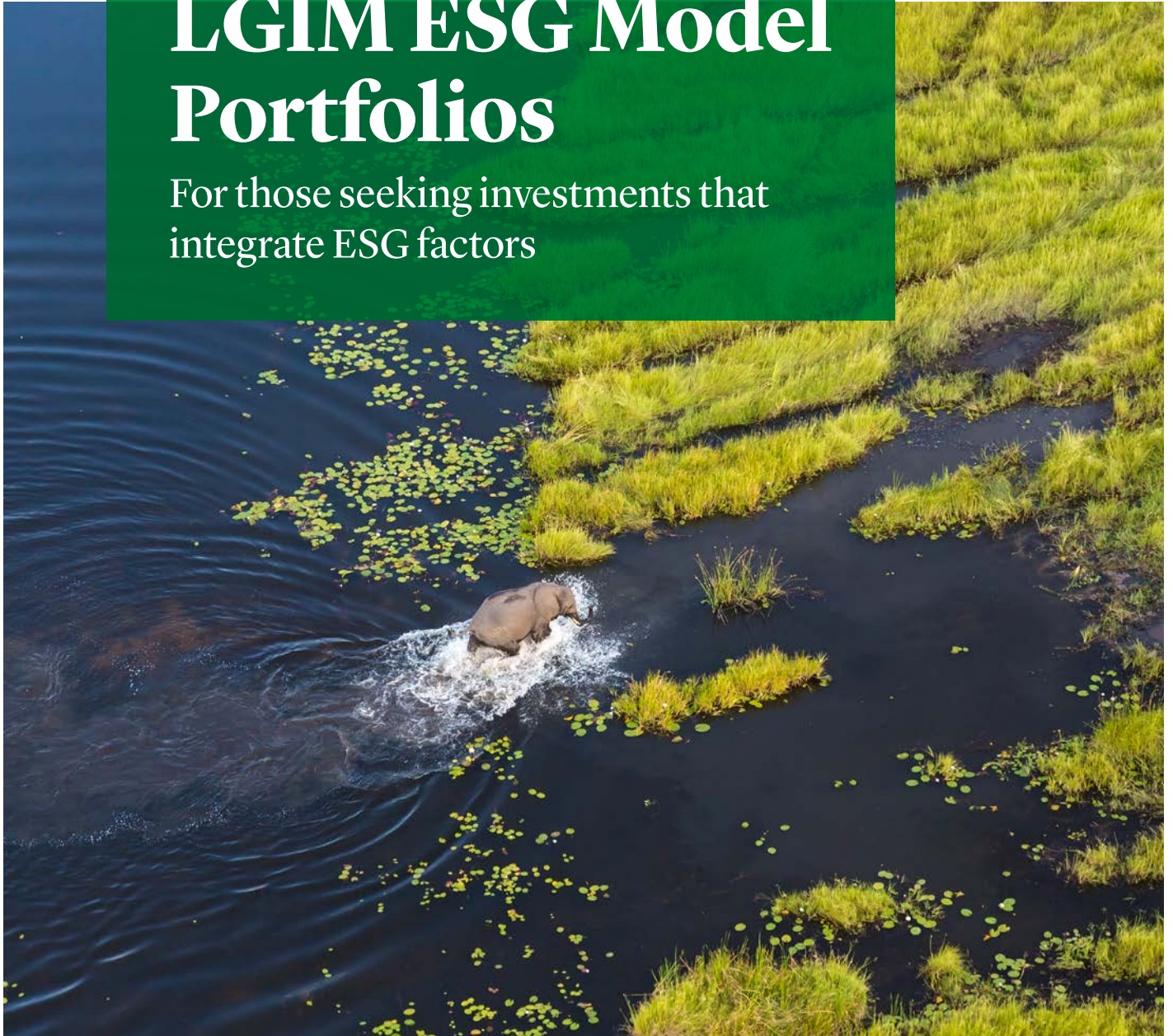


Guide to LGIM ESG Model Portfolios

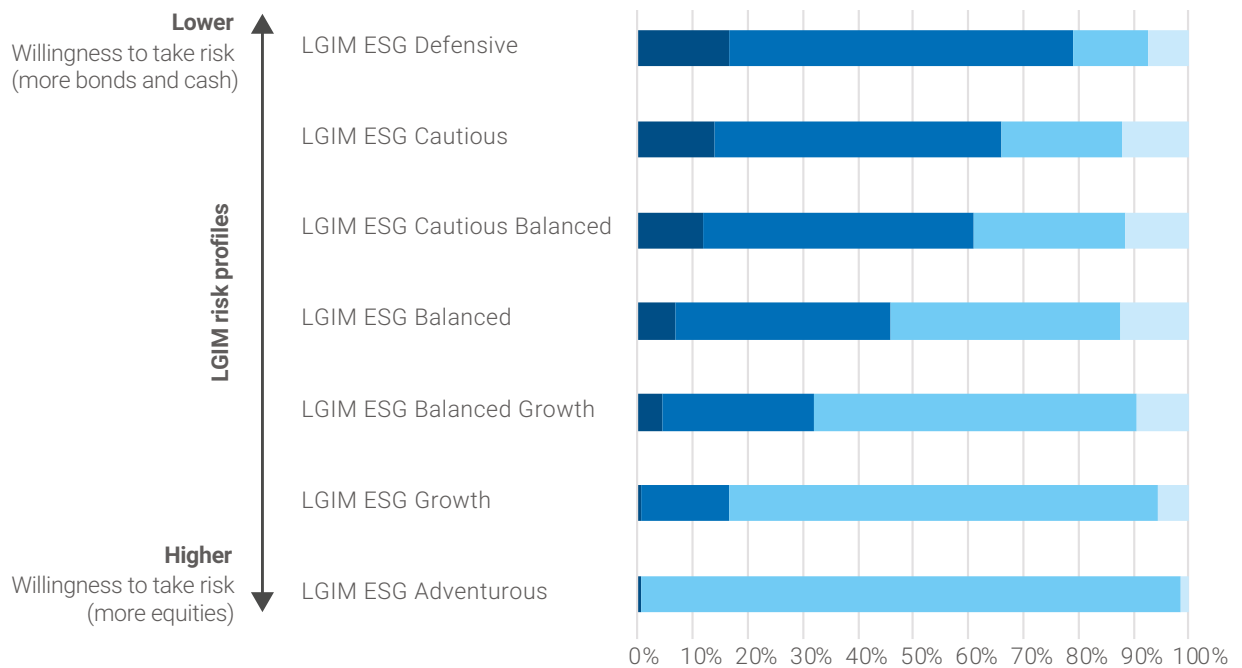
For those seeking investments that
integrate ESG factors



We provide a full range of ESG risk targeted Model Portfolios, designed for investors looking for an investment proposition that is well-balanced from both an investment and ESG perspective, as well as being highly cost-effective.

These portfolios are supported by LGIM's award winning Investment Stewardship Team,¹ which spearheads social and governance issues.

LGIM ESG Model portfolios



Source: LGIM as at 30 April 2023. For illustrative purposes only.

1. Recent awards include the 'best in class' award at the 2021 ICGN Global Stewardship Awards

Awards should not be considered a recommendation. Past performance is not a guide to the future.



The five pillars

We have built our MPS on the five pillars of multi-asset investing that we believe are the driving forces that help us deliver your clients' objectives.



