



PERFORMANCE REVIEW AND OUTLOOK

MULTI-ASSET FUNDS AND PORTFOLIOS
FEBRUARY 2025

FOR PROFESSIONAL INVESTORS
AND ADVISERS ONLY



Introduction

Global markets reacted positively to Donald Trump getting elected for the second time as US President. This helped ensure a positive year for equities in 2024 which continued to be dominated by a few tech-centric stocks. The key question is what does this mean for investments in 2025?

We strongly believe active management and diversification will be key themes for investors in 2025. This is because we are expecting a broadening of returns away from the US and the Magnificent 7 towards other international markets, small and mid caps, and stocks that have been unloved recently. It is important to remember that markets don't outperform forever and the share prices of the Magnificent 7 stocks have risen to an extent that has been unprecedented historically. This will mean that diversification for portfolios will become more important as returns will not be concentrated among a handful of global winners.

The likely continued fragmentation of globalisation and the move towards a more multi-polar world under Trump 2.0 will exacerbate the phenomenon of economic cycles across major economies

becoming less in sync. This will lead to increased diversity in actions by central banks, including interest rates no longer moving in near unison, whether up or down. This will in turn make it more beneficial to actively manage exposure to bonds and duration.

We stand by the importance of long-term investing focused on fundamentals. The turning points for markets often come when news flow is negative. The winners of tomorrow are often not the winners of yesterday, and caution can be required when valuations reach levels that do not match the revenues and profitability of companies. And remember that popular investments are rarely cheap and cheap investments can offer excellent long-term return prospects.

It is for these reasons that we believe in the power of active management, whether portfolios comprise active or passive vehicles.



If you have any questions, please do contact your usual Liontrust sales representative and we will be very happy to help



Market overview

Global equities' positive performance in 2024 was boosted in the fourth quarter by Donald Trump's victory in the US Presidential election in early November.

Trump 2.0 raised expectations that his policies of deregulation and tax cuts will boost stock markets although his plans for higher tariffs and immigration controls would also threaten higher inflation. This Trump trade prompted a rally in US equities, which finished the year 27.0% higher in sterling terms.

Japan's stock market reached its best year-end close in 2024 since 1989. A weak yen boosted the attractiveness of Japan's exports in a year that saw corporate earnings hit an all-time high in the third quarter.

In Asia, stocks were boosted when China announced a positive change in its stance on monetary policy, which investors interpreted as the country's government taking the economic situation seriously. Although Asia ex-Japan and emerging market equities reacted adversely to the prospect of Trump's tariffs in the fourth quarter, both regions delivered double-digit returns in sterling terms over the year.

Europe ex-UK's negative return over the fourth quarter made it the poorest-performing equity region over the period. There were some

disappointing corporate earnings results and data pointed to a stagnating economy, while the threat of tariffs from the impending Trump presidency and trade tensions with China increased. Politics was also a negative factor, with general elections due in Germany and France in 2025. The region's equities were still higher in sterling terms over 2024, however.

Fixed income also enjoyed a positive year although the asset class faced headwinds in the fourth quarter as yields on global bonds rose and only developed market high yield bonds were positive. While central banks on both sides of the Atlantic began normalising policy in 2024, a strong US economy and stubborn inflation prompted the Federal Reserve to strike a more hawkish tone on interest rate policy. While Labour's general election victory in June 2024 gave the UK much-needed political stability, its first budget in October prompted gilt yields to rise because of the extent of its expansionary spending plans, although they have fallen since the start of 2025.

Performance review

All the Liontrust Multi-Asset funds and portfolios delivered positive returns in 2024, including double-digit returns for those with the most exposure to equities. With the exception of the two most defensive Income portfolios, all funds and portfolios were also in positive territory in the fourth quarter.

Our bespoke Strategic Asset Allocation (SAA) was the strongest driver of overall returns over both the year and the quarter, while our Tactical Asset Allocation (TAA) contributed positively to returns over 2024 as well.

The gains over 2024 also reflected our positive tactical rating for equities overall and in particular sub-asset classes including Japan, UK, emerging market and Asia Pacific ex-Japan equities, US smaller companies and investment grade corporate and developed market high yield bonds.

In the fourth quarter, equities delivered positive returns overall, although fixed income and alternatives generally weighed on performance.

US equities delivered the strongest returns of any sub-asset class in the fourth quarter, with some support for the portfolios and risk-targeted funds from Japanese equities. Fidelity Index US and TM Natixis Loomis Sayles US Equity Leaders were notable contributors in our portfolios, and Loomis Sayles US Growth Equity, L&G US Index and HSBC American Index in the funds.

In fixed income, developed market high yield bonds contributed significantly to performance in our funds and portfolios through Aegon High Yield Bond. Man Sterling Corporate Bond Professional was also a positive contributor over the quarter while other fixed

income sub-asset classes weighed on performance, with medium gilts detracting the most through iShares UK Gilts All Stocks Index.

For more information on the performances of our funds and portfolios, please see pages 6–17.



Liontrust MA Blended funds

The Liontrust MA Blended funds achieved an average return of 0.8% over the quarter, and 8.3% over 12 months. All the funds produced strong returns over 2024, with greater exposure to equities enhancing performance: Liontrust MA Blended Growth returned 11.6% versus Liontrust MA Blended Reserve’s return of 5.9%.

The underweight to US equities detracted from returns, given the strong rally in North American markets. This was partially offset by positive contributions from the underweights to Europe ex-UK equities and alternatives. The latter added to performance because many sub-asset classes within alternatives, such as property and infrastructure, suffered due to their sensitivity to rising long-dated bond yields over the second half of the quarter.

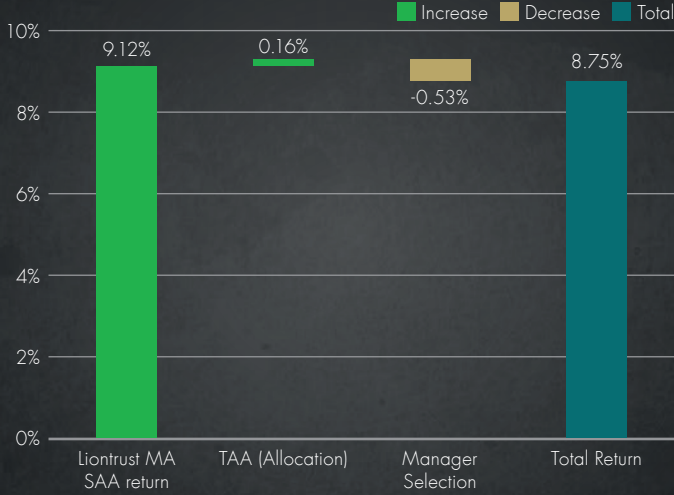
UK equities underperformed other markets in 2024 and delivered a negative performance in the fourth quarter but returned an average of 8.1% over 2024 in the Blended funds, while our asset allocation and manager selection in European equities aided performances. Liontrust European Dynamic and small-cap fund Barings European Select both outperformed the benchmark.

Throughout the year, the overweight exposure to Japan positively impacted performance, bolstered by increased corporate activity. Notable events included bids for 7-Eleven and a proposed Honda-Nissan merger.

The Japanese market has been difficult to navigate with a volatile yen and global trade dynamics, and political tensions impacted Japanese market sentiment. Japanese equities still returned an average of 8.8% over the year in the Blended funds in sterling terms, although Baillie Gifford Japan lagged the benchmark over the period.

Tactical tilts over the quarter had a slightly negative impact on performance, contributing an average five basis points headwind overall.

