Liontrust Multi-Asset

PERFORMANCE REVIEW AND OUTLOOK

MULTI-ASSET FUNDS AND PORTFOLIOS
MAY 2025

FOR PROFESSIONAL INVESTORS AND ADVISERS ONLY

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Introduction

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During his campaign to return to the White House, President Trump made clear his intention to introduce new tariffs and raise existing ones. This was well known to investors.

Yet when Trump announced "reciprocal" tariffs on Wednesday 2 April, they were higher and more far-reaching than expected. Even a group of barren, uninhabited volcanic islands near Antarctica – the Heard and McDonald Islands – that are home only to penguins had a 10% tariff on goods imposed on them. It should have been no surprise that Trump's announcement would lead to a period of more heightened volatility following that in January with the release of the low-budget Chinese AI model DeepSeek.

The events of April and early May, with back and forth announcements on tariffs, amply demonstrate that sometimes the best course of action as an investor is to do nothing. On this occasion, there were two reasons for inaction being a sensible approach.

The first is that the uncertainty had not disappeared as suddenly as it had appeared. While the sell-off we witnessed at the start of April may, with the benefit of hindsight, be appropriate, it may also, again with hindsight, prove to be overdone. We still don't know the answer to that question today, but we do know the combination of increased uncertainty, human fear reflexes and a tendency to go with the crowd can lead to markets overdoing it on the way down. At the time of writing this, major equity markets were once again approaching their pre-April levels.

The second, perhaps more pragmatic, reason why it was sensible to sit on your hands in April was that, such was the negativity of the market response, it would have been incredible to have seen no attempt at reframing the decision by the US government and some attempt at rapprochement from governments finding themselves on the other side of the tariff salvo.

As Warren Buffett, who recently announced his plan to retire aged 94, said: "The stock market is a device for transferring money from the impatient to the patient."

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

Market overview

Change has been the major theme since the start of 2025, much of it catalysed by President Trump's return to power and his 'America First' policies.

There had already been a change in tone geopolitically and a redrawing of decades-long political alliances, with the US retrenching from its role of global defence backstop, in the first quarter of the year even before Trump's 'Liberation Day' announcement on 2 April.

The US stock market had been impacted in January by the release of the little-known and low-budget Chinese AI model DeepSeek to challenge those of the US' mega caps, prompting Nvidia's share price to fall 17% in one day. This signalled the continued decrease in the costs of AI and a new wave of innovation and disruption. It also gave an early indicator of the volatility in investment markets to follow.

Despite President Trump's policies to put US interests firmly front and centre, the main beneficiaries were the UK and European stock markets. In the first quarter, European equities in particular and the UK to a lesser degree delivered strong gains as the stock market retreat in the US was led by the mega caps. Fixed income markets also did well, led by global government and high yield bonds, as these assets – viewed as generally less risky than equities – saw their prices rise amid the elevated investor uncertainty. Commodities were led significantly higher by gold, which is seen as a safe haven asset.

There are some good reasons for this, most notably the valuation gulf between US stocks and the rest of the world coming into 2025. The "Trump trade" that kicked off in October last year saw the US market, and most notably technology names, rally on anticipation of an accommodating political backdrop. The mega cap tech names, in particular, were at extremely high valuations from an historical perspective.

Over the course of March 2025, we saw these US tech names return to the sort of levels they traded at before the Trump trade drove them higher. Have the fundamentals changed? Not enough to explain the price moves in Europe or the US. What had changed is sentiment. Essentially, the marginal buyer of these assets had decided they were happy to pay a bit more for European stocks and a bit less for those in the US.

European markets also benefited from the continent having to focus more on ensuring its own security and that of Ukraine. Germany's stock market reached a record high after its Parliament approved €1 trillion of spending on defence and infrastructure, raising investors' expectations of improved economic growth.

The first three months were a salutary reminder that, even if you had perfect foresight on the path of events, it was still very difficult to anticipate the markets' response to them. It also reiterated the benefit of true diversification as shown by the differing fortunes of asset classes and investment markets.

It is highly likely the theme of change will continue. It may be that the moves so far in 2025 are the start of a rotation that we believe has been long overdue. The supremacy of the US stock market has been remarkable over the past decade or so and this level of outperformance has not, in history, gone without a pullback at some stage.

Performance review

Higher exposure to fixed income drove stronger performance in the first quarter for the Liontrust Multi-Asset funds and portfolios.

As the tone of sentiment changed in markets, the most defensive funds and portfolios were the best performers over the period, while all the funds and portfolios delivered positive returns over the year to the end of March.

Difficult market conditions led to our bespoke Strategic Asset Allocation (SAA) posting negative returns in the short run, but over the past 12 months it has been the most significant driver of positive performance. Our Tactical Asset Allocation (TAA) enhanced returns over both the quarter and the past 12 months.

From a tactical allocation perspective, our underweight in US equities and overweight in UK equities provided a positive impetus for performance, but our underweight to Europe ex-UK equities detracted. Within fixed income, our tactical overweight to global high yield bonds was a prominent contributor.

Global equities were generally negative in the first quarter, but there were significant regional differences. Our holdings in Europe ex-UK equities boosted performance while the UK was a positive highlight in the Blended and Dynamic Passive funds and Dynamic Passive portfolios. But the US and other regions weighed on performance, particularly the exposure to smaller companies in the former.

All our fixed income holdings delivered positive returns in the first quarter. Credit and global high yield bonds were consistent contributors, with the latter supported by tight credit spreads, the benign default environment and attractive yields. Royal London Corporate Bond, Man GLG Sterling Corporate Bond and Aegon High Yield Bond were key performers for all our ranges, along with Liontrust SF Corporate Bond for our funds. Alternatives also made a significant contribution to performance overall.

For more information on the performance of our funds and portfolios, please see pages 6–15.

Liontrust MA Blended funds

The funds with higher fixed income weightings were the best performers in the Liontrust MA Blended range over the quarter. The two most defensive funds – MA Blended Reserve and MA Blended Moderate – delivered positive returns, while all the Blended funds were positive over 12 months to the end of March, with returns ranging from 4.2% to 4.9% and averaging 4.4%.

Funds in the range with higher equity weightings faced the stronger headwinds over the quarter. Blended Growth returned -0.9% while being the second-best performer in the range over 12 months with a return of 4.4%. In comparison, Blended Reserve, with a more cautious positioning, rose 0.9% over the quarter and returned 4.9% over 12 months.

Europe ex-UK equities were relative strong performers, returning 3.6%, and UK equities delivered 1.0% on average for the Liontrust MA Blended funds. In contrast, North American equities delivered -9.1% over the quarter. Weakness was broad-based across this market, driven by a sharp sell-off in the largest US growth stocks, which had previously led the market.

Global high yield bonds were a strong performer within fixed income, achieving a return of 1.5% over the quarter, supported by ongoing favourable credit conditions and low default rates. Investment grade credit also contributed positively, with sterling corporate bonds delivering a return of 1.3% on average for the funds. Overall, fixed income allocations benefited from strong credit markets.

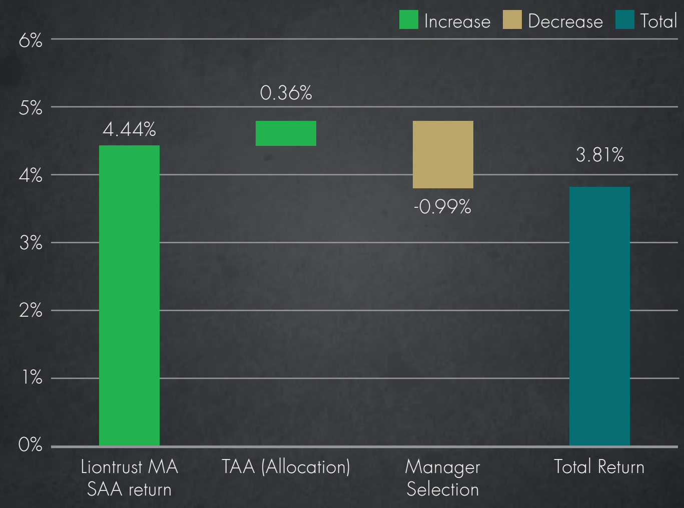
Alternatives returned an average of 4.6%, making it the best-performing asset class. Gains were primarily driven by strength in our gold holding, which benefited from heightened market volatility and concerns around US tariffs.

