



PERFORMANCE REVIEW AND OUTLOOK

MULTI-ASSET FUNDS AND PORTFOLIOS
NOVEMBER 2024

FOR PROFESSIONAL INVESTORS
AND ADVISERS ONLY



We have seen two significant boosts to stocks following political events in recent weeks. First, the halving of the IHT allowance on AIM stocks in the Budget at the end of October led to the market in aggregate initially bouncing 4% as it had been expected that the exemption would be abolished completely.

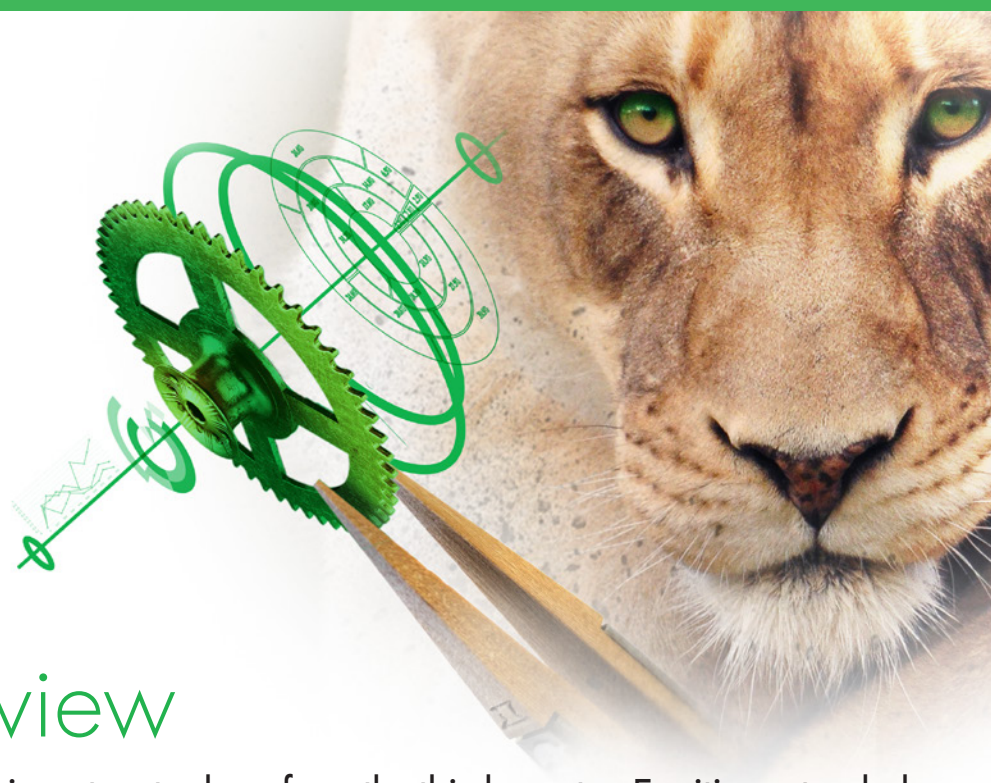
We continue to believe that there are investment opportunities among smaller companies in the US and elsewhere in the world, along with the UK, Asia ex-Japan, emerging markets and Japan. With the fragmentation of globalisation and further potential challenges to supply chains if Trump follows through on his America First pledges from the campaign, we suggest that diversification will be more important than ever.

There is also an opportunity for active managers with any broadening of share price growth beyond the US mega caps. We do not believe that future growth will come from just seven stocks. Our view is strengthened by the belief that we will gradually move from an investment to an economic story for AI.

The global economy continues to be solid with lowering inflation, interest rates coming down and no sign of unemployment rising significantly in the major economies. For sure, there are many challenges, including the geopolitical risks, high government debt and China trying to stimulate its economy, but there are also lots of opportunities for investors as we head to the end of 2024.



If you have any questions, please do contact your usual Liontrust sales representative and we will be very happy to help



Market overview

There were several positives for investors to draw from the third quarter. Equities extended their gains, data showed the world economy continued to be in solid shape and bonds demonstrated their role of providing diversification.

Global equities returned over 6% but exchange rate movements reduced this to less than 1% in sterling terms. There were strong returns by UK, Asia ex-Japan and emerging market (EM) equities while European equities were marginally positive in sterling terms and Japanese equities fell slightly in sterling terms. Gold, property and infrastructure delivered positive returns although commodities were down overall.

Volatility in global equities experienced a short-lived spike in the first week of August. It was sparked by nervousness over data pointing to weakness in the US economy. The stocks that fell the most in the US included the Magnificent 7 mega caps that had performed so strongly over the last year. Increasing the interest rate in Japan also helped to prompt the sell-off by temporarily unwinding the carry trade, while thin summer market volumes exacerbated the volatility.

Japan and the US were the two major markets most affected by the pullback, which was perhaps unsurprising given the sustained rises in both over the previous two years. The US had recovered

the lost ground by the middle of the month and Japan also did so by the end of the quarter. During the short equity pullback, bonds performed positively.

The Federal Reserve's half-point cut in interest rates in September was a pivotal moment, signifying even lower borrowing costs for businesses and consumers and another stimulus for the economy. The Federal Reserve cut was also good news for three sub-asset classes for which we already had a positive tactical outlook: US smaller companies, emerging markets (EMs) and Developed Asia ex-Japan. The cut in the US, plus the quarter-point reductions by the European Central Bank and the Bank of England, were well received by fixed income markets.

Asia and EM stock markets benefited from more good news towards the end of the quarter when China's government pledged a massive monetary and fiscal boost for its economy. This went some way towards countering the negative influence that China has had on both regions, including its slowdown in economic growth and trade friction with the US.

Performance review

All the Liontrust Multi-Asset funds and portfolios delivered positive returns in the third quarter of 2024 and over the 12 months to the end of September. Fixed income, alternatives and most equity sub-asset classes contributed positively to performance over the quarter.

Our bespoke Strategic Asset Allocation (SAA) was the most significant driver of returns over the quarter and the 12 months and the Tactical Asset Allocation (TAA) also positively contributed to the funds and portfolios. Manager selection was mostly positive but was a negative contributor to the MA Dynamic Passive funds and MPS Dynamic Beta portfolios.

The alternatives exposure positively contributed to performance, including Liontrust Diversified Real Assets. The direction of travel for interest rates has supported the real asset class.

For more information on the performances of the Liontrust Multi-Asset funds and portfolios, please see pages 6–17.

All our fixed income holdings delivered positive returns over the quarter, with strong contributions from corporate and developed market high yield bonds and global ex-UK fixed income. Prominent fixed income performers included HSBC Global Aggregate Bond, Vanguard Global Aggregate Bond, iShares Corporate Bond Index, Man GLG Sterling Corporate Bond Professional, Royal London Corporate Bond, Aegon High Yield Bond and Barings Global High Yield Bond. Within the MA Explorer funds, emerging market debt was a significant contributor.

Strong contributions to performance from equities over the third quarter came from Asia ex-Japan, the UK and EMs. However, EM equities detracted from performance for the MA Explorer funds, including BlackRock Emerging Markets.

Leading equity fund performers across the ranges included abrdn Asia Pacific ex-Japan Tracker, Fidelity Asia Pacific Opportunities, Federated Hermes Asia ex-Japan Equity, Fidelity Index Emerging Markets and Invesco UK Opportunities.