Liontrust MA Blended Intermediate – returns over the year to 31 December 2024



Source: Liontrust, December 2024

Liontrust MA Dynamic Passive funds

The Liontrust MA Dynamic Passive funds produced an average return of 0.9% in the fourth quarter and 9.1% over 12 months. The returns for the year ranged from 4.9% up to 14.7%.

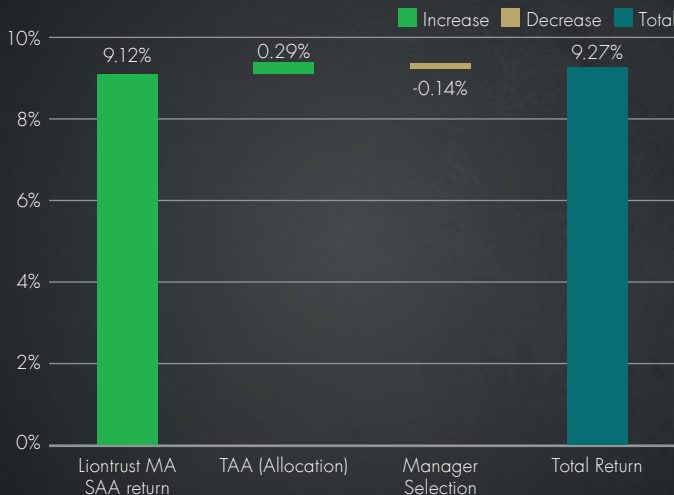
North American equities led performance for the funds, rallying off the back of Donald Trump’s presidential win, with the expectations of tax cuts and positive corporate tailwinds leading to 10.0% returns over the quarter in sterling terms.

Developed market high yield also provided a 0.9% gain over the quarter, mainly due to credit spreads tightening further. However, yields on global government bonds rose over the quarter after the Federal Reserve increased its inflation forecasts and became more hawkish, predicting only a half-percentage point cut in interest rates in 2025 versus the full percentage point previously expected. The yields on medium duration gilts rose alongside those of their global peers, but they were hit further by market concerns over the Labour government’s fiscal policies and weak UK economic data. As a result, medium duration gilts delivered a quarterly -3.4% return.

Over 12 months, emerging markets equities performed well in sterling terms, returning 12.4% in the passive funds. Taiwan and China were particularly strong performers over the year, although Trump’s election and dollar strength weighed on performance towards the end of the year.

Tactical Asset Allocation was a slight headwind over the quarter but positive over the year. The underweighting to US equities detracted from performance, given the strong rally in North American markets. However, this was balanced by the underweight to European equities, which aided performance as the continent’s markets faced various challenges. Throughout the year, underweighting alternatives and global aggregate bonds contributed positively to performance. This strategy allowed for an overweight in developed market high yield bonds, which subsequently performed well.

Liontrust MA Dynamic Passive Intermediate – returns over the year to 31 December 2024



Source: Liontrust, December 2024

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Liontrust MA Explorer funds

The Liontrust MA Explorer funds achieved an average return of 0.8% over the quarter and 8.5% in 2024. Funds with higher equity weightings delivered stronger returns: the Liontrust MA Explorer 100 delivered 11.3% over the year, while the Liontrust MA Explorer 35 returned 5.9%.

Asset class returns were mixed over the fourth quarter with a series of macro events driving markets. North American equities rallied off the back of Donald Trump’s presidential win, with the expectations of tax cuts and positive corporate tailwinds leading to 8.0% returns over the quarter in sterling terms.

Developed market high yield bonds also generated a 1.2% return over the quarter, mainly due to credit spreads tightening further. This tightness indicated strong investor confidence in the credit quality of high-yield issuers despite an environment of rising interest rates.

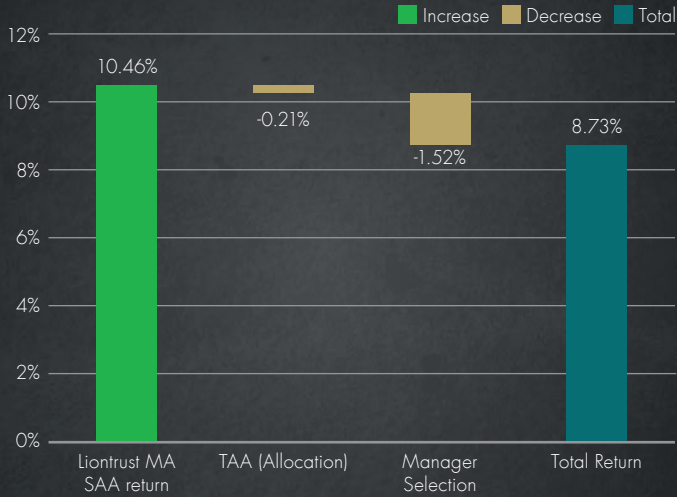
However, yields on global government bond yields rose over the quarter after the Federal Reserve raised its inflation forecasts and became more hawkish, predicting only a half-percentage point cut in interest rates in 2025 versus the full percentage point previously expected. The yields on medium duration gilts rose alongside those of their global peers, but they were hit further by market concerns over the Labour government’s fiscal policies and weak UK economic data. As a result, medium duration gilts delivered a quarterly -3.5% return.

Tactical tilts in the fourth quarter were a marginal drag on performance, which mainly came from the underweight to US equities. This was offset by the underweights to Europe ex-UK equities and alternatives, which added to performance over the quarter and during 2024. Many of the sub-asset classes in alternatives such as property and infrastructure are rate-sensitive and suffered from long-dated bond yields rising over the second half of the quarter. However, alternatives generated an average return of 6.6% in the Explorer funds over 2024.

Fixed income manager selection continues to be strong, particularly in corporate bonds and developed market high yield. Royal London Corporate Bond and Man Sterling Corporate Bond both outperformed their benchmark over the period. Aegon High Yield Bond and Barings Global High Yield Bond both outperformed their benchmark over the quarter and 12 months.

Within equities, US selection was a slight detractor over the quarter as many of the mega-cap names continued to rally. Loomis Sayles US Growth Equity outperformed the strongly rising market by 7.5% over the period, benefiting from an overweight position in Tesla. Our emerging markets manager selection was a tailwind to performance, mainly due to Artemis SmartGARP Global Emerging Markets, a mostly quantitative value strategy that generated a positive return in a challenging quarter for this asset class. Over 12 months, Europe ex-UK was a standout in equity selection with both Liontrust European Dynamic and BlackRock European Dynamic outperforming the benchmark.

Liontrust MA Explorer Income 60 – returns over the year to 31 December 2024



Source: Liontrust, December 2024

Liontrust MPS Blended Growth portfolios

All our MPS Blended Growth portfolios delivered positive returns over the fourth quarter of 2024, supported by Donald Trump’s victory in the US Presidential election and the prospect that his new policy programme will lift growth, lower taxes and cut regulation. Positive returns across the range were also delivered over the 12-month period.

For the quarter, US equities did the heavy lifting in our portfolios while other equity regions were under pressure amid worries over trade tariffs. Performance of our fixed income was mixed with strong returns from high yield, although it was a poor quarter for our government bond and alternatives exposure. Over the year, however, global government bonds returned 2.4% and short duration gilts returned 2.5% on average in our Growth portfolios, although alternatives and medium duration gilts weighed.

