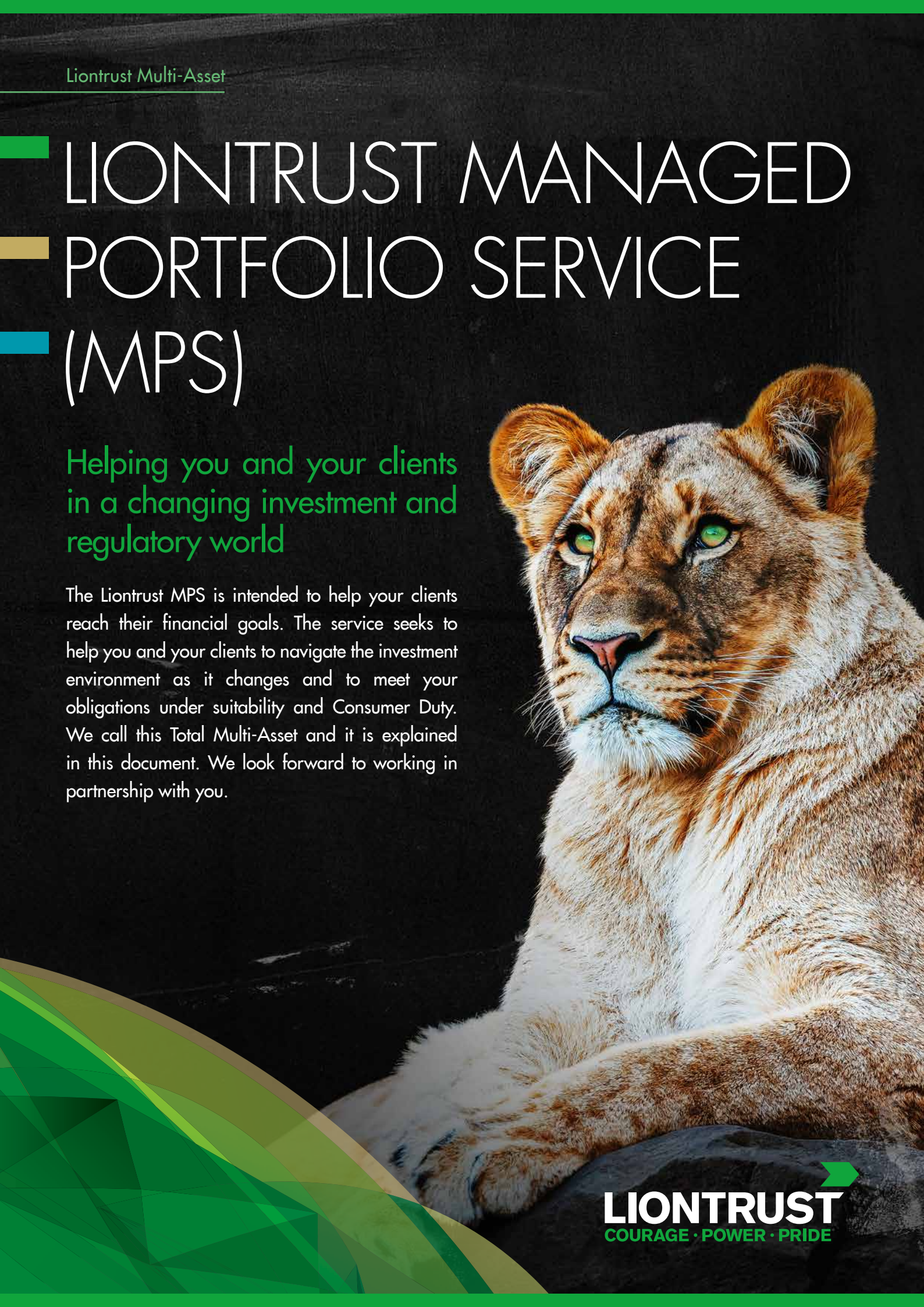
LIONTRUST MANAGED PORTFOLIO SERVICE (MPS)

Helping you and your clients in a changing investment and regulatory world

The Liontrust MPS is intended to help your clients reach their financial goals. The service seeks to help you and your clients to navigate the investment environment as it changes and to meet your obligations under suitability and Consumer Duty. We call this Total Multi-Asset and it is explained in this document. We look forward to working in partnership with you.



