LIONTRUST
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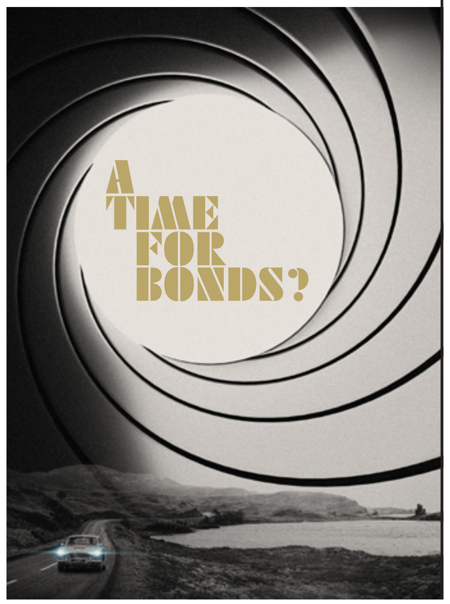
SPRING 2024

LIONTRUST views

WHY SMALLER CAN BE BEAUTIFUL WHEN IT COMES TO US EQUITIES

While the so-called Magnificent Seven companies in the US have dominated market news, there are many investment opportunities among small and mid-sized stocks

CONTENTS



WELCOME

Stock markets delivered a second successive quarter of positive returns when they rose between the start of the year to the end of March. The markets were significantly driven by the very large US companies benefiting from investors' excitement over AI (artificial intelligence).

These gains have come against a background of arguably the gravest conflicts and highest geopolitical risk the world has seen for many decades. At the same time, global growth is still slow and inflation is proving more stubborn than most commentators expected.

In this spring edition of *Liontrust Views*, we analyse the market events of recent months, explain what has driven them and set out our thoughts about the outlook for the rest of the year. We also detail what changes we have made to investments and weightings to asset classes.

The chart on pages 8 and 9 is a useful reminder of truisms about investment. We often experience unexpected events that can cause significant movements in stock markets – up and down. Over the long term, these events become more like blips in the course of markets. The chart also reminds us that despite the ups and downs from time to time, the long-term stock market performance has continued to remain positive.

On pages 10 and 11, we look at the opportunities available to investors through considering US smaller and mid cap companies. While the year to date has been dominated by US giant Nvidia and its extraordinary earnings results, investors could also benefit from 'thinking smaller' when it comes to investing in US companies.

Bonds have been volatile in recent times, yet with inflation continuing to decline from the highs of 2023 and central banks expected to cut rates over the coming months, could this be the time for bonds to shine once again? On pages 12 and 13, we discuss whether the current prices of bonds could offer a window of opportunity for investors.

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 always welcome your feedback. ■

PORTFOLIO POSITIONING:

ADAPTING TO THE MARKET

Market backdrop

Global stock markets delivered another quarter of gains in the first three months of 2024. Japan, the US and artificial intelligence (AI) stocks led the way amid signals that central banks on both sides of the Atlantic remained on course to cut interest rates.

The US S&P 500 index reached new highs after the Federal Reserve held rates and Chairman Jay Powell indicated a preference to cut rates by three-quarters of a percentage point this year.[1] The Bank of England also held rates during the quarter, leaving the Swiss National Bank to be the first major central bank to cut rates in the current cycle.

Fixed income markets appeared to be less convinced about the trajectory of monetary policy this year and struggled to make headway, however, especially treasuries and other global government bonds.

Global financial markets paused for breath at the beginning of the quarter after the strong gains seen in the closing months of 2023. Stock markets in emerging markets and Asia ex-Japan were impacted negatively when Chinese stocks capitulated on the collapse of property giant Evergrande.

But momentum gathered in stock markets over the quarter and US giant Nvidia dominated the headlines once again after delivering outstanding quarterly earnings results. The chipmaker added a record $277 billion to its market valuation and the resulting market impetus helped to drive several leading indices to new highs.

Over five years, global equities have returned more than 80% in US dollar terms. This may be surprising given this period encompasses Covid, geopolitical conflict and the biggest increases in inflation and interest rates in several decades.[2]

What we are doing

The Strategic Asset Allocation (SAA) is the primary determinant of suitability and long-term risk and returns for investors. The Tactical Asset Allocation (TAA) is used to seek to enhance investors' risk-adjusted returns. Active management of asset allocation can add value for investors through exploiting mispricing in the market and the subsequent return to pricing justified by fundamentals.

A key feature of this year's SAAs is that the fixed income allocations have been diversified geographically. There has been a modest reduction in the target allocations to UK gilts and UK corporate debt and a broadly commensurate increase in global ex-UK fixed income hedged into sterling. There has also been a slight reduction in the global high yield target (which are issued by companies that pay higher interest because they have lower credit ratings than corporate bonds). Overall, there has been a small reduction in the fixed income target allocations, with re-allocations to cash and equities.

The adjustments made to the TAA in the first quarter of 2024 involved changes to cash, fixed income and alternatives. These included lower cash and higher fixed income targets in the lowest three risk levels on a scale of one to eight; lower fixed income targets in risk levels four to seven; and higher equity targets for risk levels one to seven.

> Nvidia dominated the headlines once again after delivering outstanding quarterly earnings results

Ratings for US smaller companies were raised from neutral to positive. The Magnificent Seven mega caps (Amazon, Alphabet, Microsoft, Nvidia, Apple, Tesla and Meta) have eclipsed their smaller counterparts in the US, with the market's focus on the AI theme being a key factor. US small caps have underperformed amid the monetary tightening of rising interest rates seen in the last two years and now we believe they offer good value.

