

Economic Advantage

February 2026 review



Liontrust GF UK Growth Fund



Anthony Cross

Head of Economic Advantage



Matt Tonge

Fund
Manager



Victoria Stevens

Fund
Manager

Key highlights

- The Fund's healthcare names were among the strongest performers over the period, with GSK, Halma and AstraZeneca leading the gains.
- The main detractors to Fund performance were technology and media holdings, with share price weakness driven by market concerns around AI disruption rather than any evidence of operational deterioration.
- Rising geopolitical and economic risks reinforce the importance of the portfolio's Quality attributes, with high returns on capital, high margins, strong solvency and earnings stability. Despite these attributes, the portfolio now trades at a weighted average free cash flow yield over 1.5 percentage points cheaper than the wider UK stock market, highlighting the ongoing disconnect between company valuations and fundamentals.

Performance

The Liontrust GF UK Growth Fund returned 4.7%* in February. The Fund's comparator benchmark, the FTSE All-Share, returned 6.5%.

Commentary

In February, markets balanced solid equity gains with a rise in geopolitical risk. The FTSE 100 rose by 7.0%, with strength in energy, mining and defence names. The market's relatively low exposure to the most expensive areas of global technology, alongside positioning that benefited from both the ongoing AI-related rotation and firmer oil prices, underpinned performance. Mid and small caps lagged comparatively, with the FTSE 250 up 2.3%, the FTSE Small Cap ex-IT rising 1.6% and the FTSE AIM All-Share gaining 0.4%. Expectations that UK

inflation was continuing to ease also supported sentiment, reinforcing the prospect of further Bank of England rate cuts later in the year.

Globally, however, the backdrop became more unsettled toward month-end. Escalating tensions in the Middle East, including military strikes and disruption around the Strait of Hormuz, drove a sharp move higher in oil prices. This triggered more volatility in global equity markets moving into March.

The Fund's healthcare names were among the strongest performers over the period, with **GSK** (+18%), **Halma** (+18%) and **AstraZeneca** (+15%) leading the gains.

GSK's shares strengthened after the company reported full-year 2025 results showing solid revenue and profit growth, driven primarily by strong performance in its Specialty Medicines portfolio, including oncology, HIV and respiratory treatments. The results marked the first earnings update under new CEO Luke Miels, and management commentary emphasised continued commercial momentum and pipeline progress.

AstraZeneca also benefitted from a strong full-year 2025 results release, which demonstrated robust revenue growth and performance ahead of expectations, supported by strong demand across key therapy areas, particularly oncology. Management provided constructive guidance for 2026, highlighting ongoing pipeline advancements and sustained commercial momentum.

Halma's shares benefited from positive market sentiment and supportive commentary from covering analysts. One covering broker placed the company on "positive catalyst watch," while another highlighted that Halma's exposure to data centres could drive upgrades to consensus earnings expectations.

Elsewhere shares in **Renishaw** (+13%), an engineering company focused on precision measurement and manufacturing technology, benefited following strong half-year financial results for the six months to 31 December 2025, which showed 7.1 % revenue growth and an 11 % increase in adjusted operating profit, reflecting solid momentum into the second half of the financial year. The market reacted positively to the improved profitability, expanding order book and the company's optimistic earnings guidance for full-year 2026, with projected revenue and profit growth ranges that exceeded prior expectations.

Unilever's (+11%) share price was supported by its full-year 2025 results, which delivered solid underlying sales growth and resilient operating margins, reflecting improved execution and cost discipline. Management also reaffirmed its medium-term growth ambitions and guided to continued sales growth and modest margin improvement in 2026.

The main detractors to Fund performance over the period were **GlobalData** (-20%), **Sage** (-14%), **Next15** (-14%) and **YouGov** (-13%), with share price weakness driven by market concerns around AI disruption rather than any evidence of operational deterioration. We have devoted considerable time over the past few years to research, thought and debate over the impact of AI on all the companies we hold where there is a perceived theoretical or actual impact on their competitive advantage, either now or in the future. This is a nascent and evolving new technology, and we continue to challenge our working assumptions as material new developments emerge.

We believe that the best-protected companies have broad and deep offerings that embed them within their end customers and/or ownership of proprietary data. Several of the portfolio companies provide "systems of record" that are integral to a customer's operations; these are typically harder to replace than "systems of engagement", which can be more vulnerable. Other supportive attributes include exposure to regulated end markets and a combination of hardware alongside software.

GlobalData shares have trended down over the last year, with the move from AIM to the Main Market also a detracting factor, despite takeover interest from two parties in early 2025. A recent meeting and site visit emphasised the defensibility of GlobalData's layered proposition: hard-to-replicate proprietary datasets plus highly specialised analysis delivered through one platform. New AI tools have driven 2-3x higher platform usage, and the AI hub now serves 42,000+ users; margins reflect current investment with a stated expectation of improvement in 2026.

Sage is down ~23% year-to-date even though execution has been strong (consistent 9–10% organic ARR/revenue growth and mid-teens operating profit growth via margin expansion). The company positions AI as an opportunity, building on existing machine learning (ML) capabilities and expanding generative AI through Sage CoPilot and agents across compliance, reconciliation and tax. We believe Sage’s deep domain expertise, system-of-record status and strong accountant distribution channel remain powerful competitive advantages.

