

# Multi-Asset

## November 2025



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### Market review

- Global equities eased in November
- European and UK equities were positive
- Fixed income modestly higher, led by global corporate and high yield bonds

After seven months of consecutive gains, it should not be a surprise that eventually there would be a month in which global equities delivered a negative return. This duly happened in November as markets suffered a small decline. It was also a month in which fixed income performed its classical role as a portfolio diversifier, making modest gains across the board.

It is beneficial to remember that while, in the short term, equity markets are impacted by sentiment and news flow relating to both positive and negative surprises, volatility creates opportunities for long-term investors.

Global equities fell -0.5% in sterling terms in November.<sup>1</sup> The US market was down -0.6% in sterling terms and the Magnificent 7 lost ground for the first time since March. The two equity regions that declined the most, however, were Asia ex-Japan and emerging markets, with returns of -3.6% and -3.2% in sterling terms respectively.<sup>1</sup> Both emerging markets and Asia ex-Japan have performed very well over the last year, with the former the best over 12 months.

We still believe in the long-term investment opportunity for both regions and there was some encouraging news. For example, although we do not read too much into individual data points, India's latest GDP figure highlighted its resilience, rising 8.2% on the year in the third quarter<sup>2</sup> despite struggling to agree a trade deal with the US. Taiwan also raised its economic growth forecast for 2025 to 7.4% – the fastest rate in 15 years – as strong demand for AI continues to boost its exports.<sup>3</sup>

A weaker US dollar has eased the hard currency denominated debt burdens for emerging markets. In our third quarter Tactical Asset Allocation (TAA), we noted that they were the most improved of any sub-asset in terms of corporate profits, investor sentiment and underlying technicals.

In our fourth quarter TAA review, we retained our positive four out five outlook rating for equities in emerging markets and Asia ex-Japan, along with Japan and the UK, as well as a constructive rating for equities overall.

The US remains expensive compared to its history and other markets but that is skewed by the high valuations of the mega cap tech names. While markets outside of the US have moved up from 'cheap' levels, they are not expensive, and the economic environment and earnings growth remains supportive.

Although equities were slightly weaker in November, there were still some positive highlights. The best-performing region was Europe ex-UK with a return of 0.9% in sterling terms. We raised our TAA rating for Europe from negative to neutral earlier this year, but we believe its business model needs to evolve to provide a more positive outlook. UK stocks were also positive in November with a modest gain of 0.5% amid growing expectations of interest rate cuts and concerns over the Budget at the end of the month.

### Fixed income

All the fixed income sub-sectors rose over November, led by global corporate and high yield bonds with returns of 0.8% and 0.7% in US dollar terms respectively. We are overweight short-dated global corporate bonds and global high yield bonds, with the latter being a key contributor over the past 12 months.

Global government bonds were also positive in November, with US treasuries a notable performer on growing expectations of a Federal Reserve rate cut in December. We raised our tactical rating and allocation targets for global government bonds in the third quarter, thereby supporting our fund and portfolio performances in November.

Global government bonds now offer real yields – and therefore longer-term opportunities – in most major geographies. Raising the target allocation here has meant we can add to our non-equity allocations to further diversify our funds and portfolios and access a suite of yields that have drifted up.

<sup>1</sup>Source: Bloomberg, 1 December 2025

<sup>2</sup>Source: FT.com, 2 November 2025

<sup>3</sup>Source: FT.com, 28 November 2025

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<https://www.liontrust.co.uk/benefits-of-investing/guide-financial-words-terms>

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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.

**ESG Risk:** there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG.

The risks detailed above are reflective of the full range of Funds managed by the Multi-Asset Team and not all of the risks listed are applicable to each individual Fund. For the risks associated with an individual Fund, please refer to its Key Investor Information Document (KIID)/PRIIP KID.

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