The rating for cash has been reduced from a neutral three to one, our most bearish rating on a scale of one to five. This was an aggressive cut but we felt it was the right move because inflation appears to have peaked and is falling. The next logical step is for interest rates to fall and this will make cash less attractive.

The biggest enemy to savings is inflation. Cash can be a useful safe harbour in the short term, but it represents an active decision to not invest. Over the medium to long term, staying in cash means missing out on the long-term benefits of investing in markets, which includes the potential to generate real inflation-beating returns. Over the long term, equities have outperformed cash, bonds and inflation.

[1]Source: *Financial Times*, 22 March 2024. [2]Source: *Bloomberg*/Liontrust, 31 March 2024. Past performance is not a guide to future returns.

A FORWARD LOOK

While global equity markets delivered a second successive quarter of positive returns in the first three months of 2024, global bond and real estate markets largely slipped. Despite this, bonds have managed to recover a lot of ground since the lows of 2022.

We remain positive on the outlook for global equity markets overall. The once-feared hard economic landing is looking less likely and the worst of the inflationary spikes appear to be behind us, with the impact from the main moves up in prices – caused by the recovery from the Covid pandemic and the Ukraine conflict – now largely over. Nevertheless, other factors, including the fragmentation of globalisation, will generate inflationary pressures over the longer term, which means interest rates are unlikely to fall back to the levels we saw pre-Covid.

Leading central banks are signalling rate cuts, although the exact timing remains uncertain. Central banks are trying to temper investors' interest rate cut expectations, the trajectory of which might look more like Table Mountain than the Matterhorn. Market participants' focus on the minutiae of central bank minutes will likely create some uncertainty in the short term.

As long-term investors, the precise timing of rate cuts is less important to us than the broad direction of travel. We see a global economy that is in reasonable shape, companies generating good revenues, low unemployment and real wage growth for investors. All these factors paint a positive picture for markets.

In our view, most major stock markets are looking fairly priced, if not quite cheap in several cases. The exception is the US, which looks expensive on many measures, but outside of the Magnificent Seven mega caps (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla) there is more value available.

This year also poses significant political risk. Several significant elections are due in 2024, including the US presidential election, while a UK general election must happen by early 2025. Elections are well-publicised events that can lead to volatility due to their potential to create investor uncertainty, although this does tend to be limited to the short term.

Another risk is that the growth seen in equities in the last two quarters could prompt a pullback as markets never go up in a straight line. There may be a release of pressure, but this should not materially change the attractiveness of markets over the longer term. In the current environment, we would be likely to view a significant pullback as an opportunity to invest.

It is telling that in terms of our 12 to 18-month tactical outlook, we are now positive on nine of the 22 asset classes we assess, reflecting the extent of the investment opportunities we now see globally. Stock markets we favour include US small cap, the UK, Japan, Asia ex-Japan and emerging markets. We are broadly neutral on fixed income, although we are positive on UK corporate bonds.

We believe there are themes that will emerge over the next decade which investors should prepare for. These include the US disengaging from much of the rest of the world, supply chains shrinking closer to home through re- and near-shoring, the rise of a trading bloc focused on China, and the transition towards more use of renewable energy.

Asset class outlook

When we are positive about an asset class, we categorise it as 'overweight' and may look to increase our allocation to it. Conversely, when we are negative about an asset class, we classify it as 'underweight' and may reduce the allocation.

Finally, 'neutral' means that we are neither positive or negative. The areas where we have changed weightings includes:

- US smaller companies raised from neutral to positive.
- Cash reduced from neutral to our most bearish ranking.

UNITED STATES

STOCKS*	▬	BONDS	▬

So much focus has been placed on the Magnificent Seven mega caps that the rest of corporate America has been somewhat overlooked. The US is an extraordinarily rich and deep stock market with a pro-business culture and it is known for its innovation and leadership in many industries. The mega caps cannot be ignored but their degree of recent outperformance without a correction at some point would be historically unusual. Our preference is for smaller US companies, for which we raised our ranking from neutral to positive in our first quarter Tactical Asset Allocation review. Small caps have underperformed amid the monetary tightening of rising interest rates seen in the last two years and they now offer good value in aggregate.

US treasuries weakened slightly over the first quarter. The fixed income market appeared to be less convinced about the downward trajectory of interest rates than the equities market. But the Federal Reserve's dialogue is more about when, not if, interest rates will be cut, which the market expects this year.

EMERGING MARKETS

STOCKS	▲	BONDS	▬

Emerging markets saw modest gains in dollar terms in the first quarter, but the region's equities were negatively impacted by the collapse of property giant Evergrande in China. With China being a major trading partner to other emerging markets countries and its weighting being around a third of the emerging markets benchmark indices, its performance is important beyond its own market. Nevertheless, we are positive on the medium to long-term outlook for emerging markets, which have strong demographic tailwinds and have suffered from underperformance compared to developed markets for several years.

Emerging markets debt was a leading positive performer in the first quarter, when much of the global bond market struggled. Emerging markets economies are generally proving themselves to be better at dealing with inflation than developed counterparts and they are further ahead in implementing appropriate policies. But investors should appreciate the risks posed in a region exposed to higher interest rates, which can make it harder for governments and corporates to cover their debts, especially with respect to bonds issued in hard currencies such as US dollars.

