LIONTRUST
COURAGE · POWER · PRIDE

WINTER 2025

LIONTRUST views

INVESTING IN A FRAGMENTING WORLD

How to manage portfolios in an age of deglobalisation and a multi-polar world

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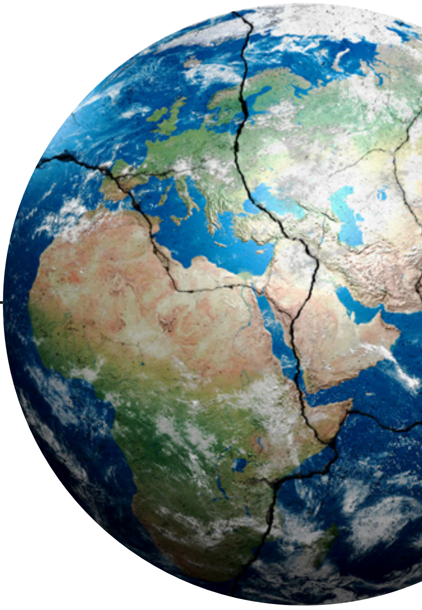
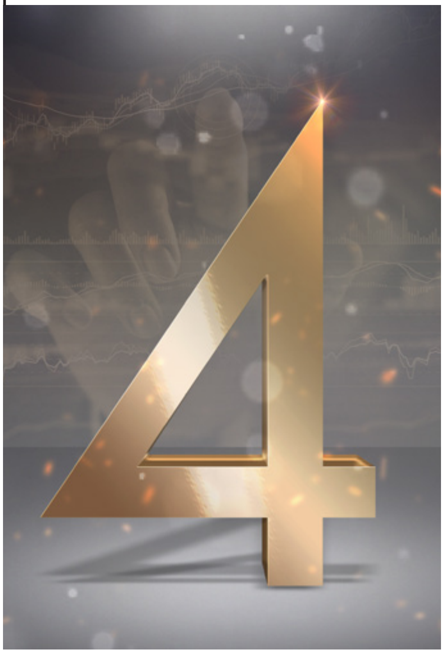




WELCOME

The AI frenzy of the past couple of years has led to a rise in the share prices of what are known as the Magnificent 7 stocks to an extent that has been unprecedented historically. This has led to the domination of markets by these few tech-centric companies.

The start of 2025 has also brought the world President Trump 2.0 with all the accompanying uncertainties, including the imposition of tariffs and an increasing fragmentation of globalisation.

This issue of *Liontrust Views* looks at some of the trends that we might face this year given these developments. The article on pages 10 to 11 discusses what the fragmentation in globalisation means for managing investments, including potentially increased volatility and the importance of diversification.

James Klempster provides four potential themes for the year ahead including the possible broadening out of performance away from the US and Magnificent 7 stocks to other markets, small and mid caps, and companies that have been unloved by investors on pages 8 to 9. He explains why this might be a year with a key turning point for markets, which often arrive when news flow is negative.

On pages 12 to 13, we examine the benefits of actively rebalancing portfolios to ensure investors' risk tolerances are met by keeping in line with strategic asset allocations and how this can take advantage of relatively undervalued assets on a tactical basis. This is a particularly pertinent approach given the current divergent valuations highlighted in other articles in this issue.

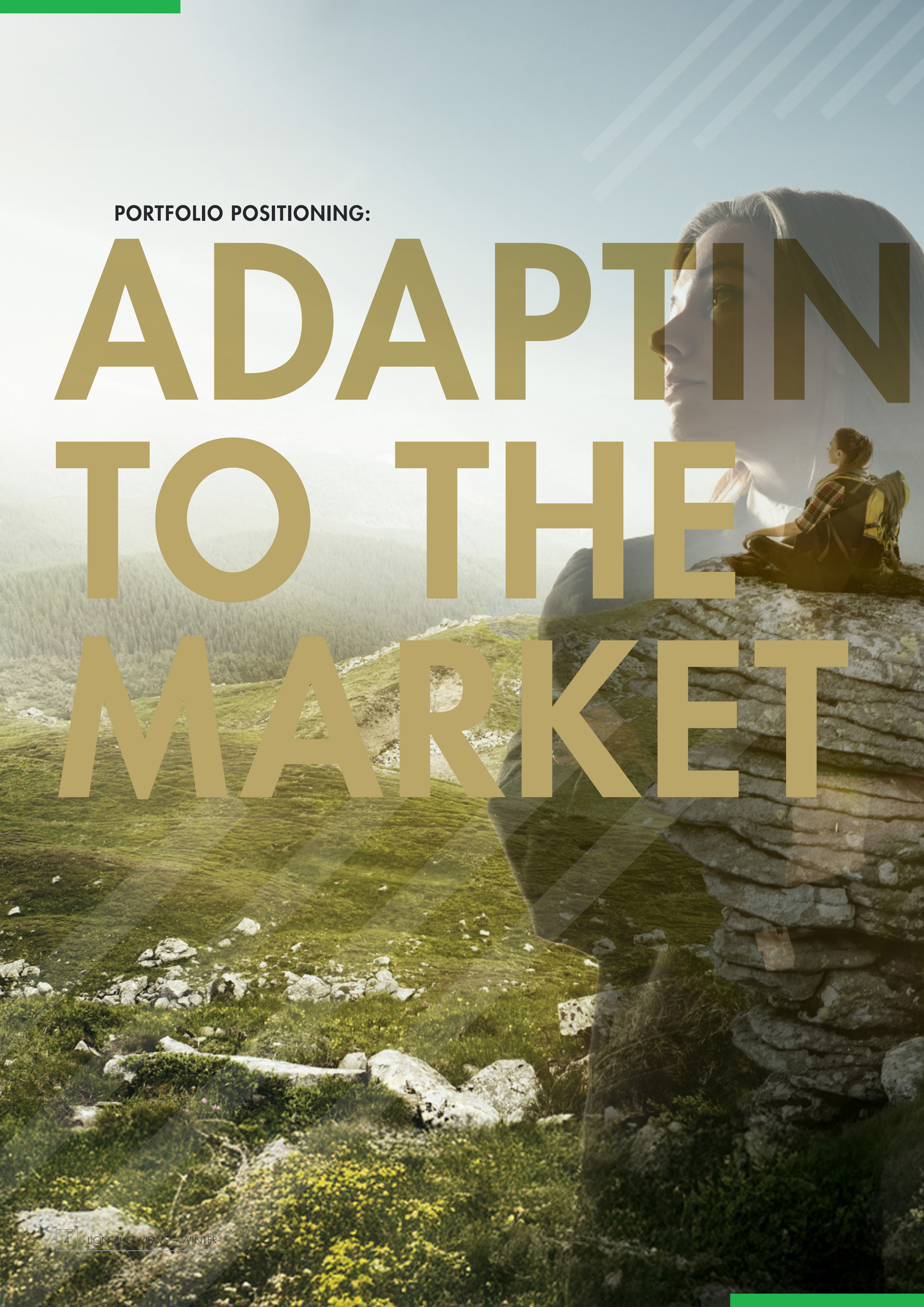
In Adapting to the Market on pages 4 to 5, we analyse the outlook for the Balanced portfolio and why the active management of bonds will be more important in the current environment.