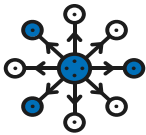
Suitability:

- We have designed each portfolio with a particular investment target and risk profile and we aim to maintain the portfolios within those targets over time
- Our portfolios are risk mapped against third party risk profilers to ensure compatibility with your choice of risk methodology



Dynamic Asset Allocation:

- Our asset allocation is managed dynamically over time by an experienced team of investors
- We adjust our portfolios as our market views change with each asset allocation change, aiming to enhance the return or protect the downside at the appropriate risk level



Diversification:

- Our robust investment process is designed to result in a well-diversified multi-asset solution targeting the benefits of effective diversification across different market environments
- We spread risk across asset classes that have different return profiles, in order to increase the risk-adjusted returns of the overall portfolio



Cost Effectiveness:

- We are always aiming to minimise cost for our investors and can achieve this by blending our low cost ESG indices with active third party managers
- We believe that this solution enables us to create a high quality portfolio whilst reducing the drag of fees on overall return



Engagement:

- We engage with businesses directly as shareholders via our L&G funds with the goal of creating a better future through responsible investing
- Our dedicated Investment Stewardship team uses our scale to ensure your clients' voices are heard loud and clear to drive meaningful change on environmental, social and governance matters around the world

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested. It should be noted that diversification is no guarantee against a loss in a declining market.



LGIM's approach to ESG in model portfolios

There are two main components that make up LGIM's ESG Model Portfolios:

1.

We firstly use our L&G ESG enhanced index funds which are tilted toward businesses with better ESG credentials.

2.

We then blend these funds with actively managed, ESG funds, which we select in line with our Manager Research process.

We believe this approach allows us to create well-balanced solutions that avoid over concentration in certain categories or styles, whilst maintaining an appropriate level of exposure to more specialist ESG themes via third party active managers.

We take a multi-faceted approach to ESG integration within our portfolios. This is done through a combination of exposures that favour businesses which score highly on traditional ESG metrics, as well as those that actively engage with businesses that don't score as highly but are willing to improve with respect to changing their business model or strategy. This is where we are able to use our scale as a major global investor to encourage the companies in which our clients invest to develop resilient strategies, think longer-term, and consider their stakeholders.

L&G's ESG-enhanced Index funds

The first component that makes up LGIM's MPS ESG portfolios



Active Ownership

All of LGIM's funds incorporate our Investment Stewardship team's approach to engaging with companies.

The team aims to ensure that the companies in which we invest on behalf of our clients are run with investors' interests in mind.



Climate Impact Pledge

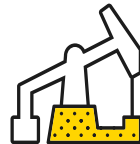
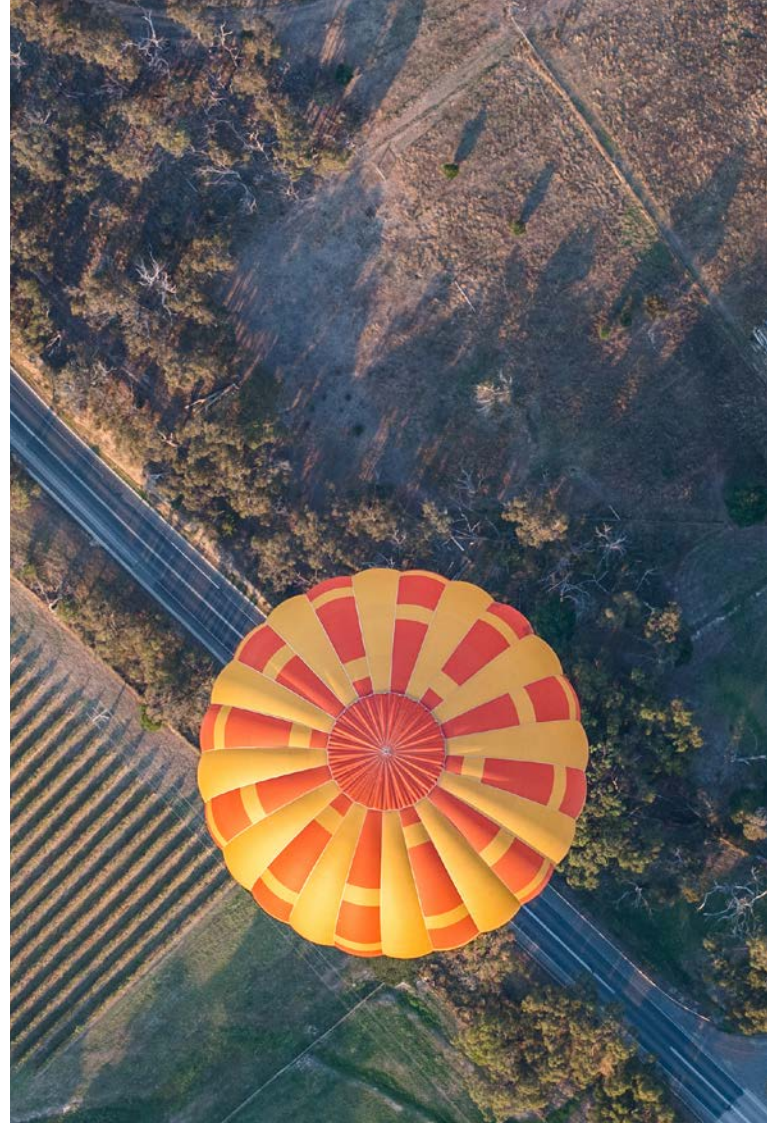
Our L&G Future World index funds can divest from companies which are most crucial to preventing catastrophic climate change if they fail to meet our minimum standards.