US equities detracted the most from performance, with mid and small cap stocks outperforming large caps. Poor performers included Fidelity Index US, GQG Partners US Equity and TM Natixis Loomis Sayles US Equity Leaders. US equities were a leading contributor to performance over 12 months, however.



Liontrust MA Blended funds

The Liontrust MA Blended funds delivered an average return of 2.0% over the third quarter, bringing the 12-month return to 13.9%. The Liontrust MA Blended funds with the highest equity exposure performed best over the past year, with MA Blended Growth returning 15.8% compared to MA Blended Reserve’s 12.0% over the same period.

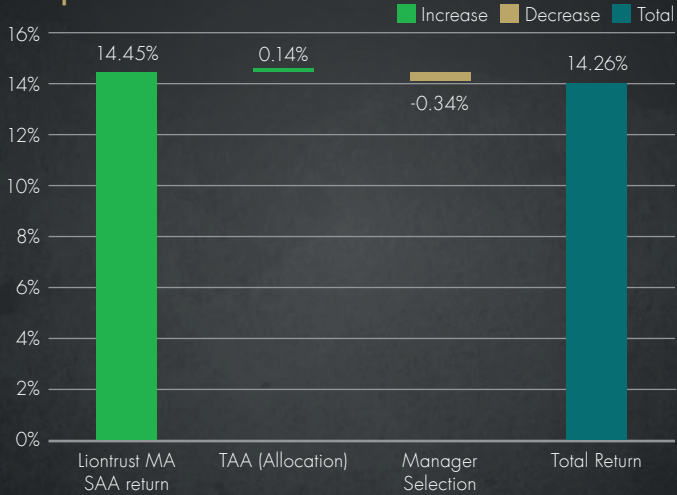
Developed Asia equities and alternatives performed well during the third quarter. Fixed income also had a strong quarter, underpinned by increasing expectations of rate cuts by the Federal Reserve over the next 18 months.

High-yield bonds were a standout within fixed income, with tightening spreads contributing to a 4.4% return. North American equities posted negative returns over the quarter as the market rally lost momentum and broadened to mid and small cap stocks.

Tactical tilts provided a boost to portfolio performance, adding 0.10% on average over the quarter and 0.18% over the 12 months. Within equities, the funds’ overweights to Developed Asia, emerging markets and UK equities all contributed positively. However, the underweight to alternatives was a minor drag, detracting 0.8% on average over the quarter. We continue to find more attractive opportunities in equity and fixed income markets than in alternatives.

Manager selection was neutral overall during the quarter. Fixed income manager selection was stronger than equity manager selection, with corporate bonds adding 0.13% to performance on average. Man GLG Sterling Corporate Bond and Royal London Corporate Bond both outperformed their benchmarks, maintaining strong performance over 2024. Japanese equity managers also performed well, with both the M&G Japan and Baillie Gifford Japanese funds exceeding their benchmarks over the quarter.

Liontrust MA Blended Intermediate – returns over the year to 30 September 2024



Source: Liontrust, September 2024

Liontrust MA Dynamic Passive funds

All the Liontrust MA Dynamic Passive funds delivered positive returns over the third quarter and 12 months. Over one year, the funds with the highest equity weightings performed best, with Liontrust MA Dynamic Passive Adventurous returning 18.4% compared to Liontrust MA Dynamic Passive Prudent returning 10.7%.

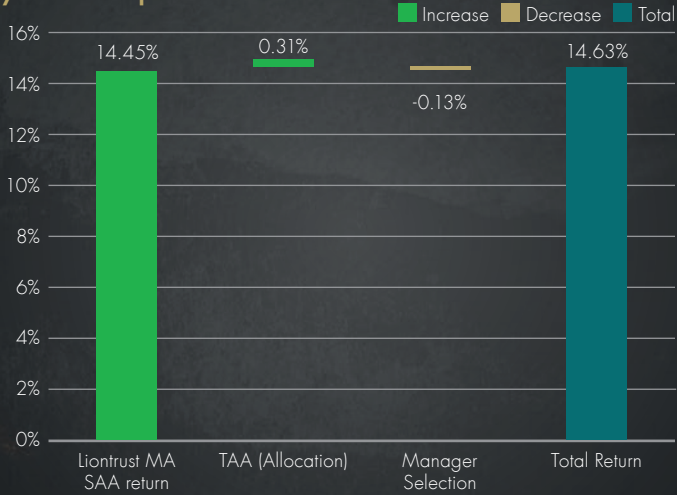
Alternatives led performance for the Liontrust MA Dynamic Passive funds, returning 6.0% over the quarter. Within alternatives, global infrastructure and gold were the top contributors, while commodities were flat as concerns grew over the health of the global economy. Developed Asia and emerging market equities performed strongly, particularly in September, following China’s announcement of stimulus measures to revive its struggling economy. High-yield bonds also performed well, with US high yield slightly outperforming euro high yield as spreads tightened further.

The only asset class to post negative returns over the quarter was North American equities, with mid and small-cap stocks outperforming large and mega-cap companies.

Tactical tilts were generally favourable over the quarter, with overweights to emerging markets and Developed Asia adding 0.4% and 0.7% respectively. The underweight to North American

equities also contributed positively to returns as other equity markets caught up. However, the underweight to alternatives detracted from performance relative to our bespoke Strategic Asset Allocation (SAA) over the quarter.

Liontrust MA Dynamic Passive Intermediate – returns over the year to 30 September 2024



Source: Liontrust, September 2024

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

Liontrust MA Explorer funds

The Liontrust MA Explorer funds delivered an average return of 2.1% over the third quarter of 2024, bringing the average 12-month return to 14.6%. Funds with higher equity weightings performed best over the past year, with the Liontrust MA Explorer 85 Fund returning 15.5% compared to 13.6% by the Liontrust MA Explorer 35 Fund, which holds the least equity exposure.

Emerging market debt performed well over the quarter, benefiting from the favourable macroeconomic backdrop of a weakening US labour market, which weighed on the US dollar and treasury yields. Developed Asia equities rallied strongly towards the end of the quarter, driven by Chinese stimulus, including interest rate cuts and reduced downpayments for home purchases. Alternatives also performed strongly, particularly global REITs, which rose 16.2% over the quarter, boosted by heightened expectations of further Federal Reserve rate cuts over the next 18 months.

Tactical tilts in the portfolio added value, contributing an average of 0.19% to returns over the quarter. The underweight position in North American equities was the most beneficial, as the rally in the S&P 500 Index broadened and value stocks outperformed growth. The underweight position in Europe ex-UK equities also supported returns as poor economic data weighed on performance and weak demand from China dampened sentiment towards Germany’s manufacturing sector.

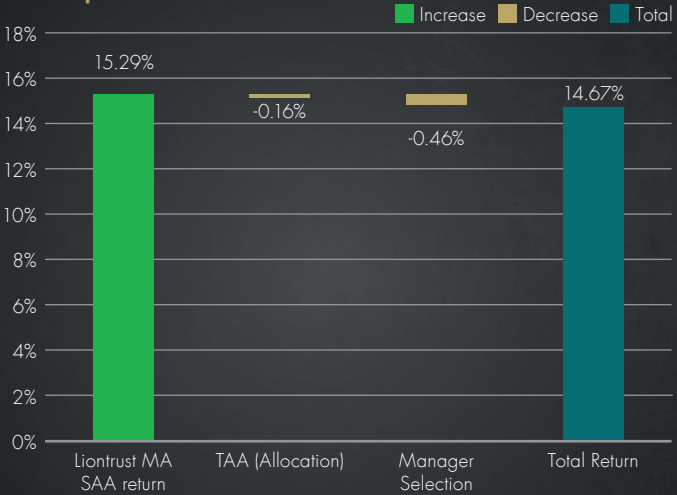
However, the underweight to alternatives detracted slightly over the quarter, costing 0.8% on average, with this funding an overweight position in equities. Over the past 12 months, the impact of this alternatives underweight position has been broadly neutral.