Finally, our facts and figures on pages 14 to 25 provides the vital statistics you need to see how your funds have performed.

We hope you enjoy reading this edition of *Liontrust Views* and we welcome your feedback. ■

PORTFOLIO POSITIONING:

ADAPTIN TO THE MARKET



Bonds will offer more opportunities for active investors over the next few years as the asset class reacts to a changing economic and political environment. In doing so, bonds will provide investors with the potential for enhanced diversification and this supports our positive view of the future role of the 60/40 or balanced portfolio – i.e. 60% invested in equities and 40% in bonds.

A key driver of this outlook is the fragmentation of globalisation and the move towards a more multi-polar world, in which supply chains are shortened and there is more protectionism.

We believe this will lead to inflation being higher – although not at elevated levels – than we have become accustomed to over the last decade. This is likely to be reinforced by the policies of the second Trump presidency, including if his threatened tariffs are implemented against China and Europe. Interest rate reductions have already been slower than expected. With this backdrop, tighter monetary policy and lower liquidity could cause higher market volatility.

Another consequence is that economic cycles across the major economies are likely to be less in sync than we have come to expect. This will lead to increased diversity in actions by central banks, including interest rates no longer moving in near unison, whether up or down. This will in turn make it more beneficial to actively manage exposure to bonds.

What will this mean for the outlook for balanced portfolios? They have been effective traditionally because growth is primarily delivered through equities over the long term and the bond exposure helps to smooth any volatility of returns through its diversification away from equities and in its payment of income.

Historically, equities and bonds are negatively correlated. Intuitively, this makes a lot of sense. For example, what is bad for sovereign bonds – good economic data – tends to be good for equities, including through the positive impact on earnings.

> Bonds are currently providing a real return above pervading inflation rates, meaning investors in bonds are paid to wait while they receive a relatively attractive level of income

A notable exception to this long-term trend of negative correlation was 2022, which was only the fourth calendar year since 1928 in which US bonds and equities fell in tandem. Several factors combined to lead to this unusual positive correlation. Inflation soared following the Russian invasion of Ukraine and the steep rise in energy prices. Central banks moved to tackle the much higher rate of inflation by raising interest rates in a way we had not seen since the 1970s. This led to a general fall in equities, which was followed in turn by bonds.

The fact that sovereign yields were close to or at all-time lows (and indeed negative in many instances) meant the outsized yield adjustment required was more uncomfortable. Indeed, government bonds suffered their worst return in 2022 in 20 years (with 2021 the second worst).

But now we expect to see equities and bonds increasingly move back towards their historic levels of negative correlation. Bonds are currently providing a real return above pervading inflation rates, meaning investors in bonds are paid to wait while they receive a relatively attractive level of income. This is a traditional benefit of bonds investing that had been forgotten since the Global Financial Crisis. We also believe that following the repricing of bonds in recent years, fixed income investing will have a greater positive benefit for portfolio construction.

All of these developments are serving to reiterate why we believe in the positive role that the 60/40 portfolio can play for investors in the future, especially when actively managed with a long-term outlook.

A FORWARD LOOK

Outlook

We believe 2025 can be another positive year for equities following a strong 2024. Global stock markets' rises last year was led by the US' S&P 500 – which was up more than 20% for the second consecutive year – and Japanese equities finished at their best year-end level in over three decades.

Bonds were also positive in 2024, albeit less so than equities. The extent of interest rate cuts in 2024 was some way short of market expectations at the beginning of the year, which lessened the gains for them globally. We are broadly neutral on the outlook for bonds, although we are positive on global high yield and investment grade corporate bonds and these sub-asset classes delivered solid returns over 2024.

We remain positive on financial markets overall because we see a global economy that on balance remains relatively buoyant: inflation has fallen, unemployment is low, consumers are still spending and, consequently, companies are generating reasonable revenues.

Those key drivers of markets we highlighted at the start of 2024 are still in play. They include multi-polarity: a diverse and diverging world, whether it be in terms of inflation, interest rate policy or growth and both domestic and international politics.

We view inflation as being a long-term structural phenomenon. It will be higher, but not necessarily high, in the years to come: the low inflation and interest rates seen between the Global Financial Crisis and the Covid years were highly unusual. We believe the levels we are seeing now – in the 2%, 3% and 4% – are more akin to "normal" in a historical context.

The one area that governments must grapple with is economic growth. The US is looking steady, but there needs to be improvements elsewhere, such as the UK, Europe and China.

A look forward must also consider the implications of Donald Trump as US president after his victory in November. It spurred a rally in US equities in the fourth quarter of 2024 on expectations that his policies would lift economic growth and bring lower taxes and less regulation. His outspoken style will probably bring more volatility to markets, but we focus on long-term fundamentals above short-term sentiment.

Diversification is key

This positive view is caveated by the fact that we believe investors should seek diversification given the current environment including the fact that stock markets were mainly driven by just a handful of mega cap stocks. At the start of 2025, the top 10 stocks accounted for about a third of the US index, which itself has grown to about 70% of the global stock market. It is not a given that stock markets will continue to do well in perpetuity after a year in which they have performed so well, nor that the US will continue to be the main driver of returns in 2025.

There is attractive value to be found outside of the US mega caps, including among US smaller caps, Japan, the UK, Asia ex-Japan and emerging markets. Therefore, we believe diversification will benefit investors.

Asset class outlook

When we are positive about an asset class, we categorise it as 'overweight' and may look to increase our target allocation to it in our portfolios.

Conversely, when we are negative about an asset class, we classify it as 'underweight' and may reduce the target allocation.

Finally, 'neutral' means that we are neither positive nor negative.

In our fourth quarter of 2024 Tactical Asset Allocation (TAA) review, we reduced our outlook ranking for European equities (although we maintained our ranking for European small caps at neutral).

UNITED STATES

STOCKS*	Neutral	BONDS	Neutral

US stocks led global equities higher in the fourth quarter. Donald Trump's election victory, together with the Republicans' sweeping control of congress, fuelled the equities rally by raising the belief that lower taxes and less regulation lay ahead. However, the gains were pared in December when the Federal Reserve, which had cut rates twice during the quarter, adopted a more hawkish stance for 2025 because of stubborn inflation and the strong economy.

US government bonds (Treasuries) fell significantly alongside other global government bonds on the Fed's more hawkish outlook for interest rates this year, even though it cut rates twice during the fourth quarter.

*Small caps overweight.

EMERGING MARKETS

STOCKS	Overweight	BONDS	Neutral

The prospect of US tariffs weighed on emerging markets (EMs). The region's equities fell significantly in dollar terms, but the decline was less when converted to sterling. Over 2024, however, EMs delivered double-digit gains in sterling terms, having rallied over the first three quarters of the year.

