

# Legal & General (Unit Trust Managers) Limited

UCITS V Remuneration policy summary

# Introduction

**Legal & General (Unit Trust Managers) Limited ('LGUTM') is authorised and regulated by the Financial Conduct Authority (FCA) and has the regulatory permissions necessary to act as a UCITS management company in the UK. It also acts as the alternative investment fund manager ('AIFM') to a range of UK non-UCITS retail schemes and a common investment fund, which are classified as alternative investment funds under AIFMD.**

LGUTM acts as the authorised corporate director to this authorised UCITS fund and it is therefore responsible for the day-to-day management of this fund or for each sub-fund that sits within this umbrella and it is also responsible for appointing delegates to act as discretionary investment manager on its behalf.

The UCITS legislation requires that UCITS management companies put in place remuneration policies and practices that:

- are consistent with and promote sound and effective risk management of the UCITS;
- do not encourage risk taking which is inconsistent with the risk profiles or fund rules governing the relevant UCITS; and
- do not impair compliance with the UCITS manager's duty to act in the best interests of the UCITS and its underlying investors
- are in line with the business strategy, objectives, values and interests of the management company and the UCITS which it manages and of the investors in those UCITS; and
- include measures to avoid conflicts of interest.

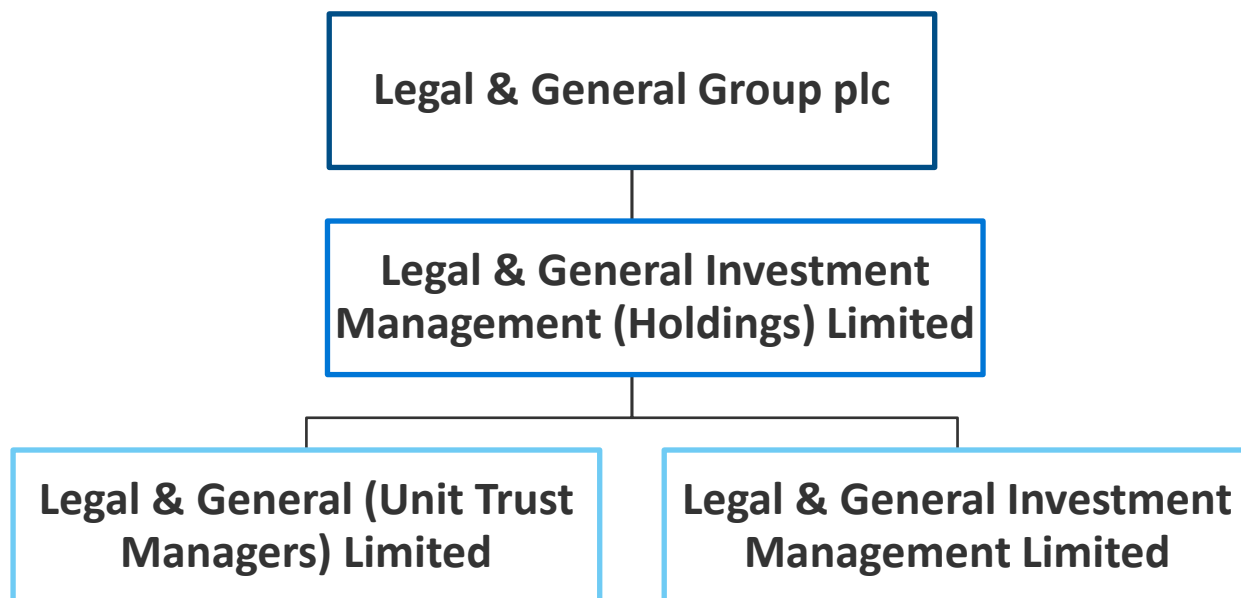
All UCITS management companies must disclose information regarding their remuneration policies in order to give visibility of their remuneration practices to both existing and prospective investors. In particular, the UCITS management company must ensure:

- the remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee exists;
- fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff, and is limited to the first year of engagement;
- the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- it will only pay variable remuneration if it is sustainable according to the UCITS manager's financial situation as a whole;

- a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the UCITS concerned and is correctly aligned with the nature of the risks of the UCITS in question. The period referred to in this point shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred;
- subject to the legal structure of the UCITS and its fund rules or instruments of incorporation, a substantial portion, and in any event at least 50%, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this point, unless the management of the UCITS accounts for less than 50% of the total portfolio managed by the management company, in which case the minimum of 50% does not apply;
- payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure; and
- the pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages.

