LIONTRUST
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SUMMER 2023

LIONTRUST views

BACK TO BRITISH?

It may be fashionable to write the UK off, but investors could do so at their own expense.

CONTENTS

WELCOME

Welcome to the summer 2023 edition of *Liontrust Views*, a guide to how your investments have performed and what market developments mean for them.

The second quarter of 2023 has proved more stable than the first, which is welcome news for investors. While inflation continues to be a challenge, the latest Bank of England figures revealed a small but long-awaited fall and came amid hopes that inflation is finally moving in the right direction. However, there are clear signs that further central bank rate rises are likely to be needed to tackle inflation globally and this is tempering positive consumer sentiment.

In this edition, we have several regular features, including our opening article on pages 4–5 that describes the market backdrop over recent months and looks at what is driving it. We cover our latest fund positioning and asset allocation changes and explain the rationale behind these.

The portfolio positioning piece on pages 6–7 looks at how market sentiment is on a tightrope due to persistent inflation, although a closer look shows the economic outlook is 'not so bad'. It also discusses the need for investors to take a longer-term view towards financial markets rather than reacting to the latest data or news angle.

On pages 10–11, we look at whether it is time to 'go back to British' after years of sluggish market performance and dire investor sentiment, citing the opportunities available in unloved markets.

Meanwhile, the importance of building a diversified portfolio is the main topic on pages 12–13, with investors urged to resist putting all their eggs in one basket and being too tempted by the recent uptick in cash savings rates.

The vital statistics about the performance of Liontrust's funds can be found in the Facts and Figures on pages 14 to 25.

We hope you enjoy reading this edition of *Liontrust Views* and we would welcome any feedback you may have. ■

MARKET BACKDROP

RISKS

The froth in AI-related technology stocks with only a few stocks leading the market rally emerged in the second quarter. But how far central banks will go to tame inflation continues to be the most prominent risk because of the potentially negative impact on the global economy. Fears of a recession are still persistent, but they remain stable. We continue to believe that a mild downturn is more likely in 2023 than a deep recession because central banks will work to avoid it and the global economy remains on a fairly solid footing. Underlying core inflation remains sticky in developed economies, albeit with signs of moderation, but it was never likely to return to the golden target of 2% in just a few months. The war in Ukraine continues to pose geopolitical risks and can spur uncertainty at any time, such as the Wagner Group revolt, but deadlock appears to have set in.

FINANCIAL MARKETS

Investor sentiment stabilised early in the second quarter of the year after the jitters caused by the financial sector in March, helped by data pointing to economic resilience in developed economies. The mini-banking crisis has largely disappeared off investors' radars. The most significant news in an otherwise relatively quiet quarter was the political standoff regarding the US debt ceiling. However, market fears were eased by the end of the month when the House of Representatives passed the required bill. Although global equities mostly ground higher, with the notable exception of the UK, bonds weakened as expectations increased that tougher action would be needed by central banks to tackle inflation. Higher interest rates tend to be damaging to equities and bonds, but especially the latter.

CONCLUSION

Investor confidence has subsided from earlier this year. Markets are giving more credence to central banks' warning that interest rates would have to stay higher for longer to deal with stubborn inflation. However, the uncertainty weighing on markets means that financial assets can be purchased at lower prices, especially after the corrections seen in 2022. Long-term investors who are happy to invest when others are fearful might consider now to be a time to be more optimistic – although they should never be too greedy. ■

PORTFOLIO POSITIONING:

WHAT ARE WE CHANGING?

Financial markets today run the risk of being too fickle – investors are too short-termist, creating excessive volatility by over-reacting to whatever the latest data or news angle dictates. A longer term view is required.

Market sentiment is on a tightrope, thanks to the rate of inflation not going down as quickly as investors would like, but the general situation is not so bad either. Economies are rumbling along. Inflation remains persistent but arguably we are through the worst of it.

Adjustments to the asset allocations we target have been moderate following the more significant changes we made earlier this year after a review of our Strategic Asset Allocation (SAA). This is the long-term, underlying asset allocation for our funds and the first stage in our investment process.

In our most recent review, we maintained our overall positive outlook for markets. We had raised it earlier in the year because we sensed a positive change in the underlying tone of markets and we continue to focus on assets where we can see potential for improving prospects.

We have also raised our ranking for cash to neutral. This reflects the fact that cash deposits are looking more attractive in an environment of rising interest rates. But it is important to remember that these higher rates on cash are still lower than inflation and they are unlikely to preserve the real spending power of savings.

Our target allocations to equities have mostly been increased, except at the higher risk end which already has substantial exposure to this asset class, following the sell-off in 2022. This put us on the right side of markets in the second quarter when equities performed well. We are turning more positive on the US because we believe it is cheap in historical terms. This, together with the entrepreneurial spirit in its economy and its energy independence, makes for a positive case.

We have also raised our outlook on European smaller companies to neutral, in line with our view on European equities generally. We had downgraded them last year because of the risk of recession and the problems associated with energy supplies from Russia due to the war in Ukraine. But concerns over the European economy have abated and, arguably, the region's equities have been impacted disproportionately.

> We are turning more positive on the US because we believe it is cheap in historical terms.

Our target exposure to fixed income has been broadly reduced in the last quarter, except at the highest risk profile end. This has mostly been achieved by reducing targets in high yield bonds and, at the lower risk profile end, global government bonds. UK corporate bond targets were increased in some risk levels, however.