More information on LGIM's Climate Impact pledge can be found here: <https://www.lgim.com/uk/ad/responsible-investing/climate-impact-pledge>



ESG Enhancements

Our L&G ESG enhanced funds invest more in companies or government issuers that demonstrate strong ESG characteristics, and reduce investment in those with lower ESG characteristics.



Minimum Exclusions

Our L&G Future World index funds will not hold companies that are:

- Generating 20% or more of their revenues from coal mining and extraction
- Involved in the manufacturing and production of controversial weapons
- Generating more than 5% of their revenues from assault weapons
- Generating more than 10% of their revenues from the production or retail of tobacco products
- Contravening the UN's Global Compact

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Third party ESG managers

The second component that makes up LGIM’s ESG Model portfolios

We combine our low cost, ESG-enhanced index building blocks with third party active managers in order to construct a well-diversified portfolio with explicit thematic exposure to ESG trends.

We have a four-step process when researching a third party ESG manager to add to our ESG Model portfolios.

Step 1:

Quantitative screen to meet our minimum standards.

Our initial quantitative screen ensures that we do not invest companies that fulfil one or more of the following criteria:

- Generate 20% or more of their revenues from the mining and extraction of thermal coal power generation, or oil sands
- Are involved in the manufacture and production of controversial weapons
- That generate more than 10% of their revenues from the production or retail of tobacco products

Step 2:

Our experienced manager research team follow a structured and rigorous process to review both quantitative and qualitative elements of each fund.

There are three key steps in the process, idea generation, manager due diligence and ratings & approval. We set the same high bar for inclusion on our ESG target list as our other active managers and if the fund is able to pass the selection process it will move on to step three where ESG considerations are reviewed.

Step 4:

An independent verification of a fund’s ESG status using LGIM proprietary ESG analytical tools.

Our Investment Stewardship, Index and Active Strategies teams have developed a number of tools to analyse ESG credentials of a given portfolio, for example LGIM ESG score, LGIM ESG Sovereign score or Active ESG View Tool. Depending on the asset class, we will use relevant in-house tools to independently verify claims made by the fund manager in Step 3. For example, if a fund manager claims to run a strategy aligned with a particular Sustainable Development Goal, we will screen their holdings using LGIM SDG analyser embedded in the Active ESG View Tool to confirm their SDG alignment.