TAA contributed positively to performance, adding an average return of 0.2% across the Liontrust MA Blended range. The strongest contributor was the underweight to North American equities, which added an average of 0.3% to returns. The overweight to UK equities, high yield bonds and sterling corporate bonds also supported performance.

Fixed income selection contributed positively, with our active positions in global high yield and corporate bonds performing particularly well.

However, it was a challenging 12 months for active equity managers, particularly in the US, where relatively narrow market leadership made it difficult to outperform, weighing on overall manager selection. In addition, valuation timing differences between the L&G US Index Fund and its benchmark also created short-term performance discrepancies, which are expected to reverse over time.

Liontrust MA Blended Intermediate – returns over the year to 31 March 2025



Source: Liontrust, March 2025

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.

Liontrust MA Dynamic Passive funds

All the Liontrust MA Dynamic Passive funds delivered positive returns over the first quarter except for Dynamic Passive Adventurous. They all generated positive returns over the year to the end of March, with returns ranging from 4.8% in the Dynamic Passive Prudent and Reserve funds to 7.2% in Dynamic Passive Adventurous.

Funds with the highest fixed income allocations benefited from more resilient credit markets and lower exposure to equities.

Europe ex-UK equities returned 6.9% and UK equities delivered 3.8% on average across the Dynamic Passive funds. Sentiment was supported by relatively attractive valuations, easing inflation pressures and a shift in German fiscal policy. In contrast, North American equities came under the most pressure, falling -8.2% on average across the Dynamic Passive funds over the quarter.

Japanese, Asian and emerging market equities also struggled, each delivering low single-digit negative returns on average. Japanese equities were impacted by ongoing yen weakness and profit-taking after a strong 2024, while emerging markets and broader Asia faced headwinds from softer Chinese growth data and renewed geopolitical uncertainties.

Returns over the quarter were stronger for fixed income. Short-duration gilts performed well, adding an average of 1.4% to the Dynamic Passive funds, while medium-duration gilts also contributed positively, returning an average of 1.0% across the funds.

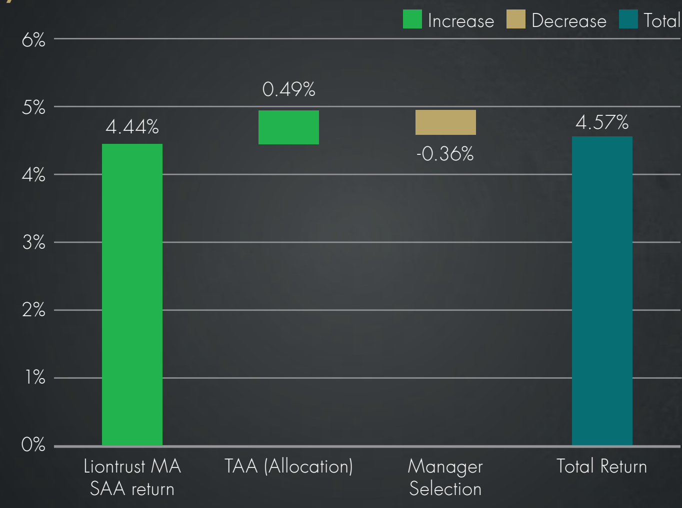
Alternatives had an even stronger quarter, delivering an average return of 4.3%, driven largely by the rally in gold as investors sought safe-haven assets amid market uncertainty.

TAA contributed positively to performance over the quarter, adding an average of 0.1% across the Dynamic Passive range. Underweight positions in short-duration bonds and Europe ex-UK equities dragged slightly on relative returns, but the overweight position in UK equities and global high yield bonds each added around 0.1% to returns. The underweight to North American equities was the strongest contributor, adding an average of 0.3% to performance as US markets came under significant pressure.

The majority of the manager selection drag was driven by the L&G US Index Fund, for which valuation timing differences relative to the benchmark can lead to short-term performance deviations. These timing differences typically even out over the long term as their impact diminishes.

We recently introduced L&G S&P 500 US Equal Weight Index into the MA Dynamic Passive funds to sit alongside the traditional market cap-weighted exposure to this index. This helps diversify away from the concentration risk in the market.

Liontrust MA Dynamic Passive Intermediate – returns over the year to 31 March 2025



Source: Liontrust, March 2025

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Liontrust MA Explorer funds

The funds with higher fixed income weightings were the best performers in the Liontrust MA Explorer range over the quarter. The two most defensive funds – MA Explorer 35 and MA Explorer Income 45 – delivered positive returns, while all the Explorer funds were positive over 12 months to the end of March, with returns ranging from 3.0% to 4.1% and averaging 3.7%.

Europe ex-UK equities provided a tailwind to performance, returning an average of 2.1% to the Liontrust MA Explorer funds. The UK stock market also performed relatively well, helped by the aerospace and defence, financials and healthcare sectors. But North American equities detracted from performance, falling by -8.7% on average across the funds.

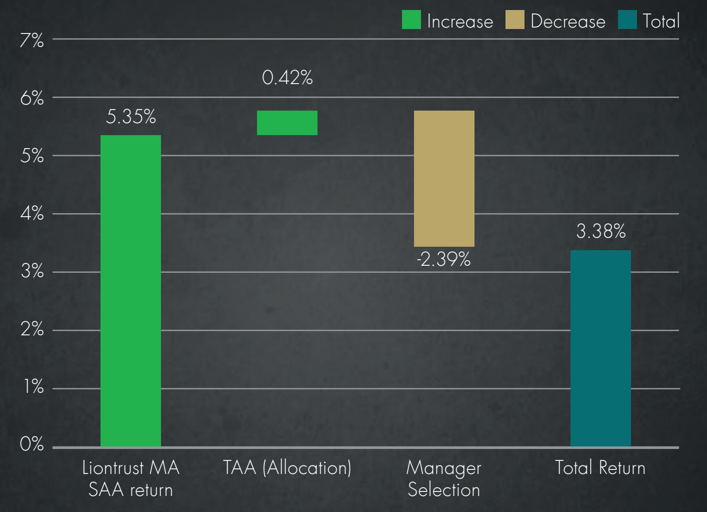
High yield was once again one of the strongest contributors to fixed income returns within the Liontrust MA Explorer funds, supported by tight credit spreads, the benign default environment and attractive yields. The allocation to high yield returned an average of 1.6% over the period. Investment grade corporate bonds also provided positive absolute returns, delivering an average of 2.0% across the range.

TAA was a tailwind to performance over the quarter, delivering 0.2% on average, with the largest contributors being the underweight to North American equities and the overweight to UK equities.

Manager selection within North American equities detracted from performance as broader market weakness combined with the relative underperformance of more diversified and value-oriented strategies, such as Beutel Goodman US Value. In addition, valuation timing differences between the HSBC American Index Fund and its benchmark also created short-term performance discrepancies, which are expected to reverse over time. But within emerging markets, Artemis SmartGARP Global Emerging Markets Equity outperformed the benchmark by 1.5% through its quantitative investment process and a favourable bias to value.