UNITED KINGDOM

STOCKS	▲	BONDS	▬

A solid performance in the first quarter saw the blue-chip FTSE 100 index push close to its all-time high set in February 2023. UK equities continue to be generally undervalued, especially relative to their global counterparts and we believe this compensates for the political uncertainties and gloomy forecasts for the domestic economy. The UK index may not have the technology leaders of the US but its significant exposure to the energy and mining sectors is still worthy of consideration at the right price. The key issue is when a catalyst might drive the market towards fair value.

Government bond (gilt) prices slipped over the first quarter, in contrast to their performance in the last three months of 2023 when their yields fell on expectations of base rate cuts this year (the yield is the return investors expect to receive each year to the maturity of the bond). We remain neutral towards gilts because we do not expect they will be a substantial driver of investment returns. We are positive on UK corporate bonds because we believe the spreads they offer over government bonds are attractive on a risk-return basis.

KEY ▲ Overweight ▼ Underweight ▬ Neutral

EUROPE

STOCKS	▬	BONDS	▬

European stocks delivered solid, single-digit returns in the first quarter and have returned double-digit returns over the last year. We retain our neutral stance on both equities and bonds in the region. Germany, the eurozone's leading economy, continues to struggle, thanks to uncertainty over government policy, transport strikes and weak consumer and industrial demand. The eurozone's one-size-fits-all monetary policy could create inflationary hotspots and pose challenges for European bonds.

ASIA PACIFIC

STOCKS	▲

Asia Pacific ex-Japan equities were positive performers in the first quarter but they lagged other regions' stock markets. As with emerging markets generally, problems associated with China weighed. But we remain positive for the region because of a relatively strong economic growth outlook, contained inflationary pressures, and potential policy easing on the horizon. This should translate into generally stronger consumer and corporate balance sheets. Equity valuations are attractive relative to developed markets.

JAPAN

STOCKS	▲

We raised our ranking on Japanese equities from neutral to positive in our Tactical Asset Allocation review in the fourth quarter of 2023. Since then, Japanese equities have extended the significant rally they delivered in 2023, outperforming their global peers in the first quarter of 2024. The Bank of Japan enacted its first interest rate hike in 17 years in March, underlining Bank of Japan governor Kazuo Ueda's statement last year that the country had entered a new economic paradigm. Japan should be supported by an inflationary regime that will encourage increased consumption and a more positive environment for the economy. ■

* Small caps overweight

Past performance is not a guide to future returns

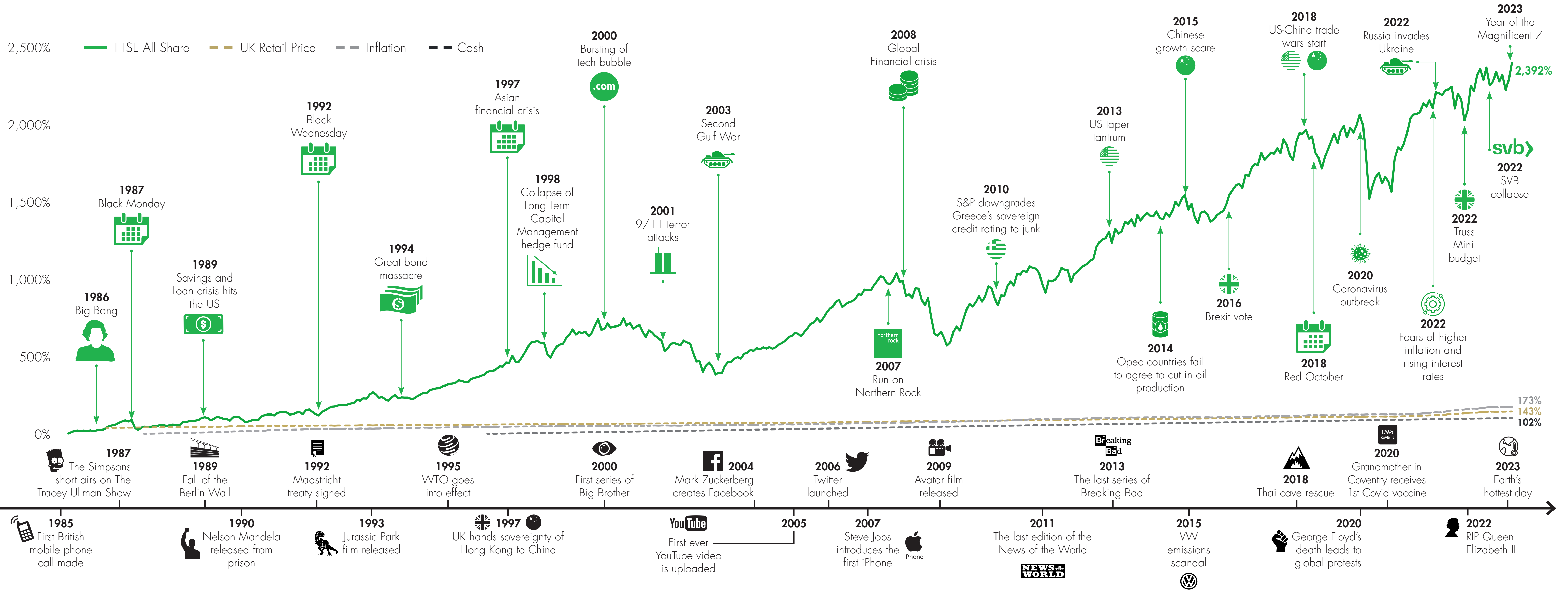
TIME IN THE MARKET

Over the past few years, cyclical forces have had an acute influence on markets. The world has become consumed by events such as the pandemic, geopolitical conflicts and disruption of supply chains, and discussion has focused on the impact of these cyclical forces on the outlook for both economies and investment markets.

