disruption-insulated” areas of the market.
- Commodities remained supportive of real-asset leadership; oil built on January’s rebound amid Middle East risk premia, while gold resumed its strong uptrend – helping underpin the materials sector after January’s extreme volatility.

Performance

The Liontrust GF Global Alpha Long Short Fund returned -3.0% in US dollar terms in February, compared with the 0.3% return of the Secured Overnight Financing Rate reference benchmark and the 0.8% return of the HFRX Equity Hedge (USD) Index, also a reference benchmark.

	1m	3m	6m	YTD	1yr	3yr	5yr	Since inception
Liontrust GF Global Alpha Long Short B8 Acc USD	-3.0%	-3.3%	-0.9%	-1.9%	6.9%	42.9%	22.7%	138.5%
FRB of New York Secured Overnight Financing Rate	0.3%	0.9%	2.0%	0.6%	4.1%	15.0%	17.7%	-
HFRX Equity Hedge	0.8%	4.1%	6.3%	3.1%	11.7%	29.6%	39.5%	60.9%

Source: FE Analytics, as at 28.02.26, total return, net of fees and income reinvested.

Commentary

Market backdrop

February continued the broadening process that began late in 2025 and accelerated in January – but with a clear shift in regional leadership. Global equities rose modestly, with non-US markets doing most of the heavy lifting as the US mega-cap complex remained a drag on returns. This divergence was visible in style performance: value outperformed growth amid investor preference for nearer-term cash flows and more moderate valuations.

In the US, the S&P 500 declined 0.8% (US dollars) during the month, but the underlying tape was far stronger than the index suggested. The equal-weight S&P 500 gained 3.5%, and small caps were positive, highlighting that February was less about “risk-off” and more about rotation and dispersion. Sector performance reinforced that message: utilities, energy, materials, consumer staples and industrials led, while technology and other growth-heavy sectors lagged as investors reassessed valuation assumptions embedded in prior winners. As a result, style and sector dispersion remained extreme: value outperformed growth (value up 2.9% vs. growth down 1.6% globally in US dollar terms), while defensives and real-asset sectors led.

A key catalyst for this rotation was the market’s evolving view of AI’s second-order effects. Product updates and rapid progress in agentic AI workflows sparked a “shoot first” reaction across industries perceived as exposed to disintermediation risk – particularly software and adjacent service models – while sectors seen as more insulated (asset-heavy, regulated, or infrastructure-linked) attracted incremental capital. For equity long/short managers, this type of thematic repricing typically increases dispersion and creates more fertile ground for differentiated positioning across winners and losers within the same broad theme.

Macro and policy also contributed to cross-asset moves. Government bonds posted positive returns as yields declined, and the US dollar strengthened versus January amid renewed trade/tariff uncertainty and shifting central bank expectations. On the policy front, the Federal Reserve did not meet in February, but February brought renewed focus on the January decision to hold rates at 3.50–3.75%, including the release of January meeting minutes and ongoing debate over the future path of easing.

Commodities remained a notable driver of equity factor leadership. Oil prices rose again on geopolitics and supply risk premia, supporting energy equities. Meanwhile, precious metals rebounded sharply following January’s extreme late-month dislocation, proving helpful for the materials sector and consistent with continued investor demand for hedges amid policy and geopolitical uncertainty.

Portfolio review

The month was characterised by extreme dispersion beneath the headline indices, with a continued rotation away from US mega-cap growth and into value/defensives and real-asset sectors. While this regime created opportunity on the short side in several valuation-sensitive growth names and cushioned the drawdown, it was

not enough to offset the long book, where weakness in a handful of growth/platform names and consumer-linked cyclicals proved a meaningful headwind.

Basket Winners:

- Risk diversifiers (materials): February's renewed bid for real assets and defensives, with gold and precious metals regaining strength after January's volatility, was supportive for miners and materials-linked exposures.
- AI software: the book benefited via short positioning in multiple software/AI-enabler names, while select longs (notably **Microsoft/Atlassian**) detracted as the broader software complex de-rated.
- Defence spending strategy: In a month where markets preferred durable earnings and "real economy" exposures, defence names continued to provide resilience and idiosyncratic upside.

Basket Losers:

- Consumer: a very mixed bag over the month where positive contributions from the short book as well as from our long position in **ASICS** was more than offset by weakness in **Expedia** and **AUTO1**, both hit by the AI-related software scare.
- Storage: A short position squeeze was enough to offset positive gains from the long book.
- Healthcare: a broad de-rating across the sector dragged on the long names such as **Omnice** and **Intuitive Surgical** and outweighed the benefit from the short book.

Portfolio changes

February's portfolio activity was deliberately high-conviction and risk-aware, reflecting the month's sharp rotation away from premium growth and heightened sensitivity to AI-disruption narratives.

Changes focused on three objectives: (1) reducing squeeze/valuation risk in crowded areas; (2) reallocating exposure toward clearer "infrastructure winners" and selective quality compounders; and (3) adding targeted shorts/positions in business models increasingly exposed to AI-led disintermediation.

Key changes:

AI Software: February was a month in which markets aggressively repriced disruption risk across software. We exited a number of positions on both the long and short side and re-allocated toward names we believe have a stronger durability profile. These included **ServiceNow**, which is a higher-quality, embedded enterprise platform with more defensible workflows and stronger pricing power, and **Amadeus** which is a scaled, mission-critical travel infrastructure platform rather than higher-multiple, more disruption-exposed software-as-a-service.