EM debt (EMD) fell over the quarter, but not as severely as bonds in developed markets. A strengthening dollar will make it more difficult for EM sovereigns and companies to service debt that is issued in US dollars.

UNITED KINGDOM

STOCKS	Overweight	BONDS	Neutral

UK equities declined slightly in the fourth quarter. We have a positive outlook on UK equities, which we believe remain significantly undervalued. The government's Budget at the end of October raised concerns over how strong the market appetite would be for a £28 billion annual increase in government borrowing. Gilt yields rose over the fourth quarter, putting pressure on capital values. We believe gilts offer the prospect of delivering inflation-beating returns over the medium term as the inflationary spike abates, but our sentiment towards them remains neutral. We are positive on UK corporate bonds, however, because we believe their yields are attractive on a risk-adjusted basis.

KEY ▲ Overweight ▼ Underweight ▬ Neutral

EUROPE

STOCKS*	Underweight	BONDS	Neutral

Europe ex-UK was the poorest-performing major stock market in the fourth quarter in sterling terms. We reduced our ranking for European equities from a neutral three to a negative two. Europe is going through an economic slump, and we believe the risks are increasing. Germany's economy is struggling, there is trade friction with China and a Trump presidency has raised the prospect of tariffs. German federal elections have been brought forward to February 2025 after the collapse of the ruling coalition, while France faces months of political instability following a national budget crisis. European liquid high yield was one of the few bright spots in fixed income globally in the fourth quarter, delivering a low single-digit return.

*Small caps neutral.

ASIA PACIFIC

STOCKS	Overweight

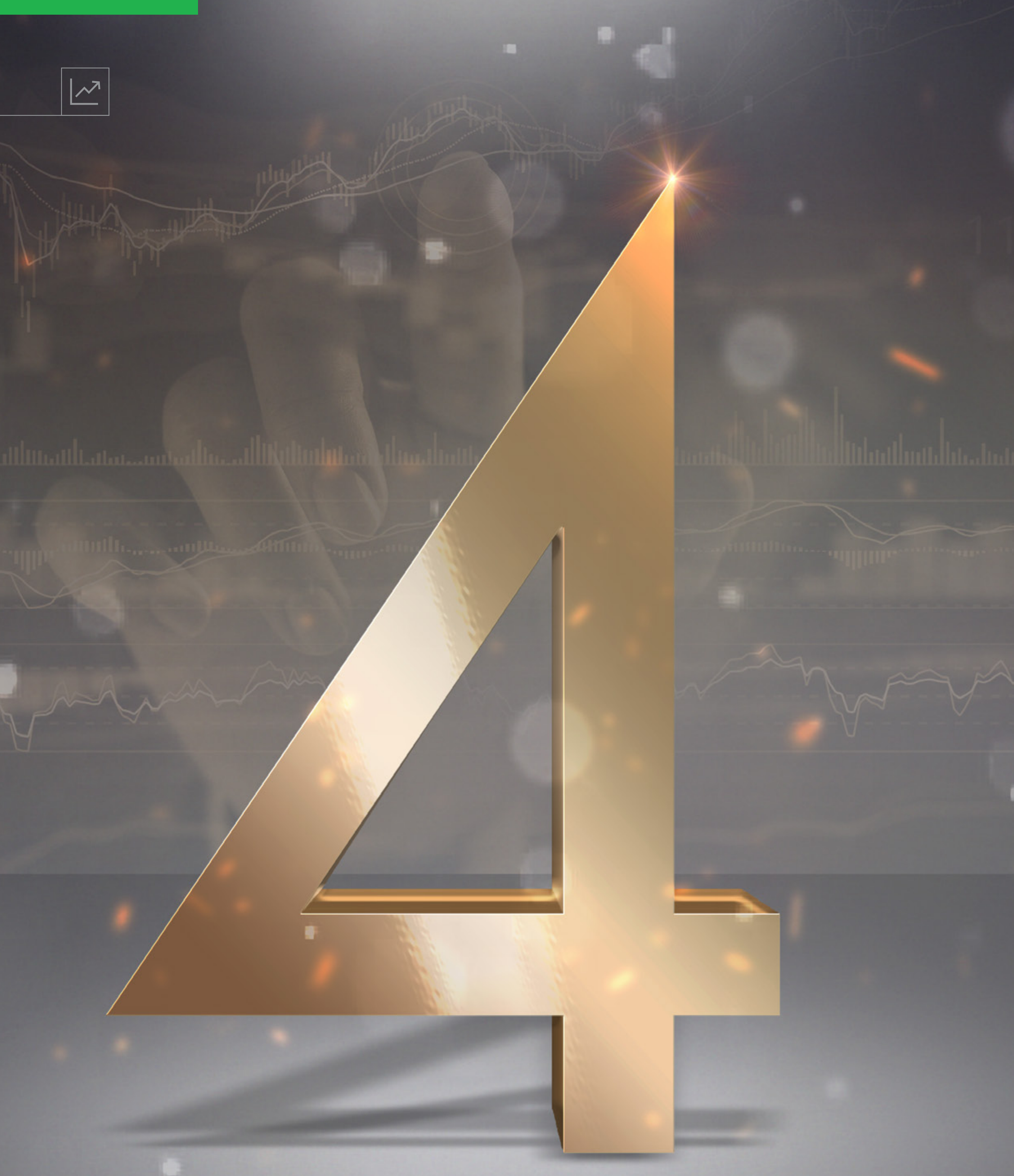
Asia Pacific ex-Japan equities slipped over the fourth quarter after having been the best-performing major equity region for two consecutive quarters. Asia will benefit from the reflation trade and loose monetary policies. It is also looking cheap compared to several other equity markets. A weaker US dollar would help provide a supportive environment, but the 'Trump trade' has so far strengthened the US dollar. The stronger dollar will make it harder to service debts issued in dollars, while US tariffs could also reduce demand for China's exports. There are, however, already several tariffs in place on China so it is more a difference of degree rather than a difference of principle.

JAPAN

STOCKS	Overweight

Japanese equities were higher in both yen and sterling terms over the quarter, reaching their best year-end close since 1989. A weak yen has boosted the attractiveness of Japan's exports after company share buybacks and corporate earnings hit an all-time high in the third quarter. The Bank of Japan also refrained from raising interest rates at its December meeting, with Governor Kazuo Ueda toning down the hawkish comments he delivered in July. We have kept our positive tactical outlook rating on Japanese stocks, including small caps. The country is in an inflationary environment for the first time in a couple of decades that should encourage more consumption.■

Past performance is not a guide to future returns



INVESTMENT THEMES FOR 2025

James Klempster

Stock markets in 2024 were dominated by a handful of tech-centric names in the US with the flow of capital into AI-related themes being a powerful driver of returns. The top 10 companies (by market size) accounted for a record 37.3% of the S&P 500's market capitalisation.