These cyclical trends are now returning to more normalised long-term levels and it is structural growth trends that should be driving portfolio construction for the future, particularly the fragmentation of globalisation.

The chart below, which we update on an annual basis, reminds us that over the years, there have been many events that have had large impacts on financial markets, including the financial crisis in 2008 and the Covid pandemic in 2020. However, the long-term trend for market performance has continued to remain positive. If you are investing for the long-term, while you will experience market dips and volatility from time to time, history has shown us that these events won't stop the long-term positive performance of markets. It's important to remember there are no guarantees though, and past performance is not a reliable guide to future performance.

Source: Liontrust, as at 31.12.23. FTSE All Share, 31.12.85 to 31.12.23. UK Retail Price Index, 31.01.87 to 31.12.23. Inflation = UK Consumer Price Index, 29.01.88 to 31.12.23. Cash = SONIA Lending Rate GBP, 31.01.97 to 31.12.23. All use of company logos, images or trademarks in this presentation are for reference purposes only. **Past performance is not a guide to future returns.** Go to page 26 for the Key Risks.



WHY SMALLER CAN BE BEAUTIFUL WHEN IT COMES TO US EQUITIES

The attention of much of the media and many investors has recently been largely focused on the largest companies in the US, particularly the so-called Magnificent Seven that includes Apple, Meta, Amazon and Nvidia.

There are plenty of opportunities, however, for those prepared to look beyond the biggest names and instead focus on US small and mid-sized companies.

US small and mid caps have been out of favour compared to their larger counterparts for some time. Over the last two years, this cohort of stocks has significantly underperformed larger companies as increasing monetary tightening in the form of higher interest rates and a tougher funding environment has sparked concern over the economic outlook for the wider economy.

But while global growth slowed towards the end of last year, the US economy has performed strongly and is certainly more resilient than many other markets. The latest figures from the Bureau of Economic Analysis revealed that US gross domestic product rose by an annualised rate of 3.3% in the last quarter of 2023, above economists' predictions of 2% annual growth and despite earlier fears of a recession.

Clearly some, if not all, of this more positive economic picture is reflected in stock prices in the US, with the market as a whole looking expensive compared to other major markets such as the UK or Europe. But, in fact, much of the premium is for a small slither of companies within the S&P 500 index and does not apply to large caps outside the Magnificent Seven or small and mid cap companies. The recent unpopularity of small and mid caps means they are undervalued and trading at a discount to their inherent value.

Challenges to sentiment from the possibility of a recession and uncertainty around the forthcoming US presidential election have weighed on smaller company valuations – yet with interest rates and inflation both coming down and high employment rates in the US, the picture looks far from gloomy.

Less exposed to global turbulence

While the recent era of monetary tightening may have negatively impacted small and mid caps, smaller companies tend to have a greater domestic orientation and therefore are less exposed to overseas markets. This can mean they are less directly affected by global economic turbulence or geopolitical tensions than large companies.

There is more potential good news too. Amid ongoing geopolitical turmoil, the US government has increasingly been looking to bring back manufacturing processes previously outsourced to economies such as China. Known as reshoring – as opposed to offshoring – the US government has offered incentives to those companies who bring back operations to the US, such as financing for domestic manufacturers and making it easier for small manufacturers to access capital. This should benefit many small and mid cap companies in relevant sectors, while the increase in investment into the US should be a positive for the economy generally and potentially drive a new cycle of innovation.

It is also worth noting that small companies often grow more quickly than larger firms because they are at an earlier stage of their development.

Diversification and risk

Investing in the US S&P 500 index – alongside other investments – may have been seen traditionally as providing sufficient diversification for the average investor's portfolio. Yet small and mid caps can arguably offer broader exposure to the US economy and therefore greater diversification than the largest US stocks, which have driven most of the stock market's gains in recent months and are focused largely on technology.

While smaller companies are inherently riskier than most large companies, they are also often quicker to recover from tough trading conditions and they can be more agile in their response than their larger counterparts.