In the fixed income sleeve, Aegon High Yield Bond outperformed the benchmark by 0.7%. Within UK corporate bonds, Royal London Corporate Bond, Man GLG Sterling Corporate Bond and Liontrust SF Corporate Bond all delivered returns ahead of the benchmark.

Liontrust MA Explorer Income 60 – returns over the year to 31 March 2025



Source: Liontrust, March 2025

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Liontrust MPS Blended Growth portfolios

Exposure to fixed income was a positive contributor to performance in our MPS Blended Growth portfolios over the first quarter, while equities were a drag. Our lowest risk portfolios, MPS Blended Growth 1 and MPS Blended Growth 2, delivered positive returns over the quarter, and all our portfolios achieved positive returns over the past 12 months.

UK and European ex-UK equities were positive highlights over the quarter. Following the North American equity sell-off, UK equities have now outperformed all other regions over 12 months with a return of 5.3%. However, a range of broader themes weighed on global equities beyond President Trump's tariffs, including sector-specific challenges. For example, the launch of a new AI model by China's DeepSeek placed pressure on technology stocks globally as investors grew concerned that rapid advancements in AI could reduce the scale of investment required in traditional technology businesses.

Within fixed income, credit was a positive contributor for both the first quarter and the 12-month period. Global high yield bonds returned 1.6% over the quarter, bringing their 12-month return to 8.8%. Selection effects were also positive within global high yield with Aegon High Yield Bond outperforming its index by 1.3% over 12 months. The focus on security selection for the fund continues to generate strong performance above the benchmark, while the conservative and tactical approach to active duration management also added relative outperformance. Corporate bonds delivered 1.3%, bringing their 12-month return to 4.8%, and short-duration gilts' returns were positive over the quarter, bringing their 12-month return to 4.1%.

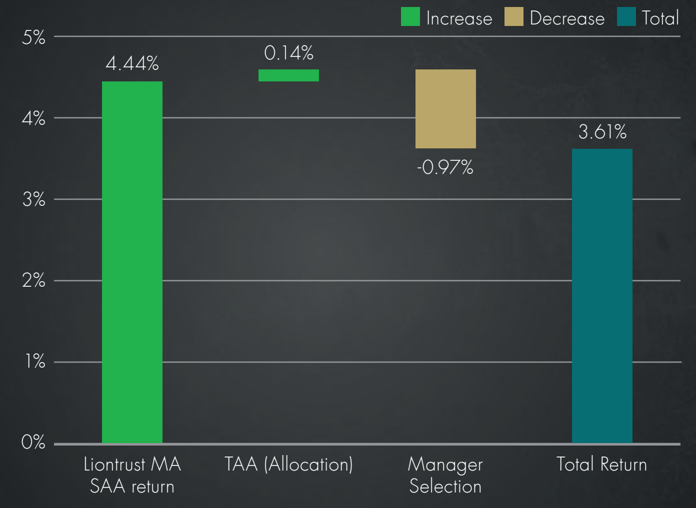
The portfolios' small-cap bias, through CT American Smaller Companies, lagged a narrow, large cap-led market, while Beutel Goodman US Value also underperformed as its lack of exposure to cyclical sectors that rallied following Trump's election win in November 2024 proved a headwind.

TAA across fixed income contributed positively to performance over the quarter and 12 months across the range. While active duration management added to performance, our small overweight to investment grade bonds detracted, but this was more than outweighed by the positive impact from manager selection.

Our TAA equities was neutral for the 12 months across the range. The underweight to US equities and our overweight positions in emerging markets, developed Asia ex-Japan and the UK, funded by the US underweight, were positive contributors.

In alternatives, our real asset exposure added 1.6% in the quarter, bringing the 12-month performance to 2.8%.

Liontrust MPS Blended Growth 4 – returns over the year to 31 March 2025



Source: Liontrust, March 2025

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Liontrust MPS Dynamic Passive portfolios

Exposure to fixed income was a positive contributor to the portfolios over the first quarter, while equities were a drag. Our lowest risk portfolios, MPS Dynamic Passive 1 and MPS Dynamic Passive 2, delivered positive returns over the quarter, and all our portfolios did so over 12 months, from 4.2% in MPS Dynamic Passive 1 to 2.6% in MPS Dynamic Passive 7.

UK and European ex-UK equities were positive highlights over the quarter. Following the North American equity sell-off, UK equities have now outperformed all other regions over 12 months with a return of 5.3%. However, a range of broader themes weighed on global equities beyond President Trump's tariffs, including sector-specific challenges. For example, the launch of a new AI model by China's DeepSeek placed pressure on technology stocks globally as investors grew concerned that rapid advancements in AI could reduce the scale of investment required in traditional technology businesses. Weaker than expected forecasts from the Federal Reserve for US growth and inflation further unsettled markets.

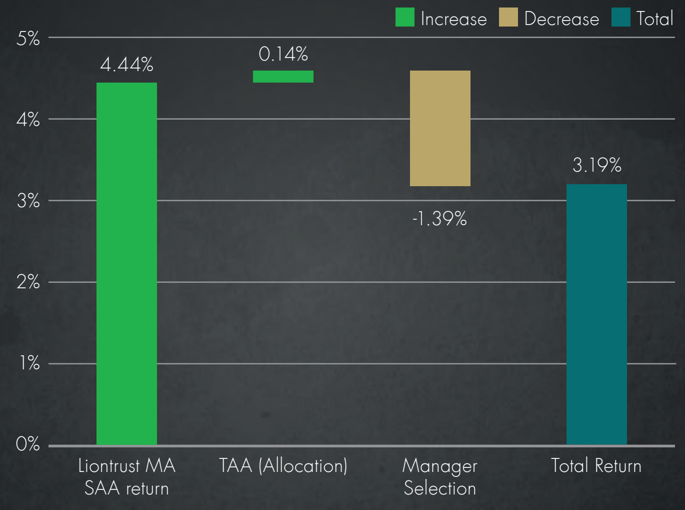
Our TAA tilts overall were positive over the first quarter. Two positive drivers behind performance came from the North American and UK exposures (the former being underweight and the latter being overweight). The underweight to Europe ex-UK equities was a drag on performance in the first quarter of 2025, although over 12 months, the underweight has been broadly neutral across the MPS Dynamic Passive portfolios.

The majority of the manager selection drag was driven by US passive index funds, for which valuation timing differences relative to the benchmark can lead to short-term performance deviations.

These timing differences typically even out over the long term as their impact diminishes.

The changes we have made to the portfolios over the past 12 months, such as introducing the L&G S&P 500 US Equal Weight Index, have put us in a strong position to navigate the current volatility and any potential market rotation away from the Magnificent 7.

Liontrust MPS Dynamic Passive 4 – returns over the year to 31 March 2025



Source: Liontrust, March 2025

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Liontrust MPS Blended Income portfolios

Exposure to fixed income was a positive contributor to performance over the first quarter, while equities were a drag. Our lowest risk portfolios, MPS Blended Income 1 and MPS Blended Income 2, delivered positive returns over the quarter, and all our portfolios achieved positive returns over 12 months.

UK and European ex-UK equities were positive highlights over the quarter. However, a range of broader themes weighed on global equities beyond President Trump's tariffs, including sector-specific challenges. For example, the launch of a new AI model by China's DeepSeek placed pressure on technology stocks globally as investors grew concerned that rapid advancements in AI could reduce the scale of investment required in traditional technology businesses.

Within fixed income, credit was a positive contributor over both the quarter and 12-month periods. Global high yield bonds returned 1.6% in the first quarter, bringing their 12-month return to 8.8%. Selection effects were also positive for global high yield with one of our active holdings, Aegon High Yield Bond, outperforming the index by 1.3% over 12 months. Investment grade corporate bonds returned 1.3% in the quarter, bringing their 12-month return to 4.8%, and medium-duration gilts returned 1.2% in the quarter, bringing their 12-month return to -0.3%.