Fund selection was marginally positive, contributing 6bps on average to performance over the quarter. The strongest area

was Developed Asia equities, in which Fidelity Asia Pacific Opportunities and Federated Hermes Asia ex-Japan benefited from the rally triggered by Chinese stimulus in late September. Fund selection in North American equities also added value, with CT American Smaller Companies capitalising on the rally’s extension into mid and small-cap equities.

Fund selection in emerging market equities was less favourable. Both Vontobel MTX Sustainable Emerging Markets and BlackRock Emerging Markets struggled to outperform their benchmarks over the period. Japanese fund selection added to performance over the quarter, with both M&G Japan and Baillie Gifford Japanese outperforming their benchmark.

Liontrust MA Explorer Income 60 – returns over the year to 30 September 2024



Source: Liontrust, September 2024

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Liontrust MPS Blended Growth portfolios

All our MPS Blended Growth portfolios delivered positive returns over the third quarter of 2024, supported by the announcement of new stimulus measures in China and interest rates cuts during the quarter. Positive returns across the range were also achieved over the 12-month period. The Liontrust MPS Blended Growth portfolios delivered returns ranging from 10.3% in MPS 1 to 16.8% in MPS 8 over the 12 months to end of September.

In fixed income, credit was a positive contributor to performance in sterling terms for both the third quarter and the 12-month period. UK corporates returned 3.1% in the quarter, bringing their 12-month return to 12.0%. Selection effects were also positive, with our core holdings of Royal London Corporate Bond and Man GLG Sterling Corporate Bond outperforming their benchmark indices by 4.9% and 5.5% respectively for the 12-month period. The focus on security selection for both funds continues to generate strong performance above the benchmark, while the conservative and tactical approach to active duration management also added to relative outperformance over the period.

In sterling terms, high yield bonds returned 4.3% over the third quarter, bringing their 12-month return to 15.7%. Medium-duration gilts returned 2.1% in the quarter, bringing their 12-month return to 7.4%.

Our manager selection effects were generally flat over the third quarter but strong over one year, especially for high yield and UK corporate bonds.

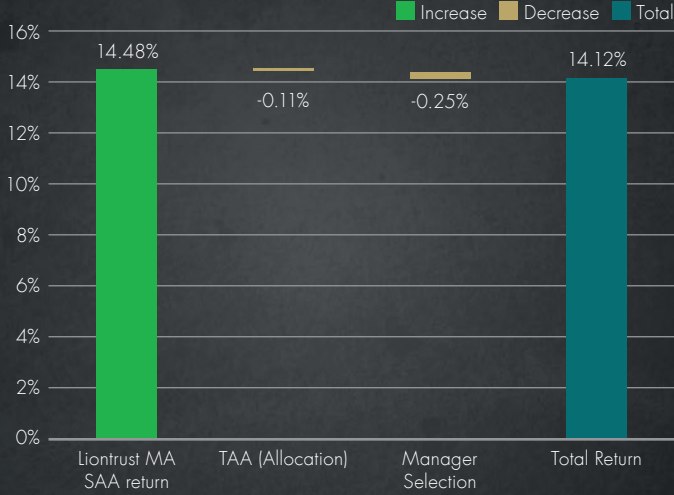
In equities, emerging markets and developed Asia ex-Japan largely outperformed developed markets in sterling terms. Asian equities returned 6.1% over the quarter, bringing their 12-month return to 14.5%, which was in line with emerging market equities delivering 13.9%. Our exposure to North America was weaker this quarter with a -0.7% return, but still well ahead of other regions with 12-month returns at 22.7%. Our overall selection effects for the quarter were marginally positive, but our Europe ex-UK and North

American equity holdings lagged their indices. In Asia ex-Japan, however, our stylistic blend and selection of managers were well positioned to capture the risk-on rally driven by Chinese equities.

Our allocation effects in equities were flat for the 12-month period across our MPS Blended Growth range. Our overweights to emerging markets, developed Asia ex-Japan and UK, funded by underweights to the US and Europe, added to the performance of the portfolios during September due to the Chinese stimulus.

Over the last year, our allocation to alternatives has been a great diversifier within the portfolios. The real asset exposure returned 6.0% over the quarter, bringing the 12-month performance to 12%. Real assets have been a volatile sector over the last year but the recent direction of travel for interest rates has provided a strong tailwind to this asset class.

Liontrust MPS Blended Growth 4 – returns over the year to 30 September 2024



Source: Liontrust, September 2024

Liontrust MPS Dynamic Passive portfolios

All our MPS Dynamic Passive portfolios delivered positive returns over the third quarter of 2024, supported by the announcement of new stimulus measures in China and interest rates cuts during the quarter. Over 12 months, the Liontrust MPS Dynamic Passive portfolios delivered returns ranging from 9.8% in MPS 1 to 16.7% in MPS 8.

In fixed income, credit was a positive contributor to performance in sterling terms for both the third quarter and the 12-month period. UK corporates returned 3.1% over the quarter, bringing their 12-month return to 12.0%. The main drivers of the returns came from our allocation to fixed income, specifically developed market high yield, global ex-UK fixed income and investment grade corporate bonds.

Alternatives were a strong performer over the period, and, on the equity side, Asia ex-Japan and emerging markets were the significant contributors. Despite a disappointing quarter for US equities in which they delivered negative returns, the 12-month performance remains strong, up 22.8% as at the end of September in sterling terms.

Over the third quarter, Tactical Asset Allocation (TAA) returns were positive overall, with an overweight in Asia ex-Japan, emerging markets and high yield positively contributing to performance.

An underweight to alternatives was a small drag on performance over the quarter, and we continue to find more attractive opportunities in equities and some areas of fixed income. The returns achieved through TAA were mainly in the portfolios with greater allocations to equities. Over one year, the portfolios have benefitted from being largely underweight fixed income and overweight equities.

The Dynamic Passive portfolios should, through the cycle, experience a relatively modest impact from manager selection. An unfettered choice of underlying holdings remains extremely useful in minimising risks and providing the best opportunity to track relevant market indices. Significant differences can emerge over time between funds ostensibly tracking the same benchmark due to different characteristics of these solutions, such as the rebalancing frequency and method, the replication method and fees. As a result, we undertake a significant amount of investment and operational due diligence into the passive vehicles that we use to minimise the potential for these features to impact results. Our holdings in equities and bonds delivered significant returns over the quarter, even within the asset classes and equity regions.

Our active manager in US small caps, CT American Smaller Companies, underperformed its benchmark over the third quarter, although its long-term performance remains strong. There was a similar outcome for our UK small cap exposure, with Gresham House Multi-Cap Income lagging over the period but providing strong downside protection during market downturns, in part due to its income focus.