Credit was a positive contributor for both the fourth quarter and the 12-month period. Developed market high yield returned 1.2% in the quarter, bringing its 12-month return to 10.1%. Selection effects were also positive in this sleeve with our core holdings Aegon High Yield Bond outperforming its index by 1.2% and Barings Global High Yield Bond outperforming by 0.5% for the 12-month period. The focus on security selection for both funds continues to generate strong performance above the benchmark, while the conservative and tactical approach to active duration management also added to relative outperformance over the period. Corporate bonds returned -0.2% in the final quarter, bringing their 12-month return to 3.8%. Short duration gilts’ returns were flat over the quarter.

Our tactical allocation in fixed income was a marginally positive contributor for the 12-month period across our MPS Blended Growth range. While active duration management added to performance, our small overweight to investment grade bonds detracted from overall performance, but this was more than outweighed by the positive impact from our manager selection.

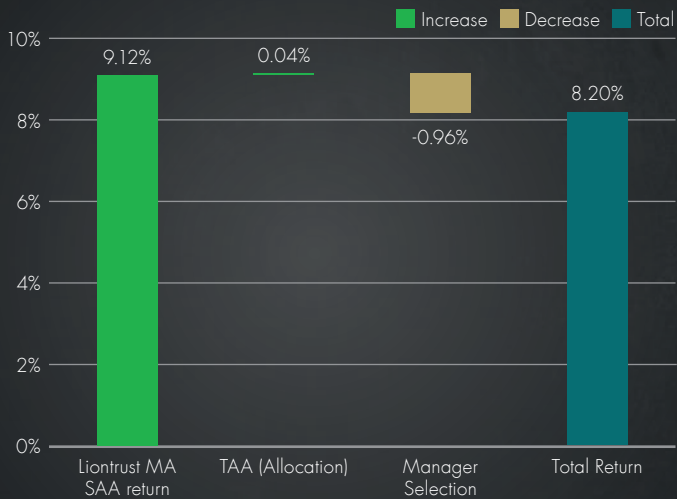
In sterling terms, Asian equities returned -1.9%, bringing their 12-month return to 7.1%, slightly behind emerging market equities, which delivered 9.3%. North American equities also outperformed

other regions over 12 months with returns of 26.0% in sterling terms. Fund selection slightly detracted from returns in the quarter as our stylistic blends in Japan and UK equities lagged their index. In emerging markets, however, our stylistic blend and selection of managers were well positioned to protect against the initial headwind of Trump’s victory.

Our tactical allocation effects in equities were slightly negative for the 12-month period across our MPS Blended Growth range. Our overweight in emerging markets, developed Asia ex-Japan and the UK, which have been funded by underweights in the US and Europe, started to add to the performance of the portfolios from the summer of 2024, however.

In alternatives, our real asset exposure gave back 6.3% in the quarter, bringing the 12-month performance to -5.2%. For what has been a relatively volatile environment for real assets, our underweight positioning across the MPS Blended Growth range helped from an allocation perspective over the fourth quarter and 2024.

Liontrust MPS Blended Growth 4 – returns over the year to 31 December 2024



Source: Liontrust, December 2024

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Liontrust MPS Dynamic Passive portfolios

All our MPS Dynamic Passive portfolios delivered positive returns over the fourth quarter of 2024, helped by a strong November for equities. The main drivers of the returns came mainly from our equity allocation to North America, with further support from Japanese equities and developed market high yield. The Liontrust MPS Dynamic Passive portfolios delivered returns ranging from 5.0% in MPS 1 to 13.0% in MPS 8 over the 12 months.

Equity performances were mixed over the period under review: the outcome of the US elections was not well received by non-US equity regions given the worries over trade tariffs under President Trump 2.0 and the expectations of market volatility ahead. On the other hand, US equities delivered double-digit returns (10.4%) over the fourth quarter of 2024 in sterling terms, bringing the 12-month performance to 26.1% at the end of December.

Over the fourth quarter, the benefits came through from the overall blend of our portfolios’ positioning in the current market conditions. The drivers for the outperformance mainly came from our allocations in developed market high yield and Asia ex-Japan and US equities. The rest of the selection was positive except for alternatives, Japan and the UK giving back some of the alpha despite a neutral allocation effect.

The Dynamic Passive portfolios should, through the cycle, experience a relatively modest impact from manager selection. Our holdings in equities and bonds delivered decent returns, even within the asset classes and equity regions. Equities generally contributed more to returns, mainly helped by the double-digit returns from the North American region during the fourth quarter.

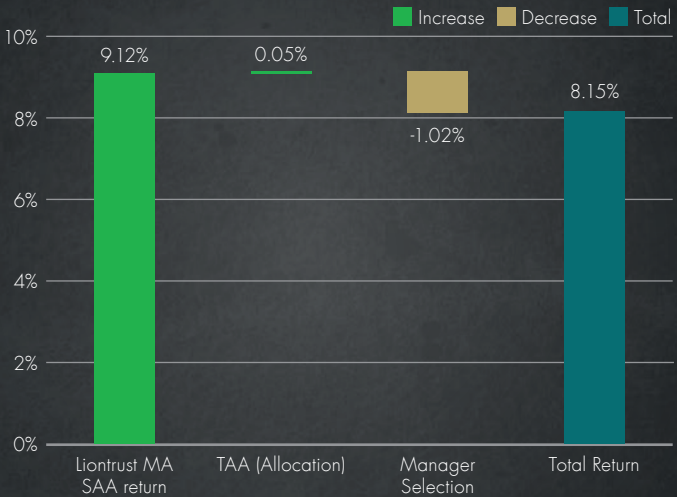
Our active manager in US small cap, CT American Smaller Companies, underperformed its benchmark despite delivering 7.9% over the last quarter of 2024 in sterling terms. In Europe, Barings Euro Select added value in European equity small cap, outperforming its benchmark by 1.3% in sterling terms. In fixed income, our blend of managers did well with a small detraction coming from our two managers in investment grade bonds (L&G Sterling Corporate Bond and iShares Corporate Bond) while our two high yield active managers (Barings and Aegon) delivered

absolute performance ahead of the benchmark respectively by 0.25% and 1.2% over the period.

From a tactical allocation perspective, our holdings overall were slightly negative over the fourth quarter. While there was no major drag, it is worth pointing out that all our regional equities detracted (except for Europe and Japan) between six to 12 basis points. But over the year, our exposures to all equity regions delivered positive returns, while the SAA was positive over both the quarter and the year.

Leading performers during the fourth quarter included Fidelity Index US, CT American Smaller Companies, Fidelity Index Japan, Aegon High Yield Bond and Barings Global High Yield Bond. Fidelity Index UK, Gresham House Multi Cap Income, iShares Corporate Bond, L&G Sterling Corporate Bond and Vanguard Global Bond were generally flat over the period, while the biggest detractors were Fidelity Index Emerging Markets and iShares UK Gilts by 17 basis points and 12 basis points respectively during the fourth quarter.

Liontrust MPS Dynamic Passive 4 – returns over the year to 31 December 2024



Source: Liontrust, December 2024

Liontrust MPS Blended Income portfolios

All our MPS Blended Income portfolios delivered positive returns over the fourth quarter of 2024 except for the two most defensive (MPS 1 and MPS 2), which were slightly negative over the period. During the fourth quarter, global equities were driven higher by a strong US rally led by expectations of a pro-growth environment following Donald Trump’s election victory in November. Our MPS Income portfolios all delivered positive returns over the 12-month period.

Over the quarter, Japanese equities and developed market high yield bonds provided further support, but other major stock markets and global government bonds drifted lower.