Our view about high yield bonds, which give investors higher rates of interest because of the greater risks associated with them, was the only area where we downgraded the outlook in the last quarter. We had raised it from neutral to positive in the fourth quarter of 2022 when we thought they were attractively priced compared to government bonds. We added exposure to them but the window of opportunity has since reduced and we have taken profits. Our view on high yield is back to neutral.

We remain most positive on the outlook for UK, emerging market and Asian (ex-Japan) equities and emerging market bonds. The UK market is still relatively good value despite its outperformance versus other markets in 2022, while emerging market and Asian economies are recovering well after the pandemic and have strong underlying fundamentals that give them dynamic, longer term potential. The prices for emerging market bonds, both government and corporate, are also favourable versus what is available in more developed markets.

Trying to time markets for short-term gains is hazardous. We are cautious and expect further volatility, but this might present opportunities to buy good, long-term investments at more attractive prices. ■

MARKET OUTLOOK

The second quarter of 2023 saw some positive movement in global stock markets while the picture for bonds was less optimistic due to the looming prospect of further central bank interest rate hikes.

Positive data demonstrating the economic resilience of developed economies helped to stabilise investor sentiment following the drama seen in March in the financial sector (with the implosion of US technology bank Silicon Valley Bank) and its knock-on effects.

While the periodic political standoff regarding the US debt ceiling caused some uncertainty, market fears were eased by the end of the month when the House of Representatives passed the required bill to resolve the uncertainty.

However, questions around how far monetary tightening through the raising of interest rates would go to tackle inflation continued to be a key factor for markets. Bonds, especially US treasuries, weakened on statements made at the meeting in Sintra, Portugal, of the world's top central bankers, who warned that tight labour markets continued to push up wages and inflation and that tougher action through increasing interest rates could be needed.

European Central Bank (ECB) president Christine Lagarde told the conference that there was still insufficient evidence that core inflation was stabilising and falling, sending a negative message about interest rates.

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 not positive or negative.

KEY

▲	Overweight
▼	Underweight
▬	Neutral

UNITED STATES

STOCKS ▬ | BONDS ▬

We have long been cautious on the expensive US stock market but the corrections seen in 2022 bought valuations of US equities down to more attractive levels. The technology bear market experienced in the US last year helped to dispel some of the overheating among growth companies in the market, which opened up opportunities to invest in these stocks at more attractive valuations. But these were not helped in 2022 by the high inflationary environment.

Expectations that the recent series of rate hikes by the Federal Reserve was coming to an end, combined with the dramatic culling of staff by US technologies giants, has driven outperformance in US growth stocks this year, however. A groundswell of interest in AI-related stocks has also catalysed the rally. The US economy remains in relatively good shape but active exposure is warranted.

Yields on US government bonds are above 3%, reflecting the fact that the Fed is further through its rate hiking cycle than many other central banks in developed economies. This also offers diversification because of the different interest rate policies across the world.

EMERGING MARKETS

STOCKS ▲ | BONDS ▲

Emerging markets have regularly shown themselves to be more adept at dealing with inflation than developed markets. Arguably further ahead of the curve than their counterparts, this has allowed them to implement more appropriate policies. Long term, the fundamentals are strong, despite sentiment being hit by China-related pandemic shocks, but the Chinese economy has showed some signs of recovery this year following the lifting of the draconian lockdown restrictions. Overall, emerging markets remain highly impacted by changes in investor sentiment and domestic and international politics.

Emerging market bonds are currently attractive, more so than high yield, although this is finely balanced. While credit risk ratings in these bonds are generally superior to high yield, there is inherent political risk in these markets.

As with equities, emerging market bonds are further ahead in the cycle than their developed counterparts and are financially stronger as a result of refraining from injecting substantial levels of financial support into their economies.

UNITED KINGDOM

STOCKS ▲ | BONDS ▬

In 2022, there was a rebound in UK equities thanks to an energy bounce and the skew towards value companies. Yet despite this, UK equities are still cheap, especially compared to other developed markets. In the second quarter of 2023, there was disappointing performance but if the value rotation continues then sectors such as financials should benefit more than we have seen for many years.

UK government bond yields (which is the return you can expect from the bonds) have increased to around 4% and now offer the prospect of delivering real yields (above the rate of inflation) over four to five years once the current inflationary spike abates. Yet while offering their best value for some time, they are unlikely to drive significant portfolio returns, instead providing a useful hedge against the performance of equities in times of market stress

EUROPE

STOCKS ▬ | BONDS ▬

Europe has been the region most at risk from the protracted conflict in Ukraine due to its exposure, with parts of the bloc heavily dependent on Russian energy. The region's equities have come under pressure as a result and have been unloved. However, with Europe home to many multi-national businesses, arguably they have been impacted disproportionately.

There are benefits in looking beyond the UK when it comes to bonds, achieving diversification due to the different approaches taken globally to tackling inflation. Having said this, the European Central Bank's ongoing fight against inflation – in particular it's one-size-fits-all policy – could lead to inflationary hotspots and provoke headwinds for European bonds.

ASIA PACIFIC

STOCKS ▲

Similar to the environment for emerging market equities, Asian equities have seen the benefits of rising inflation and loose monetary policies being seen globally. While these economies generally fared well through Covid, the focus continues to be on China, and in particular the measures it is looking to take to boost the economy and the impact of these in the months to come.

Risks remain from global sentiment as well as regional political tensions, although Asia has performed well thanks to its commodity links.