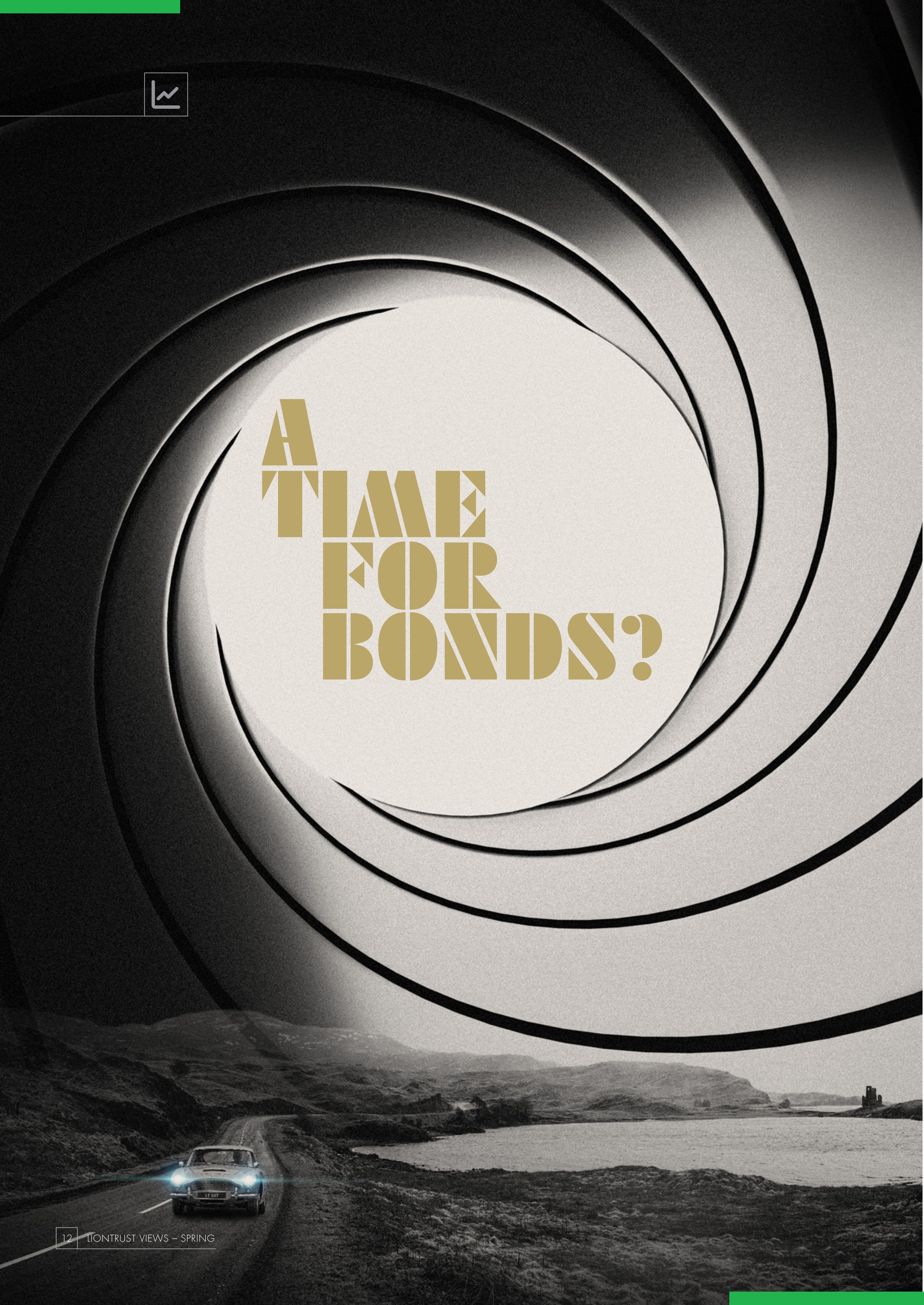
Liontrust's Multi-Asset fund manager James Klempster makes the case for US smaller companies

In our Tactical Asset Allocation review in the first quarter of 2024, we raised our rating for US smaller companies from a neutral three to a positive four out of five, where one is the lowest rating and five is the highest.

The Magnificent Seven behemoths have dominated headlines for some time, while their smaller counterparts in the US have been overlooked. US small caps have underperformed and now they offer good value.

Against the backdrop of a strong US economy, US smaller companies offer positive fundamentals. Furthermore, it is anticipated that interest rates will be cut by the Federal Reserve this year, which will provide further support. As smaller companies, they present higher risk but they do tend to be quicker out of the blocks in a recovery and we are firm believers in a small cap premium over the longer term.

We also believe that US small caps should continue to benefit from President Biden's key bills, such as the Inflation Reduction Act and Infrastructure Investment and Jobs Act. It is a point understood by active managers, most of whom tend to be overweight smaller companies.



A TIME FOR BONDS?

The environment for bonds has been unusually volatile in recent times in contrast to their reputation as a relatively safe, low-risk investment. With interest rates expected to fall later this year, however, might now be a good time to raise exposure to bonds?

Bonds saw a four-decade bull run to the end of 2021, as inflation and interest rates trended down after the sky-high levels seen in the 1970s. But this run ended abruptly when central banks raised interest rates aggressively from 2022 and this continued well into 2023 to tackle runaway inflation. Bonds suffered some of their worst ever price falls and it was one of the few times in history that they sank in tandem with equities, temporarily undermining their traditional role as a diversifier for investors.

However, the current environment could favour bonds as inflation continues to decline from the highs of 2023 and if central banks lower interest rates during the course of this year. This is because bond prices are inversely related to yields and they generally do well when interest rates fall. The yield is the return investors expect to receive each year to the maturity of the bond. Yet while this potential rebound has yet to happen, do bonds currently offer attractive value?

Credit quality and yield

Our view is broadly neutral on bond markets. We see the yields from them stabilising around current levels as interest rates settle at more normalised levels for the future. We continue to believe that bonds will act as a long-term diversifier to equities and that they now offer strong income.

One sector of the fixed income market we are particularly positive on is investment grade UK corporate bonds, which are issued by companies with the highest creditworthiness. We are positive because the interest rates they pay are higher than those available from bonds issued by governments, offering a good combination of credit quality and yield. While the risks of companies defaulting on their debt are higher than financially strong governments, the interest rates available from corporate bonds can still offer good value on a risk-return basis.

We believe there are opportunities for active, stock picking fund managers to find high-quality companies issuing bonds that pay attractive interest rates.

Furthermore, bonds issued by UK companies have been doing particularly well in recent months because of interest from pension schemes. These schemes have been buying UK corporate bonds because of the attractive yields on offer. Changes in regulations have made these a preferable option versus the 'liability-driven investment' strategies that proved to be vulnerable to the market chaos caused by the mini-budget under the Liz Truss government in 2022.*

Diversifying bond exposure

Bonds are also issued by non-investment grade companies. These generally pose greater risks of default and therefore pay higher rates of interest. We do believe the risk of default may increase if economic conditions worsen or interest rates remain elevated as it will impact funding costs for the most indebted companies. However, it is possible for active, stock picking fund managers to focus on avoiding elevated default risks through detailed research and therefore to mitigate these risks.