In fixed income, global high yield bonds returned 1.3% in the fourth quarter, bringing their 12-month return to 10.0%. Selection effects were also positive with our two active holdings – Aegon High Yield Bond and Barings Global High Yield Bond – outperforming the index respectively by 1.7% and 0.5% over the 12-month period. The focus of Aegon High Yield Bond on security selection continues to generate strong performance above the benchmark, while its opportunistic profile is ideally suited for active and dynamic management in global high yield grade.

Duration management has been a headwind for our relative performance over the period. Investment grade corporate bonds returned -0.2% in the final quarter, bringing their 12-month return to 3.8%. Finally, medium duration gilts returned -3.5% in the quarter, bringing their 12-month return to -3.6%.

Our tactical allocation effects in fixed income delivered mixed performance and was broadly flat for the 12-month period across our MPS Blended Income range. While active duration management added to performance, our overweight to investment grade corporate bonds detracted slightly from overall performance, but this was more than outweighed by the positive effects from our manager selection.

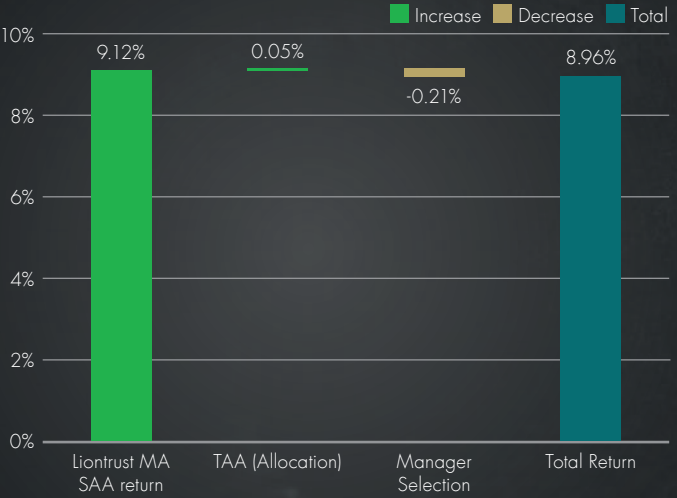
North America and Japan outperformed Europe ex-UK and UK equities as well as medium gilts and alternatives over the fourth quarter. In sterling terms, US equities returned 8.2%, bringing their 12-month return to 21.0%. Emerging market equities and developed Asia ex-Japan returned -1.4% and -1.0% respectively in sterling terms over the quarter, bringing their 12-month return to 9.2% for both regions. Over the 12-month period, fund selection detracted

from performance in North American equities as most of the market lagged the extraordinary gains of the Magnificent 7 mega cap tech names. The underperformance was largely driven by JPM US Equity Income, which lagged the index over the 12-month period because of its underweight to technology and communication services. However, fund manager selection added to returns in the fourth quarter in developed market high yield, investment grade corporate bonds, Europe ex-UK and Asia Pacific ex-Japan equities.

Our tactical allocation effect in equities was flat for the 12-month period (0.0% on average) across our MPS Blended Income range. Our overweight to emerging markets, developed Asia ex-Japan and UK equities, which has been funded by underweights in the US, Europe and Global ex-UK Fixed Income, weighed on performance.

In alternatives, our real assets exposure returned -6.3% in the fourth quarter, bringing the 12-month performance to -5.2%. However, for what has been a relatively volatile environment for real assets, our underweight positioning across the MPS Blended Income range in the sub-asset class was positive from an allocation perspective in the fourth quarter.

Liontrust MPS Blended Income 4 – returns over the year to 31 December 2024



Source: Liontrust, December 2024

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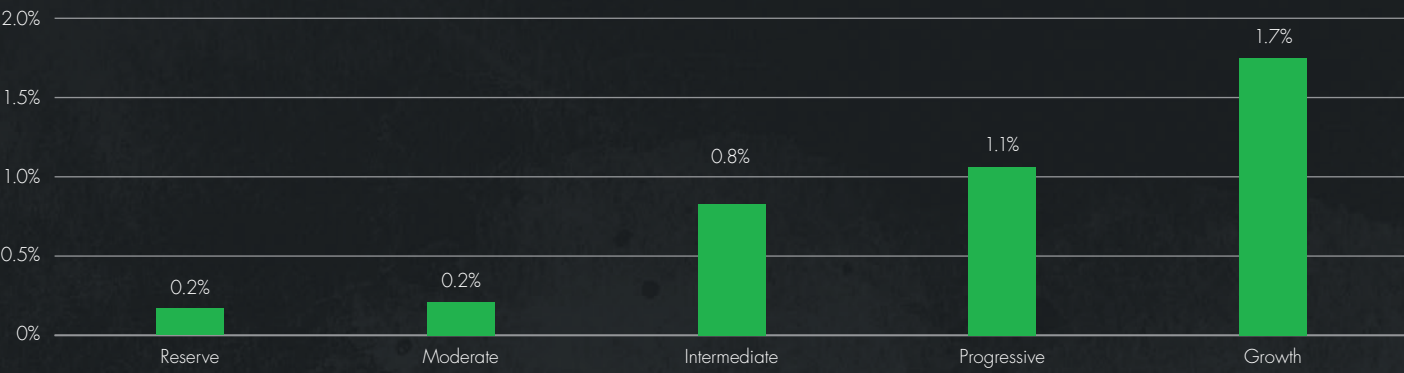
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How have the funds performed?

