



LGIM MPS

February 2023 portfolio changes



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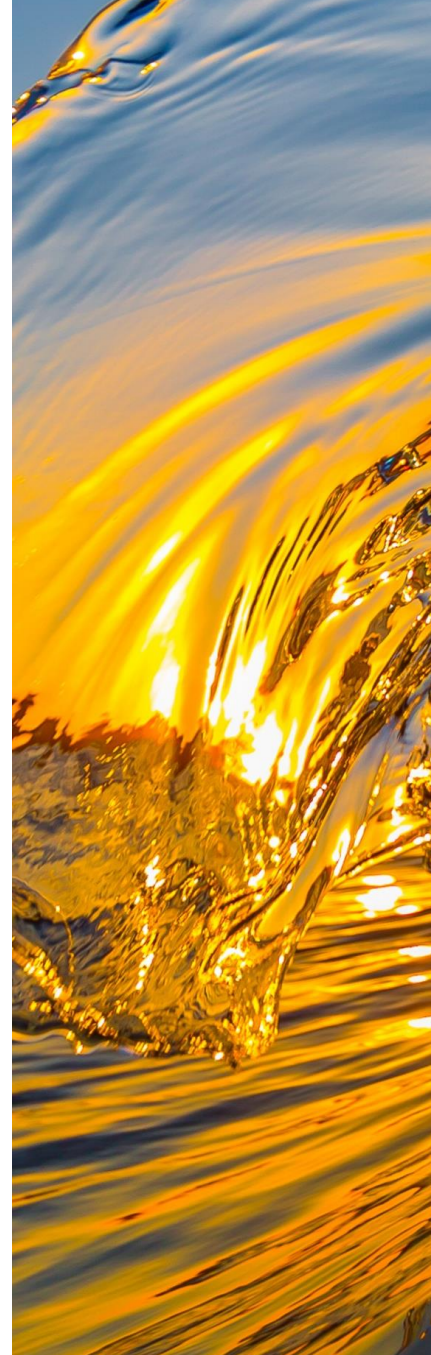
Summary of portfolio changes

Equities – We have continued the gradual reduction of our equity exposure, decreasing our allocation to developed and emerging market equities across most portfolios. We continue to expect a developed market recession by the end of the year, and it seems as though investors are becoming more optimistic about the potential to avoid one, so we have decided to lean against this. Within equities, we have reduced our US equity exposure for our Index portfolios into global minimum volatility equities. Additionally, we have recently held a positive view on Japanese equities as explained in the last communication, but we have reduced exposure following a windfall gain for the asset class after the Bank of Japan's decision to raise its target for long term yields.

Manager research – A number of manager changes have taken place in our portfolios. Within equities, we continue to favour a bias to defensive qualities and, as such, for the second quarter running, we have increased our exposure to the Wellington Global Stewards Fund, providing our portfolios exposure to the 'quality' factor which has been a notable outperformer in recent months. Within UK equities, we have reduced our exposure to the Schroder Recovery Fund in favour of the Evenlode Income Fund for the same reason. For our index model portfolios, we have introduced an allocation to the Legal & General Strategic Bond Fund. This follows the increase in allocation to absolute return (see comment further below under 'Alternatives'), along with a desire to introduce an active fixed income-orientated strategy which we believe can add value across various fixed income markets in what is likely to remain an uncertain period for fixed income assets.

Bonds – We believe that duration exposure from assets such as developed market government bonds can offer protection for portfolios in the event of a global recession (which we forecast as more likely than not), particularly given the higher starting point for yields now versus pre-2022. As such, we have broadly retained our duration exposure, with marginal changes for some portfolios. We have also reduced exposure to global investment-grade credit across most portfolios. We have seen credit spreads narrow in recent months following a period of strong performance. Global investment-grade credit was an asset class to which we added exposure when spreads looked attractive; the narrowing of spreads has been a positive contributor to performance and therefore we have decided that it is prudent for our portfolios to take profits on this position and await the next opportunity to reinvest into the asset class. We have redirected part of the proceeds into US treasuries to ensure the overall duration of our portfolios remain the same. We have also added to emerging market hard currency debt across portfolios on attractive valuation grounds.