JAPAN

STOCKS ▬

The prospects for Japanese equities now look rosier, thanks in part to a weakening in the yen and the first signs of inflation for some years. In 2022, Japanese stocks sold off in line with others, but in fact the country is largely unaffected by prevailing geopolitical risks. The current global environment may impact Japan because of its reliance on exports and, as with Europe, softening global growth could be problematic. However, the weakness of the yen may help to counteract this for now. ■

BACK TO BRITISH?

The UK has been unpopular with investors for some time, with its equities having underperformed relative to other markets in recent years. Sentiment remains poor despite a recent rally but could this offer opportunities for investors?

The UK stock market has been in the doldrums in recent years, not helped by the political and economic upheaval that began in 2016 with Brexit. The impact of Brexit is still being felt on trade and investment, while high energy costs and stubbornly high inflation exacerbate the situation.

Add to the mix the high turnover of prime ministers in the UK in a remarkably short period and the subsequent domestic uncertainty, and it would not be a stretch to say the UK has been under a cloud since 2016.

Yet while sentiment about the UK continues to be relatively poor, the good news is that this could create opportunities for investors who are prepared to back the UK.

According to a study by Jonathan Haskel, a member of the Bank of England's Monetary Policy Committee, the UK has lost a staggering £29 billion in business investment since Brexit.

However, a June report by EY, the EY 2023 UK Attractiveness Survey, suggests that while the number of foreign direct investment (FDI) projects in the UK fell 6.4% in 2022 compared to 2021, the UK still ranks as the second country in Europe for FDI, behind France but ahead of Germany.

Reasons for optimism

In recent years, UK stocks have broadly underperformed global equities, accounting in part for their ongoing unpopularity. Yet in 2022, the FTSE 100 outperformed many of its international peers and the beginning of this year saw a rebound in UK equities, thanks in large part to the energy rally and value rotation. Disappointingly, they once again lagged in the second quarter due to weak commodity prices and the strength of sterling.

A key issue for the UK is that many of its dominant industries have also been unloved in recent times. For example, UK banks have had a tough time with fears of contagion from the collapse of Silicon Valley Bank and the rescue of Credit Suisse after intervention from the Swiss government. Consumer discretionary stocks (firms selling non-essential items) have also struggled as people reduce spending in difficult economic times. Meanwhile, firms that lag from an Environmental, Social and Governance (ESG) perspective have also suffered.

Yet in July 2023, the FTSE 100 index rose after UK banks passed their annual stress test – a requirement of the Bank of England to ensure banks are strong enough to cope financially if and/or when economic conditions deteriorate. This shows the value of measures put in place by regulators following the Global Financial Crisis which mean UK banks are in a far stronger financial position thanks to increased capital asset ratios than they were then.

James Klempster, Deputy Head of Multi-Asset at Liontrust, argues that currently the 'valuations of financials are attractive' and could represent an interesting opportunity. He adds: "Investors often focus on the negatives as this is easier than looking more closely for the undoubted positives, but this means they could be missing potential opportunities for value."

International exposure

Investing in the FTSE 100 index also gives exposure to international markets other than the UK. This is because many of the companies listed on it conduct business globally, thereby offering investors the chance to benefit from other markets but without the foreign exchange currency risk.

As James Klempster says: "If you look at the FTSE 100, it is a basket of companies mainly domiciled in the UK but with three-quarters of their profits coming from overseas – so there are clearly benefits there. This is a flexible relationship."

Benefit from the discount

While the UK stock market has picked up this year, relative to many international markets, it is still deeply discounted. With valuations of the UK and companies at such low rates, it clearly offers an opportunity for investors who are prepared to jump in now to benefit over the mid to longer term.

Stock Market	UK	US	Europe ex UK	Japan
12m forward PE	10.8	22.2	12.3	18.6

Source: Bloomberg, 17.07.23

Inflation

The persistently high inflationary environment is seen by many as a reason to avoid backing British, but this is arguably taking a short-term view. The UK is far from the only country to be experiencing high inflation, albeit inflation in Europe fell from over 6% to 5.5% in June. Meanwhile, the US recently reported an easing of inflation, although core CPI inflation remains higher than the government would like.

It may be fashionable to write the UK off, but investors could do so at their own expense.

With the impact of recent rate rises yet to be fully felt, combined with the government and Bank of England's firm commitment to bringing inflation down as a priority, experts believe we are likely to see inflation begin to fall this year, which would be welcome news for many investors.

Democracy and stability

Despite the unusually chaotic political period seen in 2022 – with a certain prime minister being outlasted by a lettuce – the stability of the UK is a factor that should not be disregarded. Not only is the UK one of the longest-standing democracies, it is also one of the five largest economies in the world. This should give investors peace of mind to some degree.

To back or not to back?

For investors currently weighing up whether to back British or look further afield, it is worth bearing in mind the bargains that can come with buying unloved goods.

As James Klempster concludes: "When something is unloved, it can often become good value, and the UK is unloved. There is no doubt that it has been a difficult time politically and there has been business uncertainty but there are a lot of opportunities and value there for investors.

"It may be fashionable to write the UK off, but investors could do so at their own expense."

Diversifying investments

IS AS IMPORTANT AS EVER

The temptation is strong today for investors to put all their money in cash deposits with banks and building societies giving the best savings rates for many years. This temptation is made all the stronger by the recent memories of the turbulence seen in equity and bond markets in 2022. But in such times, the lesson about never putting all your eggs in one basket is as important as ever.

