

Global Fixed Income

August 2025 review

Liontrust GF Strategic Bond Fund



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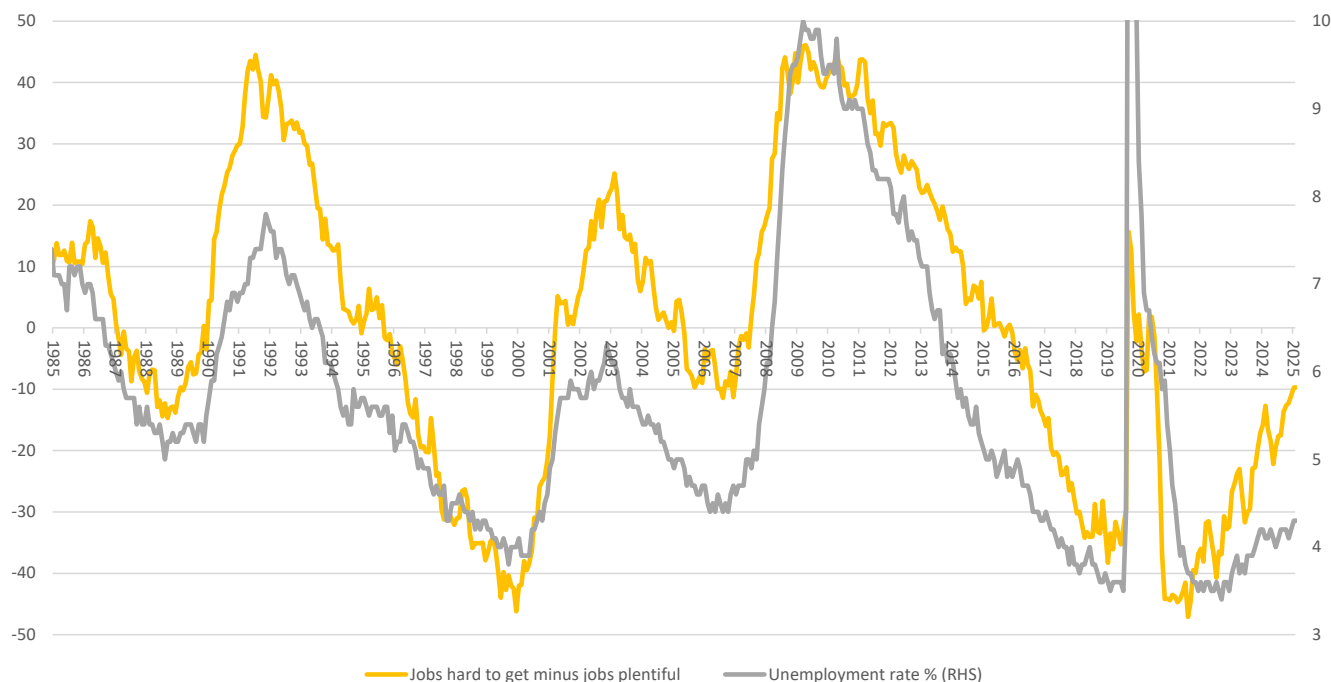
The Liontrust GF Strategic Bond Fund returned 0.7%* in US dollar terms in August. The average return from the EAA Fund Global Flexible Bond (Morningstar) sector, the Fund's reference sector, was 0.8%.

Market backdrop

Early in August, weak US labour market data caused a reappraisal by the market of when the Federal Reserve would resume cutting interest rates. Not only were headline payrolls weak, there were also significant downward revisions to past figures. Although the survey response rates have declined and the quality of data deteriorated accordingly, President Trump chose to sack the head of the BLS (Bureau of Labor Statistics) for his own reasons.

We believe that one should look at various data sources for assessing the strength of the US labour market. In this regard, the latest Conference Board survey showed a continued softening in labour market conditions – this has been an ongoing trend from a starting point of extreme post-lockdown hiring spree. The chart below shows the difference between the *jobs hard to get* and *jobs plentiful* data series (yellow line); a lower net number means a tighter labour market. The grey line is the US unemployment rate. The continued loosening in labour market conditions that the yellow line shows does imply that unemployment is likely to be rising soon, albeit this is complicated somewhat by an abrupt slowdown in US net immigration. There is now a fragile calm with low hiring and firing rates; a minor pickup in the latter would quickly feed through to increases in unemployment.

Job availability versus unemployment rate



Source: Conference Board, BLS, Bloomberg, Liontrust.

The payrolls data released in early September remained weak enough that a September interest rate cut in the US is close to a certainty. This remains the case even if/when goods prices continue to increase in the US as the tariff impacts wash through with lags.