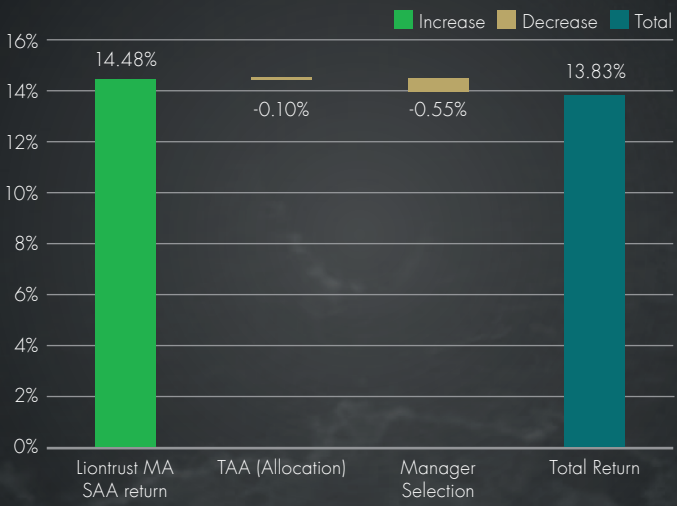
In fixed income, our blend of managers supported performance, with a small detraction coming from one manager in investment grade bonds (L&G Sterling Corporate Bond). Our two high yield active managers (Barings and Aegon) delivered strong absolute performance but were behind the benchmark by 0.3% and 0.5% respectively over the quarter.

Leading performers included Liontrust Diversified Real Assets, Fidelity Index Emerging Markets, abrdn Asia Pacific Index, iShares Corporate Bond Index, Vanguard Global Bond Index, L&G Sterling Corporate Bond Index, Barings Global High Yield and Aegon High Yield Bond.

Fidelity Index UK, Gresham House Multi Cap Income, Royal London Short Duration, Fidelity Index Europe ex-UK, Fidelity Index Emerging Markets and Barings Europe Select Europe were relatively flat performers over the third quarter.

Fidelity Index US and CT American Smaller Companies detracted the most from performance – -21bps and -5bps respectively – over the third quarter.

Liontrust MPS Dynamic Passive 4 – returns over the year to 30 September 2024



Source: Liontrust, September 2024

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Liontrust MPS Blended Income portfolios

All our MPS Blended Income portfolios delivered positive returns over the third quarter of 2024, supported by a combination of economic and fiscal stimulus in a bid by China to reverse a slowdown in the broader economy. Our MPS Income portfolios also performed positively over 12 months, with returns ranging from 10.1% in MPS 1 to 15.4% in MPS 6.

In fixed income, credit was a positive contributor to performance in sterling terms for both the third quarter and the 12-month period. UK corporates returned 3.1% in the quarter, bringing their 12-month return to 12.0%. Selection effects were also positive with our core holding of Man GLG Sterling Corporate Bond outperforming its index by 4.9% for the 12-month period. The fund's focus on security selection continues to generate strong performance above the benchmark, while its opportunistic profile is ideally suited for active and dynamic management in investment grade bonds. Duration management has been another driver of relative outperformance over the period.

High yield bonds returned 4.4% in the third quarter, bringing their 12-month return to 15.8%. Medium-duration gilts returned 2.1% over the quarter, bringing their 12-month return to 8%.

Our TAA effects were flat over the third quarter. While the underweight to alternatives detracted over the period, this was largely offset by the positive TAA effects from our exposure to Asia and emerging market equities.

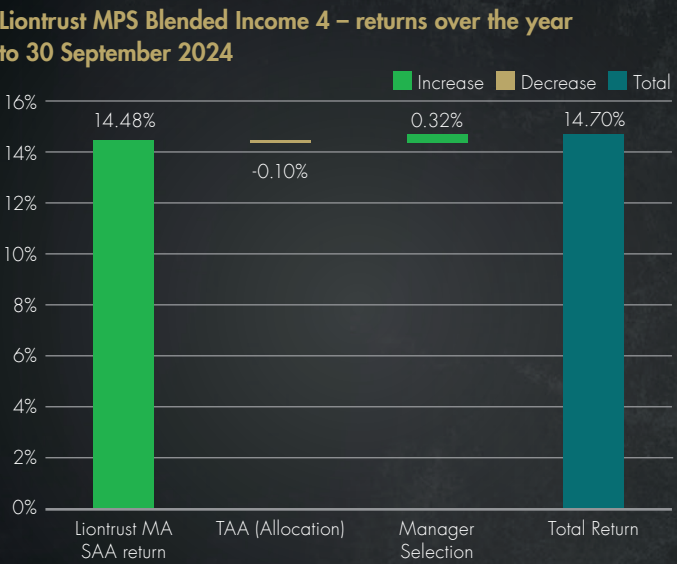
Our tactical allocation effects in fixed income delivered mixed performance and were broadly flat for the 12-month period across our MPS Blended Income range. Our overweight to investment grade bonds detracted slightly from overall performance relative to the Strategic Asset Allocation (SAA). However, the underweight to global ex-UK fixed income and short duration gilts added to performance over the year.

In equities, emerging markets, Asia ex-Japan and the UK markets outperformed the US, Europe and Japan equities. In sterling terms, US equities returned 0.2% over the quarter, bringing their 12-month

return to 18.3%. Emerging market and developed Asia ex-Japan equities returned 2.3% and 2.7% respectively over the quarter, bringing their 12-month returns to 14.4% and 15.8% respectively.

Fund selection added to returns over the third quarter, driven by North America and investment grade bonds. Over the 12-month period, fund selection detracted from performance due to some of our value bias in the portfolios being unable to keep pace with the Magnificent 7 and large cap quality growth stocks in developed markets. The underperformance was largely through JPM US Equity Income, which lagged the index by 11% over the 12-month period, driven by its underweight to the technology sector.

Over the last year, our allocation to alternatives has been a great diversifier within the portfolios. The real asset exposure returned 6.0% over the quarter, bringing the 12-month performance to 12%. Real assets have been a volatile sector over the last year but the recent direction of travel for interest rates has provided a strong tailwind to this asset class.



Source: Liontrust, September 2024

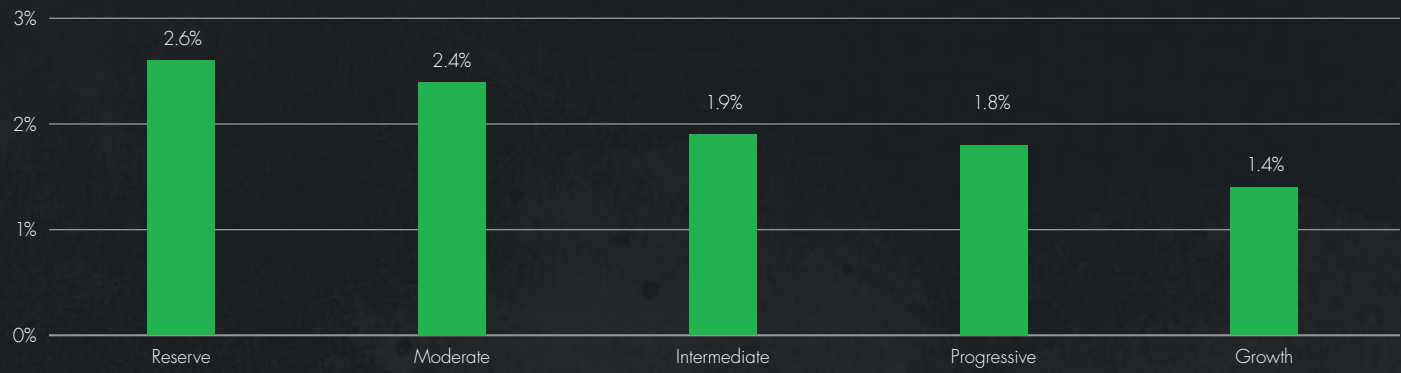
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How have the funds performed?

