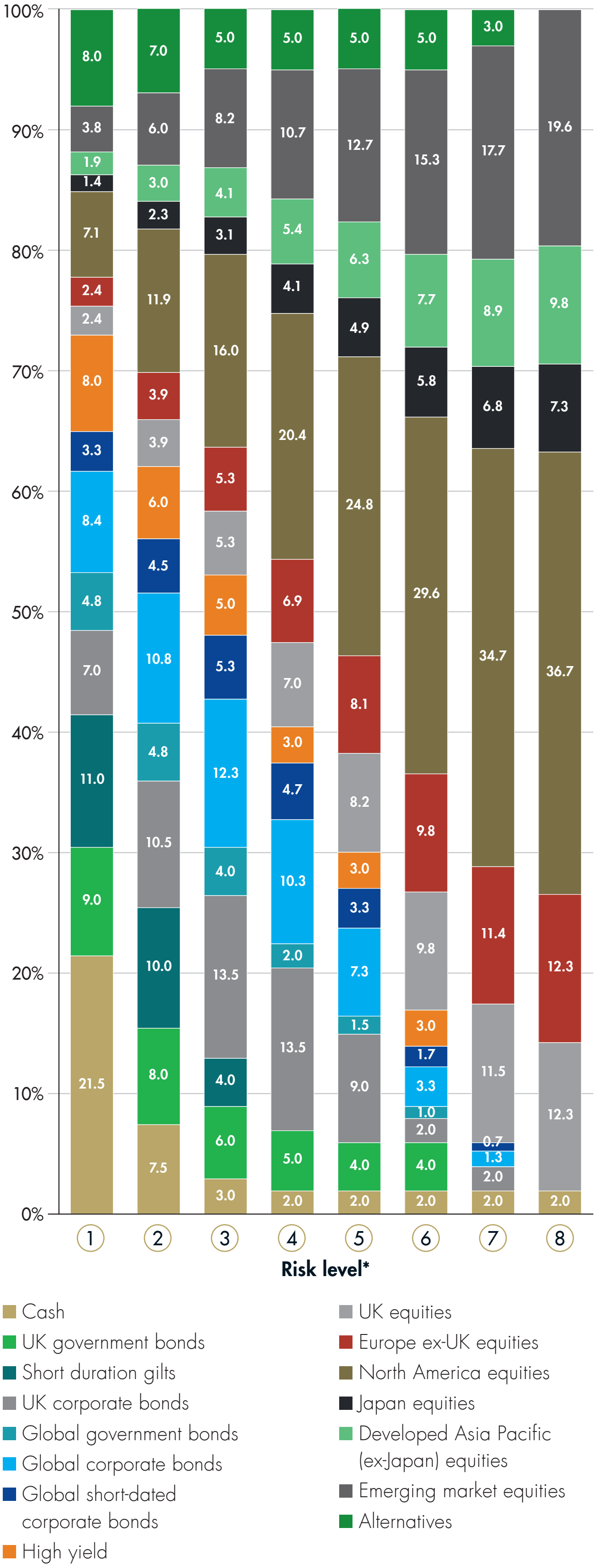
Liontrust Multi-Asset Strategic Asset Allocation for 2025



We review the Strategic Asset Allocations (SAAs) for our Risk Targeted Multi-Asset fund and portfolio ranges once a year in the first quarter.

Determining the SAAs is the first stage in the Liontrust Multi-Asset (MA) investment process, which also includes Tactical Asset Allocation (TAA), portfolio construction, manager selection and implementation.

The SAAs are the primary determinant of suitability and long-term risk and returns for investors. They are essentially the default asset allocations should the Multi-Asset investment team have no views about the relative attractiveness of different asset classes. They are based on analysis of the historical returns, volatility and correlations of a range of asset classes, and other market dynamics.

SAAs for 2025

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

1. Recalibrate the SAAs to updated Capital Market Assumptions (CMAs) while ensuring a level of continuity in the asset mix – year-over-year we have not seen material changes in long-term expected return and volatility of the asset mix. 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 in the alternatives basket.
2. Change fixed income target allocations, mostly to increase diversification from a geographical and interest rate standpoint. These changes include increasing the allocation to global investment grade bonds to broaden the allocation and reduce 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.

In terms of specific risk levels (1 to 8), the consequences of these rebalances include:

- Reducing the cash targets in the two lowest risk levels (1 and 2)
- Increasing the targets for medium-duration gilts in risk levels 1 to 6
- Reducing the targets for short-duration gilts in risk levels 1 to 5
- Cutting the targets for UK corporate and global high yield bonds in risk levels 1 to 6
- Establishing targets for global government bonds, global corporate bonds, and global short-dated corporate bonds in risk levels 1 to 7
- Increasing the targets for all equity regions, including the UK, Europe ex-UK, North America, Japan, developed Asia Pacific ex-Japan and emerging markets, in risk levels 1 to 5 while trimming them for risk levels 6 to 7
- Cutting the allocation targets for alternatives in risk levels 1 to 3, raising the target in risk level 6 and creating a target for risk level 7

Source: Liontrust and Hymans Robertson. The chart above shows strategic asset allocation breakdown implemented March 2025.
* Risk level 1 uses a 7-year forward looking investment time span instead of the 15 years used for risk levels 2-8. Our Dynamic Passive range uses risk levels 1-7, our Blended range uses 2-6, and our Managed Portfolio Service (MPS) uses 1-8.

Important information

Key risks

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

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

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

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

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

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

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

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

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

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

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

For the 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.

Disclaimer

The Liontrust Multi-Asset Broker Desk is here to answer any questions you have

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