In August we had a chance to hear from the proverbial horse's mouth as Federal Reserve Chair Powell made his much-anticipated speech at the annual Jackson Hole symposium. In our opinion, there were two quotes that were the most important. Firstly, in the discussion about the risks to the Fed's dual mandate becoming more balanced there was a recognition that the labour market has softened: *"...in the near term, risks to inflation are tilted to the upside, and risks to employment to the downside."* This then leads on to the following comment on monetary policy, *"...with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance."* The bond markets interpreted this as a signal that a rate cut is likely at the next FOMC (Federal Open Markets Committee) on 17th September, a conclusion that we agree with.

Fund positioning and activity

Rates

Duration exposure was maintained in the vicinity of 6.25 years during August. The Fund finished the month with 6.2 years of duration exposure split between 3.1 years in the US, 1.2 years in the Eurozone, and 1.8 years in the UK. As a reminder, on the yield curve front with a total 15+ years maturity bucket exposure of 1.2 years the Fund is still underweight relative to indices but no longer has zero exposure having added in April.

Allocation and Selection

Activity in credit markets was low during August; the investment grade credit weighting at the end of the month was 57%. High yield exposure is at 9% after we added a holding in Owens Illinois, a leading bottling company, during the month. We await a period of higher volatility in credit markets to rotate holdings into new value opportunities and increase exposure overall.

Discrete years' performance to previous quarter-end**:

Past performance does not predict future returns

	Jun-25	Jun-24	Jun-23	Jun-22	Jun-21
Liontrust GF Strategic Bond B5 Acc	7.1%	10.1%	3.4%	-13.3%	5.4%

	Jun-20
Liontrust GF Strategic Bond B5 Acc	5.45%

**Source Financial Express, as at 30.06.25, total return, B5 share class. Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (13.04.18). *Source: Financial Express, as at 31.08.25, B5 share class.

Key Features of the Liontrust GF Strategic Bond Fund

Investment objective & policy ¹	The investment objective of the Fund is to maximise total returns over the long term through a combination of income and capital. The Fund will seek to achieve its objective by investing in bond and credit markets worldwide. The Fund invests in a wide range of bonds issued by corporates and governments, from investment grade through to high yield. The Fund invests in developed and emerging markets, with a maximum of 40% of its net assets invested in emerging markets. Investments may be made in "hard" currencies, such as US Dollar, Euro and Sterling, and up to 25% of the net assets of the Fund may be invested in soft currencies, such as those of emerging markets. Where the Fund invests in non-US Dollar assets, the currency exposure of these investments will generally be hedged back to US Dollar. Up to 10% of the Fund's currency exposure may not be hedged, i.e. the Fund may be exposed to the risks of investing in another currency for up to 10% of its assets. The Fund may invest both directly, and through the use of derivatives. The use of derivatives may generate market leverage (i.e. where the Fund takes market exposure in excess of the value of its assets). In addition, the Fund may invest in cash or cash equivalents, such as deposits and Money Market Instruments, for cash management purposes. Within the limits stated above, there are no geographical or economic sector restrictions on the Fund's investments. The Fund has both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Fund. The fund manager considers environmental, social and governance ("ESG") characteristics of issuers when selecting investments for the Fund.
Recommended investment horizon	5 years or more
Risk profile (SRI) ²	3
Active/passive investment style	Active
Benchmark	The Fund is actively managed without reference to any benchmark meaning that the Investment Adviser has full discretion over the composition of the Fund's portfolio, subject to the stated investment objectives and policies.
Sustainability profile	The Fund is a financial product subject to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

Notes: 1. As specified in the PRIIP KID of the fund; 2. SRI = Summary Risk Indicator. Please refer to the PRIIP KID for further detail on how this is calculated.

Key Risks

Past performance does not predict future returns. You may get back less than you originally invested. We recommend this fund is held long term (minimum period of 5 years). We recommend that you hold this fund as part of a diversified portfolio of investments.

The fund manager considers environmental, social and governance ("ESG") characteristics of issuers when selecting investments for the Fund.

Bonds are affected by changes in interest rates and their value and the income they generate can rise or fall as a result;

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.

Overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.

The Fund can invest in derivatives. Derivatives are used to protect against currency, credit or interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.

The Fund uses derivative instruments that may result in higher cash levels. Cash may be deposited with several credit counterparties (e.g. international banks) or in short dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

The Fund invests in emerging markets which carries a higher risk than investment in more developed countries. This may result in higher volatility and larger drops in the value of the fund over the short term.

The Fund may encounter liquidity constraints from time to time. Participation rates on advertised volumes could fall reflecting the less liquid nature of the current market conditions.

Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

The issue of units/shares in Liontrust 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.

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