LIONTRUST MULTI-ASSET FUNDS

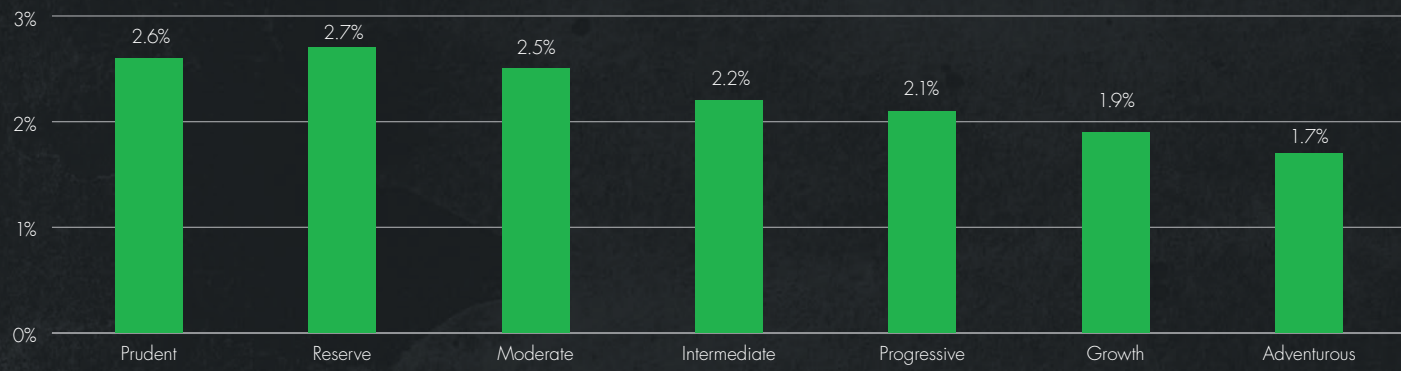
MA BLENDED FUNDS

Q3 2024



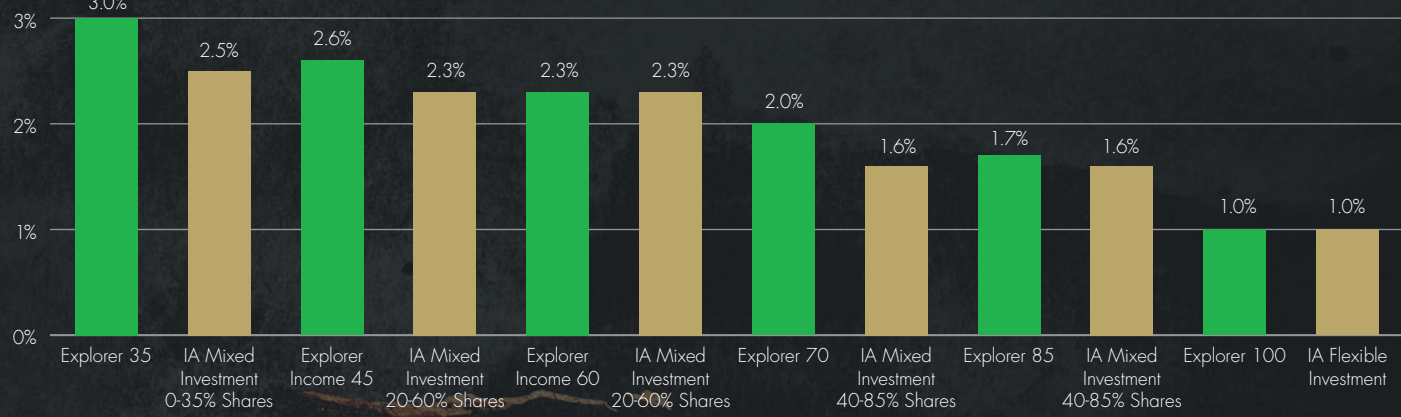
MA DYNAMIC PASSIVE FUNDS

Q3 2024



MA EXPLORER FUNDS*

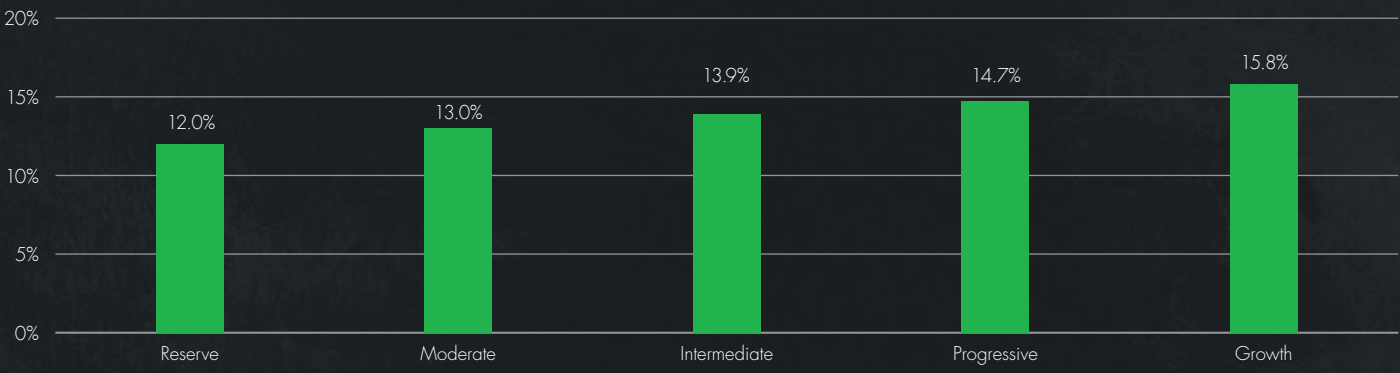
Q3 2024



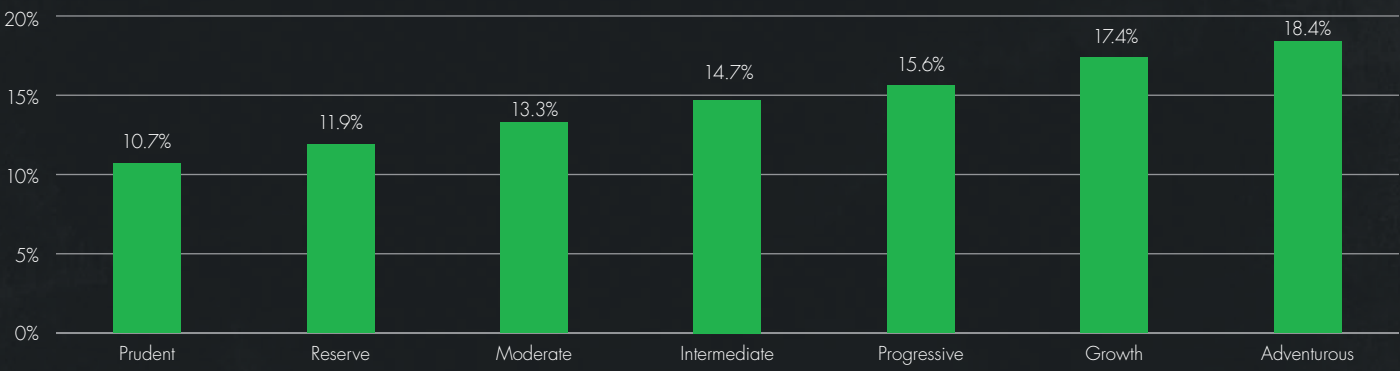
Source: FE Analytics, as at 30.09.24. Primary share class, total return figures are calculated on a single pricing basis with net income (dividends) reinvested. Fund performance figures are shown in sterling. Transaction costs are included for the period shown but may differ in the future as these costs cannot be determined with precision in advance. *Explorer Funds shown versus comparator benchmarks.