Alternatives – We have further reduced exposure to listed infrastructure across most of the portfolios. The asset class performed well in 2022 compared to bonds and equities. This outperformance was greater than expected, even allowing for the inflationary backdrop which tends to benefit the asset class, and it now has less appealing valuations relative to bonds and equities. As a result, we have decided to reduce exposure slightly for the second quarter running. We also have a slightly reduced exposure to the technology funds we use, following some of the extremely strong performance from tech stocks in the early stages of 2023. To offset the large increase in cash that would have resulted from the reduction in equities, credit and infrastructure, we have increased our exposure to absolute return, which should result in an overall balance between risk and return.



Summary of portfolio changes – allocation changes

Index Model Portfolio Changes	1	2	3	4	5	6	7
L&G UK Index Trust	+0.5%	+0.5%	+0.5%	+0.5%	+1.0%	+0.5%	+0.5%
L&G UK Mid Cap Index	+0.0%	+0.0%	+0.0%	-0.5%	-0.5%	+0.0%	+0.0%
L&G European Index Trust	+0.5%	+0.5%	+0.0%	+0.5%	+0.5%	+0.5%	+0.5%
L&G US Index Trust	-1.5%	-2.0%	-2.5%	-3.5%	-5.5%	-7.3%	-8.5%
UBS MSCI World Min Vol Index	+1.5%	+2.5%	+2.5%	+4.5%	+6.5%	+7.8%	+9.5%
L&G Japan Index Trust	-1.0%	-1.0%	-1.0%	-1.5%	-2.0%	-1.5%	-2.0%
L&G Pacific Index Trust	+0.0%	-0.5%	-0.5%	-0.5%	-0.5%	+0.0%	+0.0%
L&G Global Emerging Markets Index Fund	+0.0%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	+0.0%
Vanguard Global Small Cap Index	+0.0%	+0.0%	+0.0%	-0.5%	-0.5%	+0.0%	+0.0%
L&G EM Govt Bond USD Index	+0.5%	+0.5%	+0.5%	+0.5%	+1.0%	+0.5%	+0.0%
L&G Emerging Markets Government Bond Local Currency Index	+0.0%	+0.0%	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%
L&G Sterling Corporate Bond Index	+0.5%	+0.0%	+0.0%	-1.5%	-1.0%	+0.0%	+0.0%
L&G Short Dated Sterling Corporate Bond	+0.0%	-1.0%	-1.0%	-0.5%	+0.0%	+0.5%	+0.0%
Robeco Global Credits GBP Hedged	-9.0%	-5.0%	-5.0%	-4.0%	-3.0%	-3.0%	+0.0%
L&G All Stocks Gilt Index	-1.0%	-1.0%	-1.5%	+0.0%	+0.0%	-1.0%	+0.0%
Vanguard Euro Government Bond Index GBP Hedged	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%	+0.0%	+0.0%
L&G Global Inflation Linked Bond Index	+3.5%	+2.5%	+2.5%	+2.0%	+1.5%	+0.0%	+0.0%
L&G All Stocks Index Linked Gilt Index	+0.0%	+0.0%	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%
