

LGIM MPS

November 2023
ESG Portfolio changes

Summary of portfolio changes

Equities

⊖ Maintained negative view on equities

Fixed income

⊕ Maintained positive view on duration

Alternatives

⊖ Reduced exposure to listed infrastructure and REITs in some portfolios




Equities – We maintain our reduced exposure to equities, given our expectation for a slowdown in economic growth. In the lower-risk portfolios, we slightly increased our exposure to equities to ensure they are appropriately aligned with their respective risk bands.

Manager research – At this rebalance, we increased our allocation to Pictet Clean Energy, to reflect a more positive outlook on the decarbonisation theme. Over the medium to long term, we expect positive growth in the underlying theme and growth in the sector. We also see valuations to be attractive for decarbonisation stocks and, as such, have increased the exposure, via the Pictet Clean Energy Fund, across the portfolios. There were no other manager changes at this rebalance.

Bonds – We maintain our positive view on duration. We had no changes to make to our bond portfolio given the recent tweaks in our special rebalance in October.

Alternatives – We have reduced our exposure to listed alternatives and global REITs in some portfolios. Similar to equities, these changes were to better align the portfolios within their risk bands.

Portfolio	Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous	
 ESG	Total Active	36.75%	41.25%	44.25%	44.00%	36.50%	35.75%	30.50%
	OCF	0.35%	0.39%	0.42%	0.42%	0.40%	0.41%	0.38%
Model portfolio manager fee			0.06% (incl. VAT)					

Source: LGIM, as at 25 Nov 2023.

Target asset allocation – ESG*

Fund Name	Active/ Index	Asset class	Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous
Equities			13.50%	26.50%	39.00%	51.00%	58.00%	78.00%	96.00%
Liontrust Sustainable Future UK Growth	Active	UK Equities	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%
ASI UK Responsible Equity	Active	UK Equities	1.00%	1.75%	1.75%	2.25%	2.75%	3.75%	4.00%
L&G Future World ESG UK Index	Index	UK Equities	3.00%	6.00%	6.25%	8.00%	9.75%	13.00%	14.50%
Liontrust Sustainable Future Euro Growth	Active	European Equities	0.25%	0.75%	1.25%	1.75%	1.75%	2.50%	2.75%
ASI Europe ex UK Ethical Equity	Active	European Equities	0.50%	1.25%	2.00%	3.00%	3.00%	4.25%	5.00%
L&G Future World ESG Europe ex UK Index	Index	European Equities	0.75%	1.50%	2.75%	3.75%	3.75%	5.25%	6.25%
L&G Future World ESG North America Index	Index	US Equities	3.50%	7.00%	12.50%	15.50%	16.00%	19.00%	20.00%
L&G Future World ESG Japan Index	Index	Japanese Equities	-	-	1.00%	2.00%	2.50%	3.50%	5.00%
Stewart Investors Apac Leaders Sustainability	Active	Asia Pacific ex Japan Equities	0.50%	0.50%	1.00%	1.50%	1.75%	2.50%	3.75%
L&G Future World ESG Asia Pacific ex Japan Index	Index	Asia Pacific ex Japan Equities	0.50%	1.00%	1.50%	2.00%	2.75%	3.50%	5.75%
L&G Future World ESG Emerging Markets Index	Index	Emerging Market Equities	0.50%	2.50%	4.50%	6.50%	8.50%	12.50%	16.50%
Schroder Global Sustainable Value	Active	Small-cap Equities	0.50%	1.00%	1.00%	0.50%	0.50%	1.50%	4.00%
Wellington Global Stewards	Active	Global Equities	2.00%	2.50%	2.50%	3.00%	3.50%	5.00%	6.50%
Credit and Emerging Market Debt			23.50%	24.00%	26.50%	23.50%	13.50%	10.50%	-
M&G Global High Yield ESG Bond	Active	High Yield	4.00%	5.50%	6.50%	6.50%	4.00%	4.00%	-
L&G EM Government Bond Local Currency Index	Index	EMD Local Currency	1.00%	1.50%	2.50%	2.00%	1.50%	2.00%	-
Amundi EM Green Bond	Active	EMD Hard Currency	4.00%	4.50%	5.50%	5.00%	4.00%	3.00%	-
Liontrust Sustainable Future Corporate Bond	Active	Sterling Credit	8.00%	7.50%	6.50%	5.00%	2.50%	1.50%	-
Robeco Global SDG Credits GBP Hedged	Active	Global Credit	6.50%	5.00%	5.50%	5.00%	1.50%	-	-
Government Bonds			39.50%	30.00%	18.00%	14.50%	15.50%	3.00%	-
L&G All Stocks Gilt Index	Index	UK Sovereign	11.00%	9.00%	5.00%	4.00%	4.00%	1.00%	-
Vanguard Euro Government Bond Index GBP Hedged	Index	EU Sovereign	4.50%	3.00%	2.50%	2.00%	2.00%	-	-
L&G Global Inflation Linked Bond Index	Index	Global Inflation Linked	8.50%	6.00%	3.00%	2.50%	2.50%	-	-
L&G All Stocks Index Linked Gilt Index	Index	UK Sovereign Inflation-Linked	3.00%	3.00%	1.00%	1.00%	1.00%	-	-
Vanguard US Govt Bond Index GBP Hedged	Index	US Sovereign	12.50%	9.00%	6.50%	5.00%	6.00%	2.00%	-
Alternatives			10.00%	11.50%	11.00%	10.50%	12.00%	7.50%	3.50%
Pictet Clean Energy	Active	Global Infrastructure	2.00%	2.75%	2.75%	2.75%	3.75%	3.00%	2.00%
L&G Global Infrastructure Index	Index	Global Infrastructure	1.00%	1.25%	1.25%	1.25%	2.25%	1.50%	1.00%
BNY Mellon Sustainable Global Dynamic Bond	Active	Absolute Return	5.00%	4.00%	3.50%	3.50%	2.50%	1.00%	-
Sarasin Global Real Estate Equity Fund	Active	Global Property (REITs)	2.00%	3.50%	3.50%	3.00%	3.50%	2.00%	0.50%
Cash			13.50%	8.00%	5.50%	0.50%	1.00%	1.00%	0.50%
L&G Cash Trust	Index	Cash	13.50%	8.00%	5.50%	0.50%	1.00%	1.00%	0.50%

Source: LGIM, as at 25 Nov 2023.

*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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