Furthermore, high yield bonds have imperfect correlation with their investment grade counterparts. This is because high yield bonds often perform more like equities over a full market cycle with the advantage of usually being less volatile. They tend to have shorter times to maturity than investment grade bonds and are less sensitive to interest rate changes and more so to the economic outlook and corporate earnings.

Diversified portfolios

The world economy has strengthened since the disruption of 2022. After the reset seen in global interest rates, the argument for holding high yield and corporate bonds within a diversified portfolio is more compelling today than it has been for almost two decades.

Bonds issued by governments in the world's strongest economies, such as the US, UK, eurozone and Japan, are generally seen as being the lowest risk of fixed income investments and therefore pay relatively low rates of interest. Looking beyond UK government debt has clear diversification benefits because of the variety of interest rate policies of governments around the world. This diversity looks likely to be enhanced because monetary policies (interest rates) are less co-ordinated now between governments than they have been over the past couple of decades.

Many investors have put their savings into bank and building society accounts because of the higher interest rates on offer since 2022. Although inflation can always rear up again, it does appear to be subsiding. With the prospect of the Bank of England cutting interest rates this year, investors might wish to consider the high income and potential for capital gains available from bonds.

*Source: *Financial Times*, 19 February 2024

FACTS & FIGURES

QUARTERLY DATA

US stocks	11.57%	S&P 500 Composite Index
Japanese stocks	9.98%	TOPIX Index
European (but not UK) stocks	6.83%	FTSE All World Developed Europe excluding UK Index
UK stocks	3.57%	FTSE All-Share Index
Emerging market stocks	3.37%	MSCI Emerging Market Index
Global high yield bonds	2.40%	ICE Bank of America ML Global High Yield Bond Index
Emerging market bonds	2.24%	Bloomberg Emerging Markets Hard Currency Aggregate Index
US corporate bonds	0.51%	Bloomberg Barclays US Corporate Bond Index
Asian (but not Japanese) stocks	-0.81%	MSCI Pacific ex-Japan Index
European corporate bonds	-0.88%	Bloomberg Barclays European Corporate Bond Index
UK corporate bonds	-1.30%	Bloomberg Barclays Sterling Aggregate Bond Index
Global government bonds	-1.70%	FTSE G7 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 Apr 2023 to 31 Mar 2024**	**1 Apr 2022 to 31 Mar 2023**	**1 Apr 2021 to 31 Mar 2022**	**1 Apr 2020 to 31 Mar 2021**	**1 Apr 2019 to 31 Mar 2020**
US stocks	27.13	-1.74	21.18	40.52	-2.24
European (but not UK) stocks	13.67	8.48	6.46	35.01	-7.81
UK stocks	8.43	2.92	13.03	26.71	-18.45
Japanese stocks	18.94	-0.04	-4.97	22.28	-5.02
Asian (but not Japanese) stocks	0.31	-1.31	8.91	38.49	-19.67
Emerging market stocks	6.29	-4.48	-6.82	42.83	-13.16
Global government bonds	-3.73	-3.35	-2.90	-9.93	12.94
Global high yield bonds	8.73	1.84	-0.09	12.94	-3.61
US corporate bonds	2.21	0.58	0.39	-2.28	10.32
European corporate bonds	3.93	-3.87	-5.99	4.70	-0.78
Emerging market bonds	6.31	0.73	-4.44	2.50	1.59
UK corporate bonds	1.35	-15.34	-5.36	-2.24	7.76

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. *Index change from JP Morgan global Emerging Market Bond Index to Bloomberg Emerging Markets Hard Currency Aggregate Index. Source: Morningstar Direct, 31 March 2024.

EXPLORER FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

VICTOR ALABRUNE

DAVID SALISBURY

ANTHONY CHEMLA

PORTFOLIO CHANGES

BOUGHT

Royal London Corporate Bond

CT American Smaller Companies

Invesco UK Opportunities

SOLD

iShares S&P SmallCap 600

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 31 Dec 23 to 31 Mar 24	1 YEAR 31 Mar 23 to 31 Mar 24	3 YEARS 31 Mar 21 to 31 Mar 24	5 YEARS 31 Mar 19 to 31 Mar 24
Liontrust MA Explorer 35 Fund S Acc	2.19	8.38	-7.10	-4.34
Liontrust MA Explorer Income 45 Fund S Acc	2.85	8.51	-4.31	5.34
Liontrust MA Explorer Income 60 Fund S Acc	3.67	10.74	5.91	22.35
Liontrust MA Explorer 70 Fund S Acc	4.31	12.04	9.86	29.52
Liontrust MA Explorer 85 Fund S Acc	5.11	13.65	15.35	41.19
Liontrust MA Explorer 100 Fund S Acc	5.80	14.31	16.08	48.05

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Mar 23 to 31 Mar 24	31 Mar 22 to 31 Mar 23	31 Mar 21 to 31 Mar 22	31 Mar 20 to 31 Mar 21	31 Mar 19 to 31 Mar 20
Liontrust MA Explorer 35 Fund S Acc	8.38	-13.51	-0.89	1.39	1.57
Liontrust MA Explorer Income 45 Fund S Acc	8.51	-9.49	-2.56	12.06	-1.76
Liontrust MA Explorer Income 60 Fund S Acc	10.74	-5.86	1.60	21.51	-4.93
Liontrust MA Explorer 70 Fund S Acc	12.04	-4.88	3.09	28.47	-8.23
Liontrust MA Explorer 85 Fund S Acc	13.65	-2.50	4.11	37.14	-10.75
Liontrust MA Explorer 100 Fund S Acc	14.31	-1.32	2.90	39.87	-8.81