Vanguard US Govt Bond Index GBP Hedged	+2.5%	+1.5%	+2.0%	+1.0%	+0.5%	-1.0%	+0.0%
L&G Multi-Asset Target Return	-0.3%	-0.3%	-0.3%	+0.8%	+0.0%	+1.5%	+0.0%
L&G Strategic Bond Fund	+1.3%	+1.3%	+1.3%	+1.3%	+1.0%	+1.0%	+0.3%
L&G Global Real Estate Dividend Index	+0.0%	+0.0%	+0.0%	+0.0%	+0.0%	+0.5%	+0.0%
L&G Global Infrastructure Index	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
L&G Cash Trust	+2.5%	+2.5%	+3.0%	+2.5%	+0.5%	+2.0%	+0.0%
Blended Model Portfolio Changes	1	2	3	4	5	6	7
Evenlode Income	+0.5%	+0.5%	+0.5%	+1.0%	+1.5%	+1.5%	+1.8%
Schroder Recovery	-0.3%	-0.3%	-0.5%	-0.8%	-0.8%	-1.3%	-1.5%
L&G UK Index Trust	+0.0%	+0.0%	+0.3%	+0.0%	+0.3%	+0.0%	+0.0%
Jupiter UK Mid Cap	+0.0%	+0.0%	+0.0%	-0.3%	-0.3%	+0.0%	+0.0%
Artemis Income	+0.3%	+0.3%	+0.3%	+0.0%	+0.0%	+0.3%	+0.3%
BlackRock European Dynamic	+0.3%	+0.0%	+0.0%	+0.3%	+0.0%	+0.0%	+0.3%
L&G European Index Trust	+0.3%	+0.5%	+0.0%	+0.3%	+0.3%	+0.5%	+0.0%
Lightman European Fund	+0.0%	+0.0%	+0.0%	+0.0%	+0.0%	+0.0%	+0.3%
L&G US Index Trust	-0.5%	-0.3%	-1.0%	-1.0%	-1.5%	-1.8%	-1.3%
UBS MSCI World Min Vol Index	+0.0%	+0.3%	+0.0%	+0.5%	+0.5%	+0.3%	+0.3%
L&G Japan Index Trust	-0.8%	-0.5%	-0.5%	-0.5%	-0.8%	-0.3%	-0.3%
JPM Japan	-0.3%	-0.5%	-0.5%	-1.0%	-1.3%	-1.3%	-1.8%
L&G Pacific Index Trust	+0.0%	-0.3%	-0.3%	-0.3%	-0.3%	+0.0%	+0.0%
Jupiter Asian Income	+0.0%	-0.3%	-0.3%	-0.3%	-0.3%	+0.0%	+0.0%
L&G Global Emerging Markets Index Fund	+0.0%	-0.5%	-0.3%	-0.5%	-0.5%	-0.5%	+0.0%
Federated Hermes Global Emerging Markets SMD	+0.0%	+0.0%	-0.3%	+0.0%	+0.0%	+0.0%	+0.0%
Wellington Global Stewards	+0.5%	+0.5%	+1.0%	+1.0%	+1.5%	+2.0%	+2.0%
L&G EM Govt Bond USD Index	+0.5%	+0.5%	+0.5%	+0.5%	+1.0%	+0.5%	+0.0%
L&G Emerging Markets Government Bond Local Currency Index	+0.0%	+0.0%	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%
L&G Sterling Corporate Bond Index	+0.5%	+0.0%	+0.0%	-1.5%	-1.0%	+0.0%	+0.0%
L&G Short Dated Sterling Corporate Bond	+0.0%	-1.0%	-1.0%	-0.5%	+0.0%	+0.5%	+0.0%
Robeco Global Credits GBP Hedged	-9.0%	-5.0%	-5.0%	-4.0%	-3.0%	-3.0%	+0.0%
L&G All Stocks Gilt Index	-1.0%	-1.0%	-1.5%	+0.0%	+0.0%	-1.0%	+0.0%
Vanguard Euro Government Bond Index GBP Hedged	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%	+0.0%	+0.0%
L&G Global Inflation Linked Bond Index	+3.5%	+2.5%	+2.5%	+2.0%	+1.5%	+0.0%	+0.0%
L&G All Stocks Index Linked Gilt Index	+0.0%	+0.0%	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%