If investors wish to make real returns, so that the spending power of their investments keeps up with, and potentially even exceeds, the rate of inflation over the long term, then this means investing beyond cash. This is because when inflation is 7.9%[1] and the rates on savings accounts range from 4.30% to 5.25%[2], these cash investments are guaranteed to lose real value. What can investors do?

Investors should consider diversifying their investments to reduce risk and reap benefits from across the asset classes. Diversification means having a variety of different asset classes and styles of investments in your portfolio, such as bonds, equities, investment trusts, commodities and property as well as cash. While cash can give stability to portfolios by delivering low-risk steady returns, other asset classes with track records of beating inflation over the longer term are needed to potentially enhance and deliver real returns.

Diversification reduces volatility because asset classes will perform in different ways according to what is happening in the markets. However, when it comes to determining the mix of investments, this should be based on your attitude to risk, your investment goals and the time horizon in which you plan to stay invested.

It is also worth diversifying across time, with different investments held or due to mature at variable times. This means you are not relying on many different investments to be performing at the same time.

Alternatives to cash

Two alternative asset classes to cash are bonds and equities, both of which offer attractive long-term risk-return profiles that can be used effectively to diversify portfolios.

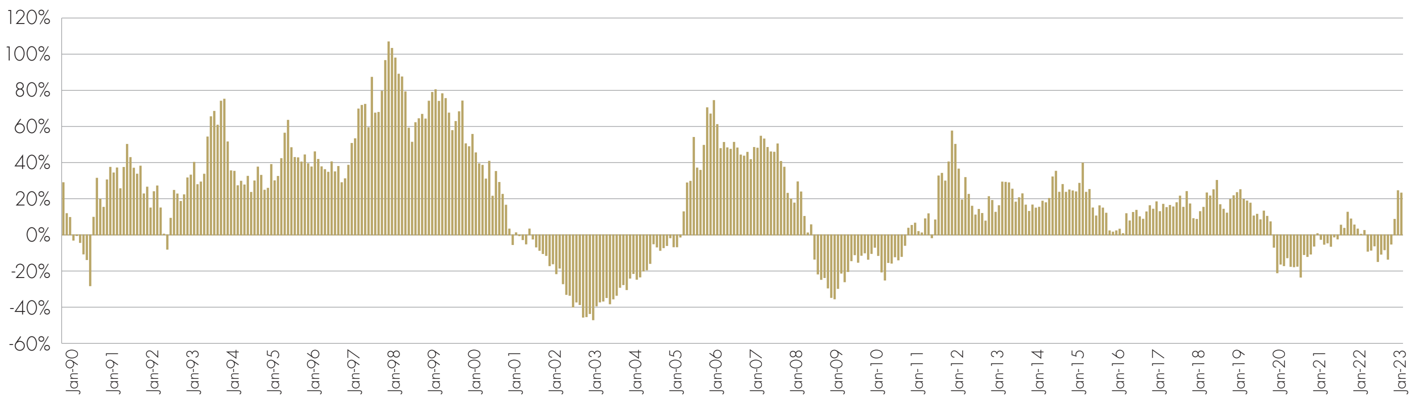
Bonds are IOUs issued by companies and governments with the promise (although by no means guaranteed) of regular interest payments and the return of the money borrowed at the end of a term. Some bonds are 'perpetual', which means they never mature but continue to provide interest payments, in theory, forever.

To achieve stronger returns over the long term, it is normally necessary to invest a proportion of your portfolio in equities or shares, although they are significantly more volatile than cash.

Equities give investors fractional ownership of the prospects of a business generating capital growth and income from dividends. Although some companies do fall by the wayside, historically companies have proved to be highly successful at generating returns that exceed inflation, as demonstrated by the long-term returns of stock markets. Companies are seen as having an in-built defence against inflation because they can pass increasing costs onto consumers by raising their prices, although this will depend on the market power that they wield.

For example, Figure 1 shows how the total returns from equities have outstripped inflation in most of the years between 1990 and the present day, sometimes by 100% or more, although they have dipped into negative territory in some years as well, illustrating their greater volatility.

Fig. 1: Rolling six-month total return on UK equity from 1990 to 2023



Source: Bloomberg, 13 June 2023.

It is important to consider that there is a trade-off between risk and return in a free market – the greater the risk involved in an asset class, the greater the potential return. This trade-off tends to be more consistent over time and across asset types. Cash and government bonds are generally considered to have the lowest risk but both generate lower long-term returns than equities, which lie at the other end of the risk-return spectrum. In between these asset classes are high yield bonds, which are higher risk than most fixed income but lower risk than equities.

Matching appetites for risk

Having a diversified portfolio broadens your exposure to different markets or sectors and reduces the risk of being hostage to the fortunes of one or just a few financial assets, while potentially achieving a greater return on investment for the same level of risk compared with an undiversified portfolio.

This potential is particularly relevant in today's markets. The attractions of cash deposits might be more enticing than they have been for a long time, but if investors are concerned about preserving and increasing the real value (above the rate of inflation) of their wealth then the current level of inflation and interest rates means they should consider diversifying into non-cash assets if they are to have the prospect of doing so. The shortfall of cash versus inflation on current rates will only be exacerbated the longer that investments are parked in savings accounts that pay negative rates versus the rate of inflation.

Cash can help to balance the risks and reduce volatility, but there are many other investment assets with the potential to enhance long-term returns that investors can include in their portfolios. The key issue for investors is to ensure that the mix of assets matches their own appetite for risk.

