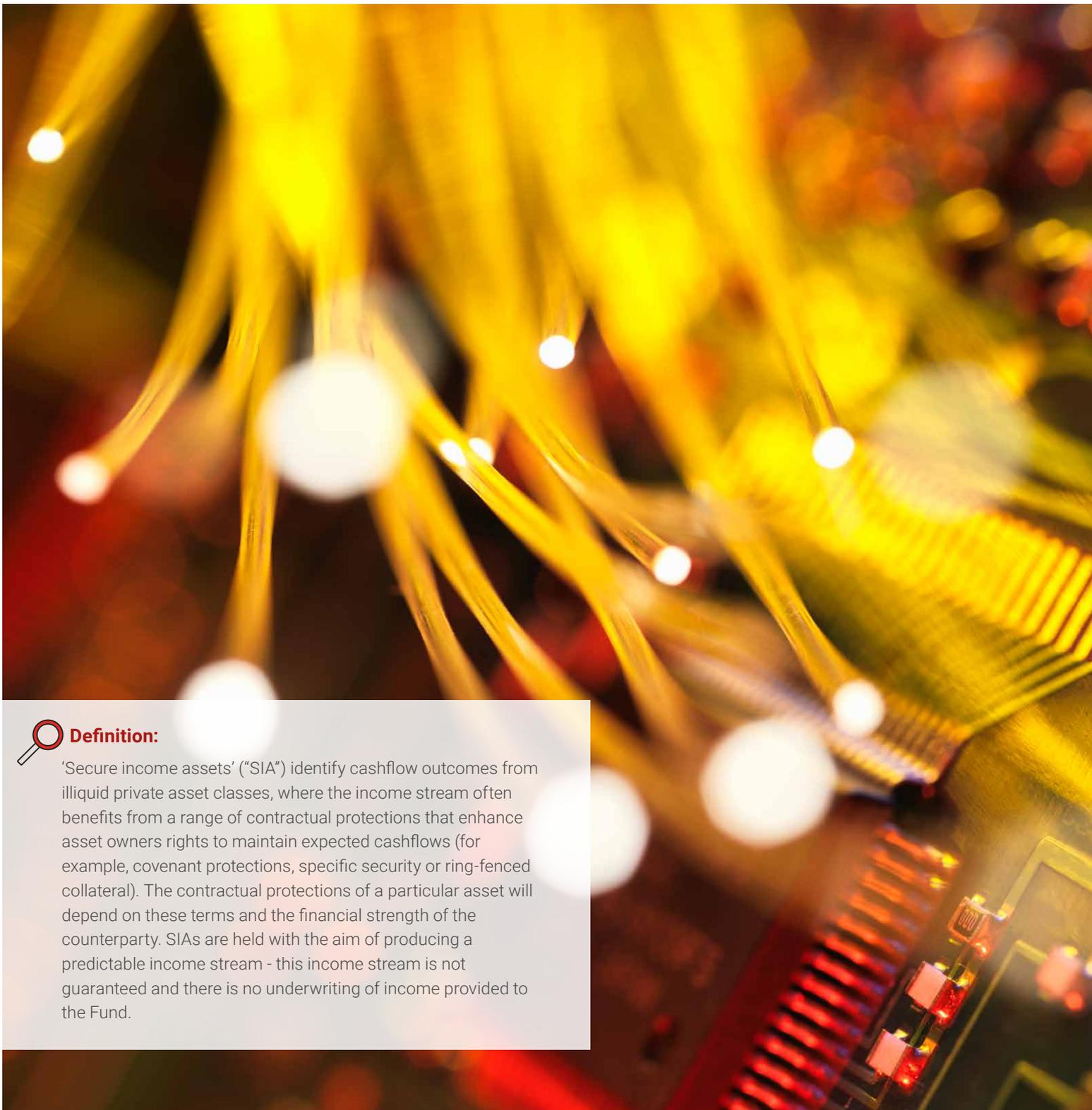


Intended for professional clients only.
Not to be distributed to retail clients.

The background of the slide is a photograph of industrial machinery, likely a textile loom, with white metal frames and yellow components. The image is taken from a low angle, looking up at the machinery.