LIONTRUST MULTI-ASSET FUNDS

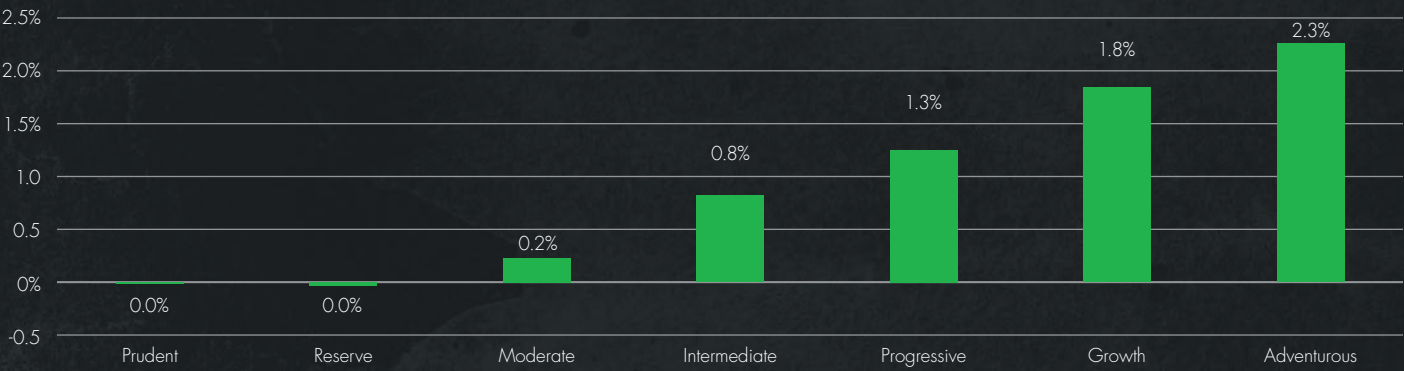
MA BLENDED FUNDS

Q4 2024



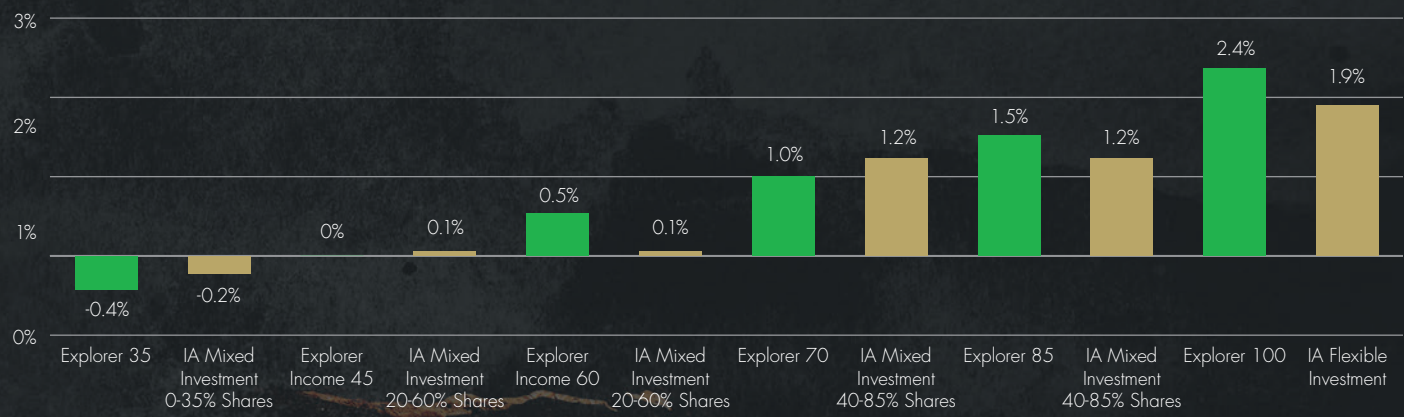
MA DYNAMIC PASSIVE FUNDS

Q4 2024



MA EXPLORER FUNDS*

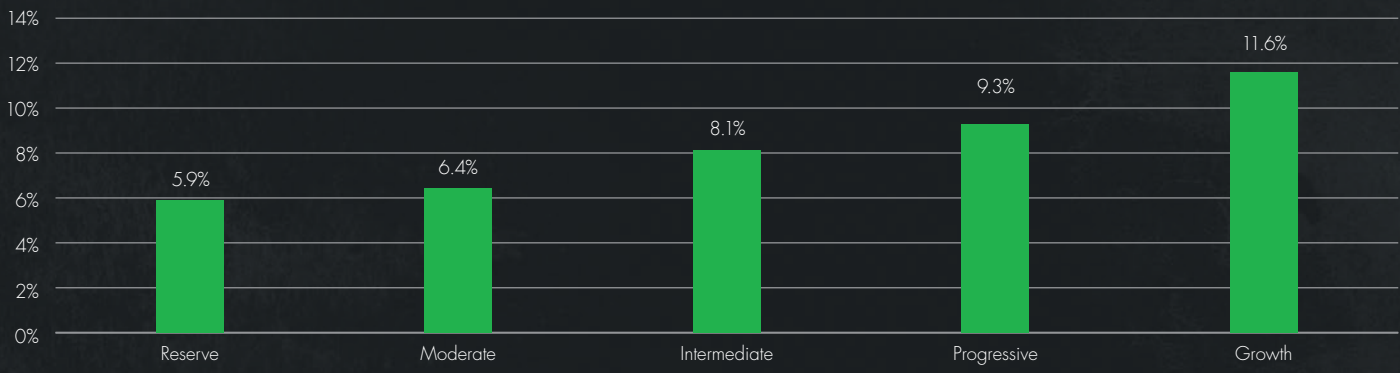
Q4 2024



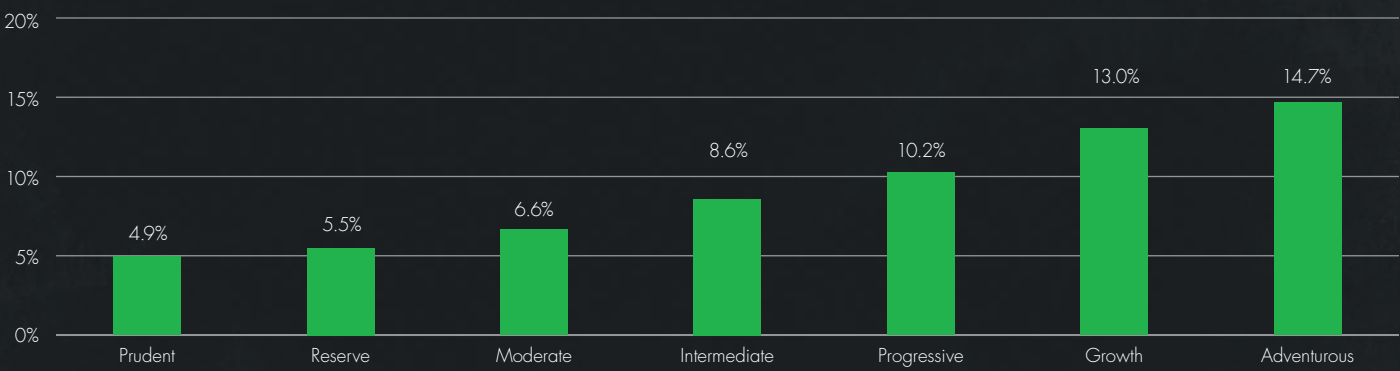
Source: FE Analytics, as at 31.12.24. Primary share class, total return figures are calculated on a single pricing basis with net income (dividends) reinvested. Fund performance figures are shown in sterling. Transaction costs are included for the period shown but may differ in the future as these costs cannot be determined with precision in advance. *Explorer Funds shown versus comparator benchmarks.

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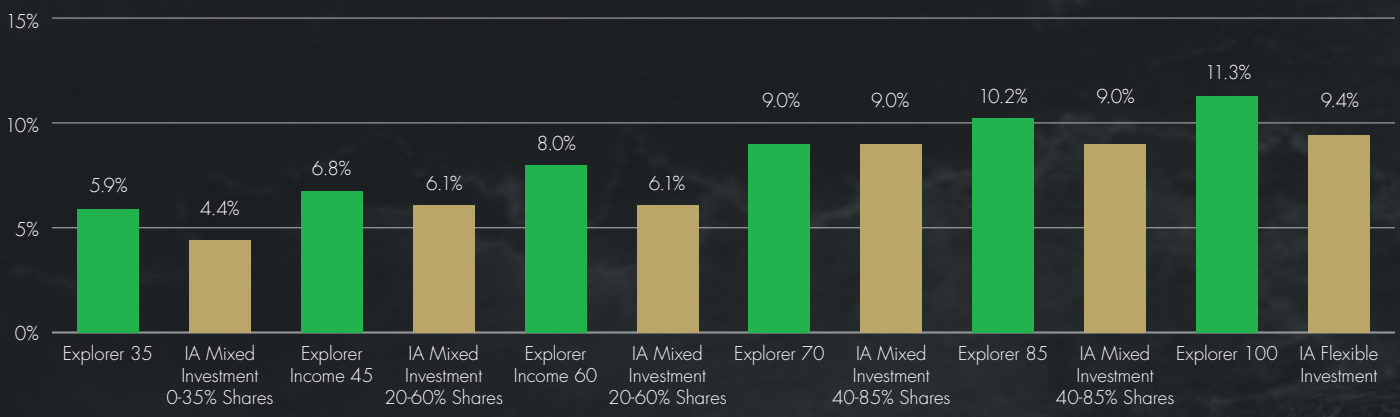
12 months to 31 December 2024



12 months to 31 December 2024



12 months to 31 December 2024



Source: FE Analytics, as at 31.12.24. Primary share class, total return figures are calculated on a single pricing basis with net income (dividends) reinvested. Fund performance figures are shown in sterling. Transaction costs are included for the period shown but may differ in the future as these costs cannot be determined with precision in advance. *Explorer Funds shown versus comparator benchmarks.