> Having a diversified portfolio broadens your exposure to different markets or sectors and reduces the risk of being hostage to the fortunes of one or just a few financial assets.

[1]Source: UK CPIH inflation rate in May, Office for National Statistics

[2]Source: Moneyfacts Compare.co.uk, interest on accounts ranging from easy access savings to 180-day notice accounts

FACTS & FIGURES

QUARTERLY DATA

US stocks	Japanese stocks	European (but not UK) stocks	UK stocks	Global high yield bonds	Emerging market bonds
5.76%	2.30%	0.58%	-0.46%	-1.16%	-1.26%
S&P 500 Composite Index	TOPIX Index	FTSE All World Developed Europe excluding UK Index	FTSE All-Share Index	ICE Bank of America ML Global High Yield Bond Index	JP Morgan Global Emerging Market Bond Index

Emerging market stocks	European corporate bonds	US corporate bonds	Asian (but not Japanese) stocks	Global government bonds	UK corporate bonds
-1.74%	-1.92%	-3.02%	-4.46%	-4.69%	-5.24%
MSCI Emerging Market Index	Bloomberg Barclays European Corporate Bond Index	Bloomberg Barclays US Corporate Bond Index	MSCI Pacific ex-Japan Index	FTSE G7 Index	Bloomberg Barclays Sterling Aggregate Bond 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 Jul 2022 to 30 Jun 2023	1 Jul 2021 to 30 Jun 2022	1 Jul 2020 to 30 Jun 2021	1 Jul 2019 to 30 Jun 2020	1 Jul 2018 to 30 Jun 2019
US stocks	14.24	1.68	25.93	10.73	14.54
European (but not UK) stocks	19.42	-10.17	22.99	0.70	8.00
UK stocks	7.89	1.64	21.45	-12.99	0.57
Japanese stocks	9.84	-10.55	8.40	3.37	-4.43
Asian (but not Japanese) stocks	1.20	-3.05	20.14	-10.02	12.23
Emerging market stocks	-2.36	-14.68	26.43	-0.14	5.40
Global government bonds	-7.24	-4.44	-10.66	8.60	9.53
Global high yield bonds	4.78	-6.30	3.39	2.40	11.54
US corporate bonds	-3.00	-2.39	-7.60	12.79	14.85
European corporate bonds	-0.17	-12.15	-2.15	1.16	6.01
Emerging market bonds	2.07	-8.14	-4.46	4.57	15.48
UK corporate bonds	-13.24	-13.98	-4.24	10.17	5.44

Past performance is not a guide to future performance. 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, 30 June 2023.

EXPLORER FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

VICTOR ALABRUNE

DAVID SALISBURY

ANTHONY CHEMLA

PORTFOLIO CHANGES

BOUGHT

BlackRock Emerging Markets
Baillie Gifford Japanese
Man GLG Japan CoreAlpha
LF Lindsell Train UK Equity
Liontrust European Dynamic
iShares Environment & Low Carbon Tilt Real Estate Index
Barings Europe Select
LF Liontrust UK Equity
BlackRock European Dynamic
TB Evenlode Income
J O Hambro Capital Management UK Dynamic
Legal & General Global Infrastructure Index
Man GLG Sterling Corporate Bond
Fidelity Asia Pacific Opportunities
iShares UK Property
iShares S&P Small Cap 600
iShares MSCI UK Small Cap
iShares Physical Gold
Barings Global High Yield Bond
Federated Hermes Asia ex-Japan Equity
WisdomTree Enhanced Commodity
HSBC Global Aggregate Bond Index
Barings Emerging Markets Sovereign Debt
Vontobel mtx Sustainable Emerging Markets Leaders

SOLD

iShares UK Gilts All Stocks Index
iShares Overseas Government Bond Index
iShares Corporate Bond Index Fund
TB Evenlode Income
Supermarket Income
Legal & General All Stocks Gilt Index
Tritax Big Box
M&G Japan Smaller Companies
BlackRock ICS Sterling Liquidity
HSBC Sterling Liquidity
Barings Global High Yield Bond
Vanguard UK Government Bond Index
Barings Emerging Markets Sovereign Debt

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 1 Apr 23 to 30 Jun 23	1 YEAR 1 Jul 22 to 30 Jun 23	3 YEARS 1 Jul 20 to 30 Jun 23	5 YEARS 1 Jul 18 to 30 Jun 23
Liontrust MA Explorer 35 Fund S Acc	-0.33	-7.91	-16.30	-10.48
Liontrust MA Explorer Income 45 Fund S Acc	-0.61	-2.18	-9.78	-2.80
Liontrust MA Explorer Income 60 Fund S Acc	0.68	2.34	4.90	11.41
Liontrust MA Explorer 70 Fund S Acc	1.26	4.69	12.05	16.16
Liontrust MA Explorer 85 Fund S Acc	1.95	8.05	22.01	24.33
Liontrust MA Explorer 100 Fund S Acc	2.26	9.58	23.74	29.78

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	1 Jul 22 to 30 Jun 23	1 Jul 21 to 30 Jun 22	1 Jul 20 to 30 Jun 21	1 Jul 19 to 30 Jun 20	1 Jul 18 to 30 Jun 19
Liontrust MA Explorer 35 Fund S Acc	-7.91	-9.73	0.68	3.82	3.02
Liontrust MA Explorer Income 45 Fund S Acc	-2.18	-13.36	6.45	3.80	3.79
Liontrust MA Explorer Income 60 Fund S Acc	2.34	-9.98	13.86	2.01	4.11
Liontrust MA Explorer 70 Fund S Acc	4.69	-9.96	18.87	0.07	3.60
Liontrust MA Explorer 85 Fund S Acc	8.05	-9.49	24.75	-1.40	3.34
Liontrust MA Explorer 100 Fund S Acc	9.58	-10.71	26.46	1.49	3.35

