

LGIM MPS

February 2024
Index 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.

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
 Index	Total Active	15.50%	13.00%	13.50%	10.00%	8.00%	6.00%	0.50%
	OCF	0.23%	0.22%	0.22%	0.20%	0.20%	0.19%	0.17%
Model portfolio manager fee				0.06% (incl. VAT)				

Source: LGIM, as at 23 Feb 2024.

Target asset allocation – Index 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%	78.00%	96.00%
L&G UK Index Trust	Index	UK Equities	3.50%	8.00%	9.00%	11.50%	11.50%	14.00%	15.50%
L&G UK Mid Cap Index	Index	UK Small Cap Equities	1.00%	1.50%	1.50%	2.50%	2.50%	4.00%	5.00%
L&G European Index Trust	Index	European Equities	2.00%	4.00%	7.50%	7.50%	7.00%	10.50%	13.50%
L&G US Index Trust	Index	US Equities	3.25%	5.75%	8.75%	11.25%	11.50%	12.75%	13.75%
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	1.00%	2.00%	3.00%	4.00%	4.00%	7.00%	8.00%
L&G Pacific Index Trust	Index	Asia Pacific ex Japan Equity	0.50%	1.50%	2.50%	4.00%	4.00%	6.50%	10.50%
L&G Global Emerging Markets Index Fund	Index	Emerging Market Equity	1.50%	4.00%	5.00%	8.00%	10.00%	11.50%	17.00%
Vanguard Global Small Cap Index	Index	Small-cap Equity	0.50%	0.75%	0.75%	0.50%	1.50%	2.50%	3.00%
Credit and Emerging Market Debt			25.50%	23.00%	25.50%	21.50%	14.50%	9.00%	-
L&G High Income Trust	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	7.00%	6.00%	7.00%	5.00%	2.50%	1.00%	-
L&G Short Dated Sterling Corporate Bond	Index	Short-Dated Sterling Credit	3.00%	2.00%	2.00%	0.50%	1.00%	-	-
Robeco Global Credits GBP Hedged	Active	Global Credit	7.00%	5.00%	5.00%	4.50%	1.50%	-	-
Government Bonds			38.00%	28.50%	17.00%	13.50%	14.00%	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%	11.50%	11.50%	9.50%	12.00%	9.00%	3.50%
L&G Multi-Asset Target Return	Active	Absolute Return	3.50%	2.75%	2.75%	1.00%	1.75%	2.00%	0.25%
L&G Strategic Bond Fund	Active	Absolute Return	1.50%	1.25%	1.25%	0.50%	0.75%	1.00%	0.25%
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	3.00%	3.50%	3.50%	3.50%	5.00%	3.50%	2.50%
L&G Global Technology Index	Index	Technology	-	0.50%	1.00%	0.50%	1.00%	1.00%	1.50%
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.



Aimee Bowkett
Fund Manager



Francis Chua
Fund Manager



James Giblin
Fund Manager

Contact us

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



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