

## TAKING OUR INVESTMENT EXPERTISE TO THE WORLD'S BIGGEST MARKETS



Large opportunities exist to export our expertise to continue to build our successful investment management business

internationally. With total private wealth estimated to reach \$210 trillion in 2019, we've barely started to scratch the surface, managing just around 1% of global assets, despite being the world's 15th largest asset manager. We have significant potential for further growth, especially in the US and Asia, despite recent market volatility. Key growth areas in international markets are DC pensions, LDI, real assets and fixed income.

### Taking our US business to a new level

The US continues to be the world's largest pensions market with an estimated \$22 trillion of assets in 2015. Willis Towers Watson's 2016 'Global Pensions Asset Management' survey shows that the US has 60% of US pension assets in DC funds compared to

32% in the UK and just 4% in Japan. The US is our most significant growth market. We now have around 124 institutional clients compared to just 16 in 2011.



### Total private global financial wealth is estimated to reach \$210 trillion in 2019 – with 63% in Asia and North America"

BCG GLOBAL WEALTH PERSPECTIVES  
June 2015

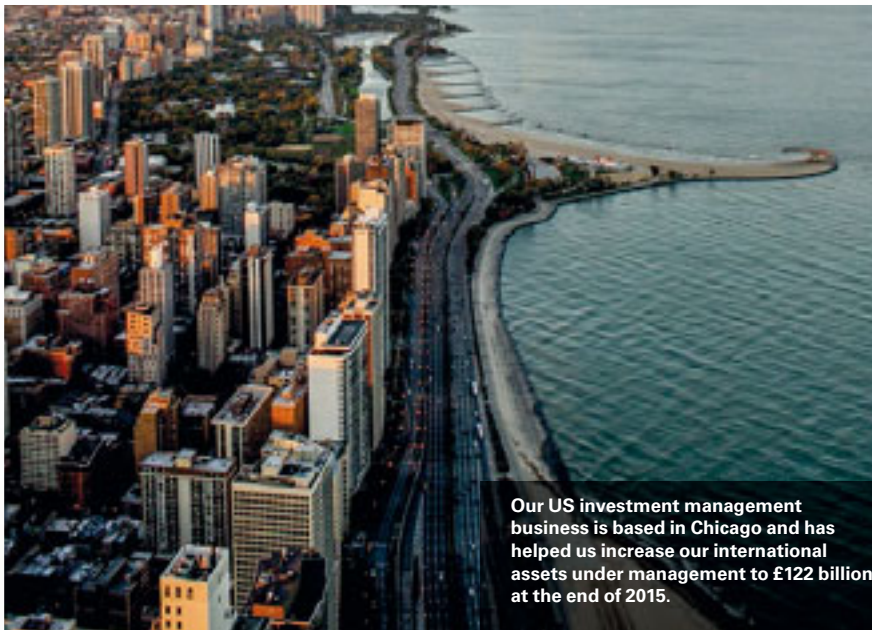
### Around \$2.8 trillion of US defined benefit private sector liabilities

Our strong position in US LDI, with \$8.7 billion of assets under management, includes managing assets on behalf of five of the top ten largest US corporate DB plans. We're now expanding our LDI distribution to provide a full spectrum of LDI solutions. A successful LDI business creates synergy benefits across Legal & General's broader US pension derisking business. Our US investment management business provides the investment management capabilities for our retirement business as it expands into the US, including our recently announced \$450 million bulk annuity contract with Royal Philips.

#### Gross financial assets

	US	€56,456bn
	China	€14,223bn
	Japan	€12,063bn
	UK	€7,642bn

Source: Allianz Global Wealth Report 2015



Our US investment management business is based in Chicago and has helped us increase our international assets under management to £122 billion at the end of 2015.

## 61%

growth in AUM in the Chinese asset management industry to 6.7 trillion RMB (US\$1.1 trillion) in the year ended 31.12.14 in a 2015 report by Fitch ratings.



Further diversification of our US investment management business saw us introducing new index propositions in 2015 and winning a first multi-billion dollar US index mandate. Additionally, we launched a collective investment trust to target US clients.

### Entering flourishing Asian markets

Asian markets remain fundamentally attractive despite recent turbulent conditions in Chinese equity markets caused by weakening economic growth rates. Wealth in the Asia-Pacific regions represented around one third of the world's economy and global finance at the start of 2015. There's great potential as the region's share of global AUM is only around 15%. Our strategy has been to focus on populous high-growth economies that have the lowest AUM penetration rates. In 2015 we took some first steps in Asia, by announcing that we were

entering the markets of Japan, Korea and Taiwan.

Our Tier 1 strategy focuses on segregated mandates, primarily index and active fixed income, for large Asian sovereign wealth funds and other national institutions and aims to leverage our existing capabilities in pensions, institutional investments and lifetime savings. In Asia, the pensions industry has huge potential for growth, with a rapidly ageing population and a growing need for segregated mandates for large Asian sovereign wealth funds. In 2015, we achieved four mandate wins across two new clients totalling \$1.4 billion.

Our Tier 2 strategy focuses on utilising core investment management capabilities (institutional, pensions and insurance), which are consistent with market and demographic

trends. In September 2015 we announced a co-operation agreement with Meiji Yasuda Life Insurance Company, Japan's third largest insurance company. We will provide global fixed income investment management services to create products primarily for Japanese public and corporate pension funds.



## Over 60s in China are projected to increase from 10.1% in 2000 to 29.9% in 2050"

POPULATION DIVISION, DESA, UNITED NATIONS

### Changing focus for Legal & General America (LGA)

In 2015, LGA appointed Gene Gilbertson as President and Chief Executive Officer following his successful work in leading the management of a transformational US capital management programme, which has resulted in growing cash generation. LGA has gross written premiums of \$1.2 billion and has over one million policies. LGA's strategy is to capitalise on new opportunities in the US protection and pension risk transfer markets and support LGIM's US investment capabilities.

SEE THE ONLINE FAST READ  
[www.legalandgeneralgroup.com/2015fastread](http://www.legalandgeneralgroup.com/2015fastread)

### MANAGING THE RISKS

We continue to invest in our system capabilities, business processes and people to ensure that as we grow our business internationally we meet the expectations of all our clients, comply with regulation and mitigate the risks of loss or reputational damage from operational failure and external events.