Source: Financial Express, as at 30 June 2023. 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
Japan equities
European ex UK equities
Emerging market debt
Global ex-UK fixed income
High yield bonds

DIDN'T PERFORM AS WELL

Corporate bonds
Developed Asia equities
Global government bonds
Alternatives
Medium-duration gilts
Short-duration gilts
Global government bonds
UK equities
Emerging market equities

FUND SELECTION

PERFORMED WELL

Ossiam Shiller Barclays CAPE US Sector Value
Loomis Sayles US Growth Equity
AB American Growth
Barings Global High Yield Bond
Man GLG Japan Core Alpha Professional
Baillie Gifford Japanese
Barings Emerging Market Sovereign Debt
BlackRock European Dynamic
Tritax Big Box

DIDN'T PERFORM AS WELL

L&G All Stocks Gilt Index
Vanguard UK Government Bond Index
iShares UK Gilts All Stocks Index
Fidelity Asia Pacific Opportunities
Federated Hermes Asia ex Japan Equity
L&G Global Infrastructure Index
iShares UK Property
iShares Physical Gold
Liontrust Sustainable Future Corporate Bond
iShares Corporate Bond Index
Lyxor UK Government Bond 0-5Y
SPDR Bloomberg 1-5 Year Gilt
BlackRock Emerging Markets
Vontobel mtx Sustainable Emerging Markets Leaders
JOHCM UK Dynamic

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. 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

VICTOR ALABRUNE

DAVID SALISBURY

ANTHONY CHEMLA

PORTFOLIO CHANGES

BOUGHT ◀

- iShares Environment & Low Carbon Tilt Real Estate Index
- Legal & General Global Infrastructure Index
- iShares $ High Yield Corporate Bond ESG
- iShares € High Yield Corporate Bond ESG
- Vanguard UK Investment Grade Bond Index
- iShares UK Property
- iShares Physical Gold
- SPDR® Bloomberg 1-5 Year Gilt
- Barings Global High Yield Bond
- WisdomTree Enhanced Commodity
- Global Aggregate Bond Index
- iShares Global High Yield Corporate Bond
- Lyxor UK Government Bond 0-5Y

SOLD ▶

- Assura
- Tritax Big Box
- Civitas Social Housing
- Primary Health Properties
- Supermarket Income
- iShares Overseas Government Bond Index
- iShares Global High Yield Corporate Bond

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 1 Apr 23 to 30 Jun 23	1 YEAR 1 Jul 22 to 30 Jun 23	3 YEARS 1 Jul 20 to 30 Jun 23	5 YEARS 1 Jul 18 to 30 Jun 23
Liontrust MA Blended Reserve Fund S Acc	-0.89	-3.67	-10.98	-5.69
Liontrust MA Blended Moderate Fund S Acc	-0.70	-1.81	-3.29	2.15
Liontrust MA Blended Intermediate Fund S Acc	0.02	0.63	4.65	8.75
Liontrust MA Blended Progressive Fund S Acc	0.64	3.43	12.28	14.54
Liontrust MA Blended Growth Fund S Acc	1.82	6.99	23.01	24.59

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	1 Jul 22 to 30 Jun 23	1 Jul 21 to 30 Jun 22	1 Jul 20 to 30 Jun 21	1 Jul 19 to 30 Jun 20	1 Jul 18 to 30 Jun 19
Liontrust MA Blended Reserve Fund S Acc	-3.67	-11.54	4.48	2.76	3.09
Liontrust MA Blended Moderate Fund S Acc	-1.81	-9.53	8.87	1.88	3.68
Liontrust MA Blended Intermediate Fund S Acc	0.63	-8.23	13.32	0.21	3.70
Liontrust MA Blended Progressive Fund S Acc	3.43	-7.58	17.47	-1.47	3.53
Liontrust MA Blended Growth Fund S Acc	6.99	-6.84	23.43	-2.47	3.84

Source: Financial Express, as at 30 June 2023. 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
- Europe ex UK equities
- High yield bonds
- Japan equities

DIDN'T PERFORM AS WELL ▬

- Corporate bonds
- Alternatives
- Medium gilts
- Short gilts
- Global ex UK bonds
- Developed Asia equities
- UK equities
- Emerging market equities

FUND SELECTION

PERFORMED WELL ▲

- L&G US Index
- Loomis Sayles US Growth Equity
- AB American Growth
- Ossiam Shiller Barclays CAPE US Sector Value
- Barings Global High Yield Bond
- iShares € High Yield Corporate Bond ESG
- iShares $ High Yield Corporate Bonds ESG
- iShares Japan Equity index
- Man GLG Japan CoreAlpha Professional
- M&G Japan Smaller Companies

DIDN'T PERFORM AS WELL ▬

- iShares Corporate Bond Index
- Vanguard UK Investment Grade Bond Index
- iShares UK Property
- iShares Physical Gold
- WisdomTree Enhanced Commodity
- L&G Global Infrastructure Index
- iShares Environment and Low Carbon Tilt Real Estate Index
- iShares UK Gilts All Stocks Index
- L&G All Stocks Gilt Index
- Vanguard UK Government Bond Index
- Lyxor UK Government Bond
- L&G Emerging markets Equity Index
- Vontobel mtx Sustainable Emerging Markets Leaders
- JOHMC UK Dynamic
- iShares MSCI UK SmallCap