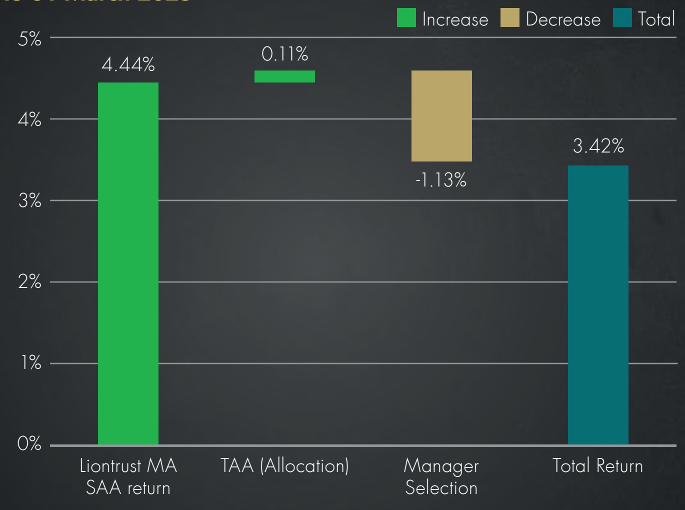
Over the 12-month period, fund selection detracted from performance in North American equities, largely driven by one fund, the CT American Smaller Companies, because of its underweight to large cap-dominated sectors. However, manager selection added to returns in the first quarter across global high yield, investment grade corporate bonds, short-duration gilts and Japan equities.

TAA in fixed income was positive for the 12-month period across the range. The overweight to global high yield and the underweight to global aggregate bonds were the main drivers of TAA returns.

TAA in equities was flat over the quarter but, on average, it was a positive contributor over 12 months across the range. Our overweight to emerging markets, developed Asia ex-Japan and UK equities, which have been funded by underweights to the US, Europe and global ex-UK fixed income, added on average 13 basis points to performance.

In alternatives, our real assets exposure returned 1.8% in the first quarter, bringing the 12-month performance to 3.2%.

Liontrust MPS Blended Income 4 – returns over the year to 31 March 2025



Source: Liontrust, March 2025

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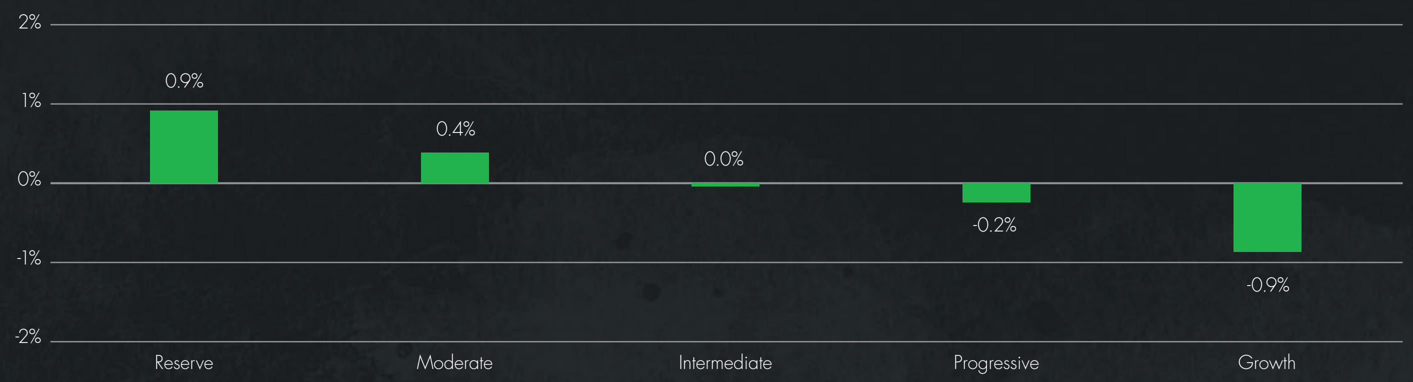
How have the funds performed?