LIONTRUST
COURAGE · POWER · PRIDE

What differentiates Liontrust MPS

Help with clients' outcomes, suitability and Consumer Duty: The following features collectively differentiate Liontrust MPS and can help you meet your clients' outcomes, suitability and Consumer Duty responsibilities

Unique choice: The only MPS that offers Blended Growth, Blended Income and Dynamic Passive portfolios to advisers

Active management: All the portfolios are actively managed (even where the underlying holdings are passive) to seek to deliver added value throughout the investment process and we actively manage our client relationships

Broad choice: Eight Blended Growth (risk targeted 1 to 8), six Blended Income (risk targeted 1 to 6) and eight Dynamic Passive (risk targeted 1 to 8) portfolios to enable clients to choose portfolios that match their attitudes to risk, investment objectives and time horizons

Flexibility: Clients can switch between 22 portfolios as their risk profiles and objectives change, including from accumulation to decumulation

Whole of market: The Dynamic Passive portfolios hold predominantly passive investments offered by a range of providers which enables investors to benefit from the widest choice possible and expertise from across the market

Rigorous investment process: This is designed to maximise returns for each target risk portfolio

Risk management: All portfolios are risk targeted and aligned with Defaqto's risk profiles. There is oversight independent of the fund managers by Liontrust and an external consultant

Experience: The five-strong Multi-Asset team is led by John Husselbee (Head of the Multi-Asset Investment team) and James Klempster (Deputy Head). The team has extensive knowledge and insights

Fund manager access: The team provides regular, face-to-face updates on the service and their views to advisers and their clients

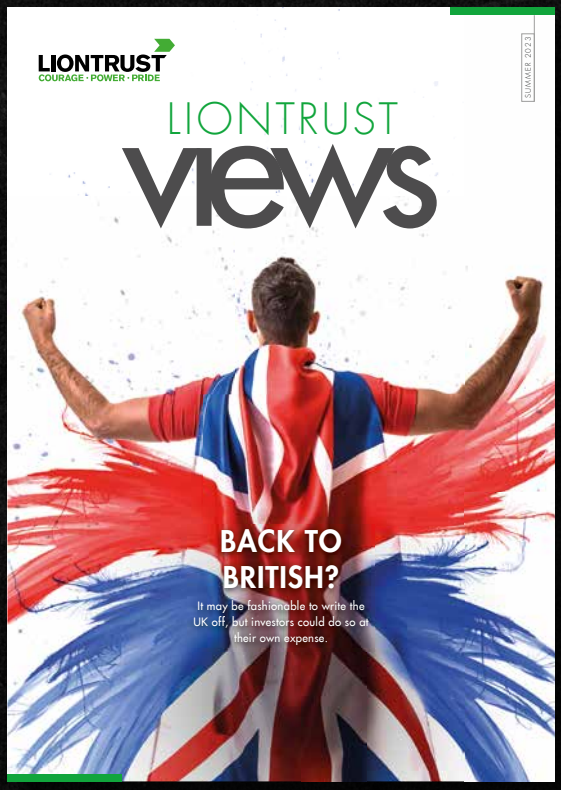
First-class service: Liontrust provides advisers with dedicated and ongoing sales, marketing and operational support, including events and regular communications