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How have the portfolios performed?

LIONTRUST MPS PORTFOLIOS

MPS BLENDED GROWTH PORTFOLIOS

Q4 2024



12 months to 31 December 2024

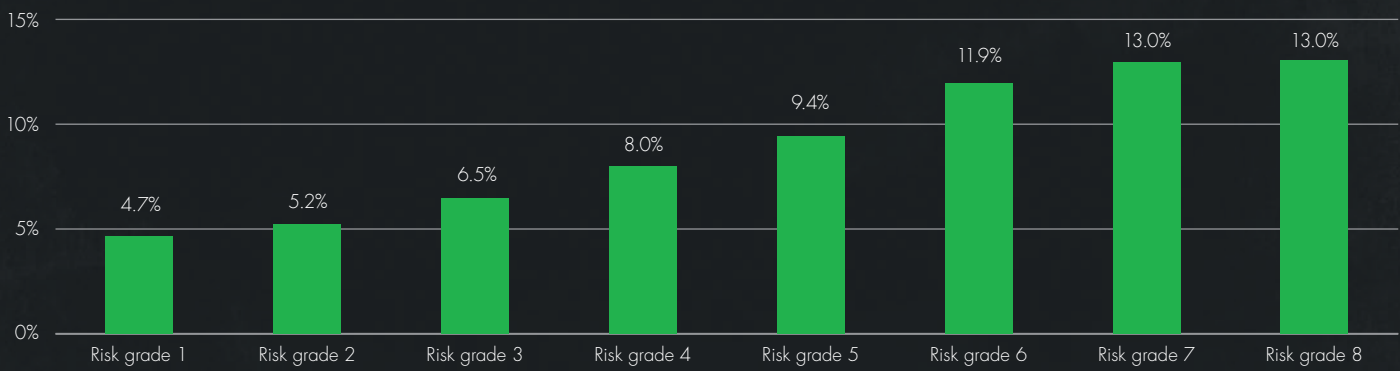


MPS DYNAMIC PASSIVE PORTFOLIOS

Q4 2024

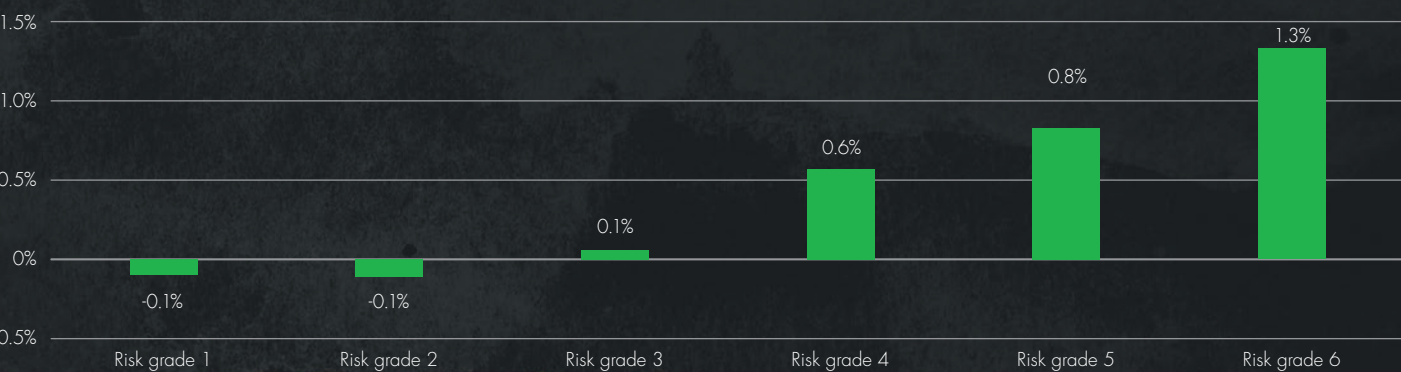


12 months to 31 December 2024

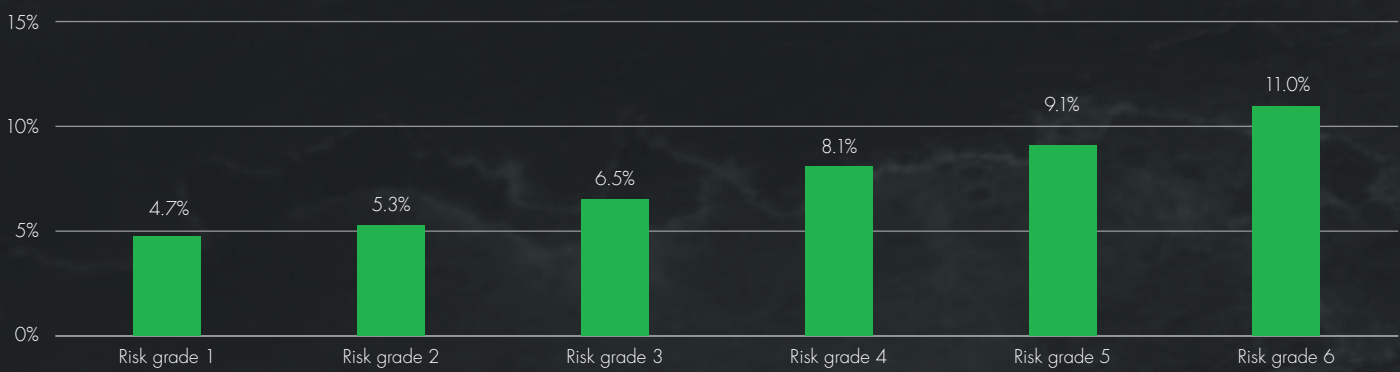


MPS BLENDED INCOME PORTFOLIOS

Q4 2024



12 months to 31 December 2024



Source: Liontrust and Morningstar, as at 31.12.24, portfolio returns based to GBP. All performance is given gross of any deduction in fees with the exception of the underlying assets. The deduction of fees will have the effect of reducing these returns.

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Discrete performance (Funds)