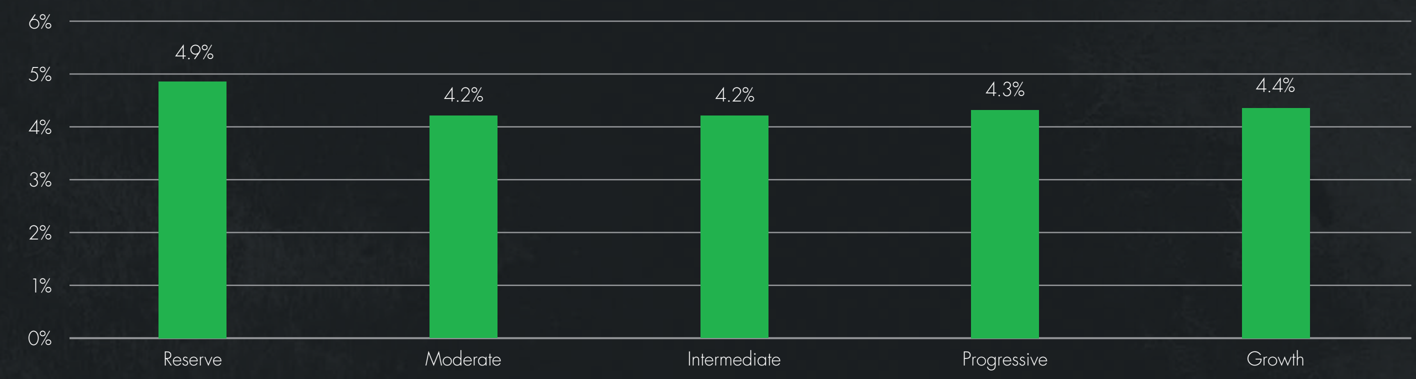
LIONTRUST MULTI-ASSET FUNDS

MA BLENDED FUNDS

Q1 2025

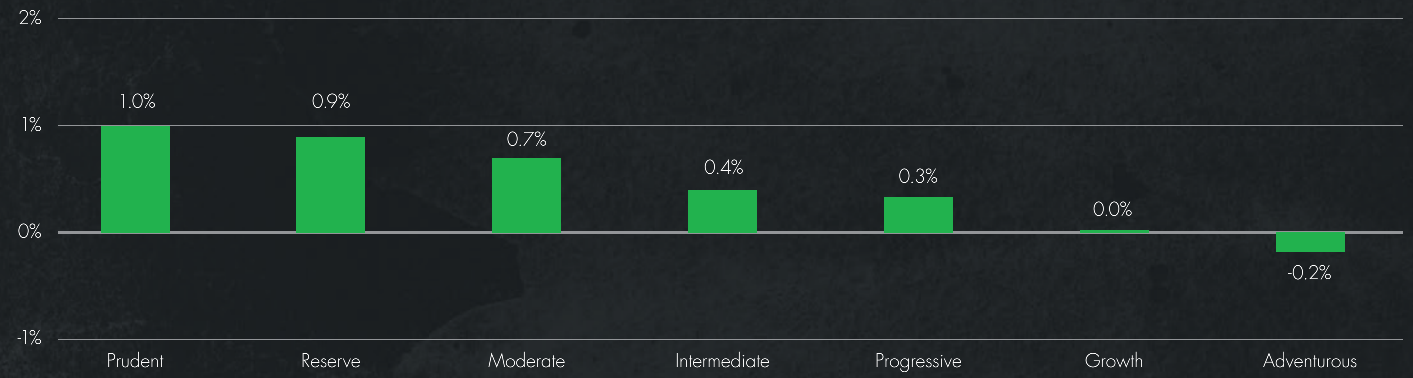


12 months to 31 March 2025

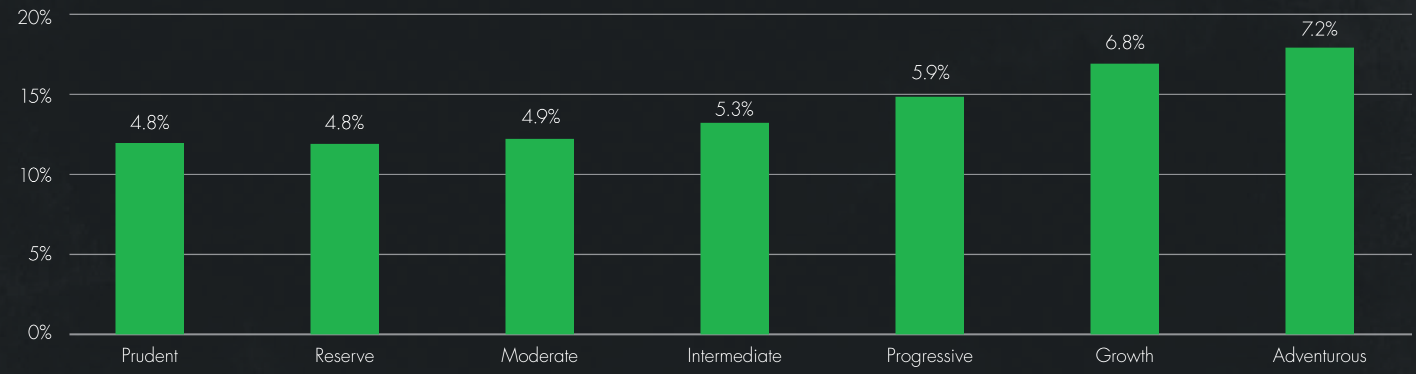


MA DYNAMIC PASSIVE FUNDS

Q1 2025

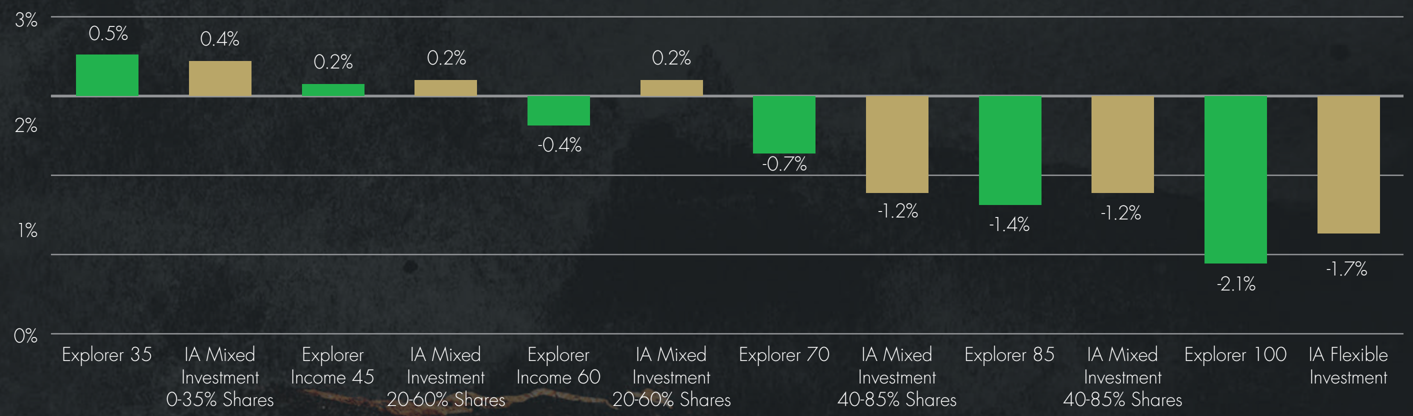


12 months to 31 March 2025

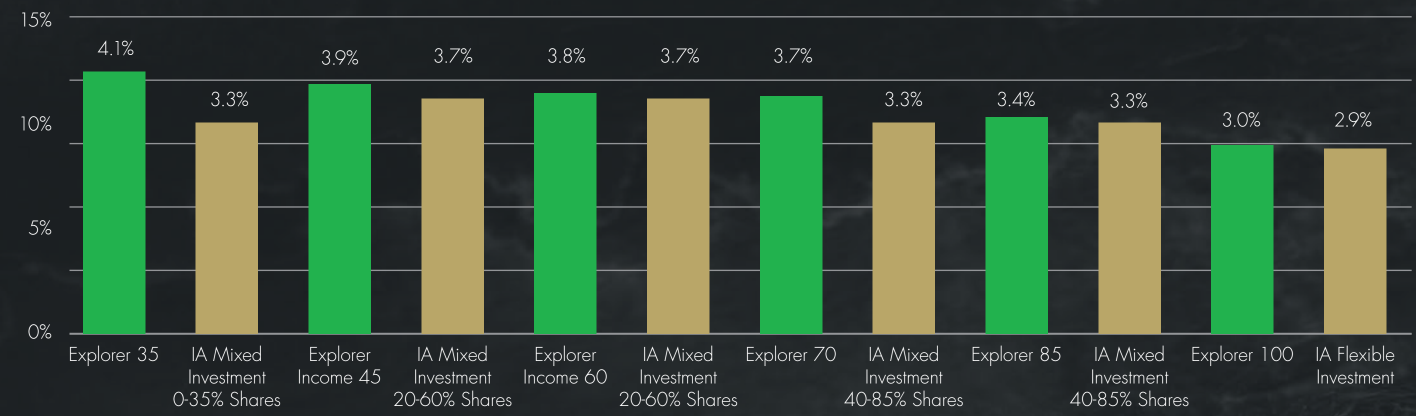


MA EXPLORER FUNDS*

Q1 2025



12 months to 31 March 2025



Source: FE Analytics, as at 31.03.25. 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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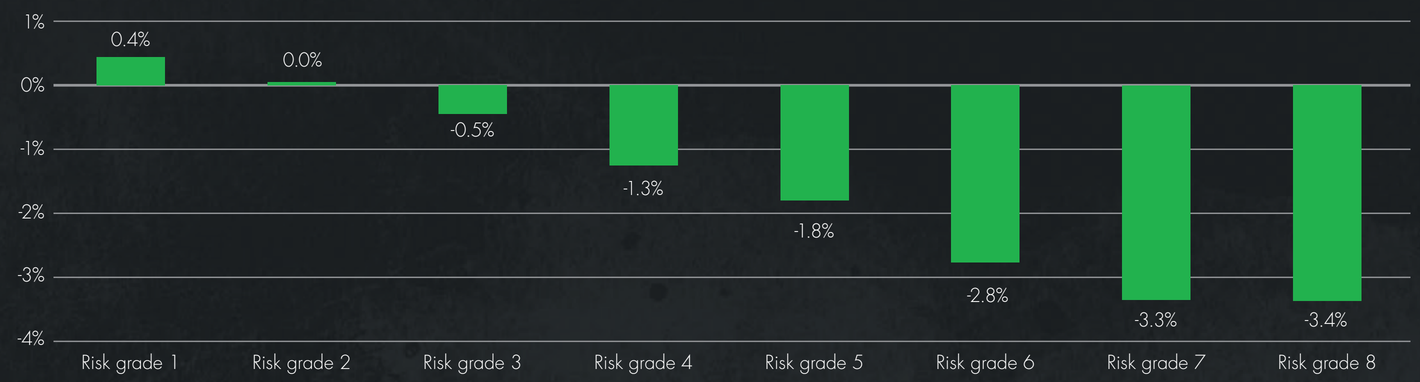
How have the portfolios performed?