Step 3:

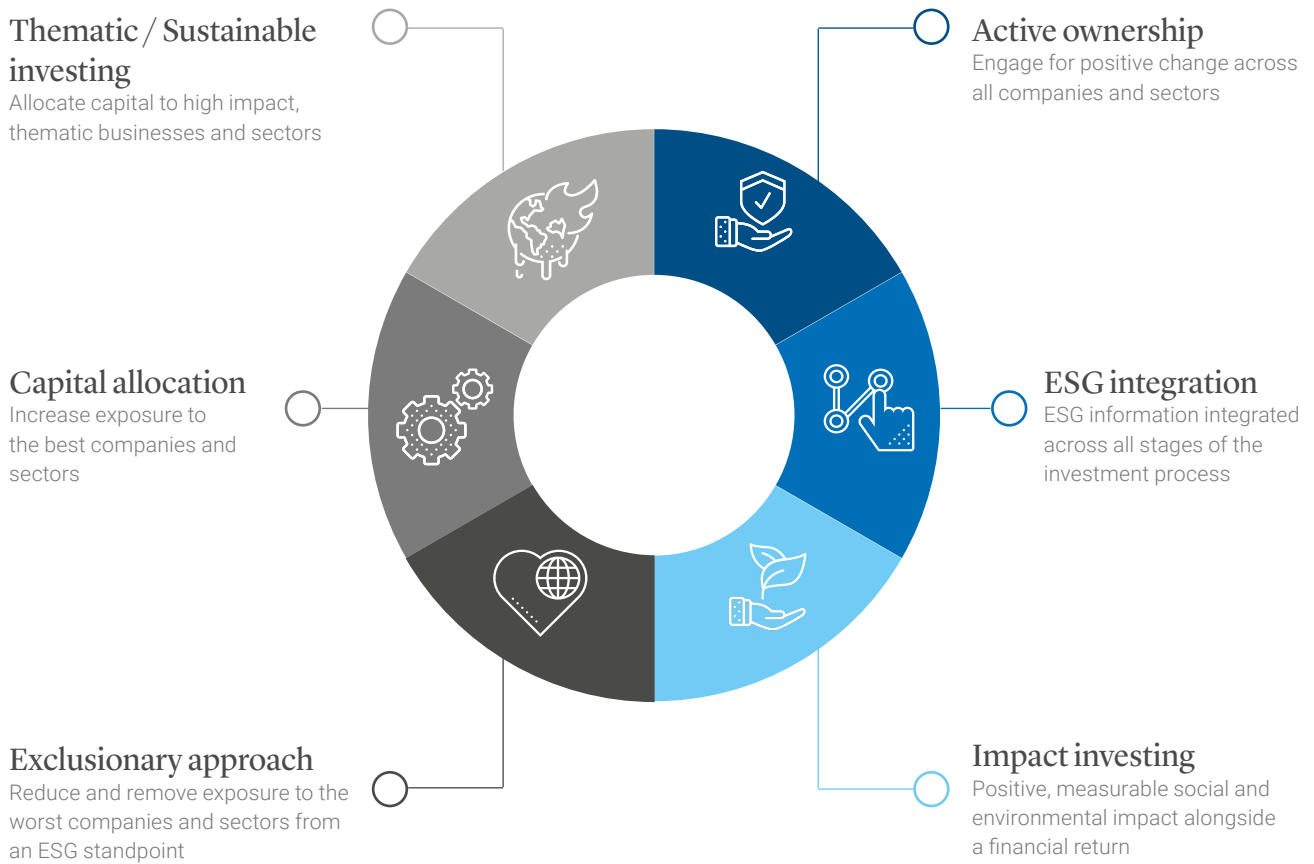
An additional ESG due diligence process to identify the way that ESG is implemented in the fund (the ‘ESG fund type’).

We undertake additional research to review a fund’s credentials from an ESG perspective, incorporating quantitative, but mostly qualitative, analysis to classify its approach to ESG.

We also look for evidence that a fund’s ESG characteristics are consistent and differentiated vs a comparable benchmark.

We take a multi-faceted approach to ESG integration

We have incorporated a range of ESG implementation styles in order to maximise both impact and diversification within the LGIM ESG portfolios.