Vanguard US Govt Bond Index GBP Hedged	+2.5%	+1.5%	+2.0%	+1.0%	+0.5%	-1.0%	+0.0%
Pictet Clean Energy	+1.0%	+1.0%	+1.0%	+2.0%	+1.0%	+2.5%	+0.5%
L&G Global Real Estate Dividend Index	-0.3%	+0.0%	+0.0%	+0.0%	-0.3%	-0.3%	+0.0%
L&G Global Infrastructure Index	-0.3%	-0.5%	-0.5%	-0.5%	-0.3%	-0.3%	-0.5%
L&G Cash Trust	+2.5%	+2.5%	+3.0%	+2.5%	+0.5%	+2.0%	+0.0%
ESG Model Portfolio Changes	1	2	3	4	5	6	7
ASI UK Responsible Equity	+0.0%	-0.3%	+0.0%	+0.0%	+0.0%	+0.0%	+0.3%
L&G Future World ESG UK Index	-0.3%	+0.0%	+0.0%	-0.5%	-0.3%	+0.5%	+0.5%
Liontrust Sustainable Future Euro Growth	+0.0%	+0.0%	+0.0%	+0.3%	+0.3%	+0.3%	+0.3%
ASI Europe ex UK Ethical Equity	+0.5%	+0.0%	+0.0%	+0.3%	+0.3%	+0.5%	+0.0%
L&G Future World ESG Europe ex UK Index	+0.3%	+0.0%	+0.0%	+0.3%	+0.3%	+0.3%	+0.0%
L&G Future World ESG North America Index	+0.5%	+0.5%	+0.5%	+0.5%	+0.5%	+0.0%	-0.3%
L&G Future World ESG Japan Index	-1.0%	-1.0%	-1.0%	-1.0%	-1.5%	-1.5%	-1.5%
Stewart Investors Apac Leaders Sustainability	+0.0%	-0.3%	-0.3%	-0.3%	-0.3%	+0.0%	+0.0%
L&G Future World ESG Asia Pacific ex Japan Index	+0.0%	-0.3%	-0.3%	-0.3%	-0.3%	+0.0%	+0.0%
L&G Future World ESG Emerging Markets Index	+0.0%	-0.5%	-0.5%	-0.5%	-0.5%	+1.0%	+0.0%
Schroder Global Sustainable Value	+0.0%	+0.0%	+0.0%	+0.5%	-0.5%	+0.0%	+0.0%
Wellington Global Stewards	+0.5%	+0.5%	+0.5%	+0.5%	+0.5%	+1.0%	+0.8%
L&G Emerging Markets Government Bond Local Currency Index	+0.0%	+0.0%	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%
Amundi EM Green Bond	+0.5%	+0.5%	+0.5%	+0.5%	+1.0%	+0.0%	+0.0%
Liontrust Sustainable Future Corporate Bond	-0.3%	+0.5%	+0.0%	-0.7%	+0.0%	+2.0%	+0.0%
Robeco Global SDG Credits GBP Hedged	-9.0%	-5.5%	-5.0%	-4.0%	-3.0%	-3.0%	+0.0%
L&G All Stocks Gilt Index	-1.3%	-0.7%	-1.8%	-0.8%	+0.0%	+1.3%	+0.0%
Vanguard Euro Government Bond Index GBP Hedged	+0.0%	+0.0%	+0.5%	+0.0%	+0.5%	+0.0%	+0.0%
L&G Global Inflation Linked Bond Index	+3.5%	+2.5%	+2.5%	+2.0%	+1.0%	+0.5%	+0.0%
L&G All Stocks Index Linked Gilt Index	+0.0%	+0.0%	+0.0%	+0.0%	+0.5%	+0.0%	+0.0%
Vanguard US Govt Bond Index GBP Hedged	+2.5%	+1.5%	+1.5%	+1.5%	+0.5%	-1.0%	+0.0%
Pictet Clean Energy	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	+0.0%
L&G Global Infrastructure Index	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	+0.0%
BNY Mellon Sustainable Global Dynamic Bond	+1.0%	+1.0%	+0.5%	+2.0%	+0.0%	+0.5%	+0.0%
L&G Cash Trust	+3.0%	+2.0%	+2.8%	+1.3%	+1.3%	+0.8%	+0.0%