Legal & General Secure Income Assets Fund

Aiming to deliver stable, long-term cashflows from a diversified portfolio of secure income assets



 **Definition:**

'Secure income assets' ("SIA") identify cashflow outcomes from illiquid private asset classes, where the income stream often benefits from a range of contractual protections that enhance asset owners rights to maintain expected cashflows (for example, covenant protections, specific security or ring-fenced collateral). The contractual protections of a particular asset will depend on these terms and the financial strength of the counterparty. SIAs are held with the aim of producing a predictable income stream - this income stream is not guaranteed and there is no underwriting of income provided to the Fund.

Co-investment opportunities

Our real assets expertise is built on our scale and track record of deploying capital on behalf of our parent company Legal & General Group and third party clients. We have been managing real assets for nearly 50 years and have £35.1 billion of assets under management on our platform.*

Depending on the investment mandate and opportunity, affiliates within the Legal & General Group could co-invest alongside our Secure Income Assets Fund (the Fund). Such co-investment may not occur across all assets held in the fund and does not offer any support in the event of distress.** However, we believe co-investment alongside Legal & General in certain assets could offer scale and access to a broader range of investment opportunities, benefiting investors in the fund. With a strong heritage in managing money for occupational pension schemes and insurance affiliates within our parent company we understand our clients' needs to generate long-term, stable cashflows to pay members, while simultaneously delivering returns to improve scheme funding levels.



A wide range of assets

Sterling infrastructure debt, real estate debt and private corporate debt are available through a single fund



Long-term, stable cashflows

The Secure Income Assets Fund could be blended with clients' liability and cashflow management, where appropriate



Ease of access

The Secure Income Assets Fund has been designed with simplicity in mind. The fund has an open-ended pooled structure subject to a lock-in period and is available in the unit-linked life fund structure common to our UK pension scheme clients.



Integrated ESG analysis

A committed and integrated approach to environmental, social and governance factors enables our clients to invest in a sustainable future

*Source: LGIM Real Assets, as at 31 December 2019

**In the event of any distress in the assets held by the fund, or default in the anticipated cashflows received by the fund in respect of such assets, neither the fund nor the Legal and General Assurance (Pensions Management) Limited benefits from any support from affiliates within the Legal & General Group. Co-invested assets may be disposed of by the Legal & General Group at its discretion subject to any relevant holding period; in this event the fund may continue to hold the assets. 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.

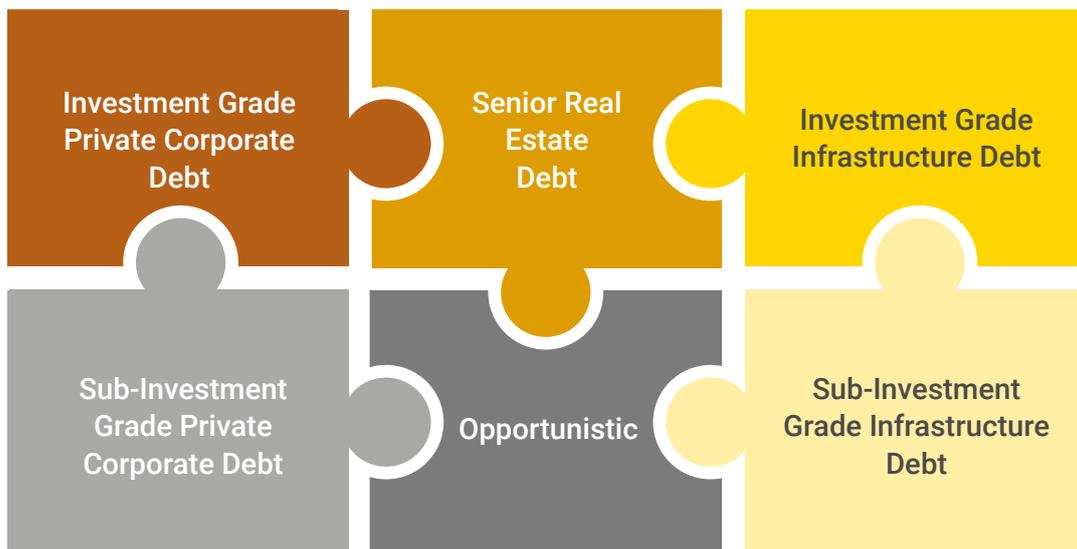
Stable, defensive income

From a diversified portfolio of secure income assets

Our approach

The Secure Income Assets Fund aims to meet increasing demand from UK clients for reliable income. Infrastructure, real estate and private corporate debt offer a premium over the lifetime of the investment to investors on account of their illiquidity and complexity. The fund is designed to target a return of gilts +250bps over a rolling three-year period.