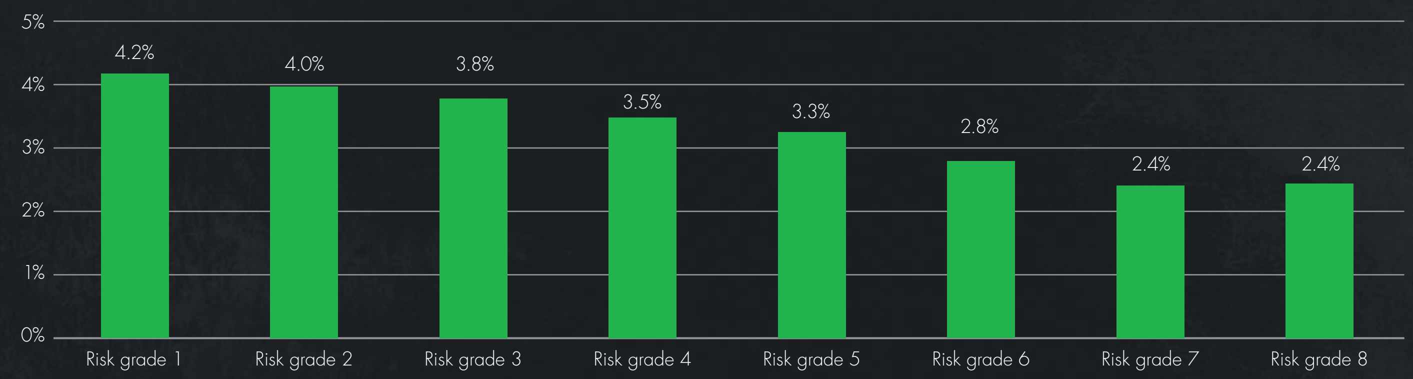
LIONTRUST MPS PORTFOLIOS

MPS BLENDED GROWTH PORTFOLIOS

Q1 2025

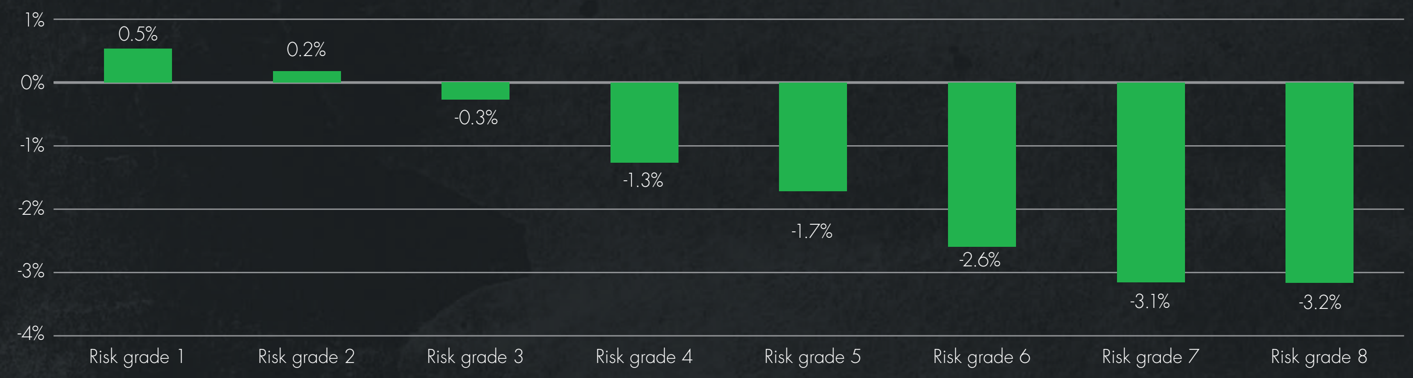


12 months to 31 March 2025

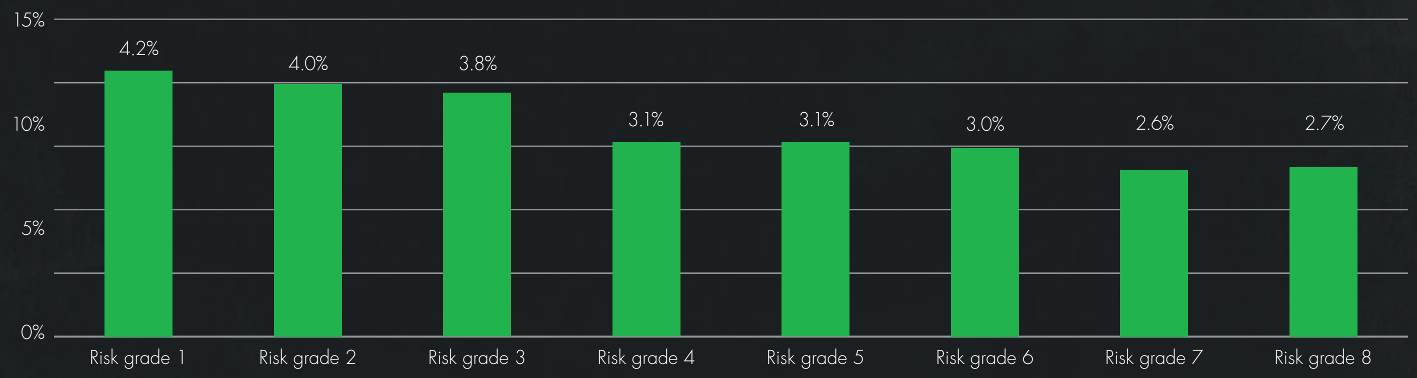


MPS DYNAMIC PASSIVE PORTFOLIOS

Q1 2025

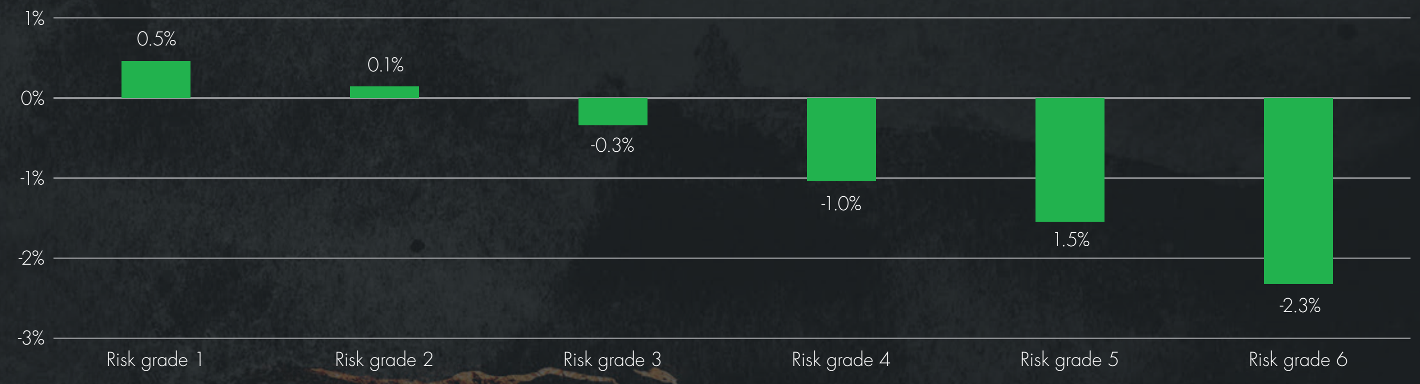


12 months to 31 March 2025

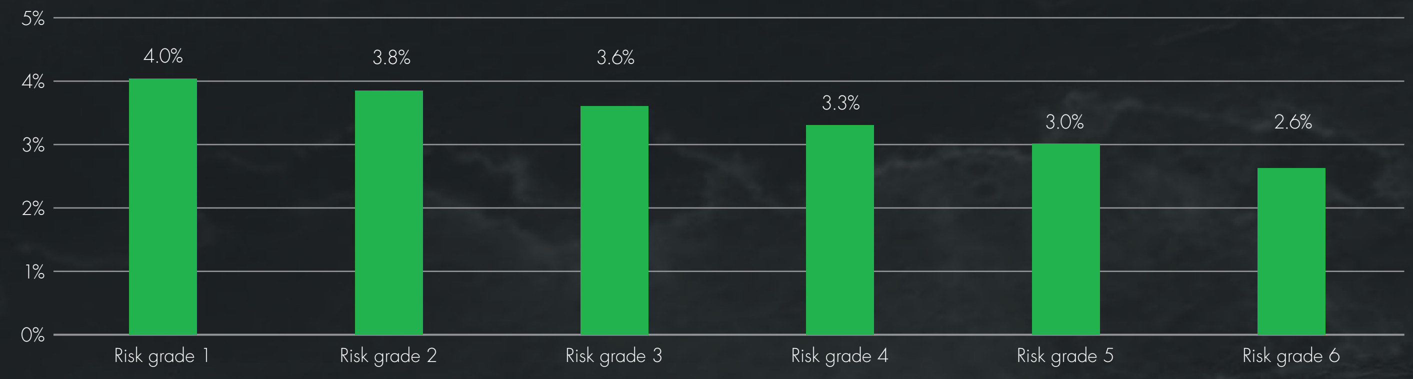


MPS BLENDED INCOME PORTFOLIOS

Q1 2025



12 months to 31 March 2025



Source: Liontrust and Morningstar, as at 31.03.25, 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 Mar 24 31 Mar 25	31 Mar 23 31 Mar 24	31 Mar 22 31 Mar 23	31 Mar 21 31 Mar 22	31 Mar 20 31 Mar 21
Liontrust MA Blended Reserve Fund S Acc	4.9	7.6	-9.7	-1.8	7.9
Liontrust MA Blended Moderate Fund S Acc	4.2	9.0	-8.2	1.3	14.0
Liontrust MA Blended Intermediate Fund S Acc	4.2	10.8	-6.6	3.1	19.6
Liontrust MA Blended Progressive Fund S Acc	4.3	12.0	-4.9	4.6	26.3
Liontrust MA Blended Growth Fund S Acc	4.4	14.2	-2.6	5.8	35.9
Liontrust MA Dynamic Passive Prudent S Acc	4.8	6.3	-6.1	1.5	8.8
Liontrust MA Dynamic Passive Reserve Fund S Acc	4.8	7.2	-9.5	0.3	8.2
Liontrust MA Dynamic Passive Moderate Fund S Acc	4.9	8.8	-8.0	2.1	13.2
Liontrust MA Dynamic Passive Intermediate Fund S Acc	5.3	10.7	-5.8	4.2	18.5
Liontrust MA Dynamic Passive Progressive Fund S Acc	5.9	11.9	-3.7	6.2	25.1
Liontrust MA Dynamic Passive Growth Fund S Acc	6.8	14.4	-1.8	8.4	33.5
Liontrust MA Dynamic Passive Adventurous Fund S Acc	7.2	15.6	-1.7	8.0	37.2
Liontrust MA Explorer 35 Fund S Acc*	4.1	8.4	-13.5	-0.9	1.4
IA Mixed Investment 0-35% Shares	3.3	5.9	-5.9	-0.2	12.1
Liontrust MA Explorer Income 45 Fund S Acc*	3.9	8.5	-9.5	-2.6	12.0
IA Mixed Investment 20-60% Shares	3.7	7.7	-4.8	2.7	19.8
Liontrust MA Explorer Income 60 Fund S Acc*	3.8	10.7	-5.9	1.6	21.6
IA Mixed Investment 20-60% Shares	3.7	7.7	-4.8	2.7	19.8
Liontrust MA Explorer 70 Fund S Acc*	3.7	12.0	-4.9	3.1	28.5
IA Mixed Investment 40-85% Shares	3.3	10.2	-4.5	5.2	26.4
Liontrust MA Explorer 85 Fund S Acc*	3.4	13.6	-2.5	4.1	37.1
IA Mixed Investment 40-85% Shares	3.3	10.2	-4.5	5.2	26.4
Liontrust MA Explorer 100 Fund S Acc*	3.0	14.3	-1.3	2.9	39.9
IA Flexible Investment	2.9	10.1	-4.0	5.0	29.1

Source: FE Analytics, as at 31.03.25. *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.

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.

Discrete performance (Portfolios)

(%)	31 Mar 24 31 Mar 25	31 Mar 23 31 Mar 24	31 Mar 22 31 Mar 23	31 Mar 21 31 Mar 22	31 Mar 20 31 Mar 21
Liontrust MPS Blended Growth 1	4.2	6.6	-3.2	0.7	9.3