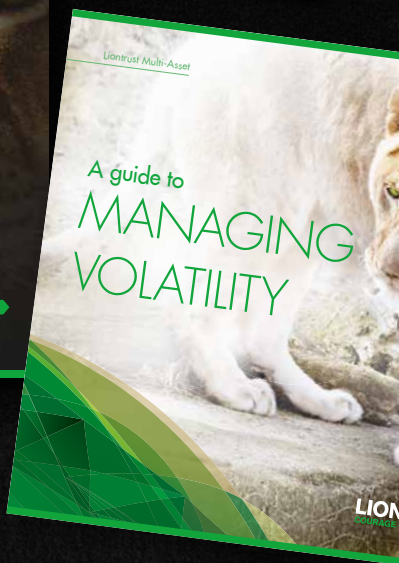
Charges: The OCFs for the Liontrust Blended Growth and Blended Income portfolios are competitive with other model portfolios investing in actively managed funds and the Dynamic Passive portfolios whilst still having similar annual strategic asset allocations (SAA) and quarterly tactical asset allocations (TAA) as Blended Growth and Blended Income retain lower OCFs because they have predominantly passive investments

Combined cost savings: Blending the Dynamic Passive portfolios with the Blended Growth and Blended Income portfolios reduces the overall OCF for your clients

Working in partnership with you

- Deliver good outcomes for retail customers
- Act in good faith
- Avoid causing foreseeable harm
- Enable and support retail customers to pursue their financial objectives
- Design of products and services
- Price and value
- Consumer understanding
- Consumer support





Total Multi-Asset: helping you meet your suitability and Consumer Duty requirements

Active management

- All the portfolios are actively managed (even where the underlying holdings are passive)
- Added value across the strategic asset allocation (SAA), tactical asset allocation (TAA), fund selection and portfolio construction
- Independent choice of providers
- Patient, long-term investing

Broad choice of portfolios

- Blended Growth, Blended Income and Dynamic Passive
- Both active and passive underlying investments depending on appropriateness
- Switch between portfolios as the risk profile, investment objectives and timeframe of the client changes

Support and transparency

- Support and understanding of you and your clients
- Documented investment process and risk management
- Dedicated sales, marketing and operations support
- Access to fund managers for you and your clients
- Reporting on drivers of performance and portfolio changes
- Literature, videos and investment views and insights
- Educational content and material for your clients

Value for money

- The OCFs are competitive with other actively managed solutions
- We aim to keep costs to a minimum and are often able to invest in underlying funds on better terms than those commonly available
- The Multi-Asset team seeks to add value through each of the SAA, TAA, fund selection and portfolio construction
- We add value through working in partnership with you and the dedicated sales, marketing and operational support we provide you, including events, communications and training

Investment process for the Liontrust MPS portfolios

The Liontrust Multi-Asset investment process is based on a number of core beliefs. These beliefs have been accumulated over the long combined careers of the Liontrust Muti-Asset team and have developed over many years. Among these beliefs are:

- Investment markets are inefficient
- Sentiment can cause market prices to move away from their fundamental value over the short term
- Over the long term, markets tend to revert towards levels justified by their fundamentals
- Active management of asset allocation can add value through exploiting mispricing and their subsequent return to normal
- We believe that equity markets remain the key driver of long term real returns
- Within equity markets, factors such as value, growth, quality and size have inherent tailwinds due to either behavioural or market structure inefficiencies
- Each of these factors in isolation can be volatile but a combination of these factors should outperform the broader index over time
- Asset allocation is the means by which we combine complementary asset classes together to create a risk and return profile that is appropriate for different investor cohorts
- We believe that an appropriate time horizon is essential and as a result, a long term, disciplined, robust and repeatable process will give investors the best chance of long-term outperformance

There are five parts to the Multi-Asset investment process:

Strategic Asset Allocation (SAA)

To determine the SAA, historical returns and volatilities of a range of asset classes, as well as their correlations with each other, and other market dynamics are collated and studied.

Tactical Asset Allocation (TAA)

TAA determines the overweight or underweight exposure to an asset class or sub-asset class when compared to the SAA.