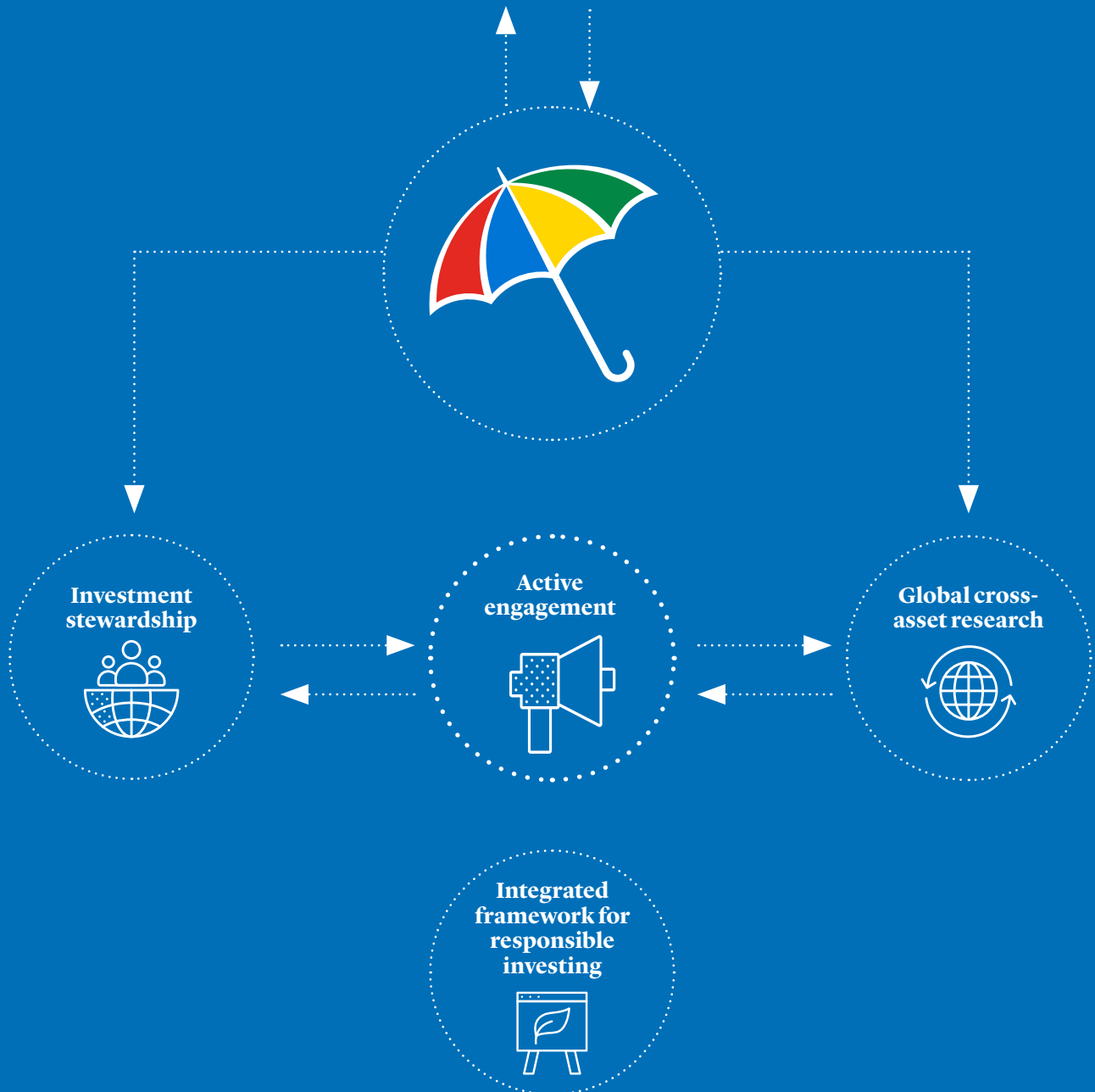


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Responsible investing is at the very heart of LGIM's approach

Seeking to strengthen long-term returns while driving positive change

Inclusive Capitalism



For illustrative purposes only.

MPS Investment team

We have over 35 years of experience in multi-asset investments. Our team of economists, strategists and fund managers constantly monitor market cycles and the mix of their portfolios, combining robust risk mitigation strategies and active asset allocation to manage investments during times of market stress. The team combines strategic economic views with insights into a diversified range of global asset classes, strong portfolio management capabilities and sophisticated risk management.