AI Infrastructure/Semis: We reduced exposure to high-beta, squeeze-prone infrastructure proxies and rebalanced toward core scalable infrastructure beneficiaries by adding **Marvell** and **Taiwan Semiconductor**, where structural demand remains strong but positioning risk is better controlled.

"AI at Risk": We built a new short basket of AI-exposed business models designed to express the view that agentic AI workflows increasingly threaten business models reliant on information distribution, data aggregation, and repeatable white-collar processes. We view this as a more targeted way to monetise the AI-disruption theme than broad software shorts.

Industrials & Japan: We added to both baskets through 'real economy' compounders. This shift reflects a preference for asset-heavy industrial exposure and companies positioned for capex, electrification and re-industrialisation tailwinds, consistent with February's market leadership in cyclicals/real assets.

Outlook

We remain constructive but balanced as we move through early 2026. February largely reinforced the evolving market regime we highlighted in January: global equities advanced modestly but returns continued to broaden away from US mega-caps, with Europe and Asia outperforming while US indices lagged. Importantly, the headline US weakness again masked stronger underlying breadth, with value and equal-weight leadership persisting.

This is a marketing communication

Where February added nuance was in the market’s interpretation of AI. A renewed wave of AI “disruption risk” drove sharp selloffs across parts of software and service-heavy models perceived as exposed, while capital rotated toward asset-heavy sectors viewed as more insulated from disintermediation.

Risks persist – policy divergence, geopolitics, and valuation sensitivity within pockets of growth – but February’s continued breadth, dispersion and factor rotation reinforces our view that 2026 should remain a favourable environment for active long/short stock selection. Our positioning changes – de-risking premium software, tightening squeeze exposure, adding targeted AI-disruption shorts (“AI at Risk”), and reinforcing real-asset and industrial cyclical – are intended to improve resilience while keeping us exposed to the most durable multi-year themes.

Key Features of the Liontrust GF Global Alpha Long Short Fund

Investment objective & policy ¹	The Fund seeks to deliver capital appreciation over the long term by taking long, synthetic long and synthetic short positions, primarily in global equities and equity related derivatives. The Fund is considered to be actively managed in reference to the benchmark(s) in the performance table by virtue of the fact that it uses the benchmark(s) for performance comparison purposes. The benchmark(s) 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 benchmark. The Fund may invest anywhere in the world but will primarily invest in global companies either directly or via derivatives. There is no policy to restrict investment to particular economic sectors. 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. 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 long and short positions. The net market exposure from a combination of the Fund's long and short positions will vary depending on market conditions and the Fund can potentially go either net long or net short. Where investments are held in a currency other than the base currency, the exposure to currency risk may be minimised by hedging. Income from the Fund's investments is reinvested.
Recommended investment horizon	5 years or more
Risk profile (SRI) ²	5
Active/passive investment style	Active

Benchmark	<p>The Fund is considered to be actively managed in reference to the following benchmarks by virtue of the fact that it uses them for performance comparison purposes:</p> <ul style="list-style-type: none"> • the Secured Overnight Financing Rate (SOFR) (for Hedged Share Classes, the currency equivalent that corresponds with the relevant Share Class currency is used); and • the HFRX Equity Hedge (USD) Index. <p>Neither benchmark is used to define the portfolio composition of the Fund or as a performance target. The Fund may be wholly invested in securities which are not constituents of the benchmarks.</p> <p>The HFRX Equity Hedge (USD) Index is designed to be representative of the overall composition of the equity hedge segment of the hedge fund universe and is denominated in US dollars.</p>
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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>.

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

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust GF Global Alpha Long Short B8 Acc USD	14.8%	7.0%	11.6%	-18.7%	11.3%
FRB of New York Secured Overnight Financial Rate	4.2%	5.2%	5.0%	1.6%	0.0%
HFRX Equity Hedge	10.1%	7.8%	6.9%	-3.2%	12.1%

Source: FE Analytics, as at 31.12.25, total return, net of fees and income reinvested. *The Fund was launched on 24 January 2025 to receive the assets of GAM Star Alpha Technology, which was a sub-fund of GAM Star plc ("the merging fund"), which was very similar to the Fund. Because of the similarities between the merging fund and the Fund, the past performance of GAM Star Alpha Technology C Acc - EUR share class has been used for periods prior to the Fund's launch date.

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 can invest in derivatives. Derivatives are used to protect against currency, credit or 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 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. The Fund's volatility limits are calculated using the Value at Risk (VaR) methodology. In high interest rate environments the Fund's implied volatility limits may rise resulting in a higher risk indicator score. The higher score does not necessarily mean the Fund is more risky and is potentially a result of overall market conditions. 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. Certain countries, including China, have a higher risk of the imposition of financial and economic sanctions on them which may have a significant economic impact on any company operating, or based, in these countries and their ability to trade as normal. Any such sanctions may cause the value of the investments in the fund to fall significantly and may result in liquidity issues which could prevent the fund from meeting redemptions. The Fund may 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. 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. There is no guarantee that an absolute return will be generated over any time period. The Fund may have 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. 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. Investors in share classes with a performance fee will pay a variable performance fee amount that is based on the performance of the underlying share class, which is likely to result in different total fees being charged each year and, during periods of outperformance, higher total fees than that of a share class with no performance fee. A performance fee may be payable in case the share class has outperformed its benchmark but had a negative performance. 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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