- Beginning with Secret Scoring, all the Multi-Asset team members provide an anonymised score from 1 to 5 for each asset class, sub-asset class, the overall market environment and a handful of other factors
- The quants data cover a wide array of asset classes and sub-asset classes and provide a quantitative perspective on, for example, the relative attractiveness of an equity market both against other markets and against its own history
- The Liontrust Multi-Asset team employs an independent consultant to challenge the asset class scoring
- This scorecard informs the risk budget and the over and underweights that the Multi-Asset team expresses through portfolio construction

Portfolio construction

- We test the performance and interaction of factors, such as value, growth, quality or size, versus each other over the long term and we identify a blend which we believe will provide the most effective risk-adjusted exposure to the equity region in question
- The decision of where to use passive vehicles depends on two main considerations: availability and suitability
- Each asset class or sub-asset class is assigned a weight through the TAA process and the combination of the target manager allocations and the TAA weights provides a target holding size for every manager
- The team tests the new targets to ensure they comply will all appropriate portfolio rules and restrictions

Manager selection

- The Liontrust Multi-Asset team has access to a number of industry recognised databases which enable filtering of the large universe of potential funds
- Managers are subjected to significant levels of quantitative analysis to ensure the Multi-Asset team understands current and past positioning in detail
- The most important part of past performance analysis are the characteristics within performance. This relates to the stylistic exposure of managers, which is assessed through holdings-based style analysis. Performance is also considered on a disaggregated basis to identify the attributed drivers of performance
- Potential managers are then subjected to deep qualitative analysis. The type of areas that the Liontrust Multi-Asset team will consider are manager philosophy and process, team structure, business structure and incentivisation, stock selection process, portfolio construction, historical and current positioning as well as Environmental, Social and Governance (ESG) considerations
- Operational Due Diligence (ODD) ensures that the selected funds are suitable not just from an investment perspective but also from an operational and compliance perspective

Implementation

The implementation ensures the Multi-Asset team implements in a manner that treats customers fairly, creates consistency across the ranges wherever possible, finding an optimal balance between trading and portfolio turnover, and ensuring the implemented holdings reflect the Liontrust Multi-Asset team's views generated through the investment process.

Meet the experienced Liontrust investment team

The Liontrust Multi-Asset investment team is one of the most experienced and highly regarded in the UK market.

The Multi-Asset team comprises John Husselbee (Head of the Multi-Asset Investment team), James Klempster (Deputy Head), Anthony Chemla, Victor Alabrune and David Salisbury, along with a three-strong Multi-Asset investment support team headed by Adrian Holmes. The team has extensive knowledge and insights. The whole investment team are responsible for managing both the core Multi-Asset target risk portfolios and funds, and each manager contributes to every stage of the investment process.

John Husselbee: John Husselbee is Head of Multi-Asset at Liontrust. He is a fund manager and analyst with 38 years' experience managing multi-asset, multi-manager funds and portfolios. John leads the investment team managing a range of target risk funds and portfolios as well as specialist managed investment solutions. Before joining Liontrust in 2013, John was a co-founder and CIO of North Investment Partners, a specialist investment boutique providing bespoke outsourced managed solutions working in partnership with financial advisers. Prior to co-founding North in 2005, he was Director of Multi-Manager Investments at Henderson Global Investors, joining in 1996. John began his investment career at NM Rothschild & Sons in 1985 and gained his initial investment experience working in the private client investment team. He has served for many years in an oversight capacity on investment committees for charities and financial advisers. Outside of work, he is a keen golfer and a season ticket holder at Tottenham Hotspur FC.

James Klempster: James Klempster is Deputy Head of Multi-Asset at Liontrust. He is a fund manager and analyst with 19 years' investment management experience, of which the past 14 were focused on managing multi-asset, multi-manager funds and portfolios. James supports John Husselbee in leading the Multi-Asset investment team and works with team members in managing target risk funds and portfolios as well as specialist managed investment solutions. Before joining Liontrust, James was Director of Investment Management at Momentum Global Investment Management, where he led Momentum's global investment team and solutions strategy for a global client list including institutional and retail clients. Prior to that, James worked for Avebury Asset Management where he managed global bond portfolios for institutional clients. James began his investment career at NW Brown Investment Management in 2004 and gained experience in managing UK equity portfolios. James holds a BA (Hons) in Jurisprudence from the University of Oxford and is a CFA Charterholder. In his spare time, James enjoys travel and spending time with his young family.