Indeed, 26 stocks now account for half the entire value of the S&P 500. This has in turn led to the US market forming an ever-increasing proportion of the global market; US stocks now make up two-thirds of the MSCI All-Country World Index. This article will discuss four themes to think about for 2025.

1 Exceptionalism isn't the norm

The past decade has seen the regular outperformance of both the US stock market and economy, meaning it can be difficult to envisage periods where this is not the case. But it happens; markets don't outperform forever.

In the early noughties, the US experienced a decade in the doldrums following the unwind of the dotcom boom, a phase in markets that seemed as unstoppable as the AI behemoths today. Global pools of capital that can flow to any corner of the world's markets can break the reflex of buying US stocks and can, instead, seek out cheaper opportunities. If the notion of a market's exceptionalism means anything, it is surely that it can't be the norm.

2 Big doesn't have to be beautiful

Large market capitalisation companies generally should be considered less nimble and adept at providing pro-cyclical returns. Smaller companies are generally considered to be higher risk and, therefore, should be more rewarding over the medium to long term.

This so-called risk premium – a return that should accrue to those willing to weather the additional volatility of small cap companies – has been notably absent in recent years. In fact, in many ways, smaller companies have been penalised by the market due to their perceived riskiness despite their fundamental flexibility, entrepreneurship and dynamism.

Conversely, large capitalisation companies, which are, generally, far harder to run with entrepreneurial verve and flexibility should trade at a valuation discount to their smaller counterparts. The stodginess, which is an inevitable consequence of large companies' size, is a virtue in the sense it should provide a consistent foil to the vacillations of small cap companies and yet some of the largest companies in the world are currently trading at what can best be described as speculative valuations.

These valuation levels – such as price earnings ratios that are multiples of long-term norms – may make sense if applied to small and hyper nimble companies whose profitability is doubling, trebling or even increasing ten-fold. But when they are applied to companies whose revenues and profitability have already increased in an exponential way to levels that dwarf the GDP of small countries, a note of caution is sensible.

3 Massive momentum opens up active opportunities

The momentum in markets has been breathtaking in the past couple of years. The human desire to keep up with the pack – otherwise known as FOMO – is a powerful force. Momentum trades work because they draw in capital and this can create a self-fulfilling, virtuous cycle. The more focused these flows become, the greater the opportunities are for active managers to operate in the areas of the market and asset classes that are out of favour and are less frothy.

Popular investments are rarely cheap. But cheap investments offer excellent long-term returns prospects. Looking to invest in unloved corners of markets can also reduce overall portfolio risk because you are investing in assets that are priced for less good outcomes. Portfolios that are priced for perfection have plenty of scope for disappointment.

4 Patience pays

Over the short term, markets can be volatile and driven by sentimental forces such as fear and greed, whereas over the longer term fundamentals such as valuations and the economy have greater influence on market returns. Historically, investing over the longer term has reduced the impact of market volatility and increased the proportion of time that investments are in positive territory.

The turning point for markets – sometimes referred to as an "inflexion point" – often comes when news flow is negative. To illustrate this, the two best days for the UK stock market over the past 40 years were in the shadow of Lehman Brothers going bust in 2009 and the Covid lockdown in 2020, neither periods that were positive. The stock market turns long before the news does and investors who have sold would need a mighty strength of character and conviction to reinvest with perfect timing.

INVESTING IN A FRAGMENTING

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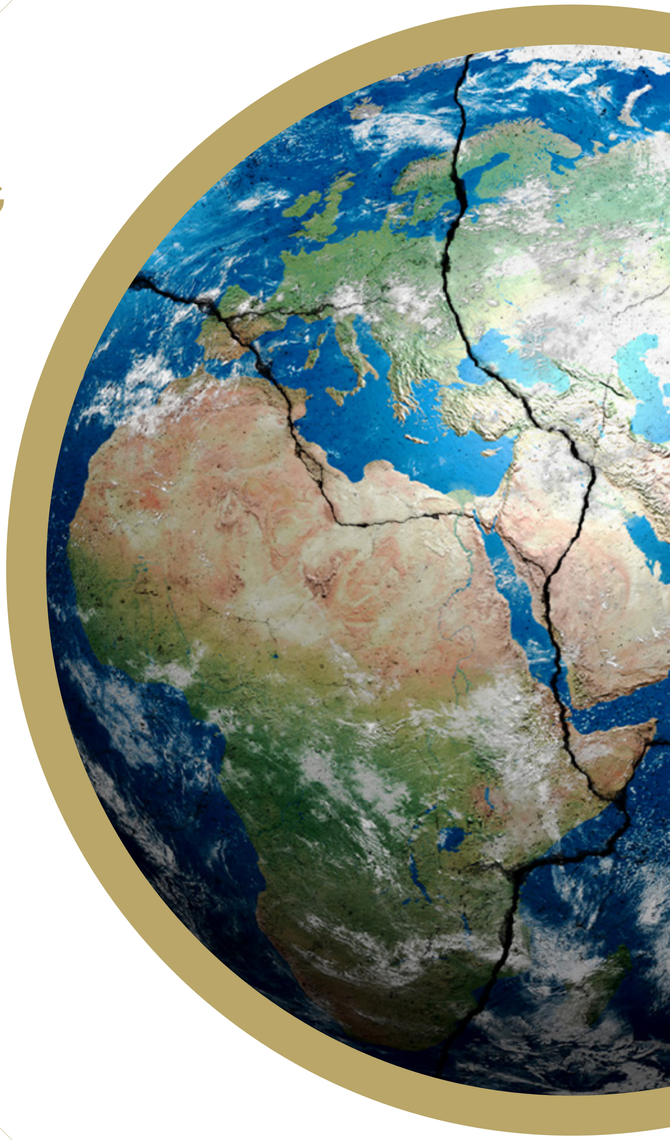


Over the last 40 years, the world's economies, cultures, and populations have become more interconnected due to increased trade, technology, and investment across different countries. This globalisation led to a lengthy period of low inflation and lower interest rates.

We are now living in a fragmenting world where wars, rising political tensions and clashes over supply chains have all helped drive a shift away from globalisation. This is demonstrated by the new 'gold rush'. In the last 10 years, China and Russia have increased their gold reserves significantly as both countries look to reduce their reliance on western financial systems.

De-globalisation is leading to a more divided, polarised world with higher inflation and higher interest rates. However, from an investment perspective, it is also an environment where active management comes into its own.

Increased volatility

In this more fragmented world, central banks and governments will find it harder to support the financial system. This means markets may be volatile for longer during times of stress, which requires a more patient approach to investing.

It also becomes important to focus on the facts. For example, on 5 August 2024, the VIX Volatility Index (VIX), which measures expected future volatility, spiked because of technical factors. However, despite the different causes, media headlines compared it to the market volatility during the early stages of the Covid pandemic, which was caused by deeper challenges, such as the economic impact of lockdowns.

RLD

"Time in the market, not timing the market", remains an important part of investing and is often considered the antidote to volatility. More often than not, patient investing overcomes short-term volatility and is rewarded over the longer term. As an example, if you had invested £10,000 in the FTSE All Share from January 1986 to July 2023, your investment would have grown to be worth £243,168. However, missing just the 10 best-performing days during that near-40 year period would have halved your investment return to just £124,159.