#### LGUTM company structure

Legal & General (Unit Trust Managers) Limited ('LGUTM') is a wholly owned subsidiary of Legal & General Investment Management (Holdings) Limited ('LGIM(H)'). Its primary delegate for the provision of investment management services as well as promotion and distribution of its UCITS fund range is Legal & General investment Management Limited ('LGIM'), which is also a wholly owned subsidiary of LGIM(H).



### LGUTM Europe business mix

- LGUTM acts as the authorised fund manager ('AFM') to a range of 59 FCA authorised unit trusts (AUTs) which are all UCITS schemes
- LGUTM acts as the authorised fund manager ('AFM') to a range of four FCA authorised unit trusts (AUTs) which are all non UCITS retail schemes ('NURS') subject to AIFMD
- LGUTM acts as the authorised corporate director ('ACD') to the Legal & General Investment Management Funds ICVC, an FCA authorised UCITS umbrella company with two live sub-funds
- LGUTM acts as the authorised scheme manager ('ASCS') to the Legal & General authorised contractual scheme, an FCA authorised UCITS umbrella structure with 15 sub-funds, with two live sub-funds
- LGUTM acts as the authorised fund manager ('AFM') to the Legal & General Multi-Index Funds, an FCA authorised umbrella unit trust company with 13 sub-funds, which are all non UCITS retail schemes ('NURS') subject to AIFMD
- LGUTM acts as the authorised corporate director ('ACD') to Legal & General Investment Funds ICVC, a single sub-fund open ended investment company, whose sole sub-fund is a property alternative investment fund ('PAIF') subject to AIFMD
- LGUTM acts as the manager to the Charities AID Foundation UK Equitrack Fund, a common investment fund that is subject to AIFMD

LGIM Europe acts as UCITS management company to Legal & General UCITS ETF plc, a Central Bank of Ireland authorised UCITS umbrella with 51 sub-funds and segregated liability between sub-funds, only 28 of which have been launched.

Umbrella Company	Status	AUM	Total AUM (%)
Legal & General Authorised Contractual Scheme	UCITS Umbrella	£3,887,000,000.00	5.96%
Legal & General Investment Management Funds ICVC	UCITS Umbrella	£3,195,000,000.00	4.90%
Authorised Unit Trusts (various)	UCITS	£50,066,000,000.00	76.83%
Authorised Unit Trusts (various)	AIF - NURS	£7,767,000,000.00	11.92%
Common Investment Funds	AIF - CIF	£253,000,000.00	0.39%
	<b>Total</b>	<b>£65,168,000,000.00</b>	<b>100.00%</b>

As per the table above more than 50% of the assets under management (AUM) held within pooled investment mandates that the UTM acts as management company for is held in funds which are subject to the UCITS Directive, with the remaining 12.31% held in funds subject to the AIFMD Directive. This information is correct as at the 31 December 2020 and the business mix will be reviewed annually over time.

## Practical application

**It is important to note that LGUTM does not contractually employ any full-time or even part-time employees; therefore it pays no remuneration, either fixed or variable to any individuals itself. However, LGUTM does have individuals contractually employed by its holding company Legal & General Investment Management (Holdings) Limited ('LGIM(H)') or by a group affiliate Legal & General Resources Limited ('LGR') that are engaged by LGUTM to fulfil controlled functions on behalf of the LGUTM. LGUTM also delegates significant risk-taking activities to its primary delegate, Legal & General Investment Management Limited ('LGIM'); the individuals acting on behalf of LGIM are also contractually employed by the same holding company.**

LGUTM will be entirely reliant on the remuneration policy of LGIM(H) and LGR to ensure that both individuals undertaking controlled functions on its behalf and those individuals whose professional activities have a material impact on the risk profile of the UCITS management company or the UCITS which they manage are remunerated in a fashion that is consistent with, if not exactly the same as, the UCITS V remuneration requirements.