Anthony Chemla: Anthony Chemla is a fund manager and analyst with 17 years' experience in selecting funds, with the past eight focused on managing multi-manager risk-graded portfolios. Before joining Liontrust in April 2023, Anthony was at atomos (previously Sanlam Investments), where he was lead Portfolio Manager for the DFM portfolios and co-Portfolio Manager of the MPS. He was also managing the funds' buy-list with 100+ active and passive investments. Prior to joining Sanlam in 2016, Anthony worked for B Capital, a Swiss-based multi-family office, where he was responsible for investment analytics, portfolio management and solutions for UHNW clients. From 2008 to 2012, he worked for Williams de Broe in London, where he was responsible for fund selection across asset classes for both discretionary and advisory clients. Prior to 2008, Anthony held a fund research role at Bfinance, focusing on equities and alternative funds. Anthony holds an M.Sc. in Financial Engineering from Kedge Business School (Marseille, France), and holds the Investment Management Certificate. He is fluent in English, French and conversational in Italian. Outside of work, Anthony enjoys spending time with his family and has strong interests in tennis and football.

Victor Alabrune: Victor Alabrune is a Fund Analyst in the Multi-Asset team at Liontrust with three years' experience in the industry. Before joining the Multi-Asset team in November 2021, Victor originally moved to Liontrust in 2020 as an analyst in the Portfolio and Data Insights team, where he had completed a six-month internship. Victor graduated from the University of Bath in 2020 with a First Class BSc (Hons) in Business Administration.

David Salisbury: David Salisbury is a Fund Analyst in the Multi-Asset team with five years' experience in the industry. Before joining Liontrust in 2022, David was an Investment Manager looking after private client portfolios at 4 Shires Asset Management. David has an MSc in Finance and the IMC and CISI PCIAM qualifications. Outside of the office, he enjoys skiing, travelling and is an avid golfer.

Our range of Liontrust MPS portfolios

Each of our portfolios has a distinct risk profile expressed in terms of target volatility. Higher levels of volatility for a portfolio will usually imply the potential for a higher return and a higher level of risk.

Our range of portfolios is suitable for all types of investors, from basic to experienced. Which portfolios are appropriate for individual clients will depend on their risk profile, objectives and time horizon.

22 MPS portfolios

MULTIPLE PLATFORMS

Risk graded investment strategies	1	2	3	4	5	6	7	8
Expected volatility % (5 years)	2-6%	4-8%	6-10%	7-13%	9-15%	11-17%	13-19%	14-22%
Expected volatility % (10 years)	3-5%	5-7%	7-9%	9-11%	11-13%	13-15%	15-17%	17-19%
MPS Blended Growth Designed to deliver long-term capital growth	✓	✓	✓	✓	✓	✓	✓	✓
MPS Blended Income Designed to deliver an attractive and rising level of income in addition tosome long-term capital growth	✓	✓	✓	✓	✓	✓		
MPS Dynamic Passive Designed to deliver long-term capital growth at a competitive price, mainly through the use of lower costpassive strategies	✓	✓	✓	✓	✓	✓	✓	✓

Source: Liontrust 30.09.23. Expected volatility is expressed as the annualised standard deviation of monthly returns

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

Who to contact for more information

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

020 3908 8800

multiasset.brokerdesk@liontrust.co.uk

liontrust.co.uk

Monday to Friday, 9.00am-5.00pm; calls may be recorded.

