Global Fixed Income

Q4 2025 review

Liontrust GF High Yield Bond Fund

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The Fund (C5 sterling accumulation class) returned 1.7%* in sterling terms in Q4 2025 while the ICE Bank of America Merrill Lynch Global High Yield Index (GBP hedged) comparator benchmark returned 1.2% and the average return for the IA Sterling High Yield reference sector was 1.2%. The primary B5 US dollar share class returned 1.7%, while the ICE Bank of America Merrill Lynch Global High Yield Index (USD hedged) comparator benchmark returned 1.3% and the average return for the EAA Fund USD High Yield Bond (Morningstar) reference sector was 1.1%.

We also compare the Fund's performance to a leading Global High Yield ETF (seeking to outperform by 1.5% a year)[†]. The Fund's C5 sterling shares class return was ahead of the ETF in Q4 and has now outperformed by over nine percentage points since inception (June 2018).

The global high yield market returned 1.3% (US dollar terms) in the fourth quarter of 2025 and 8.5% for the full year.

The US high yield market produced a 1.4% return. In Europe, the high yield market returned 1.1% (US dollars). Double-Bs and single-Bs were the best performing part of the market by rating, both returning 1.5% and 1.5%, whereas CCCs underperformed, returning -1.1% for the quarter.

During the quarter, the portfolio again benefited from a positive credit event. Kennedy Wilson, a global real estate investment manager and operator focused on residential, office, and mixed-use assets across the US, Europe, and the UK, received a take-private buyout proposal from a consortium led by its CEO and Fairfax Financial. The offer represented a premium of over 35% to the prevailing share price and covered all outstanding shares not already owned by the group. The consortium already owns approximately 31% of the company, and the proposal is fully financed with no financing condition, which has increased investor confidence in the likelihood of completion. The 2031 bonds we hold have since traded around 2.5 points higher than pre-announcement levels, and given our view that there remains further upside, we increased the position during the period.

Primary market activity picked up earlier in the quarter but slowed materially heading into the Christmas holiday period. Issuance from single-B rated issuers increased, and demand was strong, reflecting investors' appetite for higher-yielding opportunities. We participated in six new issues: SoftBank hybrid bonds (USD), Synergy Infrastructure (USD), Centre Parcs (GBP), Versant (USD), Ziggo (USD), and Ion Platforms (EUR). We have an established investment history with SoftBank, Ziggo, and Centre Parcs and viewed these transactions as offering attractive relative value. The remaining issuers included two debut names. In terms of ratings, all issuers were single-B, with the exception of Versant, which is rated BB. Primary market participation was funded through recycling capital from tightly priced BB-rated credits, where we believed value had largely been exhausted.

Overall, the portfolio remained defensively positioned and, given our emphasis on active idiosyncratic risk management and stock selection, these factors collectively contributed to the Fund's strong performance during the quarter.

Outlook

Looking ahead, the global high yield market enters 2026 with a more constructive macroeconomic backdrop than during recent periods of tightening. Inflation across developed markets is expected to be better anchored, allowing central banks to move gradually from restrictive policy settings towards a more neutral stance. This environment is broadly supportive for high yield, combining easing financial conditions with still-resilient corporate revenues.

Within this context, global high yield valuations appear tight but broadly stable. Spreads in both US and European high yield are near recent lows, limiting the scope for further broad-based compression and increasing the importance of carry and coupon income as the primary drivers of returns and as a meaningful buffer against volatility. All-in yields for the asset class remain attractive relative to other risk assets.

From a technical perspective, primary markets remain open for higher-quality high yield issuers, while lower-quality borrowers continue to rely on amend-and-extend transactions or private capital solutions. While default expectations remain manageable, stress remains concentrated among highly levered issuers and sectors facing structural change. With less valuation cushion, dispersion is rising, and performance is likely to be increasingly driven by issuer fundamentals, balance sheet quality and capital structure positioning rather than market beta, reinforcing the value of active credit selection.

With our disciplined focus on idiosyncratic risk and avoidance of concentrated thematic or cyclical exposures, we believe the Fund is well positioned to benefit in this environment. We believe the Fund's current yield of 6.4% in USD (6.5% in GBP, 4.9% in EUR) remains attractive from a risk/reward perspective.

Discrete years' performance (%) to previous quarter-end:
Past performance does not predict future returns

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust GF High Yield Bond C5 Acc GBP	9.8%	10.4%	13.7%	-13.2%	3.9%
ICE BofA Global High Yield Hedge GBP	8.4%	8.9%	11.9%	-12.6%	2.8%
IA Sterling High Yield	7.3%	8.7%	11.1%	-10.2%	4.1%
Quartile	1	1	1	3	3

	Dec-20
Liontrust GF High Yield Bond C5 Acc GBP	4.0%
ICE BofA Global High Yield Hedge GBP	5.1%
IA Sterling High Yield	4.0%
Quartile	3

*Source: Financial Express, C5 share class, total return, net of fees and interest reinvested. As at 31.12.25. The primary share class for this Fund is in US dollars (B5) but we are showing the C5 sterling-hedged class to compare against the IA Sterling High Yield sector. Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio.

†While the managers of the Fund seek to outperform a leading Global High Yield ETF by 1.5% a year net of fees over rolling three years, this is not a formal objective. There can be no guarantees this will be achieved over the stated time period. The formal objective of the Fund can be found in the Prospectus.

Key Features of the Liontrust GF High Yield 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 growth, through investment in the global fixed income market. The Fund invests at least 50% of its assets in high yield bonds (i.e. bonds classified as below investment grade) issued by companies worldwide which are denominated in US Dollar or non-US Dollar bonds that are hedged back into US Dollar. Although the focus is on high yield corporate bonds, the Fund may also invest in investment grade corporate bonds, government bonds, cash or assets that can be turned into cash quickly. The Fund invests in developed and emerging markets, with a maximum of 20% of its net assets invested in 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 5% 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 5% 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). 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]	5
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to the ICE BofAML Global High Yield Hedge USD Index (the "Benchmark") by virtue of the fact that it uses the Benchmark for performance comparison purposes. The Benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Benchmark.
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.

For a comprehensive list of common financial words and terms, see our glossary at:
https://www.liontrust.com/benefits-of-investing/guide-financial-words-terms

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. Low rated (high yield) or equivalent unrated debt securities of the type in which the Fund will invest generally offer a higher return than higher rated debt securities, but also are subject to greater risks that the issuer will default. 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.

Disclaimer