Liontrust MPS Blended Growth 2	4.0	7.9	-4.9	0.9	14.3
Liontrust MPS Blended Growth 3	3.8	9.9	-6.5	1.2	19.6
Liontrust MPS Blended Growth 4	3.5	10.9	-5.5	1.3	27.0
Liontrust MPS Blended Growth 5	3.3	11.4	-4.7	1.3	33.0
Liontrust MPS Blended Growth 6	2.8	12.7	-4.0	1.4	39.0
Liontrust MPS Blended Growth 7	2.4	12.5	-3.9	-0.1	43.1
Liontrust MPS Blended Growth 8	2.4	11.6	-3.7	-1.5	46.7
Liontrust MPS Dynamic Passive 1	4.2	6.4	-3.0	0.9	8.4
Liontrust MPS Dynamic Passive 2	4.0	7.7	-4.5	1.3	12.9
Liontrust MPS Dynamic Passive 3	3.8	9.7	-6.0	1.7	17.6
Liontrust MPS Dynamic Passive 4	3.1	10.8	-5.2	2.1	23.9
Liontrust MPS Dynamic Passive 5	3.1	11.4	-4.6	2.4	28.7
Liontrust MPS Dynamic Passive 6	3.0	12.9	-4.0	2.6	33.8
Liontrust MPS Dynamic Passive 7	2.6	12.7	-3.7	1.5	37.3
Liontrust MPS Dynamic Passive 8	2.7	11.6	-3.5	0.3	40.6
Liontrust MPS Blended Income 1	4.0	6.1	-3.0	1.1	8.9
Liontrust MPS Blended Income 2	3.8	7.1	-4.5	1.6	13.8
Liontrust MPS Blended Income 3	3.6	8.8	-6.0	2.2	19.0
Liontrust MPS Blended Income 4	3.3	10.0	-5.1	2.1	25.8
Liontrust MPS Blended Income 5	3.0	10.6	-4.6	2.1	31.1
Liontrust MPS Blended Income 6	2.6	11.9	-4.0	2.0	36.6

Source: Liontrust and Morningstar, as at 31.03.25. 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.

Changes were made to our Multi-Asset fund and portfolio allocation targets in the first quarter following both our annual Strategic Asset Allocation (SAA) and quarterly Tactical Asset Allocation (TAA) reviews.

Objectives set as part of this year's SAA review included:

- Recalibrate the SAAs to updated Capital Market Assumptions (CMAs) while ensuring a level of continuity in the asset mix. Year-on-year we have not seen material changes in the long-term expected return and volatility of this blend. There have been minor changes to the equity asset allocations, but the target allocations for fixed income and alternatives have been changed, the latter due to a desire to streamline the number of underlying asset classes.
- Increase the diversification of our fixed income target allocations. The changes include increasing the allocation to global investment grade bonds and reducing the exposure to UK corporate bonds. We have also added a short-duration global investment grade credit component (global short-dated corporate bonds). Shifting away from UK corporate bonds and increasing global exposure should help to reduce the impact of local economic risks and interest rate changes, while providing a more balanced and resilient portfolio.