Source: Financial Express, as at 31 March 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

North America equities

Europe ex-UK equities

Japan equities

UK equities

Corporate bonds

DIDN'T PERFORM AS WELL

Medium-duration gilts

Short-duration gilts

Global ex-UK fixed income

FUND SELECTION

PERFORMED WELL

Ossiam Shiller Barclays CAPE US Sector Value

Loomis Sayles US Growth Equity

Liontrust GF Sustainable Future US Growth

BlackRock European Dynamic

Liontrust European Dynamic

M&G Japan

Baillie Gifford Japanese

Liontrust UK Equity

Man GLG Sterling Corporate Bond Professional

DIDN'T PERFORM AS WELL

iShares UK Gilts

Amundi UK Government 0-5 Year

HSBC Global Aggregate Bond

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

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PORTFOLIO CHANGES

BOUGHT

Royal London Corporate Bond

CT American Smaller Companies

Man GLG Sterling Corporate Bond Professional

Invesco UK Opportunities

SOLD

Vanguard UK Investment Grade Bond Index

iShares S&P SmallCap 600

JPM Liquidity

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 31 Dec 23 to 31 Mar 24	1 YEAR 31 Mar 23 to 31 Mar 24	3 YEARS 31 Mar 21 to 31 Mar 24	5 YEARS 31 Mar 19 to 31 Mar 24
Liontrust MA Blended Reserve Fund S Acc	1.93	7.65	-4.50	1.47
Liontrust MA Blended Moderate Fund S Acc	2.55	8.99	1.32	11.20
Liontrust MA Blended Intermediate Fund S Acc	3.71	10.77	6.63	19.84
Liontrust MA Blended Progressive Fund S Acc	4.51	12.00	11.43	27.38
Liontrust MA Blended Growth Fund S Acc	5.99	14.25	17.73	39.98

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Mar 23 to 31 Mar 24	31 Mar 22 to 31 Mar 23	31 Mar 21 to 31 Mar 22	31 Mar 20 to 31 Mar 21	31 Mar 19 to 31 Mar 20
Liontrust MA Blended Reserve Fund S Acc	7.65	-9.71	-1.75	7.87	-1.49
Liontrust MA Blended Moderate Fund S Acc	8.99	-8.22	1.29	13.99	-3.72
Liontrust MA Blended Intermediate Fund S Acc	10.77	-6.61	3.07	19.57	-6.00
Liontrust MA Blended Progressive Fund S Acc	12.00	-4.86	4.57	26.30	-9.49
Liontrust MA Blended Growth Fund S Acc	14.25	-2.61	5.80	35.86	-12.48

Source: Financial Express, as at 31 March 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

North America equities
Japan equities
Europe ex-UK equities
Emerging market equities

DIDN'T PERFORM AS WELL

Medium-duration gilts
Corporate bonds
Global ex-UK fixed income
Short-duration gilts

FUND SELECTION

PERFORMED WELL

L&G US Index
AB American Growth
Ossiam Shiller Barclays CAPE US Sector Value
iShares Japan Equity Index
BlackRock European Dynamic
Liontrust European Dynamic
L&G Emerging Markets

DIDN'T PERFORM AS WELL

Vanguard UK Government Bond
iShares UK Gilts All Stocks
Vanguard UK Investment Grade Bond
iShares Corporate Bond
HSBC Global Aggregate Bond
Amundi UK Government Bond

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

VICTOR ALABRUNE

DAVID SALISBURY

ANTHONY CHEMLA

PORTFOLIO CHANGES

BOUGHT

L&G Cash Trust

BlackRock ICS Sterling Liquidity

SOLD

JPM Liquidity

CUMULATIVE RETURN

Fund and share class **Total returns for the periods shown (%)**	**3 MONTHS** **31 Dec 23 to 31 Mar 24**	**1 YEAR** **31 Mar 23 to 31 Mar 24**	**3 YEARS** **31 Mar 21 to 31 Mar 24**	**5 YEARS** **31 Mar 19 to 31 Mar 24**
Liontrust MA Dynamic Passive Reserve Fund S Acc	1.60	7.17	-2.71	7.10
Liontrust MA Dynamic Passive Moderate Fund S Acc	2.38	8.77	2.11	13.58
Liontrust MA Dynamic Passive Intermediate Fund S Acc	3.54	10.72	8.70	23.29
Liontrust MA Dynamic Passive Progressive Fund S Acc	4.39	11.92	14.54	32.02
Liontrust MA Dynamic Passive Growth Fund S Acc	5.89	14.37	21.68	44.27
Liontrust MA Dynamic Passive Adventurous Fund S Acc	6.82	15.56	22.63	51.01

DISCRETE YEARLY PERFORMANCE

Fund and share class **Total returns for the periods shown (%)**	**31 Mar 23 to 31 Mar 24**	**31 Mar 22 to 31 Mar 23**	**31 Mar 21 to 31 Mar 22**	**31 Mar 20 to 31 Mar 21**	**31 Mar 19 to 31 Mar 20**
Liontrust MA Dynamic Passive Reserve Fund S Acc	7.17	-9.53	0.35	8.23	1.71
Liontrust MA Dynamic Passive Moderate Fund S Acc	8.77	-8.02	2.06	13.21	-1.74
Liontrust MA Dynamic Passive Intermediate Fund S Acc	10.72	-5.81	4.22	18.47	-4.25
Liontrust MA Dynamic Passive Progressive Fund S Acc	11.92	-3.68	6.25	25.09	-7.85
Liontrust MA Dynamic Passive Growth Fund S Acc	14.37	-1.81	8.35	33.50	-11.19
Liontrust MA Dynamic Passive Adventurous Fund S Acc	15.56	-1.72	7.97	37.16	-10.22