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. 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

iShares Corporate Bond Index
Legal & General Global Infrastructure Index
iShares $ High Yield Corporate Bond ESG
iShares € High Yield Corporate Bond ESG
Vanguard UK Investment Grade Bond Index
iShares UK Property
iShares Physical Gold
iShares Fallen Angels High Yield Corporate Bond
BlackRock Global High Yield Sustainable Credit Screened
WisdomTree Enhanced Commodity
Global Aggregate Bond Index
iShares Global High Yield Corporate Bond
Lyxor UK Government Bond 0-5Y

SOLD

iShares Overseas Government Bond Index
iShares Environment & Low Carbon Tilt Real Estate Index
Legal & General UK Property
HSBC Sterling Corporate Bond Index
iShares Global High Yield Corporate Bond

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 1 Apr 23 to 30 Jun 23	1 YEAR 1 Jul 22 to 30 Jun 23	3 YEARS 1 Jul 20 to 30 Jun 23	5 YEARS 1 Jul 18 to 30 Jun 23
Liontrust MA Dynamic Passive Reserve Fund S Acc	-1.03	-4.45	-9.16	0.84
Liontrust MA Dynamic Passive Moderate Fund S Acc	-0.86	-2.52	-3.47	5.44
Liontrust MA Dynamic Passive Intermediate Fund S Acc	-0.22	0.35	4.72	12.34
Liontrust MA Dynamic Passive Progressive Fund S Acc	0.34	2.93	13.47	19.38
Liontrust MA Dynamic Passive Growth Fund S Acc	1.50	6.39	24.32	29.10
Liontrust MA Dynamic Passive Adventurous Fund S Acc	1.89	6.68	26.36	34.04

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	1 Jul 22 to 30 Jun 23	1 Jul 21 to 30 Jun 22	1 Jul 20 to 30 Jun 21	1 Jul 19 to 30 Jun 20	1 Jul 18 to 30 Jun 19
Liontrust MA Dynamic Passive Reserve Fund S Acc	-4.45	-8.66	4.09	5.51	5.22
Liontrust MA Dynamic Passive Moderate Fund S Acc	-2.52	-7.58	7.15	3.43	5.61
Liontrust MA Dynamic Passive Intermediate Fund S Acc	0.35	-5.85	10.84	1.98	5.20
Liontrust MA Dynamic Passive Progressive Fund S Acc	2.93	-4.32	15.21	-0.25	5.48
Liontrust MA Dynamic Passive Growth Fund S Acc	6.39	-3.39	20.96	-2.11	6.09
Liontrust MA Dynamic Passive Adventurous Fund S Acc	6.68	-4.24	23.70	-0.44	6.55

Source: Financial Express, as at 30 June 2023. 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
High yield bonds
Japan equities
Europe ex UK equities

DIDN'T PERFORM AS WELL

Corporate bonds
Alternatives
Medium-duration gilts
Short-duration gilts
Developed Asia equities
UK equities
Emerging market equities

FUND SELECTION

PERFORMED WELL

L&G US Index
HSBC American Index
iShares Japan Equity index
HSBC Japan Index
iShares Fallen Angels High Yield Corporate Bond
iShares € High Yield Corporate Bond ESG
iShares $ High Yield Corporate Bonds ESG
iShares Continental European Equity Index
HSBC European Index

DIDN'T PERFORM AS WELL

Vanguard UK Investment grade Bond Index
iShares Corporate Bond Index
iShares Emerging Markets Equity Index
L&G Emerging Markets Equity Index
iShares UK Gilts All Stocks Index
L&G All Stocks Gilt Index
Vanguard UK Government Bond Index
Lyxor UK Government Bond 0-5Y
SPDR Bloomberg 1-5 Year Gilt
iShares Physical Gold
WisdomTree Enhanced Commodity
L&G Global Infrastructure
iShares UK Property
L&G Pacific Index
HSBC Pacific Index
L&G UK Index
HSBC FTSE All Share Index

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INCOME GENERATING FUND RANGE

THE LIONTRUST MULTI-ASSET INVESTMENT TEAM

JOHN HUSSELBEE

JAMES KLEMPSTER

VICTOR ALABRUNE

DAVID SALISBURY

ANTHONY CHEMLA

PORTFOLIO CHANGES

BOUGHT

- iShares Environment & Low Carbon Tilt Real Estate Index
- Legal & General Global Infrastructure Index
- Man GLG Sterling Corporate Bond
- iShares UK Property
- iShares Physical Gold
- Barings Global High Yield Bond
- WisdomTree Enhanced Commodity
- Global Aggregate Bond Index
- Barings Emerging Markets Sovereign Debt

SOLD

- iShares UK Gilts All Stocks Index
- iShares Overseas Government Bond Index
- iShares Corporate Bond Index
- TB Evenlode Income
- Supermarket Income
- Legal & General All Stocks Gilt Index Trust
- Tritax Big Box
- M&G Japan Smaller Companies
- iShares Corporate Bond Index
- Supermarket Income
- Vanguard UK Government Bond Index