Francis Chua
Fund Manager

Francis is responsible for LGIM's multi manager funds and assists in the management of the Model Portfolio Service and the multi-index funds. Francis joined LGIM in October 2016 from Aviva where he was a senior investment analyst. At Aviva, Francis was responsible for the Aviva pension schemes, assisting in implementation of the investment strategies, which had emphasis on financial risk management and investment manager selection, as well as asset class and manager research.



Aimee Bowkett
Assistant Fund Manager

Aimee is an Assistant Fund Manager for LGIM's Asset Allocation strategies, assisting on the portfolio management of the Model Portfolios Service, as well as our multi-asset funds. Aimee joined LGIM in 2016, originally as an Investment Specialist within the Multi-Asset Funds team where she focused on the team's retail proposition. Previously, she worked at AXA Investment Managers as a fixed income product specialist.



James Giblin
Fund Manager

James is responsible for managing a range of retail multi-asset funds, including a number of client model portfolios as part of LGIM's Model Portfolio Service (MPS). He joins LGIM from LGT Wealth Management where he was a portfolio manager on the Model Portfolio team. James is a member of the Manager Research Group (MRG), with a focus on alternative investments. James graduated from the University of Nottingham and holds a Bachelor of Science degree in Economics. James is a CAIA (Chartered Alternative Investment Analyst) charterholder as well as a CISI Chartered Wealth Manager.



Graham Moles
Head of DC & Retail Solutions Strategy, Solutions

Graham was appointed Head of DC & Retail Solutions Strategy in September 2020. He has particular expertise in risk management, asset allocation and strategy, and will bring significant experience in improving investor outcomes of the Model Portfolio Service. Graham joined LGIM in 2007, moving to the Solutions Group in 2009 and spending the majority of his time working on creating strategies that meet the complex and unique requirements of individual clients.



Aristide Goualin

Investment Specialist

Ari works closely with the multi-asset fund managers to provide the distribution team with investment updates and insights in relation to the Model Portfolio Service and our other multi-asset funds. He joined LGIM in 2014 and has held relationship management roles working with institutional DB and DC pension schemes and their consultants.



Peter Boakes

Solutions Strategy Manager, Solutions

Peter uses his expertise in strategy, asset allocation and risk management to deliver client-focused analytics across LGIM's offering, including the Model Portfolio Service. He joined LGIM in 2012 on the graduate training programme before joining the Solutions team in April 2014.



Mireille Bensimon

Investment Analyst

Mireille Bensimon is an Investment Analyst in LGIM's Portfolio Strategy team, focussing on fund selection for the three Multi Manager funds. Mireille joined LGIM in 2013 from Legal & General Assurance Society (LGAS), where she held the same position for six years. Prior to this, Mireille worked as an accountant in LGAS's Retail Investments Finance team, where she had responsibilities for financial accounting, budgets and the presentation of results. Mireille qualified as a Chartered Management Accountant in 2004, and also holds a bachelor degree in History from the University of Liverpool, as well as the Investment Management Certificate.



Contact us

For further information about LGIM, please visit lgim.com or contact your usual LGIM representative



Key risks

Past performance is no guarantee of future results. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested.

At times, especially over shorter timescales, lower risk-profiled model portfolios, and investments included in them, may fall in value by more than higher risk-profiled model portfolios, and investments included in them. Details of the specific and general risks associated with the model portfolios mentioned in this document are contained in the applicable fact sheet for each model portfolio.

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The information in this document is not an offer or recommendation to buy or sell securities or pursue a particular investment strategy and it does not constitute investment, legal or tax advice. Any investment decisions taken by you should be based on your own analysis and judgment (and/or that of your professional advisors) and not in reliance on us or the Information.

This document does not explain all of the risks involved in investing in the fund. No decision to invest in the fund should be made without first reviewing the prospectus, key investor information document and latest report and accounts for the fund, which can be obtained from <https://fundcentres.lgim.com/>.

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