The strategy aims to exhibit the defensive qualities and greater downside protection that private assets offer, compared to public assets of the same rating. This is due to the more robust documentation and covenants typically associated with private assets. By selecting high-quality investments, the fund should exhibit better downside protection than public market equivalents, minimising correlation with traditional assets, such as publicly traded bonds and equities. In addition, each asset class displays a different cashflow profile, maturity, return, inflation-linkage and volatility expectation, which can be of further benefit to overall risk management.





Easy to invest

Pooled, tailored pooled or bespoke

The Secure Income Assets Fund has an open-ended pooled structure subject to a lock-in period that enables clients to invest in secure income assets without an additional governance burden. The PMC structure supports simplicity through its flat fee and, for many clients, accessing the underlying asset classes through a single investment may be simpler to manage than individual allocations to three separate asset classes. Please note, this fund is intended for long-term investors with at least a seven-year time horizon.

For smaller clients, the Secure Income Assets Fund offers the opportunity to invest in asset classes which might ordinarily be out of reach, on account of the higher minimum investment and governance typically required. For medium and larger clients, the flexibility of the structure means that it can be adapted to suit clients' liability hedging, cashflow matching or liquidity purposes, depending on each client's requirements, size and stage in their journey to endgame. It can be blended with existing LDI and buy and maintain solutions.

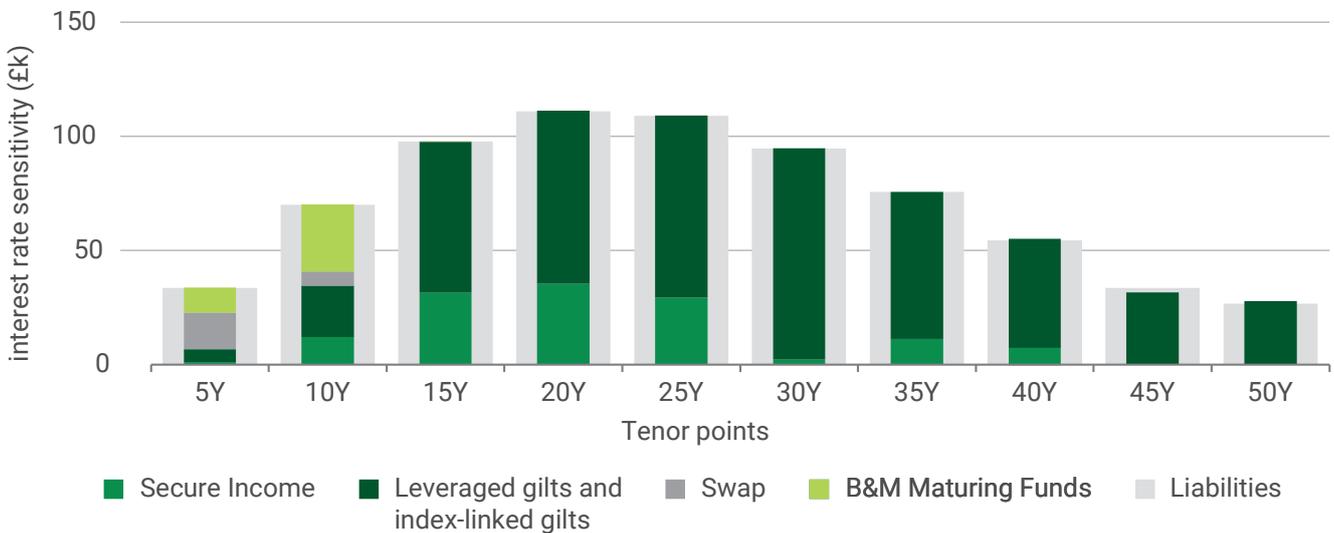
The strategy can be accessed in three ways:

1. Through the Secure Income Assets Fund (for smaller clients, typically <£250m, and those who are more than 10 years away from buyout/ buy-in, and have no existing real assets investments)
2. Via a tailored pooled solution (for clients with £250m-£2bn and some existing real assets investments)
3. Fully bespoke (for larger clients, typically >£2bn, with some existing real assets investments)

