

LIONTRUST DIVERSIFIED REAL ASSETS FUND ("the Fund")

Taskforce for Climate-Related Financial Disclosures (TCFD) Product Report

Covering 1 January 2024 to 31 December 2024

Purpose of this report

Under the rules of the Financial Conduct Authority (FCA), Liontrust is required to publish information annually on product level (fund) TCFD disclosures so that investors may have a better understanding of the climate-related risks and opportunities associated with this fund and its underlying holdings. This report is published in line with the requirements of the FCA and TCFD. To understand the governance, strategy and risk management that Liontrust has in place to manage the risks and opportunities related to climate change, please refer to the Liontrust Entity TCFD report found at: www.liontrust.com/TCFD/entity-report. Where there are any material deviations in this report from the TCFD recommendations, they shall be clearly explained in the entity report.

The following report has been prepared using data from MSCI. In order to ensure that the data provided is representative of the Fund, Liontrust has only reported on data points where there is a minimum data coverage of 60%. Liontrust will review this minimum threshold and will look to increase its disclosures as MSCI data coverage levels improve.

Key Information

Fund Name	ISIN	Fund Size*	Fund Base Currency
Liontrust Diversified Real Assets Fund	GB00BMP2ZL03	79,883,084	GBP

*as at 31 December 2024

Since February 2025, Foresight Group has been the sub-investment manager and sub-distributor of the Fund.

Objective & Policy

- To achieve growth from a combination of income and capital growth.
- The Fund invests in a diversified portfolio of real assets (including investments in infrastructure, renewables, commodities, inflation linked assets and specialist property). The Fund may also invest in other eligible asset classes as detailed within the prospectus.
- 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. 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.

Investment Process

The Real Asset investment process will invest in a diverse range of assets (including investments in infrastructure, renewables, commodities, inflation linked assets and specialist property) that tend to exhibit lower levels of correlation with equity and bond markets. The asset classes and their relative weights are primarily selected on the basis of the consistency of investment returns and the risks related to each asset class.

Investments within each asset class will be based on the strength and the stability of the issuer as well as the Investment Adviser's expectations of their future prospects. The Fund invests in both growth and defensive assets with the allocations changing according to the view of the business cycle. A combination of quantitative and qualitative signals leads the Fund into areas of the market that provide the best risk adjusted outcomes.

The process selects securities with:

Real returns – cash flows directly or indirectly linked to inflation and benefit from secular trends.

Strong corporate fundamentals – transparent business models, appropriate leverage and high-quality management.

Dividend sustainability – a stable and/or growing dividend cover for income securities.

Valuations – not overpaying for companies.

The fund managers aim to ensure there is no single risk or factor that dominates the overall risk of the portfolio. The fund managers construct the portfolio to seek to deliver alternative sources of risk and returns from traditional equities and bonds. As a daily dealing alternative fund, maintaining a high liquid profile is essential. Individual holdings weights are determined by both liquidity and conviction.

As a number of real assets provide critical infrastructure and/or essential services their earnings may be less exposed to the economic cycle versus traditional equities. But other subsectors such as commodities are more directly linked to the growth cycle. Some real asset sectors such as listed property companies (REITs) and infrastructure companies can be relatively more sensitive to interest rates.

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Fund Information

Climate-related commitments

The Fund has not made any climate-related commitments.

Governance of climate-related risks and opportunities

- Stewardship, engagement and governance activities are overseen by a stewardship and governance team. This includes funds' net zero commitments (where applicable), stewardship and engagement activities, and ESG-related regulatory reporting. For more information, please refer to the dedicated TCFD section on Liontrust's website (www.liontrust.com/TCFD).
- A Board Committee, the Sustainability Committee, leads Liontrust's approach to meeting its wider corporate ESG responsibilities and reporting.
- Each of Liontrust's investment teams follows its own, well-documented investment process; each is overseen by the Portfolio Risk Committee (PRC) and is required to demonstrate how it is adhering to its processes. The PRC is responsible for monitoring portfolio risk for each of Liontrust's funds.

Strategy for managing, and management of, climate-related risks and opportunities

The fund manager does not currently have a climate specific strategy. Many of the fund manager's underlying investments have climate specific strategies enshrined in their approach and there is a growing support of these and other sustainability related considerations within the fund manager's opportunity set. Additionally, the fund manager operates with an ethos of engaging with and querying their underlying investments' approach to understand and identify strengths and weaknesses across topics as part of their broader process.

Climate Metrics

Data coverage from MSCI for the required data points is below Liontrust's 60% minimum threshold. Climate metrics data has therefore not been disclosed for this fund.

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Climate Metrics (continued)

Exposure to carbon intensive sectors

The Fund is not determined to have high exposure to carbon intensive sectors.

For the Fund, Liontrust defines having 'high exposures to carbon intensive sectors' as those funds which have greater than 60% of market value invested in issuers with energy consumption intensity data and in the following sectors, rebalanced by the sub-portfolio of corporate holdings*: Agriculture, Forestry and Fishing; Mining and Quarrying; Manufacturing; Electricity, Gas, Steam and Air Conditioning Supply; Water Supply: Sewerage, Waste Management and Remediation Activities; Construction; Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; Transportation and Storage; and Real Estate Activities.

Climate Scenarios

Data coverage from MSCI for the required data points is below Liontrust's 60% minimum threshold. Climate scenario data has therefore not been disclosed for this fund.

Implied Temperature Rise ("ITR")

Data coverage from MSCI for ITR is below Liontrust's 60% minimum threshold. ITR data has therefore not been disclosed for this fund.

*NACE codes are one of the commonly used classification systems to categorise the economic activities of firms and have been used to determine whether a holding within the portfolio falls within one of the 'carbon intensive' sectors noted above.

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Past performance does not predict future returns. You may get back less than you originally invested.

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Important information

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