	31 Dec 23 31 Dec 24	31 Dec 22 31 Dec 23	31 Dec 21 31 Dec 22	31 Dec 20 31 Dec 21	31 Dec 19 31 Dec 20
(%)					
Liontrust MA Blended Reserve Fund S Acc	5.9	7.3	-16.4	1.7	4.7
Liontrust MA Blended Moderate Fund S Acc	6.4	8.7	-14.8	5.7	4.4
Liontrust MA Blended Intermediate Fund S Acc	8.1	9.8	-12.9	8.7	3.8
Liontrust MA Blended Progressive Fund S Acc	9.3	10.8	-11.3	11.3	3.1
Liontrust MA Blended Growth Fund S Acc	11.6	12.0	-9.2	14.2	3.2
Liontrust MA Dynamic Passive Prudent S Acc	4.9	7.1	-10.2	4.1	3.4
Liontrust MA Dynamic Passive Reserve Fund S Acc	5.5	7.1	-15.2	2.9	6.3
Liontrust MA Dynamic Passive Moderate Fund S Acc	6.6	8.5	-13.6	4.9	5.3
Liontrust MA Dynamic Passive Intermediate Fund S Acc	8.6	9.6	-11.1	7.7	4.7
Liontrust MA Dynamic Passive Progressive Fund S Acc	10.2	10.4	-8.8	10.7	3.3
Liontrust MA Dynamic Passive Growth Fund S Acc	13.0	11.8	-6.8	13.9	3.1
Liontrust MA Dynamic Passive Adventurous Fund S Acc	14.7	11.6	-6.6	14.1	6.3
Liontrust MA Explorer 35 Fund S Acc*	5.9	5.9	-17.2	0.4	2.8
IA Mixed Investment 0-35% Shares	4.4	6.0	-10.9	2.8	3.9
Liontrust MA Explorer Income 45 Fund S Acc*	6.8	8.9	-18.1	1.6	6.7
IA Mixed Investment 20-60% Shares	6.1	6.8	-9.5	7.2	3.5
Liontrust MA Explorer Income 60 Fund S Acc*	8.0	11.1	-14.2	7.3	6.8
IA Mixed Investment 20-60% Shares	6.1	6.8	-9.5	7.2	3.5
Liontrust MA Explorer 70 Fund S Acc*	9.0	12.2	-13.8	10.8	5.7
IA Mixed Investment 40-85% Shares	9.0	8.1	-10.0	10.9	5.3
Liontrust MA Explorer 85 Fund S Acc*	10.2	13.6	-11.8	13.2	6.4
IA Mixed Investment 40-85% Shares	9.0	8.1	-10.0	10.9	5.3
Liontrust MA Explorer 100 Fund S Acc*	11.3	14.1	-11.6	12.7	10.5
IA Flexible Investment	9.4	7.1	-9.0	11.3	6.7

Source: FE Analytics, as at 31.12.24. *Explorer funds versus comparator benchmarks. Total return figures are calculated on a single pricing basis with net income (dividends) reinvested. Performance figures are shown in sterling. Transaction costs are included for the period shown but may differ in the future as these costs cannot be determined with precision in advance.

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Discrete performance (Portfolios)

	31 Dec 23 31 Dec 24	31 Dec 22 31 Dec 23	31 Dec 21 31 Dec 22	31 Dec 20 31 Dec 21	31 Dec 19 31 Dec 20
(%)					
Liontrust MPS Blended Growth 1	5.0	6.4	-6.4	3.5	1.9
Liontrust MPS Blended Growth 2	5.6	7.7	-9.5	5.2	2.7
Liontrust MPS Blended Growth 3	7.0	9.2	-12.4	6.9	3.5
Liontrust MPS Blended Growth 4	8.8	9.1	-11.7	8.7	4.4
Liontrust MPS Blended Growth 5	10.0	8.7	-11.3	10.1	5.2
Liontrust MPS Blended Growth 6	12.2	8.5	-10.8	11.4	6.3
Liontrust MPS Blended Growth 7	13.2	7.4	-10.5	10.2	8.6
Liontrust MPS Blended Growth 8	13.2	6.4	-10.2	9.0	11.0
Liontrust MPS Dynamic Passive 1	4.7	6.4	-5.9	3.2	2.0
Liontrust MPS Dynamic Passive 2	5.2	7.8	-8.7	4.9	3.1
Liontrust MPS Dynamic Passive 3	6.5	9.4	-11.5	6.4	4.0
Liontrust MPS Dynamic Passive 4	8.0	9.2	-10.4	7.6	4.7
Liontrust MPS Dynamic Passive 5	9.4	8.7	-9.6	8.6	5.3
Liontrust MPS Dynamic Passive 6	11.9	8.6	-8.8	9.5	5.9
Liontrust MPS Dynamic Passive 7	13.0	7.2	-7.8	7.8	8.4
Liontrust MPS Dynamic Passive 8	13.0	5.7	-6.7	6.1	10.9
Liontrust MPS Blended Income 1	4.7	5.1	-4.9	3.8	0.8
Liontrust MPS Blended Income 2	5.3	5.8	-7.3	5.8	1.2
Liontrust MPS Blended Income 3	6.5	6.6	-9.5	7.8	1.5
Liontrust MPS Blended Income 4	8.1	7.1	-8.9	9.1	2.7
Liontrust MPS Blended Income 5	9.1	7.2	-8.6	10.0	3.5
Liontrust MPS Blended Income 6	11.0	7.4	-8.2	10.9	4.3

Source: Liontrust and Morningstar, as at 31.12.24. Performance of portfolios are given gross of any deduction of fees with the exception of underlying assets. Deduction of fees will have the effect of reducing these returns.

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

TAA changes

Overall outlook positive for eighth consecutive quarter

We reconfirmed our positive overall market outlook in our fourth quarter TAA review, keeping it at a positive four (five is our most bullish rating and one is the most bearish). Our overall outlook has been ranked four for eight consecutive quarters.

We believe the economic environment and outlook are reasonable, markets are still cheap and under-owned and there is a lot of cash waiting on the sidelines. Market fundamentals remain solid and on balance, the global economy remains relatively buoyant, inflation has fallen, unemployment is low and consumers continue to spend.

Generally, we are positive on equities, broadly neutral on fixed income and alternatives, and bearish on cash.

From a tactical viewpoint, in equities we continue to favour the UK and Japan (including small caps), Asia ex-Japan and emerging markets. We are also positive on US smaller companies. A strengthening global economy would give a major boost to equities as it would likely cause an uplift in investor sentiment.

While we are neutral on fixed income generally, we are positive on the tactical outlook for investment grade corporate and developed market high yield bonds.

European equity rating cut

In the fourth quarter review, we reduced our ranking for European equities from a neutral three to a negative two on our scorecard.

We had been neutral on European equities since raising the ranking from two to three in the first quarter of 2023. But we now see risks as increasing in the region. Its overall economy is looking stagnant, led by its largest nation, Germany. Trade friction with China is unhelpful, tariffs could also be imposed in 2025 by President Trump and domestically the political backdrop remains uncertain.

Duration targets changed for gilt exposures

Each quarter we review the target asset allocations for our funds and portfolios. The target allocations for equities, fixed income, alternatives and cash remained unaltered across the risk levels in our fourth quarter TAA review. However, we did moderately change our target allocations within fixed income in the fourth quarter.

We have raised the target for UK government bonds (medium-duration gilts) by a quarter point and trimmed short-dated gilts by the same percentage in the lower- to mid-risk risk levels (1-5). As such, our total exposure to gilts remains the same but the longer duration within it marginally increases interest rate sensitivity. Despite this, we are still slightly underweight duration.

Emerging market equity exposure reshaped

During the fourth quarter, we reshaped our emerging market equity target exposures following a strategic review of the sleeve.

In our Explorer and Blended fund ranges, the change introduced a balanced mix of Polar Capital Emerging Market Stars and Artemis SmartGARP Global Emerging Markets Equity, with a 60% allocation to the latter. The new holdings replaced BlackRock Emerging Markets and Vontobel mtX Sustainable Emerging Markets Leaders.

In our Growth Portfolio range, we opened a position in Polar Emerging Market Stars and sold FTF Martin Currie Emerging Markets, which was being held alongside Artemis SmartGARP Global Emerging Markets.

The changes support our objective of creating an optimal blend of stylistic exposures in each equity region as well as creating consistency in holdings between our funds and MPS. The Artemis SmartGARP fund offers a disciplined, quantitative approach that prioritises undervalued stocks with improving fundamentals. This value-oriented strategy contrasts with the growth-focused philosophy of Polar Capital, which selects companies based on high Economic Value Added (EVA) Delta potential. Combining these approaches results in a more stylistically balanced emerging markets equity portfolio. The macro-overlay approach in both funds also strengthens risk controls, a key improvement given recent macroeconomic shocks that affected the previously held funds.