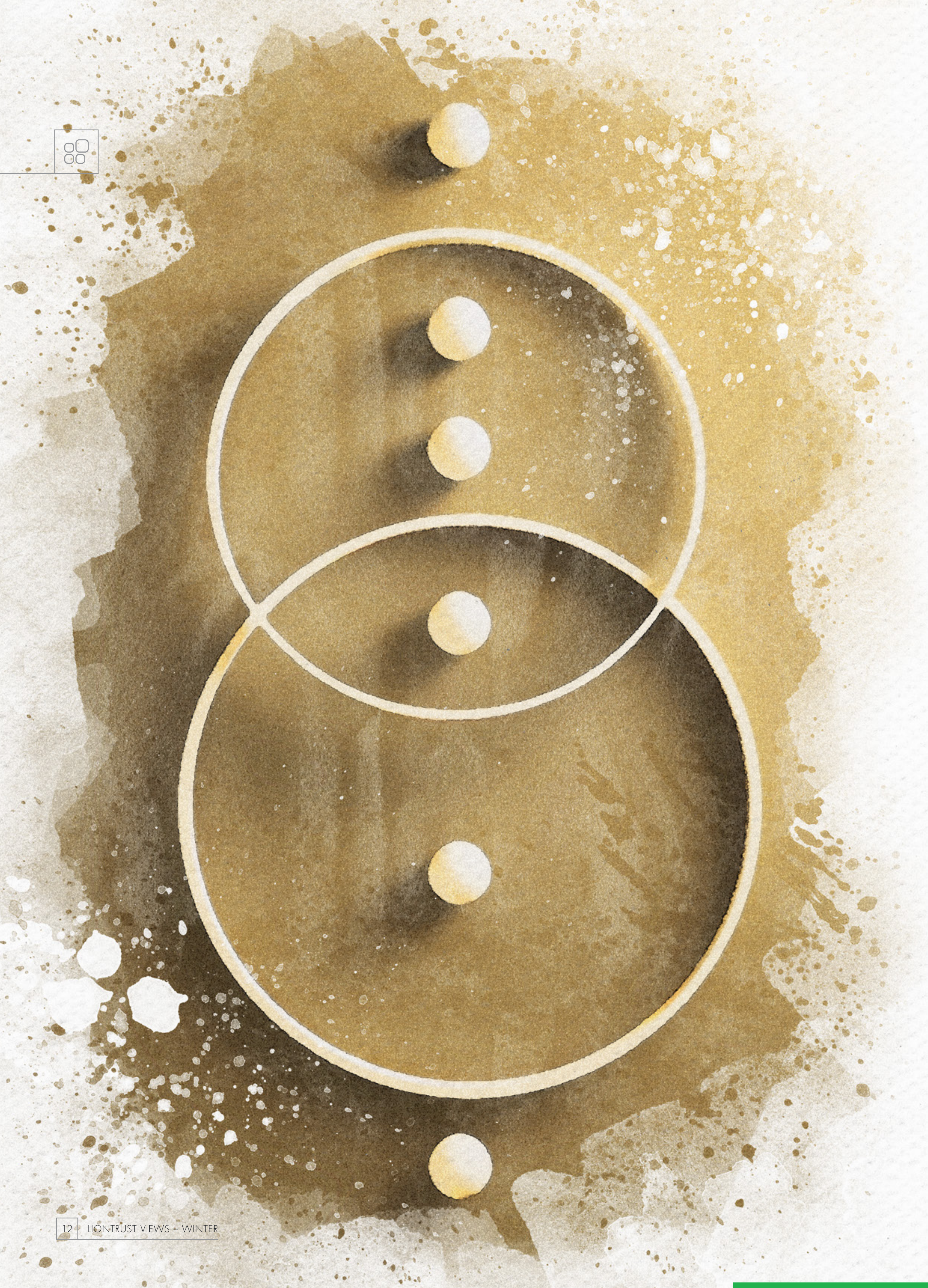
Dominance of AI and mega caps

Since 2022, global investment markets have been dominated by artificial intelligence (AI) and mega cap stocks. As the previous article explained, if we look at the S&P 500, a well-known index of US stocks, it has a high concentration towards Apple, Nvidia, Microsoft, Google, Amazon, Meta and Tesla because of investor demand. Indices like the S&P 500 are weighted by size, not the real economy. In other words, the growth of these mega cap stocks has made the market more heavily skewed towards AI and tech-related companies.

As markets have become more concentrated, particularly the US, where mega techs are driving the lion's share of total market returns, there's a big risk of staying invested in these 'crowded' trades for too long. As a result, we believe we're moving into an era when smart investors will shift their focus away from now-expensive tech companies in favour of more attractively valued companies that have been overlooked recently.

Diversification is also important across active and passive investments. Passive investments have been incredibly popular over the last 20 years and are available across most asset classes. When looking at passive funds, however, suitability is key. We identify if the nature of an asset class lends itself to passive investing.

We still think active managers have much to offer investors, particularly in today's more complex market environment. This does vary from market to market, with the UK, for example, historically lending itself quite well to active management. It features a high number of small and mid-cap companies, and a broad and diverse number of sectors – such as financials, energy and consumer goods – meaning active managers can discover inefficiencies that create good investment opportunities.



THE ART OF rebalancing

We often talk about the importance of long-term investing, focusing on the fundamentals and ignoring short-term market noise. This does not mean, however, that investors should necessarily adopt a buy and hold approach. Actively rebalancing portfolios also has an important role to play in long-term investing.

Maintaining asset allocation

Actively rebalancing means regularly trimming or adding to particular asset and sub-asset classes to bring the portfolio back in line with the original target asset allocation. In practice, this usually means reducing some of the weighting to the winners and increasing the weighting to investments that have performed less well. Rebalancing can either wholesale move back to the target asset allocation or move part of the way back towards the target weights. This should mean rotating some of your investments out of assets that have become more expensive into ones that have become cheaper.

There are several reasons why it is beneficial to maintain the original target asset allocation.

Matching risk tolerance

Matching portfolios to their risk tolerance levels is a key starting point for investors and the strategic asset allocation (SAA) and the tactical asset allocation (TAA) plays an important role in meeting this. The Liontrust Multi-Asset team takes a medium-term view – 12 to 18 months – of the prospects for each asset class and this forms the TAA. Each asset class is assigned a rating from one to five, with one the most bearish and five the most bullish. In portfolio construction, our TAA is combined with the SAA, manager selection and mandate parameters to create holdings targets for each of our funds and portfolios. Over time, with some investments rising in value and others falling, the current asset allocation will no longer match the original target asset allocation. This can increase or decrease the level of risk of the portfolio and therefore no longer be in sync with that of the investor.

