LIONTRUST
COURAGE · POWER · PRIDE

JOHN HUSSELBEE
Head of Liontrust Multi-Asset

Five things that mattered in 2025

The news stories that the British public heard most about in 2025, according to YouGov, were dominated by international developments. The top five were:

- the 2025 UK Budget **64%**
- US/Israel and Iran bombings and missile strikes **63%**
- LA wildfires **62%**
- US tariffs **56%**
- the death of Pope Francis **55%**

Investment commentaries were also focused on international developments in 2025 even though the FTSE 100 outperformed the S&P500 in 2025.

Here are five things that in our view mattered most for investors in 2025. These reminded us that investing is complex, not complicated.

1. Asset allocation did the heavy lifting

Markets reminded us that outcomes are driven far more by asset allocation than by trying to predict short-term winners. For the Liontrust Multi-Asset funds and portfolios, maintaining the right balance between growth assets, defensive assets and diversifiers, aligned to each risk profile, proved more important than reacting to the whirlwinds of headlines during 2025.

2. Diversification only worked when it was genuine

Simply adding more funds to a portfolio does not equal diversification; true diversification is more complex than this. Correlations can rise quickly when markets are stressed. What mattered in 2025 was blending different investment styles, regions and return drivers so portfolios behaved as expected, particularly when markets became unsettled.

3. Managing drawdowns mattered more than chasing returns

Investors don't experience markets in average returns, they experience them in real time. In 2025, controlling drawdowns and smoothing the investment journey helped clients through periods of uncertainty. For many, this discipline mattered more than capturing every upside opportunity available.

4. Momentum can outpace fundamentals for longer than expected

One of the defining features of 2025 was the continued strength of AI-related equities, drawing inevitable comparisons with the TMT bubble of the late 1990s. Markets reminded us that momentum can remain powerful and valuations can stay elevated for far longer than fundamentals alone might justify. Rather than trying to time turning points, we have focused on balanced exposure, diversification and risk control. This is a recognition of the fact that markets are complex but portfolio construction does not need to be complicated.

5. Governance and discipline beat prediction

Last year reinforced the belief that markets cannot be forecast with confidence. What can be controlled is process; a clear framework for manager selection, blending and ongoing review, applied consistently, helped avoid emotional decision making and performance chasing, keeping portfolios aligned to long-term objectives.

Ultimately, 2025 was a reminder that markets are complex and often driven by narratives as much as numbers. The Liontrust Multi-Asset investment process is designed to acknowledge this reality through providing diversified, risk-aligned portfolios that do not rely on predicting bubbles or crashes, but instead on discipline, balance and long-term thinking.

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

This document is issued by Liontrust Investment Partners LLP (2 Savoy Court, London WC2R 0EZ), authorised and regulated in the UK by the Financial Conduct Authority (FRN 518552) to undertake regulated investment business.

It should not be construed as advice for investment in any product or security mentioned, an offer to buy or sell investments mentioned, or a solicitation to purchase securities in any company or investment product. Examples of stocks and funds are provided for general information only to demonstrate our investment philosophy. The investment being promoted is for units in a fund, not directly in the underlying assets.

The document contains information and analysis that is believed to be accurate at the time of publication, but is subject to change without notice. Whilst care has been taken in compiling the content of this document, no representation or warranty, whether express or implied, is made by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified.

This is a marketing communication. Before making an investment decision, you should familiarise yourself with the different types of specific risks associated with the investment portfolio of each of our Funds and Multi-Asset Model Portfolios. For Liontrust Funds, this information can be found in the final Prospectus and Key Investor Information Documents (KIIDs) and/or PRIIP/KID available on our website: www.liontrust.com. Our Multi-Asset Model Portfolios are available exclusively through financial advisers. Financial advisers can find further information on the different types of specific risk associated with the Liontrust Multi-Asset Model Portfolios in the relevant brochure, also available on our website: www.liontrust.com. If you are not a professional investor please consult a regulated financial adviser regarding the suitability of such an investment for you and your personal circumstances. All use of company logos, images or trademarks in this document are for reference purposes only. 2026.01