LGIM(H) subsidiaries including, but not limited to, LGUTM and LGIM(H) and LGR are potentially subject to a number of remuneration regimes, including BIPRU, AIFMD, Solvency II, CRD IV as well as UCITS V. Therefore, to the fullest extent possible, LGIM(H) and LGR will seek to apply a single remuneration policy for all its employees that is consistent with the requirements of these varying directives. However, it will also apply the concept of proportionality to allow for the payment of deferred variable remuneration in the shares of Legal & General Group plc, as opposed to payment solely being made in the shares of a particular UCITS or range of UCITS.

The remuneration policy that has been put in place by LGIM(H) and LGR is consistent with the overarching group-wide remuneration policy, which is applied across Legal & General Group plc, and is overseen by the group remuneration committee, which operates within a documented term of reference. The policy is designed to reward investment professionals and other senior management personnel for long-term performance of the assets which they manage, and it substantively observes the principles enshrined within the UCITS V directive. The policy will be under regular review and updated to ensure that it is consistent with FCA expectation and wider market practice. The key features of the remuneration policy include:

- a documented appraisal process that ensures that individual performance is reviewed against objectives and seeks to ensure the fair treatment of customers;
- a specific percentage of any variable remuneration that is paid is deferred and is typically paid in non-cash instruments, namely in the shares of Legal & General Group plc as well as specific UCITS funds in certain cases; these shares must be held for a specified period of time (usually three years) before they can be sold;
- the concepts of malus and clawback exist and are legally enforceable depending on the nature of an employee's departure, i.e. they are a 'good' leaver or a 'bad' leaver.
- further details regarding the LGIM(H) and LGR remuneration policies will be published during 2021 on its website <http://www.lgim.com/uk/en/remuneration/>

## Disclosure

LGIM(H) and LGR will ensure that appropriate information is made available to LGUTM to ensure that suitable disclosures are made to the investors in LGUTM's UCITS funds, for the individuals employed to fulfil controlled functions on behalf of LGUTM, for the named lead fund manager and the investment desk which they work within. Context will be provided by disclosing the AUM of the particular UCITS fund, against the AUM managed by the named fund manager and the investment desk which they work within. The requisite disclosures will be made in the annual reports and accounts. The fact that LGUTM has no contractual employees does not mean that investors in its UCITS will not have transparency regarding the remuneration of the key risk takers involved in the management of their fund.

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## Important information

Legal & General Investment Management

One Coleman Street

London

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Authorised and regulated by the Financial Conduct Authority.

Legal & General Investment Management does not provide advice on the suitability of its products or services.

Ultimate holding company - Legal & General Group plc.

Issued by Legal & General (Unit Trust Managers) Limited as management company for various UCITS schemes.

Registered in England and Wales No. 01009418. Registered Office: One Coleman Street, London, EC2R 5AA.

Authorised and Regulated by the Financial Conduct Authority No. 119273. We are members of the Investment Association.

Legal & General Investment Management Limited has been appointed as the discretionary investment manager for many of these UCITS schemes, it is authorised and regulated by the Financial Conduct Authority No. 119272.

All features described in this policy are those current at the time of publication and may be changed in the future. Nothing in this policy should be construed as advice and it is therefore not a recommendation to buy or sell securities. If in doubt about the suitability of any investment, you should seek professional advice. Copies of the prospectus, key investor information document, annual and semi-annual reports & accounts are available free of charge on request or at [www.legalandgeneral.com](http://www.legalandgeneral.com)

This document is only directed at investors resident in jurisdictions where our funds are registered for sale. It is not an offer or invitation to persons outside of those jurisdictions. We reserve the right to reject any applications from outside of such jurisdictions.