

LGIM MPS

February 2024
Blended Growth Portfolio changes

Summary of portfolio changes

Equities

+ Added to equities in the portfolios

Fixed income

+ Maintained positive view on duration

Alternatives

No significant changes




Equities – Following a series of positive developments on the inflation front, with price pressures easing, we see a lower chance of an immediate negative scenario for financial markets. We still believe that the global economy is sensitive to shocks, but on the back of a general improvement in market sentiment, in this rebalance we have increased exposure to company shares (equities) across our portfolios. As part of this rebalance, we took the opportunity to adjust our regional allocations to be better aligned with our medium-term views.

Manager research – In this rebalance, we introduced a new holding into the blended portfolios, Man GLG Japan Core Alpha Fund. We believe this is a differentiated Japanese equity fund due to its focus on finding companies that are seemingly trading at a cheaper valuation than their true value. The addition of a Japanese equity value strategy follows the identification of Japanese value as an underrepresented area within the portfolios. We also introduced exposure into the Janus Henderson Global Technology Leaders Fund within our higher risk portfolios, to reflect our positive outlook on artificial intelligence.

Bonds – We maintain our positive view on duration-led assets (bonds which are more sensitive to interest-rate changes). As a result, we have made minimal changes to our bond portfolio, however, we have reduced exposure to alternative credit (debt issued by companies), such as global high yield and emerging market debt, in favour of global inflation-linked bonds (bonds which are tied to consumer price inflation). This reflects the strength of performance of the former and also a preference at this stage for a higher exposure to inflation-linked bonds in the portfolios.

Alternatives – We had no significant changes to make to our alternatives portfolio. As part of the readjustment in equities we have reduced exposure to REITs (real estate investment trusts) in some portfolios to keep them comfortably within their risk bands.

Portfolio		Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous
 Blended	Total Active	27.50%	32.25%	38.75%	39.00%	39.25%	44.25%	47.75%
	OCF	0.31%	0.36%	0.40%	0.41%	0.43%	0.46%	0.49%
Model portfolio manager fee				0.06% (incl. VAT)				

Source: LGIM, as at 23 Feb 2024.