Source: Financial Express, as at 31 March 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

North American equities

Japan equities

Emerging market equities

Europe ex-UK equities

UK equities

DIDN'T PERFORM AS WELL

Medium-duration gilts

Corporate bonds

FUND SELECTION

PERFORMED WELL

L&G US Index

HSBC American Index

iShares Japan Equity Index

HSBC Japan Index

iShares Emerging Markets Equity Index

iShares Continental Europe Equity Index

L&G UK Index

iShares UK Equity Index

DIDN'T PERFORM AS WELL

Vanguard UK Government Bond Index

iShares UK Gilts All Stocks Index

iShares Corporate Bond 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.

INCOME GENERATING FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

VICTOR ALABRUNE

DAVID SALISBURY

ANTHONY CHEMLA

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 31 Dec 23 to 31 Mar 24	1 YEAR 31 Mar 23 to 31 Mar 24	3 YEARS 31 Mar 21 to 31 Mar 24	5 YEARS 31 Mar 19 to 31 Mar 24
Liontrust MA Explorer 35 Fund S Inc	2.19	8.37	-7.11	-4.20
Liontrust MA Explorer Income 45 Fund S Inc	2.86	8.51	-4.30	5.37
Liontrust MA Explorer Income 60 Fund S Inc	3.67	10.74	5.91	22.39
Liontrust MA Monthly High Income Fund S Inc	2.11	7.99	-1.07	2.35
IA Mixed Investment 0-35% Shares	1.50	5.85	-0.64	7.48
IA Mixed Investment 20-60% Shares	2.49	7.71	5.34	17.16

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Mar 23 to 31 Mar 24	31 Mar 22 to 31 Mar 23	31 Mar 21 to 31 Mar 22	31 Mar 20 to 31 Mar 21	31 Mar 19 to 31 Mar 20
Liontrust MA Explorer 35 Fund S Inc	8.37	-13.51	-0.89	1.31	1.80
Liontrust MA Explorer Income 45 Fund S Inc	8.51	-9.49	-2.56	12.01	-1.70
Liontrust MA Explorer Income 60 Fund S Inc	10.74	-5.86	1.60	21.60	-4.96
Liontrust MA Monthly High Income Fund S Inc	7.99	-7.31	-1.17	14.02	-9.27
IA Mixed Investment 0-35% Shares	5.85	-5.94	-0.20	12.09	-3.50
IA Mixed Investment 20-60% Shares	7.71	-4.80	2.73	19.83	-7.19

Source: Financial Express, as at 31 March 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
Corporate bonds
UK equities
Japan equities
Europe ex-UK equities
High yield bonds
Emerging market equities
Developed Asia equities

DIDN'T PERFORM AS WELL

Medium-duration gilts
Alternatives

FUND SELECTION

PERFORMED WELL

Ossiam Shiller Barclays CAPE US Sector Value
Loomis Sayles US Growth Equity
Man GLG Sterling Corporate Bond Professional
BlackRock European Dynamic
Liontrust European Dynamic
Royal London Corporate Bond
Aegon High Yield Bond
Barings Global High Yield Bond
Liontrust GF Sustainable Future US Growth
M&G Japan
Liontrust UK Equity
L&G US Index
MI TwentyFour AM Monument Bond

DIDN'T PERFORM AS WELL

iShares Corporate Bond Index 35
iShares UK Gilts All Stocks Index 35
iShares S&P SmallCap 600 35
iShares UK Property 35
iShares Environment & Low Carbon Tilt Real Estate Index
JPM Emerging Markets Income
L&G Global Real Estate Dividend 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.

SPECIALIST FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM


JOHN HUSSELBEE


JAMES KLEMPSTER


VICTOR ALABRUNE


DAVID SALISBURY


ANTHONY CHEMLA

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 31 Dec 23 to 31 Mar 24	1 YEAR 31 Mar 23 to 31 Mar 24	3 YEARS 31 Mar 21 to 31 Mar 24	5 YEARS 31 Mar 19 to 31 Mar 24
Liontrust MA UK Equity S Acc	2.82	7.44	16.21	24.97
IA UK All Companies	2.89	7.65	11.31	24.15

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	31 Mar 23 to 31 Mar 24	31 Mar 22 to 31 Mar 23	31 Mar 21 to 31 Mar 22	31 Mar 20 to 31 Mar 21	31 Mar 19 to 31 Mar 20
Liontrust MA UK Equity S Acc	7.44	1.36	6.72	29.95	-17.25
IA UK All Companies	7.65	-1.86	5.36	37.99	-19.17

Source: Financial Express, as at 31 March 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

UK equities

DIDN'T PERFORM AS WELL

N/A

FUND SELECTION

PERFORMED WELL

Artemis Income
Liontrust UK Equity
JOHCM UK Dynamic
JOHCM UK Equity Income
iShares 100 UK Equity Index
iShares UK Equity Index

DIDN'T PERFORM AS WELL

iShares MSCI UK Small Cap

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.

Any performance shown in respect of the Model Portfolios are periodically restructured and and/or rebalanced. Actual returns may vary from the model returns.

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 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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