Rebalancing works best in diversified portfolios with imperfectly correlated assets. For example, in the late 1990s technology boom, those investors who sold down their overvalued stocks and bought undervalued assets lagged as the tech bubble built but this reduced the negative impact from the subsequent bursting of the bubble from 2000.

Enhancing returns

Rebalancing also enables investors to take advantage of valuation opportunities where there is a belief that investments have become relatively expensive or cheap. Through rebalancing, it is possible to reduce the weighting to those investments which have performed well (and might be relatively overvalued) and increasing weighting to those that have underperformed (and might be relatively undervalued).

In the Global Financial Crisis (GFC) in 2008, equities plummeted while bonds performed relatively better. Investors who rebalanced their portfolios by buying equities at increasingly low prices by selling down the bonds that had swollen in their allocation as a result were well placed to benefit when markets later recovered.

On this basis, we are currently positive on UK, Japanese, emerging markets, Asia ex-Japan equities, US small caps and investment grade and developed market high yield bonds. We are negative on European equities and cash.

One important consideration when rebalancing is the cost of doing so; there are transaction costs every time investments are bought and sold.

The decision on whether to rebalance towards the original target asset allocation and the degree to which you do so are active decisions. They will potentially impact the ability to meet an investor's risk profile and enhance returns.

FACTS & FIGURES

QUARTERLY DATA

US stocks	Global high yield bonds	Emerging market bonds	US corporate bonds	Japanese stocks	Global government bonds
9.68%	5.88%	4.85%	3.85%	2.60%	1.06%
S&P 500 Composite Index	ICE Bank of America ML Global High Yield Bond Index	Bloomberg Emerging Markets Hard Currency Aggregate Index	Bloomberg Barclays US Corporate Bond Index	TOPIX Index	FTSE G7 Index

European corporate bonds	UK stocks	Emerging market stocks	Asian (but not Japanese) stocks	UK corporate bonds	European (but not UK) stocks
0.24%	-0.35%	-1.29%	-2.65%	-2.68%	-4.03%
Bloomberg Barclays European Corporate Bond Index	FTSE All-Share Index	MSCI Emerging Market Index	MSCI Pacific ex-Japan Index	Bloomberg Barclays Sterling Aggregate Bond Index	FTSE All World Developed Europe excluding UK Index

To highlight the unpredictability of markets, the table below details the performance of global equity and fixed income indices over the past five years (in sterling terms).

This table demonstrates how volatile markets can be, and shows the benefits of diversifying your investment, or in other words, not putting all your eggs in one basket.

Index percentage growth (%)	1 Jan 2024 to 31 Dec 2024	1 Jan 2023 to 31 Dec 2023	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021	1 Jan 2020 to 31 Dec 2020
US stocks	27.26	19.17	-7.79	29.89	14.74
European (but not UK) stocks	2.82	15.85	-7.49	17.57	8.85
UK stocks	9.47	7.92	0.34	18.32	-9.82
Japanese stocks	7.46	10.47	-6.69	-0.11	6.95
Asian (but not Japanese) stocks	6.55	0.53	6.00	5.75	3.36
Emerging market stocks	9.98	4.05	-9.62	-1.32	15.02
Global government bonds	-1.66	-1.39	-7.63	-5.56	6.19
Global high yield bonds	9.40	7.01	-2.30	2.30	4.70
US corporate bonds	3.95	2.40	-5.15	-0.13	6.50
European corporate bonds	-0.07	5.66	-8.75	-7.11	8.57
Emerging market bonds	7.69	3.45	-6.10	-1.67	3.80
UK corporate bonds	-2.46	4.96	-23.15	-4.68	8.36

Past performance does not predict future returns. Rebased in sterling where appropriate, i.e. all index returns are recalculated based on exchange rates to give returns for a sterling investor. Source: Morningstar Direct, 31 December 2024.

EXPLORER FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

ANTHONY CHEMLA

DAVID SALISBURY

PORTFOLIO CHANGES

BOUGHT

Polar Emerging Market Stars

Artemis SmartGARP Global Emerging Markets Equity

SOLD

BlackRock Emerging Markets

Vontobel mtx Sustainable Emerging Markets Leaders

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 30 Sep 24 to 31 Dec 24	1 YEAR 31 Dec 23 to 31 Dec 24	3 YEARS 31 Dec 21 to 31 Dec 24	5 YEARS 31 Dec 19 to 31 Dec 24
Liontrust MA Explorer 35 Fund S Acc	-0.42	5.87	-7.08	-4.06
Liontrust MA Explorer Income 45 Fund S Acc	0.00	6.75	-4.76	3.17
Liontrust MA Explorer Income 60 Fund S Acc	0.54	8.00	2.94	17.92
Liontrust MA Explorer 70 Fund S Acc	1.00	9.00	5.42	23.46
Liontrust MA Explorer 85 Fund S Acc	1.52	10.21	10.39	33.04
Liontrust MA Explorer 100 Fund S Acc	2.36	11.30	12.17	39.80

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Dec 23 to 31 Dec 24	31 Dec 22 to 31 Dec 23	31 Dec 21 to 31 Dec 22	31 Dec 20 to 31 Dec 21	31 Dec 19 to 31 Dec 20
Liontrust MA Explorer 35 Fund S Acc	5.87	5.95	-17.16	0.44	2.79
Liontrust MA Explorer Income 45 Fund S Acc	6.75	8.86	-18.05	1.57	6.66
Liontrust MA Explorer Income 60 Fund S Acc	8.00	11.10	-14.22	7.28	6.78
Liontrust MA Explorer 70 Fund S Acc	9.00	12.21	-13.81	10.77	5.73
Liontrust MA Explorer 85 Fund S Acc	10.21	13.59	-11.82	13.25	6.42
Liontrust MA Explorer 100 Fund S Acc	11.30	14.07	-11.65	12.74	10.55

Source: Financial Express, as at 31 December 2024. Total return figures are calculated on a single pricing basis. Performance figures are shown in sterling unless otherwise specified. The fund performance figures are net of all fees.

ASSET ALLOCATION

PERFORMED WELL ▲

US equities
Global high yield bonds
Corporate bonds

DIDN'T PERFORM AS WELL ▬

UK equities
Global ex-UK fixed income
Developed Asia equities
Medium gilts
Europe ex-UK equities
Emerging market debt

FUND SELECTION

PERFORMED WELL ▲

Loomis Sayles US Growth Equity
HSBC American Index
CT American Smaller Companies
GQG Partners US Equity
Liontrust GF Sustainable Future US Growth
M&G Japan
Artemis SmartGARP Global Emerging Markets Equity

DIDN'T PERFORM AS WELL ▬

iShares UK Gilts All Stocks Index
HSBC Global Aggregate Bond
Invesco UK Opportunities
Vanguard Global Aggregate Bond
WS Gresham House UK Multi Cap Income
Fidelity Asia Pacific Opportunities
IFSL Evenlode Income
BlackRock European Dynamic

Past performance does not predict future returns. You may get back less than you originally invested. Please refer to page 26 for more information on the Key Risks.