Target asset allocation – Blended Growth*

Fund Name	Active /Index	Asset class	Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous
Equities			15.00%	31.00%	43.50%	56.00%	59.00%	77.00%	94.50%
Evenlode Income	Active	UK Equities	1.25%	2.75%	3.25%	4.00%	4.00%	5.00%	5.50%
Schroder Recovery	Active	UK Equities	0.75%	1.50%	1.75%	2.25%	2.25%	2.75%	3.00%
L&G UK Index Trust	Index	UK Equities	0.50%	1.50%	1.75%	2.50%	2.25%	2.75%	3.00%
Artemis Income	Active	UK Equities	1.50%	3.00%	3.00%	4.00%	4.25%	5.50%	6.50%
Artemis UK Select	Active	UK Small Cap Equities	0.50%	0.75%	0.75%	1.25%	1.25%	2.00%	2.50%
BlackRock European Dynamic	Active	European Equities	0.50%	1.00%	2.00%	2.00%	1.75%	2.75%	3.50%
L&G European Index Trust	Index	European Equities	1.25%	2.50%	4.25%	4.25%	4.25%	6.25%	8.00%
Lightman European Fund	Active	European Equities	0.25%	0.50%	1.25%	1.25%	1.00%	1.50%	2.00%
L&G US Index Trust	Index	US Equities	2.25%	4.50%	7.00%	8.75%	8.50%	9.25%	9.50%
UBS MSCI World Min Vol Index	Index	US Equities	1.75%	3.50%	5.50%	6.75%	7.00%	8.25%	8.25%
L&G Japan Index Trust	Index	Japanese Equities	0.50%	1.00%	1.00%	1.50%	1.50%	3.00%	3.00%
JPM Japan	Active	Japanese Equities	0.25%	0.50%	1.00%	1.25%	1.25%	2.00%	2.50%
Man GLG Japan CoreAlpha	Active	Japanese Equities	0.25%	0.50%	1.00%	1.25%	1.25%	2.00%	2.50%
L&G Pacific Index Trust	Index	Asia Pacific ex Japan Equity	0.25%	1.00%	1.50%	2.50%	2.50%	4.00%	6.25%
Jupiter Asian Income	Active	Asia Pacific ex Japan Equity	0.25%	0.50%	1.00%	1.50%	1.50%	2.50%	4.25%
L&G Global Emerging Markets Index Fund	Index	Emerging Market Equity	1.25%	2.50%	3.00%	5.00%	5.75%	7.25%	10.25%
Federated Hermes Global EM SMID	Active	Emerging Market Equity	0.00%	0.75%	1.00%	1.50%	2.25%	2.00%	3.25%
Vanguard Global Small Cap Index	Index	Small-cap Equity	0.25%	0.50%	0.50%	0.50%	0.75%	1.25%	1.75%
M&G Global Emerging Markets	Active	Emerging Market Equity	0.25%	0.75%	1.00%	1.50%	2.00%	2.25%	3.50%
Wellington Global Stewards	Active	Global Equities	1.25%	1.50%	2.00%	2.50%	3.75%	4.75%	5.50%
Credit and Emerging Market Debt			25.50%	23.00%	25.50%	21.50%	14.50%	9.00%	-
Man GLG High Yield Opportunities	Active	High Yield	3.50%	4.00%	4.50%	4.00%	4.00%	3.00%	-
L&G EM Govt Bond USD Index	Index	EMD Hard Currency	3.00%	3.50%	4.00%	4.50%	3.50%	3.00%	-
L&G EM Govt Bond Local Currency Index	Index	EMD Local Currency	2.00%	2.50%	3.00%	3.00%	2.00%	2.00%	-
L&G Sterling Corporate Bond Index	Index	Sterling Credit	3.50%	3.00%	3.50%	2.50%	1.25%	0.50%	-
L&G Short Dated Sterling Corporate Bond	Index	Short-Dated Sterling Credit	3.00%	2.00%	2.00%	0.50%	1.00%	-	-
Man GLG Sterling Corporate Bond	Active	Sterling Credit	3.50%	3.00%	3.50%	2.50%	1.25%	0.50%	-
Robeco Global Credits GBP Hedged	Active	Global Credit	7.00%	5.00%	5.00%	4.50%	1.50%	-	-
Government Bonds			39.00%	30.00%	19.00%	14.00%	13.50%	3.00%	-
L&G All Stocks Gilt Index	Index	UK Sovereign	10.00%	8.00%	4.00%	3.50%	3.50%	1.00%	-
Vanguard Euro Govt Bond Index GBP Hedged	Index	EU Sovereign	4.00%	3.00%	2.50%	2.00%	1.50%	-	-
L&G Global Inflation Linked Bond Index	Index	Global Inflation Linked	9.50%	6.50%	3.50%	2.00%	2.00%	0.50%	-
L&G All Stocks Index Linked Gilt Index	Index	UK Sov Inflation-Linked	3.50%	3.50%	1.00%	1.00%	1.00%	-	-
Vanguard US Govt Bond Index GBP Hedged	Index	US Sovereign	12.00%	9.00%	8.00%	5.50%	5.50%	1.50%	-
Alternatives			10.00%	10.50%	11.00%	8.00%	12.50%	10.50%	5.00%
TwentyFour Absolute Return Credit	Active	Absolute Return	5.00%	4.00%	4.00%	1.50%	2.50%	3.00%	0.50%
Henderson Technology	Active	Technology	-	0.25%	0.50%	0.25%	0.50%	1.00%	1.50%
Pictet Clean Energy	Active	Global Infrastructure	1.50%	1.75%	1.75%	1.75%	2.50%	1.75%	1.25%
L&G Global Real Estate Dividend Index	Index	Global Property (REITs)	2.00%	2.50%	2.50%	2.50%	4.00%	3.00%	0.50%
L&G Global Infrastructure Index	Index	Global Infrastructure	1.50%	1.75%	1.75%	1.75%	2.50%	1.75%	1.25%
Cash			10.50%	5.50%	1.00%	0.50%	0.50%	0.50%	0.50%
L&G Cash Trust	Index	Cash	10.50%	5.50%	1.00%	0.50%	0.50%	0.50%	0.50%

Source: LGIM, as at 23 Feb 2024.

*On 12 October 2023, the MPS portfolio naming conventions changed from being numbered 1 – 7 to Defensive, Cautious, Cautious Balanced, Balanced, Balanced Growth, Growth and Adventurous respectively.



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