Next15’s share price decline reflects a combination of AI disruption concerns, cyclical media headwinds and company-specific challenges, including the Mach49 contract loss, subsequent litigation and an executive team overhaul. Our view is that Next15’s moat lies in its proprietary datasets and platforms, which enhance the accuracy and commercial value of AI-driven outputs, positioning the company to productise repeatable solutions rather than simply sell time. A portfolio rationalisation is underway under the new CEO, reducing the number of operating businesses from 22 to 11, with further simplification likely. We believe this repositioning will strengthen the group’s competitive advantages and better align it with structural trends complemented by AI.

YouGov operates in a dynamic market where AI-native competition, including synthetic data offerings, is credible. However, YouGov’s defensibility rests on its large, permissioned panel of over 32 million registered panellists and its connected, longitudinal datasets, which underpin subscription products such as BrandIndex and Profiles. These verified human datasets are particularly valuable to enterprise clients using the data for strategic decision-making.

More broadly, it is important to note that the sector spread of the Fund is broad. A 7.3% weighting to the Technology sector at the end of February – while a significant overweight to the benchmark – remains well balanced in absolute terms by other sectors within the Fund, with Industrials, Healthcare, Energy and Consumer Staples representing among the largest absolute NAV exposures.

Turning to the outlook, in an environment where volatility and uncertainty has spiked significantly due to the geopolitical situation in the Middle East, we remain convinced that the portfolio’s core Quality attributes are all the more valuable. The style factors of Value and Momentum have dominated investment returns in recent years, with a particularly punitive outperformance of the latter factor in 2025 and early 2026, in large part due to the overwhelming weight of relative flows into passive investment vehicles. However, Momentum is inherently a mean-reverting factor, and the extremity of current investor positioning and market concentration inevitably brings with it significantly elevated risks.

It is our firm belief that the attractions of our portfolio – with twice the cash flow return on capital of the wider UK market, higher margins, lower leverage and evidence of strong earnings and sales growth stability over time – will ultimately ‘out’. It is all the more compelling when the valuation of the portfolio is viewed in context: at its current a weighted average free cash flow yield of 8.0%, the portfolio is over 1.5 percentage points cheaper than the its benchmark, despite its Quality characteristics.

Borrowing from Benjamin Graham’s famous adage: the market’s ‘voting machine’ may be in full swing in the short term, but the opportunity presented by the long term ‘weighing machine’ has rarely, if ever, looked so compelling.

Positive contributors included:

GSK (+18%), Halma (+18%), AstraZeneca (+15%), Renishaw (+13%), and Unilever (+11%)

Negative contributors included:

GlobalData (-20%), Sage (-14%), Next15 (-14%), YouGov (-13%) and Integrafin (-9.5%).

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

Past performance does not predict future returns

| | Dec-25 | Dec-24 | Dec-23 | Dec-22 | Dec-21 |
|--|--------|--------|--------|--------|--------|
| Liontrust GF UK Growth C3 Inst Acc GBP | 1.5% | 4.3% | 4.5% | -0.4% | 21.5% |
| FTSE All Share | 24.0% | 9.5% | 7.9% | 0.3% | 18.3% |

| | Dec-20 | Dec-19 | Dec-18 | Dec-17 | Dec-16 |
|--|--------|--------|--------|--------|--------|
| Liontrust GF UK Growth C3 Inst Acc GBP | -8.1% | 19.5% | -6.4% | 13.2% | 17.0% |
| FTSE All Share | -9.8% | 19.2% | -9.5% | 13.1% | 16.8% |

*Source: Financial Express, as at 28.02.26, total return (net of fees and income reinvested), sterling terms, C3 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), primary class. 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 UK Growth Fund

| | |
|--|---|
| Investment objective & policy ¹ | The investment objective of the Fund is to provide long term capital growth by investing predominantly in UK equities. The Fund invests at least 80% in securities of companies traded on the UK and Irish stock exchanges. The Fund invests predominantly in UK large and mid-cap stocks. |
| Recommended investment horizon | 5 years or more |
| Risk profile (SRI) ² | 4 |
| Active/passive investment style | Active |
| Benchmark | The Fund is considered to be actively managed in reference to the FTSE All Share Index (the "Benchmark") by virtue of the fact that it uses the Benchmark for performance comparison purposes. 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. |

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.

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 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.

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.

Disclaimer

Non-UK individuals: This document is issued by Liontrust Europe S.A., a Luxembourg public limited company (société anonyme) incorporated on 14 October 2019 and authorised by and regulated as an investment firm in Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF") having its registered office at 18, Val Sainte Croix, L-1370 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B.238295.

UK individuals: This document is issued by Liontrust Investment Partners LLP (2 Savoy Court, London WC2R 0EZ), authorised and regulated in the UK by the Financial Conduct Authority (FRN 518552) to undertake regulated investment business.

It should not be construed as advice for investment in any product or security mentioned, an offer to buy or sell units/shares of Funds mentioned, or a solicitation to purchase securities in any company or investment product. Examples of stocks are provided for general information only to demonstrate our investment philosophy. The investment being promoted is for units in a fund, not directly in the underlying assets.

This information and analysis is believed to be accurate at the time of publication, but is subject to change without notice. Whilst care has been taken in compiling the content, no representation or warranty is given, whether express or implied, by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified.

This is a marketing communication. Before making an investment, you should read the relevant Prospectus and the Key Investor Information Document (KIID) and/or PRIIP/KID, which provide full product details including investment charges and risks. These documents can be obtained, free of charge, from www.liontrust.com or direct from Liontrust. If you are not a professional investor please consult a regulated financial adviser regarding the suitability of such an investment for you and your personal circumstances. All use of company logos, images or trademarks in this document are for reference purposes only.