BLENDED FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

ANTHONY CHEMLA

DAVID SALISBURY

PORTFOLIO CHANGES

BOUGHT

Polar Emerging Market Stars

Artemis SmartGARP Global Emerging Markets Equity

SOLD

BlackRock Emerging Markets

Vontobel mtx Sustainable Emerging Markets Leaders

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 30 Sep 24 to 31 Dec 24	1 YEAR 31 Dec 23 to 31 Dec 24	3 YEARS 31 Dec 21 to 31 Dec 24	5 YEARS 31 Dec 19 to 31 Dec 24
Liontrust MA Blended Reserve Fund S Acc	0.17	5.91	-5.04	1.15
Liontrust MA Blended Moderate Fund S Acc	0.21	6.45	-1.36	8.86
Liontrust MA Blended Intermediate Fund S Acc	0.83	8.12	3.42	16.76
Liontrust MA Blended Progressive Fund S Acc	1.06	9.28	7.37	23.14
Liontrust MA Blended Growth Fund S Acc	1.75	11.58	13.51	33.90

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Dec 23 to 31 Dec 24	31 Dec 22 to 31 Dec 23	31 Dec 21 to 31 Dec 22	31 Dec 20 to 31 Dec 21	31 Dec 19 to 31 Dec 20
Liontrust MA Blended Reserve Fund S Acc	5.91	7.27	-16.42	1.70	4.74
Liontrust MA Blended Moderate Fund S Acc	6.45	8.74	-14.79	5.69	4.42
Liontrust MA Blended Intermediate Fund S Acc	8.12	9.79	-12.88	8.71	3.85
Liontrust MA Blended Progressive Fund S Acc	9.28	10.82	-11.35	11.27	3.07
Liontrust MA Blended Growth Fund S Acc	11.58	12.03	-9.19	14.25	3.25

Source: Financial Express, as at 31 December 2024. Total return figures are calculated on a single pricing basis. Performance figures are shown in sterling unless otherwise specified. The fund performance figures are net of all fees.

ASSET ALLOCATION

PERFORMED WELL

US equities
Global high yield bonds
Japan equities

DIDN'T PERFORM AS WELL

Emerging market equities
Europe ex-UK equities
Developed Asia equities
Medium gilts
UK equities
Corporate bonds
Global ex-UK fixed income

FUND SELECTION

PERFORMED WELL

L&G US Index
Loomis Sayles US Growth Equity
CT American Smaller Companies
GQG Partners US Equity
Liontrust GF Sustainable Future US Growth
Aegon High Yield Bond
BA Beutel Goodman US Value
Man Sterling Corporate Bond
M&G Japan
Artemis SmartGARP Global Emerging Markets Equity

DIDN'T PERFORM AS WELL

L&G Emerging Market Index
iShares Corporate Bond Index
iShares UK Gilts All Stocks Index
BlackRock European Dynamic
L&G All Stocks Gilt Index
Fidelity Asia Pacific Opportunities
iShares UK Property
iShares Continental European Equity Index

Past performance does not predict future returns. You may get back less than you originally invested. Please refer to page 26 for more information on the Key Risks.

DYNAMIC PASSIVE FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

ANTHONY CHEMLA

DAVID SALISBURY

PORTFOLIO CHANGES

BOUGHT

L&G S&P 500 Equal Weight Index

SOLD

There were no fund exits during the quarter

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 30 Sep 24 to 31 Dec 24	1 YEAR 31 Dec 23 to 31 Dec 24	3 YEARS 31 Dec 21 to 31 Dec 24	5 YEARS 31 Dec 19 to 31 Dec 24
Liontrust MA Dynamic Passive Reserve Fund S Acc	-0.03	5.49	-4.18	4.80
Liontrust MA Dynamic Passive Moderate Fund S Acc	0.23	6.63	0.00	10.38
Liontrust MA Dynamic Passive Intermediate Fund S Acc	0.82	8.58	5.81	19.39
Liontrust MA Dynamic Passive Progressive Fund S Acc	1.25	10.23	10.92	26.87
Liontrust MA Dynamic Passive Growth Fund S Acc	1.84	13.04	17.79	38.27
Liontrust MA Dynamic Passive Adventurous Fund S Acc	2.26	14.69	19.54	44.92

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Dec 23 to 31 Dec 24	31 Dec 22 to 31 Dec 23	31 Dec 21 to 31 Dec 22	31 Dec 20 to 31 Dec 21	31 Dec 19 to 31 Dec 20
Liontrust MA Dynamic Passive Reserve Fund S Acc	5.49	7.12	-15.21	2.89	6.30
Liontrust MA Dynamic Passive Moderate Fund S Acc	6.63	8.53	-13.59	4.85	5.27
Liontrust MA Dynamic Passive Intermediate Fund S Acc	8.58	9.62	-11.11	7.72	4.75
Liontrust MA Dynamic Passive Progressive Fund S Acc	10.23	10.38	-8.83	10.69	3.34
Liontrust MA Dynamic Passive Growth Fund S Acc	13.04	11.76	-6.76	13.88	3.08
Liontrust MA Dynamic Passive Adventurous Fund S Acc	14.69	11.62	-6.62	14.06	6.29

Source: Financial Express, as at 31 December 2024. Total return figures are calculated on a single pricing basis. Performance figures are shown in sterling unless otherwise specified. The fund performance figures are net of all fees.

ASSET ALLOCATION

PERFORMED WELL ▲

- US equities
- Global high yield bonds
- Japan equities
- Emerging market equities

DIDN'T PERFORM AS WELL ▬

- Europe ex-UK equities
- Corporate bonds
- Medium gilts
- Developed Asia equities
- UK equities
- Global ex-UK fixed income
- Alternatives

FUND SELECTION

PERFORMED WELL ▲

- L&G US Index
- HSBC American Index
- iShares Emerging Markets Equity Index
- iShares Euro High Yield Corporate Bond
- iShares Japan Equity
- iShares Physical Gold
- BlackRock Global High Yield ESG
- HSBC Japan Index
- L&G Global Infrastructure Index

DIDN'T PERFORM AS WELL ▬

- iShares Continental European Equity Index
- Abrdn Asia Pacific ex-Japan Equity Tracker
- iShares Corporate Bond Index
- HSBC European Index
- iShares UK Gilts All Stocks Index
- L&G Emerging Markets Equity Index
- Vanguard UK Investment Grade Bond Index
- L&G All Stocks Gilt Index
- iShares UK Property

Past performance does not predict future returns. You may get back less than you originally invested. Please refer to page 26 for more information on the Key Risks.