TAA changes

In our TAA review for the first quarter, we kept our overall market outlook ranking at four on a scale of one to five (five is our most bullish rating and one is the most bearish). Overall, we are positive on equities, broadly neutral on fixed income and alternatives, and bearish on cash.

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

We have reduced our ranking for investment grade corporate bonds from a positive four to a neutral three and our ranking for convertible bonds from a neutral three to a negative two. Our Multi-Asset funds and portfolios have benefited from investment grade credit since raising our ranking from neutral to a positive four in the third quarter of 2023, but spreads have become tight; we believe it is time to take some profits and better spend our risk budget elsewhere.

These modest changes reflect the long-term nature of our investment process, which is designed to be both patient and disciplined, and our unwillingness to over-trade.

Changes in funds and portfolios

We have traded several positions in the MA Dynamic Passive and MA Blended fund ranges and the MPS Dynamic Passive portfolios.

Across the MA Dynamic Passive funds, we exited iShares Emerging Markets Equity Index and purchased new positions in Fidelity Index Emerging Markets, abrdn Short-Dated Global Corporate Bond Tracker and HSBC Global Government Bond. The change to the emerging markets tracker is intended to more closely align with the SAA benchmark, while the fixed income additions reflect a shift towards a more globally diversified bond exposure.

Across the MA Blended funds, we sold Barings Global High Yield Bond and Aegon High Yield Bond, and opened new positions in HSBC Global Government Bond, Liontrust GF Absolute Return Bond and Liontrust GF High Yield Bond. As with our MA Dynamic Passive funds, the fixed income changes within the MA Blended funds reflect our move towards broader global diversification.

We introduced L&G S&P 500 US Equal Weight Index into all our MA Dynamic Passive portfolios. This move helps diversify the portfolios away from the concentration of the Magnificent 7 stocks and positions the funds more robustly for a market environment that is likely to remain volatile and driven by a broader set of return sources.

	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 10 February 2025. Not all the asset classes are used in all the MA portfolios and funds

Outlook

What do the extraordinary events and the heightened volatility of the first four months of the year mean for managing portfolios? Are assets, including equities, riskier now?

The answer as to whether they are riskier is probably not but possibly yes. Let's start with the probably not part of the answer. The long-term volatility estimates of asset classes are generally based on long-term results and should already include major events like Black Monday, the Global Financial Crisis, Covid and similar sell-offs. If it is in the history, similar events are implied in the future expectations. The estimates also include the many periods of far lower volatility which bring the averages over time back down.

Even if we are in a period of elevated volatility, it does not necessarily mean the asset classes we are investing in have become fundamentally more risky; it means their prices are moving about more at the moment. Over the short term, an asset class' volatility is not a constant, but over the long term it should revert to type.

The other part of the answer is possibly yes because of the greater political and economic uncertainty we are currently facing. The tariff announcements, even with the 90-day pause, have already begun to impact trade, supply chains, consumer confidence, potential business investment and tourism to the US. This led to the International Monetary Fund (IMF) in April reducing its estimates for global economic growth, particularly for the US. Such uncertainty does not necessarily directly impact volatility in investment markets, however.

Having said all this, it does not mean volatility is not a concern, however, as price variability can have a significant impact in the short term. The best way to mitigate volatility is to try to avoid being a forced seller, extend an investment time horizon and through diversification.

Given the strong equity rally in the second half of April and into May, it would be tempting to presume we are through the worst of the tariff news. It is likely that the propensity for news on tariffs to shock the markets has diminished but what remains unclear is the longer term impact on key economic drivers such as consumer spending, business investment and the impact on inflation.

It is possible that the impact proves to be greater than anticipated but it is also worth bearing in mind the resilience of the consumer and the long-term track record of businesses, over many decades, of meeting challenges and, collectively, finding ways to reward shareholders in excess of inflation.

We continue to be patient investors, focusing on the long term, constructing portfolios to mitigate the impact of unexpected events and volatility, and ensuring that they meet their designated risk profiles.

What does this mean in practice? Diversification across asset classes, geographies and styles of investment are beneficial, especially at times of turbulence. This diversification includes blending actively managed funds with passive vehicles. We had been advocating this to investors even before Trump won the Presidential election in November 2024 given the fragmentation of globalisation and the concentration risk in the US market with the rise of the Magnificent 7 stocks.

This view had led us to being neutral to underweight the US and increasing our weightings to equities in the UK, Europe, Japan, Asia and other emerging markets, where earnings were just as good as in the US in some cases and valuations were more attractive in our view.

We expect continued volatility over the coming months as this tariff policy works its way through. But times of heightened volatility and market dislocations like this tend to create great investment opportunities for the long-term investor, especially active managers who can take advantage of over-selling.

Market performance tables

Global (local returns) as at 31 March 2025

Asset class	3 months	YTD	12 months	Currency
Equities				
UK	6.4%	6.4%	12.2%	GBP
North America	-4.3%	-4.3%	8.5%	USD
Europe ex-UK	6.3%	6.3%	5.6%	EUR
Japan	-4.3%	-4.3%	-1.2%	JPY
Developed Asia Pacific (ex-Japan)	1.2%	1.2%	9.8%	USD
Emerging markets	3.0%	3.0%	8.7%	USD
Global	-1.7%	-1.7%	7.9%	USD
Bonds				
UK gilts	0.5%	0.5%	0.0%	GBP
Investment grade corporate bonds	0.5%	0.5%	2.4%	GBP
Short-duration gilts	1.4%	1.4%	4.2%	GBP
US treasuries	2.9%	2.9%	5.3%	USD
High yield	0.6%	0.6%	6.6%	USD
Global	1.1%	1.1%	9.0%	USD
Global government	2.6%	2.6%	2.7%	USD
Emerging markets	2.2%	2.2%	7.1%	USD
Alternatives				
Infrastructure	5.0%	5.0%	14.7%	USD
Commodities	7.7%	7.7%	6.5%	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	4.3%			
North America	4.5%			
Eurozone	2.7%			
Japan	0.5%			
Australia	4.1%			

Source: As at 31 March 2025. Liontrust and Bloomberg Finance L.P.
Past performance is not a guide to future returns.

UK (GBP) as at 31 March 2025

Asset class	3 months	YTD	12 months	Currency
Equities				
UK	6.4%	6.4%	12.2%	GBP
North America	-7.2%	-7.2%	5.4%	GBP
Europe ex-UK	7.8%	7.8%	3.3%	GBP
Japan	-2.6%	-2.6%	-2.9%	GBP
Developed Asia Pacific (ex-Japan)	-1.8%	-1.8%	6.8%	GBP
Emerging markets	-0.1%	-0.1%	5.6%	GBP
Global	-4.6%	-4.6%	4.9%	GBP
Bonds				
UK gilts	0.5%	0.5%	0.0%	GBP
Investment grade corporate bonds*	0.5%	0.5%	2.4%	GBP
Short-duration gilts	1.4%	1.4%	4.2%	GBP
US treasuries*	2.9%	2.9%	5.3%	GBP
High yield	1.9%	1.9%	4.4%	GBP
Global*	-1.9%	-1.9%	5.9%	GBP
Global government*	-0.5%	-0.5%	-0.2%	GBP
Emerging markets*	-0.8%	-0.8%	4.1%	GBP
Alternatives				
Infrastructure	1.9%	1.9%	11.5%	GBP
Commodities	4.5%	4.5%	3.5%	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	4.3%			

Source: As at 31 March 2025. 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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