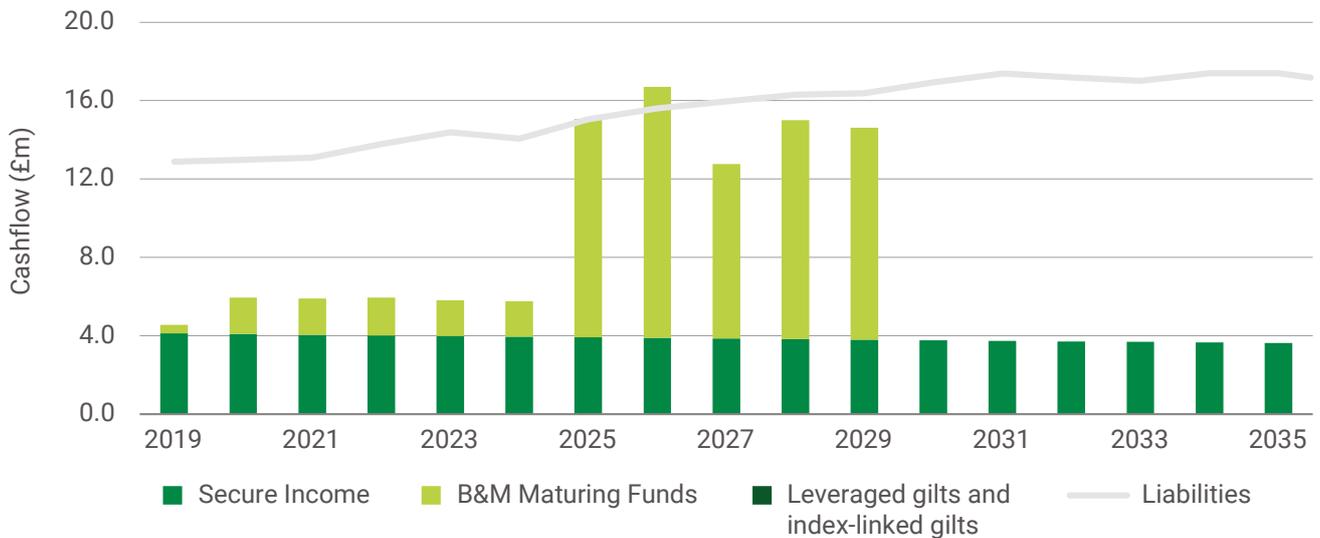
Working with cashflow matching and LDI

Our Secure Income Assets Fund can be blended with investors' existing cashflow matching and LDI solutions as part of a holistic, efficient solution for managing portfolio liquidity. We can work with you and your schemes to create a seamless solution to ensure that your cashflow and hedging requirements are met.

Interest rate sensitivity (£k)



Cashflow matching (£m)



Source: LGIM, 2020. For illustrative purposes only. **Past performance is not a reliable guide to future performance.** There is no guarantee that any forecasts made will come to pass.

ESG integration

Our five-step process

In all of our real assets investments, we take a long-term view, considering all environmental, social and governance issues at asset level as well as portfolio level. We recognise that real assets have a significant impact upon society and the environment; we have a responsibility to ensure that investors' capital has a positive impact and generates economic returns in a way that has a net environmental and social benefit. An important focus for us has been clean energy, which complements our integration of ESG themes and also has the potential to generate attractive long-term secure income.

We take five steps to integrate ESG into our investment process:



The underlying funds themselves are guided by our views on the long-term themes that we believe are likely to shape the investment landscape: demographics, technology, energy and policy. Analysing the connections between these themes can provide valuable and often unique insights into how companies are adapting to a changing world.