Source: LGIM, as at 24 February 2023

Target asset allocation – index growth

Fund Name	Active/Index	Asset class	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6	MPS 7
Equities			13.50%	22.50%	27.00%	41.50%	58.50%	77.00%	98.00%
L&G UK Index Trust	Index	UK Equities	3.50%	4.00%	6.00%	8.50%	12.00%	15.00%	16.50%
L&G UK Mid Cap Index	Index	UK Small Cap Equities	2.00%	2.00%	2.00%	1.50%	2.50%	4.00%	5.00%
L&G European Index Trust	Index	European Equities	1.50%	4.00%	4.50%	8.50%	10.00%	12.00%	14.50%
L&G US Index Trust	Index	US Equities	2.50%	4.25%	4.75%	7.50%	10.00%	13.25%	17.50%
UBS MSCI World Min Vol Index	Index	US Equities	1.50%	2.50%	2.50%	4.50%	6.50%	7.75%	9.50%
L&G Japan Index Trust	Index	Japanese Equities	0.50%	1.50%	1.50%	3.50%	4.50%	6.50%	8.50%
L&G Pacific Index Trust	Index	Asia Pacific ex Japan Equity	1.00%	1.50%	1.50%	2.50%	4.50%	6.00%	8.00%
L&G Global Emerging Markets Index Fund	Index	Emerging Market Equity	0.50%	2.00%	3.50%	4.50%	7.50%	11.00%	15.50%
Vanguard Global Small Cap Index	Index	Small-cap Equity	0.50%	0.75%	0.75%	0.50%	1.00%	1.50%	3.00%
Credit and Emerging Market Debt			31.50%	32.50%	34.00%	29.50%	19.50%	13.50%	0.00%
L&G High Income Trust	Active	High Yield	3.50%	3.50%	4.50%	4.50%	3.50%	2.50%	0.00%
L&G EM Govt Bond USD Index	Index	EMD Hard Currency	3.50%	5.00%	5.00%	4.50%	4.00%	3.50%	0.00%
L&G Emerging Markets Government Bond Local Currency Index	Index	EMD Local Currency	3.50%	5.00%	5.00%	4.50%	4.00%	3.00%	0.00%
L&G Sterling Corporate Bond Index	Index	Sterling Credit	10.00%	10.00%	10.00%	7.50%	4.00%	2.50%	0.00%
L&G Short Dated Sterling Corporate Bond	Index	Short-Dated Sterling Credit	6.00%	5.00%	5.00%	4.50%	3.00%	1.00%	0.00%
Robeco Global Credits GBP Hedged	Active	Global Credit	5.00%	4.00%	4.00%	4.00%	1.00%	1.00%	0.00%
Government Bonds			34.00%	21.00%	17.00%	11.00%	8.00%	0.00%	0.00%
L&G All Stocks Gilt Index	Index	UK Sovereign	6.00%	5.00%	3.00%	2.00%	2.00%	0.00%	0.00%
Vanguard Euro Government Bond Index GBP Hedged	Index	EU Sovereign	6.00%	2.00%	2.50%	1.00%	1.00%	0.00%	0.00%
L&G Global Inflation Linked Bond Index	Index	Global Inflation Linked	10.00%	7.50%	5.00%	4.00%	2.00%	0.00%	0.00%
L&G All Stocks Index Linked Gilt Index	Index	UK Sovereign Inflation-Linked	2.00%	2.00%	1.00%	1.00%	1.00%	0.00%	0.00%
Vanguard US Govt Bond Index GBP Hedged	Index	US Sovereign	9.50%	4.50%	5.00%	3.00%	2.00%	0.00%	0.00%
Alternatives			7.50%	12.00%	12.00%	12.50%	10.00%	7.00%	1.50%
L&G Multi-Asset Target Return	Active	Absolute Return	2.75%	2.75%	2.75%	2.75%	2.00%	2.50%	0.25%
L&G Strategic Bond Fund	Active	Absolute Return	1.25%	1.25%	1.25%	1.25%	1.00%	1.00%	0.25%
L&G Global Real Estate Dividend Index	Index	Global Property (REITs)	2.00%	4.00%	4.00%	4.00%	3.50%	2.00%	0.50%
L&G Global Infrastructure Index	Index	Global Infrastructure	1.50%	3.50%	3.50%	3.50%	3.00%	1.50%	0.50%
L&G Global Technology Index	Index	Technology	0.00%	0.50%	0.50%	1.00%	1.00%	0.00%	0.00%
Cash			13.50%	12.00%	10.00%	5.50%	3.50%	2.50%	0.50%
L&G Cash Trust	Index	Cash	13.50%	12.00%	10.00%	5.50%	3.50%	2.50%	0.50%

Source: LGIM, as at February 2023

Target asset allocation – blended growth

Fund Name	Active/Index	Asset class	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6	MPS 7
Equities			13.50%	22.50%	27.00%	41.50%	58.50%	77.00%	98.00%
Evenlode Income	Active	UK Equities	1.25%	1.50%	2.00%	3.00%	4.25%	5.25%	5.75%
Schroder Recovery	Active	UK Equities	0.75%	0.75%	1.25%	1.75%	2.50%	3.00%	3.25%
L&G UK Index Trust	Index	UK Equities	0.50%	0.75%	1.25%	1.50%	2.50%	3.00%	3.25%
Jupiter UK Mid Cap	Active	UK Small Cap Equities	1.00%	1.00%	1.00%	0.75%	1.25%	2.00%	2.50%
Artemis Income	Active	UK Equities	2.00%	2.00%	2.50%	3.00%	4.25%	5.75%	6.75%
BlackRock European Dynamic	Active	European Equities	0.50%	1.25%	1.25%	2.25%	2.50%	3.00%	3.75%
L&G European Index Trust	Index	European Equities	0.75%	2.50%	2.50%	5.00%	5.75%	7.25%	8.50%
Lightman European Fund	Active	European Equities	0.25%	0.50%	0.75%	1.25%	1.50%	1.75%	2.25%
L&G US Index Trust	Index	US Equities	1.50%	3.00%	3.00%	5.00%	7.50%	9.75%	12.50%
UBS MSCI World Min Vol Index	Index	US Equities	1.50%	2.50%	2.50%	4.50%	6.50%	7.75%	9.50%
L&G Japan Index Trust	Index	Japanese Equities	0.25%	1.00%	1.00%	2.50%	3.25%	4.50%	6.00%
JPM Japan	Active	Japanese Equities							