In our Dynamic Passive fund range, we added a new position in L&G S&P 500 Equal Weight Index. This enables us to diversify away from the increasing concentration risk posed by the largest constituents in the US market. We also believe market performance is likely to broaden away from the mega caps, benefiting mid and small caps that have a higher allocation within the equal weight index.

						
	1	2	3	4	5	Direction of travel
Overall				●		⬆
Cash	●					⬇
UK gilts			●			⬆
Short duration gilts			●			⬆
Global government bonds			●			⬆
Investment grade corporate bonds				●		⬆
Index-linked bonds		●				⬇
High yield				●		⬆
Emerging market debt			●			⬇
Convertibles			●			⬇
Equity overall				●		⬆
UK equity				●		⬆
UK small caps				●		⬆
US equity			●			⬆
US small caps				●		⬆
European equity		●				⬇
European small caps			●			⬆
Japanese equity				●		⬆
Japanese small caps				●		⬆
Asian equity				●		⬇
Emerging markets equity				●		⬇
Real assets			●			⬆
Alternatives			●			⬆

Source: Liontrust, as at 11 November 2024. Not all the asset classes are used in all the MA portfolios and funds

Outlook

We retain our positive outlook for global markets in 2025 and believe the key drivers of markets will be those we highlighted at the beginning of 2024, including increasing divergence across the world in terms of inflation, interest rate policy and growth. A significant driver of this is the fragmentation of globalisation and the move towards a more multi-polar world.

In this environment, it is likely that some of the absolute efficiency that stems from globalisation will be foregone for shorter supply chains and protectionism. We believe this approach will be marginally less efficient than the supply chains we have seen criss-crossing and developing across the globe over the past few decades.

We believe this will lead to inflation being higher – although not at elevated levels – than we have become accustomed to over the last decade. The current levels of between 2% to 4% are more akin to “normal” in an historical context. This is likely to be reinforced by the policies of the second Trump presidency, including threatened tariffs. Interest rate reductions have already been slower than expected. With this backdrop, tighter monetary policy and lower liquidity could cause higher market volatility.

Another consequence is that economic cycles across the major economies are likely to be less in sync that we have come to expect. This will lead to increased diversity in actions by central banks, including interest rates no longer moving in near unison, whether up or down. This will in turn make it more beneficial to actively manage duration within the fixed income portion of portfolios going forward to take advantage of the diversification in interest rate policies.

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

There are four other potential themes to consider for 2025:

- The past decade has seen the regular outperformance of both the US stock market and economy, meaning it can be difficult to envisage periods where this is not the case. But it happens; markets don't outperform forever.
- Some of the largest companies in the world are currently trading at what can best be described as speculative valuations. These valuation levels – such as price earnings ratios that are multiples of long-term norms – may make sense if applied to small and hyper nimble companies whose profitability is doubling, trebling or even increasing 10-fold. But when they are applied to companies whose revenues and profitability have already increased in an exponential way to levels that dwarf the GDP of small countries, a note of caution is sensible.
- Popular investments are rarely cheap. But cheap investments offer excellent long-term returns prospects. Looking to invest in unloved corners of markets can also reduce overall portfolio risk because you are investing in assets that are priced for less good outcomes. Portfolios that are priced for perfection have plenty of scope for disappointment.
- Over the short term, markets can be volatile and driven by sentimental forces such as fear and greed, whereas over the longer term, fundamentals such as valuations and the economy have greater influence on market returns. The turning point for markets – sometimes referred to as an “inflection point” – often comes when news flow is negative. To illustrate this, the two best days for the UK stock market over the past 40 years were in the shadow of Lehman Brothers going bust in 2009 and the Covid lockdown in 2020, neither periods that were positive. The stock market turns long before the news does and investors who have sold would need a mighty strength of character and conviction to reinvest with perfect timing.



Market performance tables

Global (local returns) as at 31 December 2024

Asset class	3 months	YTD	12 months	Currency
Equities				
UK	-0.2%	9.4%	9.5%	GBP
North America	2.6%	24.5%	24.5%	USD
Europe ex-UK	-3.6%	7.7%	7.7%	EUR
Japan	5.9%	21.1%	20.7%	JPY
Developed Asia Pacific (ex-Japan)	-8.0%	10.9%	10.8%	USD
Emerging markets	-7.8%	8.0%	7.9%	USD
Global	-0.1%	19.2%	19.2%	USD
Bonds				
UK gilts	-3.1%	-3.3%	-2.4%	GBP
Investment grade corporate bonds	-0.2%	2.2%	2.2%	GBP
Short-duration gilts	0.1%	2.5%	2.7%	GBP
US treasuries	-3.1%	0.6%	1.0%	USD
High yield	1.9%	6.9%	6.9%	USD
Global	-0.6%	7.5%	7.5%	USD
Global government	-5.4%	-2.9%	-2.1%	USD
Emerging markets	-1.9%	6.5%	7.2%	USD
Alternatives				
Infrastructure	-5.5%	10.5%	9.9%	USD
Commodities	-1.6%	0.1%	0.7%	USD
Oil	-2.0%	13.8%	17.2%	USD
Gold	5.5%	12.9%	22.3%	USD
Currencies				
UK Pound Sterling	0.2%	-0.7%	-0.7%	USD
Euro	-0.7%	-3.0%	-3.1%	USD
Japanese Yen	-5.9%	-12.3%	-12.1%	USD
Interest Rates		Current Rate		
UK	4.5%			
North America	4.5%			
Eurozone	3.2%			
Japan	-0.1%			
Australia	4.4%			

Source: As at 31 December 2024. Liontrust and Bloomberg Finance L.P.
Past performance is not a guide to future returns.

UK (GBP) as at 31 December 2024

Asset class	3 months	YTD	12 months	Currency
Equities				
UK	-0.2%	9.4%	9.5%	GBP
North America	9.8%	27.0%	27.0%	GBP
Europe ex-UK	-4.1%	2.7%	2.7%	GBP
Japan	3.1%	10.5%	12.3%	GBP
Developed Asia Pacific (ex-Japan)	-1.5%	13.0%	13.0%	GBP
Emerging markets	-1.3%	10.1%	10.0%	GBP
Global	7.0%	21.5%	21.5%	GBP
Bonds				
UK gilts	-3.1%	-3.3%	-2.4%	GBP
Investment grade corporate bonds*	-0.2%	2.2%	2.2%	GBP
Short-duration gilts	0.1%	2.5%	2.7%	GBP
US treasuries*	-3.1%	0.6%	1.0%	GBP
High yield	1.3%	1.9%	1.9%	GBP
Global*	6.4%	9.6%	9.6%	GBP
Global government*	1.2%	-1.0%	-1.2%	GBP
Emerging markets*	5.0%	8.6%	8.2%	GBP
Alternatives				
Infrastructure	1.1%	12.6%	10.9%	GBP
Commodities	5.4%	2.1%	1.6%	GBP
Oil	-2.1%	14.9%	17.3%	GBP
Gold	5.4%	14.0%	22.4%	GBP
Currencies				
Euro	-0.9%	-2.3%	-2.5%	GBP
US Dollar	-0.2%	0.7%	0.7%	GBP
Japanese Yen	0.0%	-11.7%	-11.5%	GBP
Interest Rates				
	Current Rate			
UK	4.5%			

Source: As at 31 December 2024. Liontrust and Bloomberg Finance L.P. *Hedged to GBP.
Past performance is not a guide to future returns.

Key risks

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

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

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

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

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

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

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

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

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

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

The issue of units/shares in the Liontrust Multi-Asset Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

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

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