Diversification

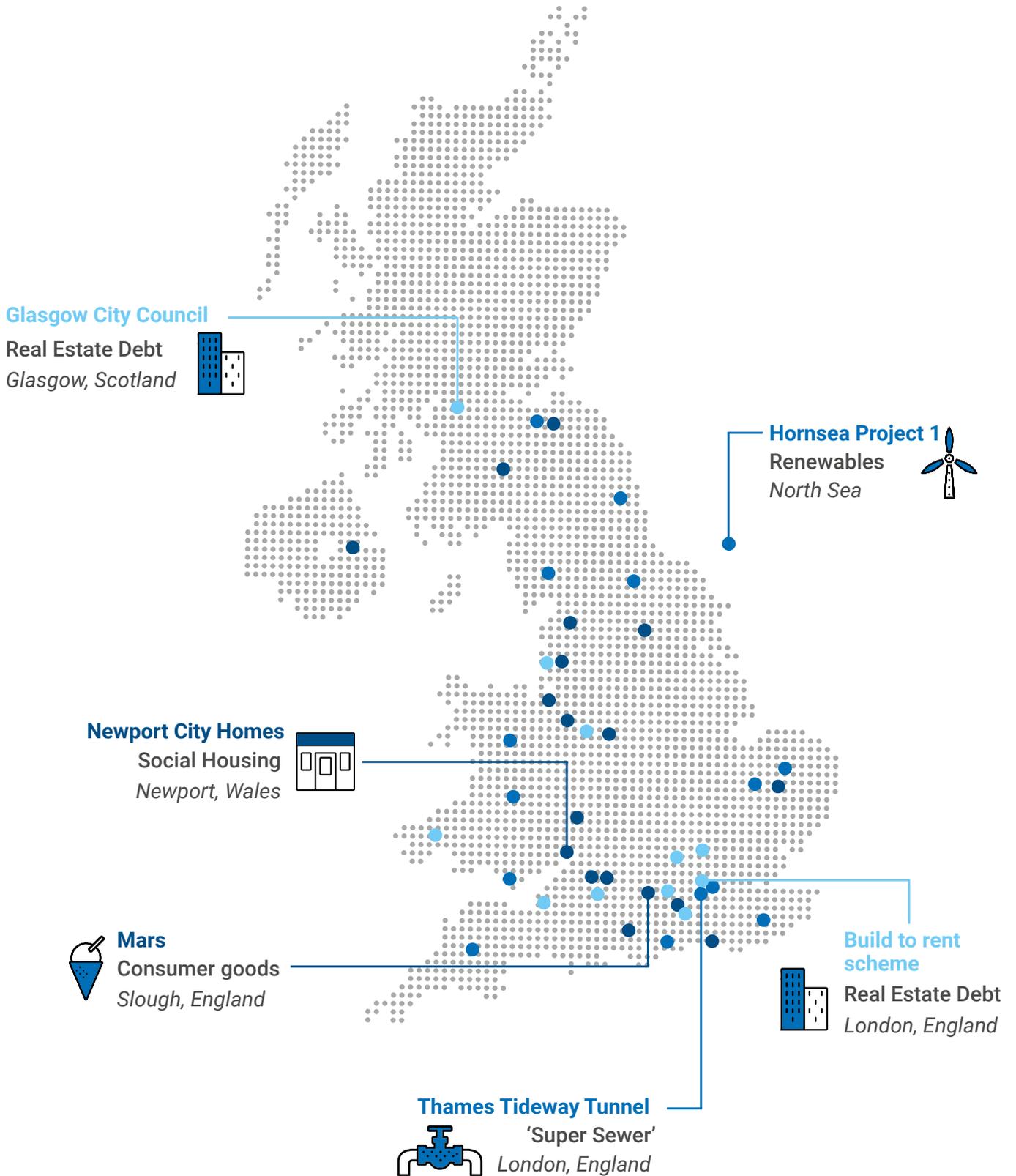
A UK and international portfolio

Our transactions in numbers¹

- We supported the construction of the 'London Super Sewer' that will prevent over **14,000 Olympic swimming pools** worth of untreated sewage a year entering the River Thames
- We have financed office space with a combined square footage equivalent to **89 football pitches**
- If all the train carriages we financed were put end to end, this would be the equivalent of **200 Shard buildings** stacked on top of each other
- We have lent to three of the world's largest offshore wind farms that together produce enough energy to power more than **2 million UK households**
- We have enabled housing association projects that have benefited over **400,000 households**
- We have funded a collection of solar projects that together produce enough energy to fully charge over **8.5 million iPhones**

Source: LGIM Real Assets, 2020. 1. Please note, these assets are examples of investments that our real assets teams made, and may not be held either in the Secure Income Fund or by LGIM in the future.

● Corporate ● Infrastructure ● Real Estate Debt



Please note, the investments shown are historical examples made by LGIM on behalf of its clients. There is no guarantee that these investments are still held, or that they will be held in the Secure Income Fund or by LGIM in the future.

Key features

Return target

The Secure Income Assets Fund targets a return of gilts +250bps over a rolling three-year period.