INCOME GENERATING FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

ANTHONY CHEMLA

DAVID SALISBURY

PORTFOLIO CHANGES

BOUGHT

Polar Emerging Market Stars

Artemis SmartGARP Global Emerging Markets Equity

SOLD

BlackRock Emerging Markets

Vontobel mtx Sustainable Emerging Markets Leaders

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 30 Sep 24 to 31 Dec 24	1 YEAR 31 Dec 23 to 31 Dec 24	3 YEARS 31 Dec 21 to 31 Dec 24	5 YEARS 31 Dec 19 to 31 Dec 24
Liontrust MA Explorer 35 Fund S Inc	-0.43	5.87	-7.07	-4.11
Liontrust MA Explorer Income 45 Fund S Inc	0.00	6.75	-4.76	3.17
Liontrust MA Explorer Income 60 Fund S Inc	0.54	8.00	2.94	17.92
Liontrust MA Monthly High Income Fund S Inc	-0.27	6.39	-0.90	1.86
IA Mixed Investment 0-35% Shares	-0.22	4.42	-1.37	5.38
IA Mixed Investment 20-60% Shares	0.06	6.07	2.57	13.81

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Dec 23 to 31 Dec 24	31 Dec 22 to 31 Dec 23	31 Dec 21 to 31 Dec 22	31 Dec 20 to 31 Dec 21	31 Dec 19 to 31 Dec 20
Liontrust MA Explorer 35 Fund S Inc	5.87	5.95	-17.15	0.42	2.76
Liontrust MA Explorer Income 45 Fund S Inc	6.75	8.86	-18.05	1.57	6.66
Liontrust MA Explorer Income 60 Fund S Inc	8.00	11.10	-14.22	7.28	6.78
Liontrust MA Monthly High Income Fund S Inc	6.39	7.04	-12.97	2.89	-0.10
IA Mixed Investment 0-35% Shares	4.42	5.97	-10.87	2.84	3.90
IA Mixed Investment 20-60% Shares	6.07	6.81	-9.47	7.20	3.51

Source: Financial Express, as at 31 December 2024. Total return figures are calculated on a single pricing basis. Performance figures are shown in sterling unless otherwise specified. The fund performance figures are net of all fees. IA Mixed Investment 0-35% Shares is the comparator benchmark for the Liontrust MA Explorer 35 Fund and the Liontrust MA Monthly High Income Fund. IA Mixed Investment 20-60% Shares is the comparator benchmark for the Liontrust MA Explorer Income 45 Fund and the Liontrust MA Explorer Income 60 Fund.

ASSET ALLOCATION

PERFORMED WELL

- US equities
- Global high yield bonds
- Corporate bonds
- Japan equities

DIDN'T PERFORM AS WELL

- Global ex-UK fixed income
- UK equities
- Medium gilts
- Developed Asia equities
- Europe ex-UK equities
- Emerging market debt
- Alternatives
- Emerging market equities

FUND SELECTION

PERFORMED WELL

- Loomis Sayles US Growth Equity
- HSBC American Index
- CT American Smaller Companies
- Aegon High Yield Bond
- GQG Partners US Equity
- Liontrust GF Sustainable Future US Growth
- BA Beutel Goodman US Value
- L&G US Index Trust
- M&G Japan
- MI TwentyFour Monument Bond
- Schroder US Equity Income Maximiser
- Liontrust European Dynamic
- JPM US Equity Income
- Barings Global High Yield Bond
- Man Sterling Corporate Bond

DIDN'T PERFORM AS WELL

- iShares UK Gilts All Stocks Index
- HSBC Global Aggregate Bond
- Vanguard Global Aggregate Bond
- Invesco UK Opportunities
- WS Gresham House UK Multi Cap Income
- Barings Emerging Markets Sovereign Debt
- Fidelity Asia Pacific Opportunities
- Federated Hermes Asia Ex-Japan Equity
- iShares UK Property
- IFSL Evenlode Income

Past performance does not predict future returns. You may get back less than you originally invested. Please refer to page 26 for more information on the Key Risks.

SPECIALIST FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

ANTHONY CHEMLA

DAVID SALISBURY

PORTFOLIO CHANGES

BOUGHT ◀

No new funds were added during the quarter

SOLD ▶

There were no fund exits during the quarter

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 30 Sep 24 to 31 Dec 24	1 YEAR 31 Dec 23 to 31 Dec 24	3 YEARS 31 Dec 21 to 31 Dec 24	5 YEARS 31 Dec 19 to 31 Dec 24
Liontrust MA UK Equity S Acc	-2.05	6.92	8.67	15.53
IA UK All Companies	-1.31	7.87	5.34	16.09

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Dec 23 to 31 Dec 24	31 Dec 22 to 31 Dec 23	31 Dec 21 to 31 Dec 22	31 Dec 20 to 31 Dec 21	31 Dec 19 to 31 Dec 20
Liontrust MA UK Equity S Acc	6.92	8.09	-5.96	14.47	-7.13
IA UK All Companies	7.87	7.38	-9.06	17.25	-6.01

Source: Financial Express, as at 31 December 2024. Total return figures are calculated on a single pricing basis. Performance figures are shown in sterling unless otherwise specified. The fund performance figures are net of all fees.

ASSET ALLOCATION

PERFORMED WELL ▲

N/A

DIDN'T PERFORM AS WELL ▬

UK equities

FUND SELECTION

PERFORMED WELL ▲

Artemis Income

UK Dynamic Fund

DIDN'T PERFORM AS WELL ▬

Invesco UK Opportunities

WS Gresham House UK Multi Cap Income

IFSL Evenlode Income

iShares Mid Cap UK Equity Index

iShares 100 UK Equity Index

Liontrust UK Equity

Past performance does not predict future returns. You may get back less than you originally invested. Please refer to page 26 for more information on the Key Risks.

IMPORTANT INFORMATION

KEY RISKS

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

The Funds and Model Portfolios managed by the Multi-Asset Team may be exposed to the following risks:

Credit Risk: There is a risk that an investment will fail to make required payments and this may reduce the income paid to the fund, or its capital value. The creditworthiness of a bond issuer may also affect that bond's value. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts. The value of a bond would be significantly affected if the issuer either refused to pay or was unable to pay;

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss;

Liquidity Risk: If underlying funds suspend or defer the payment of redemption proceeds, the Fund's ability to meet redemption requests may also be affected;

Interest Rate Risk: Fluctuations in interest rates may affect the value of the Fund and your investment. Bonds are affected by changes in interest rates and their value and the income they generate can rise or fall as a result;

Derivatives Risk: Some of the underlying funds may invest in derivatives, which can, in some circumstances, create wider fluctuations in their prices over time;

Emerging Markets: The Fund may invest in less economically developed markets (emerging markets) which can involve greater risks than well developed economies;

Currency Risk: The Fund invests in overseas markets and the value of the Fund may fall or rise as a result of changes in exchange rates.

Index Tracking Risk: The performance of any passive funds used may not exactly track that of their Indices.

The issue of units/shares in the Liontrust Multi-Asset 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.

For the Liontrust Multi-Asset Model Portfolios, any performance shown represents model portfolios which are periodically restructured and/or rebalanced. Actual returns may vary from the model returns. There is no certainty the investment objectives of the portfolio will actually be achieved, and no warranty or representation is given to this effect, whether express or implied. The portfolios therefore should be considered as long-term investments.

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