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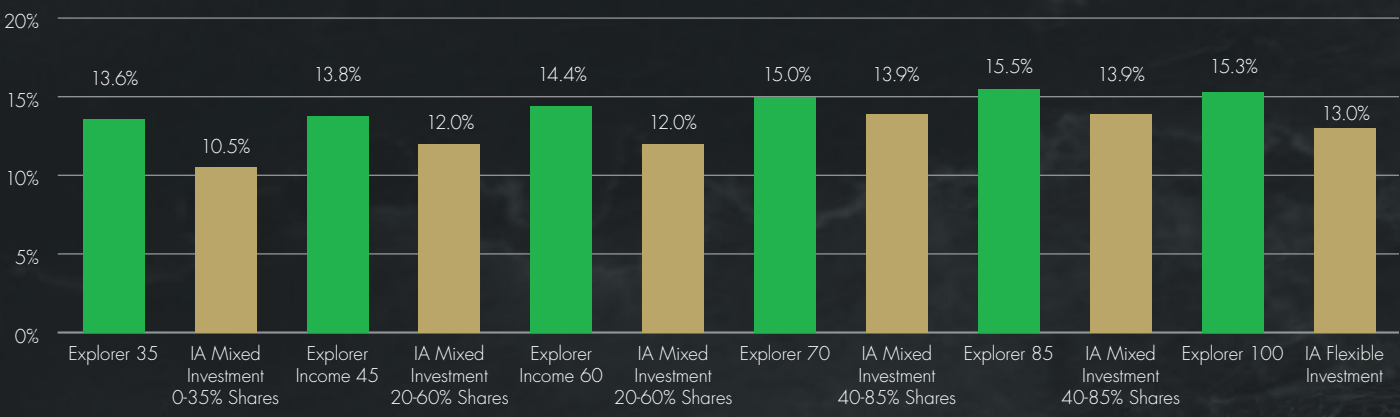
12 months to 30 September 2024



12 months to 30 September 2024



12 months to 30 September 2024



Source: FE Analytics, as at 30.09.24. Primary share class, total return figures are calculated on a single pricing basis with net income (dividends) reinvested. Fund performance figures are shown in sterling. Transaction costs are included for the period shown but may differ in the future as these costs cannot be determined with precision in advance. *Explorer Funds shown versus comparator benchmarks.

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How have the portfolios performed?

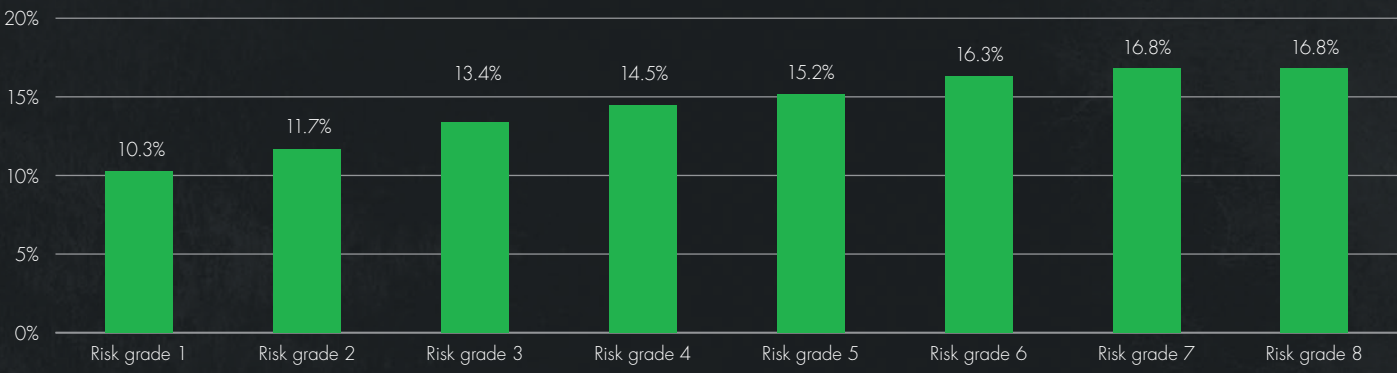
LIONTRUST MPS PORTFOLIOS

MPS BLENDED GROWTH PORTFOLIOS

Q3 2024



12 months to 30 September 2024



MPS DYNAMIC PASSIVE PORTFOLIOS

Q3 2024



12 months to 30 September 2024

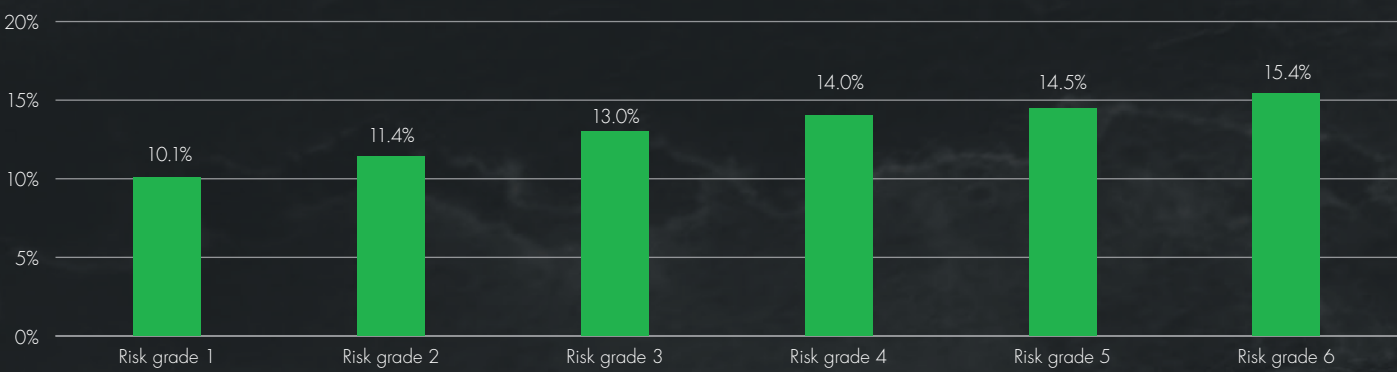


MPS BLENDED INCOME PORTFOLIOS

Q3 2024



12 months to 30 September 2024



Source: Liontrust and Morningstar, as at 30.09.24, portfolio returns based to GBP. All performance is given gross of any deduction in fees with the exception of the underlying assets. The deduction of fees will have the effect of reducing these returns.