Liquidity

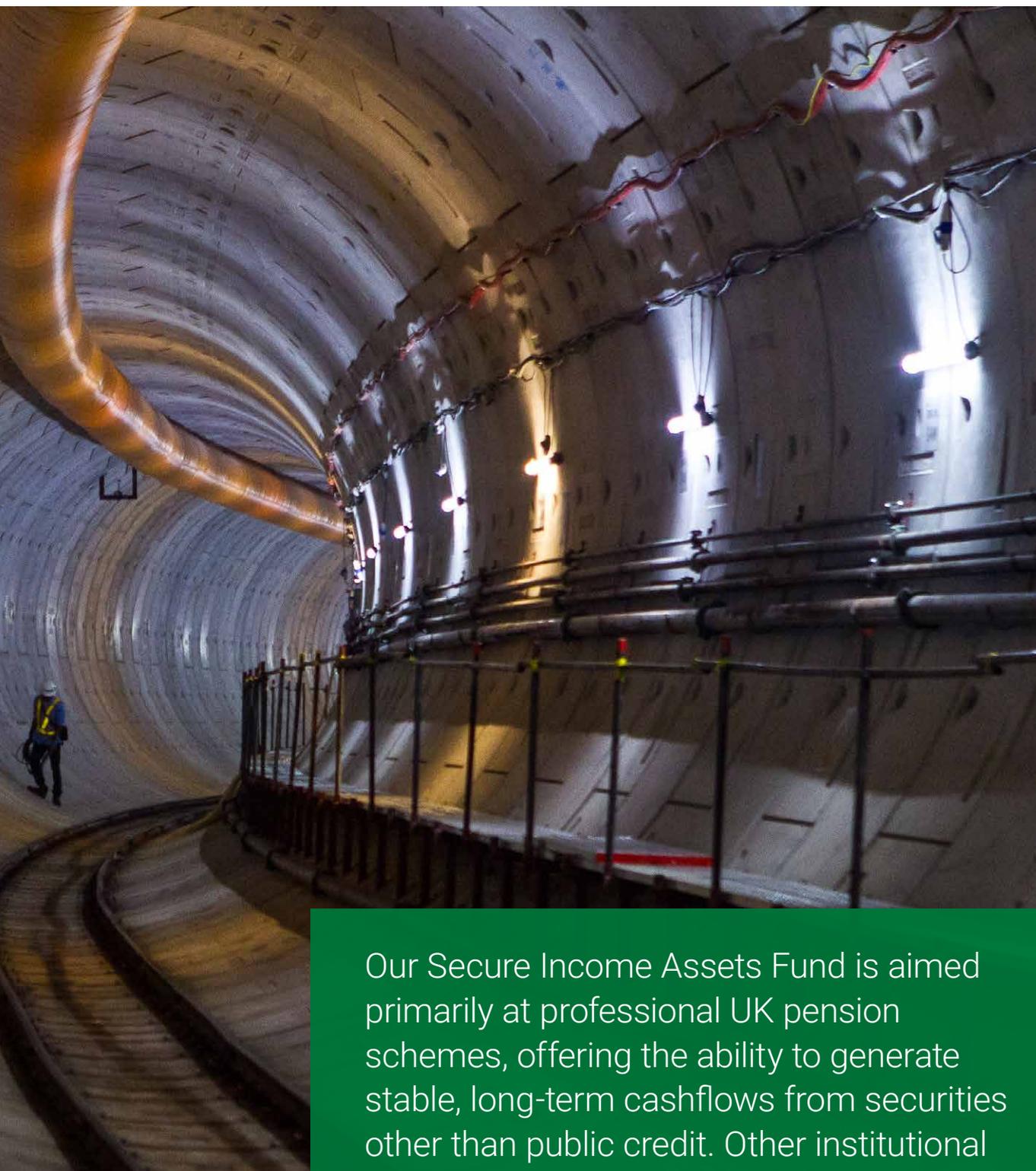
The fund has an open-ended pooled structure subject to a lock-in period and is available in the unit-linked life fund structure common to our UK pension scheme clients with at least a seven-year time horizon. We are not aware of another comparable fund in the market with a unit-linked structure and we believe this sharpens our competitive edge, as we are able to provide access to these asset classes without imposing additional governance requirements on our clients.

Expert team

We have an established and strong track record in managing real assets investments, having deployed capital on behalf of L&G and external clients. We manage £35.1bn on our real assets platform, with a team of over 170 people, cementing our position as a market leader in real assets.*



*Source: LGIM Real Assets, as at 31 December 2019.



Our Secure Income Assets Fund is aimed primarily at professional UK pension schemes, offering the ability to generate stable, long-term cashflows from securities other than public credit. Other institutional investors with similar requirements may also find the solution appealing.

Contact us

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



Important information

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.

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