Email communication is not encrypted or secure and could be intercepted and read. Please do not include any personal or confidential information in any reply

Third-Party Due Diligence Platforms

ASSETQ DDhub

Where to access our portfolios

abrdn AVIVA SCOTTISH WIDOWS

M&G wealth AEGON AEGON c•funds

nucleus transact take control SEVEN Investment Management JAMES HAY PARTNERSHIP

Quilter novia Hubwise MORNINGSTAR Wealth Platform

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Key Risks

Past performance does not predict future returns. You may get back less than you originally invested. The Funds and Model Portfolios managed by the Multi-Asset Team may be exposed to the following risks:

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

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

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

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

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

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

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

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

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

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

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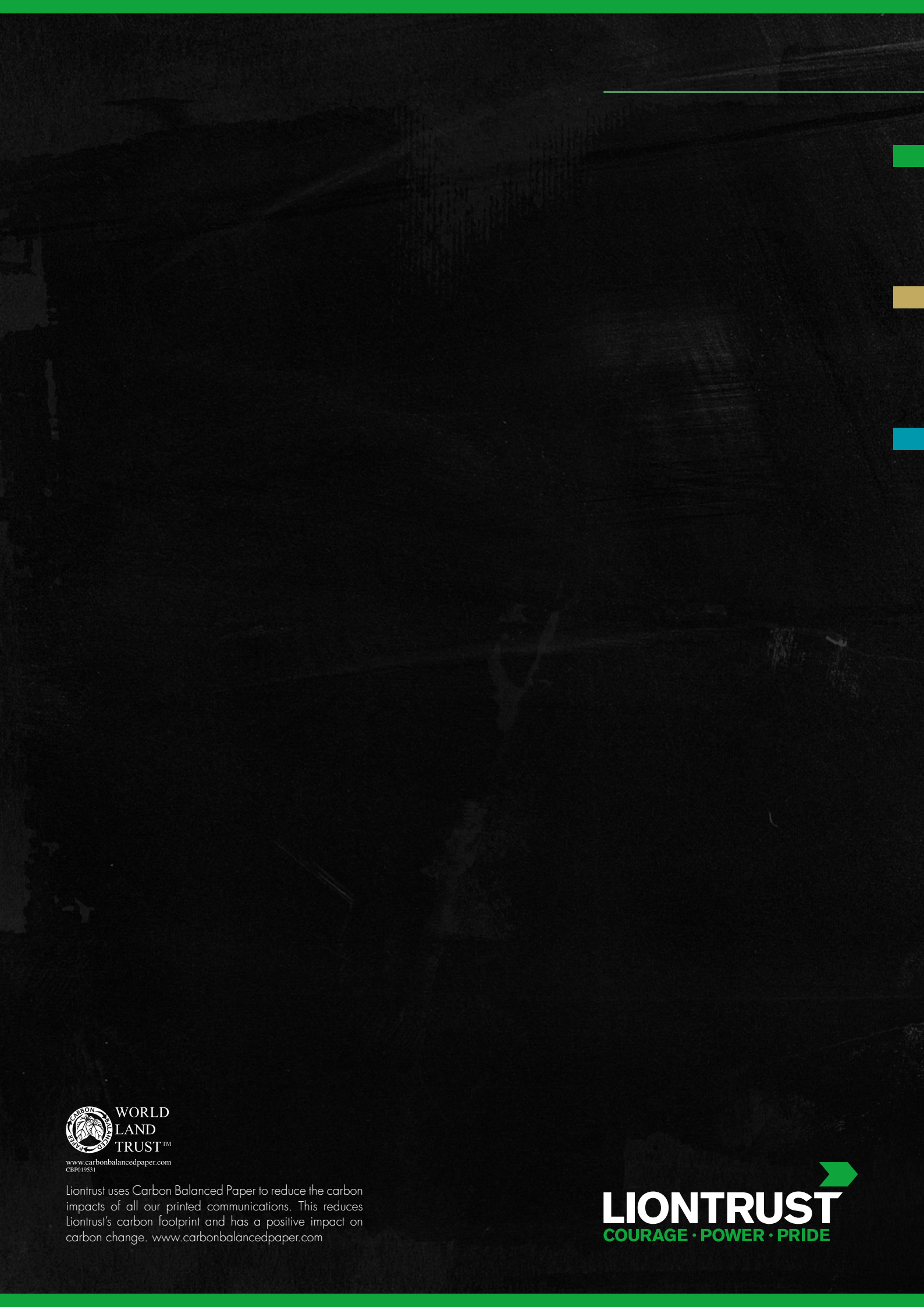

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