CUMULATIVE RETURN

Fund and share class Total returns for the periods shown (%)	3 MONTHS 1 Apr 23 to 30 Jun 23	1 YEAR 1 Jul 22 to 30 Jun 23	3 YEARS 1 Jul 20 to 30 Jun 23	5 YEARS 1 Jul 18 to 30 Jun 23
Liontrust MA Explorer 35 Fund S Inc	-0.33	-7.90	-16.25	-10.50
Liontrust MA Explorer Income 45 Fund S Inc	-0.61	-2.18	-9.83	-2.88
Liontrust MA Explorer Income 60 Fund S Inc	0.68	2.34	4.94	11.41
Liontrust MA Monthly High Income Fund S Inc	-0.63	-1.31	-4.37	-4.62
IA Mixed Investment 0-35% Shares	-1.00	-0.85	-3.12	1.25
IA Mixed Investment 20-60% Shares	-0.41	1.18	5.98	8.37

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	1 Jul 22 to 30 Jun 23	1 Jul 21 to 30 Jun 22	1 Jul 20 to 30 Jun 21	1 Jul 19 to 30 Jun 20	1 Jul 18 to 30 Jun 19
Liontrust MA Explorer 35 Fund S Inc	-7.90	-9.72	0.73	3.75	3.00
Liontrust MA Explorer Income 45 Fund S Inc	-2.18	-13.36	6.40	3.90	3.66
Liontrust MA Explorer Income 60 Fund S Inc	2.34	-9.98	13.91	1.97	4.11
Liontrust MA Monthly High Income Fund S Inc	-1.31	-10.20	7.91	-3.11	2.93
IA Mixed Investment 0-35% Shares	-0.85	-8.57	6.86	1.27	3.20
IA Mixed Investment 20-60% Shares	1.18	-7.09	12.74	-0.63	2.89

Source: Financial Express, as at 30 June 2023. 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
- Emerging market debt
- Global ex-UK fixed income
- High yield bonds
- Europe ex UK equities
- Japan equities

DIDN'T PERFORM AS WELL ▬

- Corporate bonds
- Developed Asia equities
- Medium-term gilts
- Short-duration gilts
- Alternatives
- Emerging market equities
- Global government bonds

FUND SELECTION

PERFORMED WELL ▲

- Ossiam Shiller Barclays CAPE US Sector Value
- Loomis Sayles US Growth Equity
- AB American Growth
- Barings Global High Yield Bond
- Man GLG Japan Core Alpha Professional
- Baillie Gifford Japanese
- Barings Emerging Markets Sovereign Debt
- Tritax Big Box
- Primary Health Properties
- MI Twenty-four AM Monument Bond

DIDN'T PERFORM AS WELL ▬

- L&G All Stocks Gilt Index
- Vanguard UK Government Bond Index
- iShares UK Gilts All Stocks Index
- iShares Corporate Bond Index
- Liontrust Sustainable Future Corporate Bond
- Lyxor UK Government Bond 0-5Y
- SPDR Bloomberg 1-5 Year Gilt
- L&G Global Infrastructure Index
- iShares UK Property
- iShares Physical Gold
- SPDR S&P US Dividend Aristocrats

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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 1 Apr 23 to 30 Jun 23	1 YEAR 1 Jul 22 to 30 Jun 23	3 YEARS 1 Jul 20 to 30 Jun 23	5 YEARS 1 Jul 18 to 30 Jun 23
Liontrust MA UK Equity S Acc	-1.08	6.32	23.17	10.87
IA UK All Companies	-0.73	6.20	24.07	7.98

DISCRETE YEARLY PERFORMANCE

Fund and share class Total returns for the periods shown (%)	1 Jul 22 to 30 Jun 23	1 Jul 21 to 30 Jun 22	1 Jul 20 to 30 Jun 21	1 Jul 19 to 30 Jun 20	1 Jul 18 to 30 Jun 19
Liontrust MA UK Equity S Acc	6.32	-4.93	21.86	-11.15	1.31
IA UK All Companies	6.20	-8.49	27.66	-11.03	-2.19

Source: Financial Express, as at 30 June 2023. 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	DIDN'T PERFORM AS WELL
Cash	UK equities

FUND SELECTION

PERFORMED WELL	DIDN'T PERFORM AS WELL
TB Evenlode Income	Artemis Income
Liontrust UK Equity	JOHCM UK Equity Income
	JOHCM UK Dynamic
	iShares MSCI Mid Cap UK Equity
	iShares MSCI UK Small Cap

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IMPORTANT INFORMATION

KEY RISKS

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

Some of the Funds managed by the Multi-Asset Team have exposure to foreign currencies and may be subject to fluctuations in value due to movements in exchange rates. The majority of the Funds invest in Fixed Income securities indirectly through other collective investment schemes. The value of fixed income securities will fall if the issuer is unable to repay its debt or has its credit rating reduced. Generally, the higher the perceived credit risk of the issuer, the higher the rate of interest. Bond markets may be subject to reduced liquidity. Some Funds may have exposure to property via collective investment schemes. Property funds may be more difficult to value objectively so may be incorrectly priced, and may at times be harder to sell. This could lead to reduced liquidity in the Fund. Some also invest in non-mainstream (alternative) assets indirectly through other collective investment schemes. During periods of stressed market conditions non-mainstream (alternative) assets may be difficult to sell at a fair price, which may cause prices to fluctuate more sharply.

The Funds' investments are subject to normal fluctuations and other risks inherent when investing in securities. The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term. There is no certainty the investment objectives of the Fund will actually be achieved and no warranty or representation is given to this effect. The Funds therefore should be considered as a long-term investment.

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