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Source: Liontrust and Morningstar, as at 30.09.24, portfolio returns based to GBP. All performance is given gross of any deduction in fees with the exception of the underlying assets. The deduction of fees will have the effect of reducing these returns.

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Discrete performance (Funds)

	30 Sep 23 30 Sep 24	30 Sep 22 30 Sep 23	30 Sep 21 30 Sep 22	30 Sep 20 30 Sep 21	30 Sep 19 30 Sep 20
(%)					
Liontrust MA Blended Reserve Fund S Acc	12.0	3.2	-17.0	3.6	-0.1
Liontrust MA Blended Moderate Fund S Acc	13.0	4.1	-14.5	7.8	-0.3
Liontrust MA Blended Intermediate Fund S Acc	13.9	5.5	-12.7	12.1	-1.1
Liontrust MA Blended Progressive Fund S Acc	14.7	7.3	-11.3	15.9	-2.0
Liontrust MA Blended Growth Fund S Acc	15.8	8.5	-8.5	20.8	-2.4
Liontrust MA Dynamic Passive Prudent Fund S Acc	10.7	2.2	-9.2	5.5	0.0
Liontrust MA Dynamic Passive Reserve Fund S Acc	11.9	1.8	-14.2	4.8	0.7
Liontrust MA Dynamic Passive Moderate Fund S Acc	13.3	2.8	-12.5	7.6	-0.1
Liontrust MA Dynamic Passive Intermediate Fund S Acc	14.7	4.0	-9.8	11.5	-0.8
Liontrust MA Dynamic Passive Progressive Fund S Acc	15.6	5.0	-7.2	16.0	-2.5
Liontrust MA Dynamic Passive Growth Fund S Acc	17.4	6.8	-4.9	21.5	-3.8
Liontrust MA Dynamic Passive Adventurous Fund S Acc	18.4	6.4	-4.7	22.6	-0.9
Liontrust MA Explorer 35 Fund S Acc*	13.6	2.0	-18.3	0.1	0.8
IA Mixed Investment 0-35% Shares	10.5	2.6	-12.0	6.0	0.3
Liontrust MA Explorer Income 45 Fund S Acc*	13.8	4.5	-19.1	5.1	1.5
IA Mixed Investment 20-60% Shares	12.0	4.2	-10.6	12.2	-1.2
Liontrust MA Explorer Income 60 Fund S Acc*	14.4	7.0	-14.8	12.7	0.2
IA Mixed Investment 20-60% Shares	12.0	4.2	-10.6	12.2	-1.2
Liontrust MA Explorer 70 Fund S Acc*	15.0	9.1	-14.5	17.3	-1.4
IA Mixed Investment 40-85% Shares	13.9	5.1	-10.2	16.6	-0.2
Liontrust MA Explorer 85 Fund S Acc*	15.5	9.7	-11.9	22.6	-2.0
IA Mixed Investment 40-85% Shares	13.9	5.1	-10.2	16.6	-0.2
Liontrust MA Explorer 100 Fund S Acc*	15.3	9.6	-11.0	22.9	1.4
IA Flexible Investment	13.0	4.2	-9.2	18.3	0.9

Source: Liontrust and FE Analytics, as at 30.09.24. *Explorer funds versus comparator benchmarks. Total return figures are calculated on a single pricing basis with net income (dividends) reinvested. Performance figures are shown in sterling. Transaction costs are included for the period shown but may differ in the future as these costs cannot be determined with precision in advance.

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Discrete performance (Portfolios)

	30 Sep 23 30 Sep 24	30 Sep 22 30 Sep 23	30 Sep 21 30 Sep 22	30 Sep 20 30 Sep 21	30 Sep 19 30 Sep 20
(%)					
Liontrust MPS Blended Growth 1	10.3	2.6	-7.0	6.3	-0.6
Liontrust MPS Blended Growth 2	11.7	3.9	-10.4	9.4	-1.0
Liontrust MPS Blended Growth 3	13.4	5.5	-13.6	12.6	-1.4
Liontrust MPS Blended Growth 4	14.5	6.0	-13.4	16.6	-1.8
Liontrust MPS Blended Growth 5	15.2	6.4	-13.4	19.7	-2.2
Liontrust MPS Blended Growth 6	16.3	6.9	-13.2	22.7	-2.2
Liontrust MPS Blended Growth 7	16.8	5.9	-13.1	22.3	-1.3
Liontrust MPS Blended Growth 8	16.8	4.7	-13.0	22.1	-0.2
Liontrust MPS Dynamic Passive 1	9.8	2.6	-6.4	5.9	-0.8
Liontrust MPS Dynamic Passive 2	11.1	3.9	-9.5	9.0	-1.1
Liontrust MPS Dynamic Passive 3	12.6	5.6	-12.5	12.0	-1.6
Liontrust MPS Dynamic Passive 4	13.7	5.9	-12.0	15.3	-2.2
Liontrust MPS Dynamic Passive 5	14.5	6.1	-11.6	18.0	-2.6
Liontrust MPS Dynamic Passive 6	16.1	6.6	-11.3	20.6	-3.1
Liontrust MPS Dynamic Passive 7	16.6	5.3	-10.8	20.0	-1.5
Liontrust MPS Dynamic Passive 8	16.7	3.9	-10.3	19.2	0.1
Liontrust MPS Blended Income 1	10.1	1.9	-5.8	6.6	-1.8
Liontrust MPS Blended Income 2	11.4	2.8	-8.6	10.1	-2.6
Liontrust MPS Blended Income 3	13.0	4.1	-11.2	13.6	-3.5
Liontrust MPS Blended Income 4	13.9	4.9	-10.9	16.9	-3.6
Liontrust MPS Blended Income 5	14.4	5.4	-10.6	19.3	-3.6
Liontrust MPS Blended Income 6	15.3	6.3	-10.4	21.8	-3.7

Source: Liontrust and Morningstar, as at 30.09.24. Performance of portfolios are given gross of any deduction of fees with the exception of underlying assets. Deduction of fees will have the effect of reducing these returns.

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

TAA changes

Overall outlook remains positive

We reconfirmed the positive overall market outlook in our third quarter Tactical Asset Allocation (TAA) review, keeping it at a positive four out of five (five is our most bullish rating and one is the most bearish). Our overall outlook has now been scored at four for seven consecutive quarters.

We believe the balance of risks is positively biased and, consequently, we have a cautiously optimistic tactical view of the next 12 to 18 months. The global economy remains positive: inflation has fallen, unemployment is low, consumers continue to spend and in aggregate corporate revenues are good. The Federal Reserve and other leading central banks also have significant scope for rate cuts if required, having started making reductions.

Generally, we are positive about equities, broadly neutral on fixed income and alternatives, and bearish on cash. Our investment process is long-term in nature. It is designed to be both patient and disciplined, and we are unwilling to over-trade.

Target asset allocations maintained

Rebalancing of the asset allocation

Each quarter, we review the target asset allocations for the Liontrust Multi-Asset funds and portfolios. In this quarter, we maintained our target allocations across the asset classes and for the sub-asset classes within equities and fixed income.

UK exposure rebalanced

During the third quarter, we reshaped the UK equity exposure in the Liontrust MPS Blended Growth and MPS Blended Income portfolios.

For the MPS Blended Growth portfolios, we added JO Hambro UK Dynamic, Liontrust UK Equity, Invesco UK Opportunities and IFSL Evenlode Income to replace Fidelity Special Situations, AXA Framlington UK Select Opportunities and Schroder Income. This new

blend has historically offered less volatility and it provides a more complementary approach. The introduction of the new funds reduces the ongoing charge figure for the UK equity allocation as well.

We want to avoid a large stylistic deviation from the benchmark when building a blend of active managers within our regional equity allocations, thereby placing a greater emphasis on manager skill and stock selection. For UK equities, we prefer active managers because they have the potential to generate strong alpha, especially given the current valuation levels. The styles we use include Value, Quality, Growth and Small Cap.

For the MPS Blended Income range, we replaced Schroder Income Maximiser and JO Hambro UK Dynamic with IFSL Evenlode Income. Evenlode Income focuses on compounding total returns, which are driven by a combination of dividends and annualised free cash flow, alongside careful valuation management over time.

US equities

While we are neutral on US equities overall, we score US smaller companies four out of five in our TAA. During the third quarter, we adjusted our North American equity allocation to provide a balanced stylistic exposure to match our conviction for the market longer term.

For our MPS Dynamic Passive (risk levels 4-10) and MPS Blended Income portfolios, we initiated a new position in Columbia Threadneedle (CT) American Smaller Companies, replacing Artemis US Smaller Companies. CT American Smaller Companies applies a consistent, bottom-up process that focuses on improving business fundamentals. A key part of our investment process is to isolate stock-specific risk and neutralise style and sector risks. Led by highly experienced fund manager Nicolas Janvier and supported by a large team of analysts driving consistent ideas generation, the outcome is a robust portfolio that has delivered stock-specific alpha.

						
	1	2	3	4	5	Direction of travel
Overall				●		↗
Cash	●					↘
UK gilts			●			↗
Short duration gilts			●			↗
Global government bonds			●			↗
Investment grade corporate bonds				●		↗
Index-linked bonds		●				↘
High yield				●		↗
Emerging market debt			●			↘
Convertibles			●			↘
Equity overall				●		↗
UK equity				●		↗
UK small caps				●		↗
US equity			●			↗
US small caps				●		↗
European equity			●			↗
European small caps			●			↗
Japanese equity				●		↗
Japanese small caps				●		↗
Asian equity				●		↘
Emerging markets equity				●		↘
Real assets			●			↗
Alternatives			●			↗

Source: Liontrust, as at 5 August 2024. Not all the asset classes are used in all the MA portfolios and funds

Outlook: a broadening market

If the Federal Reserve had signalled concern that the economy was cooling too much when it cut rates in September, then this would have been new information to incorporate into our TAA.

But we are seeing plenty of data suggesting businesses and the economy are in good health in the US. Inflation has fallen materially without a substantial impact on the economy and employment. There might be a short period of negative growth, or a technical recession, but it probably won't result in meaningful and substantial destruction of value in the US economy.

We believe the next investment story will be the rotation of equity markets from the US mega caps to other parts of the country's stock market and internationally. If, as we believe, the concentration in equity markets of the mega caps in the US lessens over time and earnings and share prices broaden beyond them then it is important to consider what the relative impact will be on active managers and passive vehicles within portfolios.

If you take the US, which is the biggest passive market, the top 10 holdings in the S&P 500 represent around 35% of the whole index. For the last time we saw this concentration in the S&P 500, according to one of our US fund managers, you have to go back to the Great Depression. Going forward, we do not believe all the growth will come from just a few stocks.

While passive vehicles have certainly helped us over the years in terms of a broader universe of options to use within portfolios, there is a big opportunity now for active management, particularly in mid and small caps.



Market performance tables

Global (local returns) as at 30 September 2024

Asset class	3 months	YTD	12 months	Currency
Equities				
UK	1.6%	9.6%	13.6%	GBP
North America	5.9%	21.4%	36.0%	USD
Europe ex-UK	1.6%	11.7%	21.5%	EUR
Japan	-6.5%	14.2%	17.1%	JPY
Developed Asia Pacific (ex-Japan)	10.7%	20.4%	30.1%	USD
Emerging markets	8.7%	17.1%	26.6%	USD
Global	6.2%	19.3%	33.7%	USD
Bonds				
UK gilts	3.1%	-0.2%	8.9%	GBP
Investment grade corporate bonds	2.7%	2.3%	11.3%	GBP
Short-duration gilts	1.9%	2.4%	5.8%	GBP
US treasuries	5.3%	3.8%	10.3%	USD
High yield	2.7%	4.9%	10.2%	USD
Global	6.2%	8.1%	18.1%	USD
Global government	7.5%	2.7%	12.0%	USD
Global convertible	6.5%	8.5%	15.6%	USD
Emerging markets	6.9%	8.6%	19.5%	USD
Alternatives				
Infrastructure	14.4%	16.9%	33.7%	USD
Commodities	-1.0%	1.7%	-3.3%	USD
Oil	-16.4%	-4.9%	-24.9%	USD
Gold	12.7%	27.2%	42.6%	USD
Currencies				
UK Pound Sterling	5.8%	5.1%	6.0%	USD
Euro	3.9%	0.9%	3.2%	USD
Japanese Yen	12.0%	-1.8%	5.4%	USD
Interest Rates				
Current Rate				
UK	5.0%			
North America	5.0%			
Eurozone	4.3%			
Japan	-0.1%			
Australia	4.4%			

Source: As at 30 September 2024. Liontrust and Bloomberg Finance L.P.
Past performance is not a guide to future returns.

UK (GBP) as at 30 September 2024

Asset class	3 months	YTD	12 months	Currency
Equities				
UK	1.6%	9.6%	13.6%	GBP
North America	0.0%	15.6%	22.9%	GBP
Europe ex-UK	-0.4%	7.1%	16.6%	GBP
Japan	-0.4%	7.0%	10.8%	GBP
Developed Asia Pacific (ex-Japan)	4.5%	14.7%	17.5%	GBP
Emerging markets	2.6%	11.6%	14.4%	GBP
Global	0.2%	13.6%	20.8%	GBP
Bonds				
UK gilts	3.1%	-0.2%	8.9%	GBP
Investment grade corporate bonds*	2.7%	2.3%	11.3%	GBP
Short-duration gilts	1.9%	2.4%	5.8%	GBP
US treasuries*	5.3%	3.8%	10.3%	GBP
High yield	0.6%	0.6%	5.8%	GBP
Global*	0.2%	2.9%	6.7%	GBP
Global government*	1.4%	-2.2%	1.1%	GBP
Global convertible*	6.5%	8.5%	15.6%	GBP
Emerging markets*	0.9%	3.5%	8.0%	GBP
Alternatives				
Infrastructure	7.9%	11.4%	20.8%	GBP
Commodities	-6.5%	-3.1%	-12.6%	GBP
Oil	-21.1%	-9.4%	-31.6%	GBP
Gold	6.3%	21.2%	29.9%	GBP
Currencies				
Euro	-1.7%	-4.0%	-2.6%	GBP
US Dollar	-5.5%	-4.8%	-5.6%	GBP
Japanese Yen	0.0%	-6.5%	-0.6%	GBP
Interest Rates				
Current Rate				
UK	5.0%			

Source: As at 30 September 2024. Liontrust and Bloomberg Finance L.P. *Hedged to GBP.
Past performance is not a guide to future returns.

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 Liontrust 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.

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