

LGIM launches climate transition index fund

The fund excludes fossil fuels, tobacco, weapons and UN Global Compact violators

It provides sophisticated and diversified exposure to the opportunities arising from the low-carbon energy transition

Legal & General Investment Management (LGIM) has launched a tilted climate transition index equity fund for DB and DC investors.

The FTSE TPI Global (ex Fossil Fuels) Equity Index Fund is based on FTSE Russell's FTSE Global Equity Index Series. The fund tracks a range of global and diversified securities, weighted according to the risks and opportunities arising from the global transition to a low carbon economy.

The fund constituents are adjusted based on their fossil fuel reserves, carbon emissions and green revenues, as well as on the Transition Pathway Initiative (TPI) analysis of how the world's largest and most carbon intensive public companies are managing the climate transition. Additionally, the fund excludes fossil fuel, tobacco, controversial weapons and UN Global Compact violators.

The aim of this index fund is to provide sophisticated and diversified exposure to companies that are more aligned to the Paris Agreement and the benefits of the climate transition, while going beyond a narrow focus on carbon emissions and fossil fuel.

Mark Johnson, Head of Institutional Clients at LGIM, said:

“With the advent of new pensions regulation, demand for index-based solutions that capture the climate transition and the goals of the UN Paris Agreement is set to increase. This fund serves to meet the needs of investors who are looking to reduce or remove their portfolios’ exposure to companies lagging on climate factors as well as other social considerations.

“LGIM continues to take its investment stewardship responsibilities seriously and hold companies to account on their progress towards net zero, through our Climate Impact Pledge engagement which leverages TPI data. We engage with the companies we are invested in, to influence and change company and market behaviours with the aim to achieve positive societal impact and long-term value for our investors.

“The launch of this fund follows LGIM signing up to the Net Zero Asset Managers initiative. This is part of our commitment to accelerate our work with clients to analyse climate risks and opportunities to help them set and meet decarbonisation goals for their portfolios.”

The fund has received an initial investment from the Atos UK Pension Schemes and will also be offered as an investment option on the PensionBee platform.

Tegs Harding, trustee of the Atos UK Pension Schemes said:

“We are pleased to be partnering with Redington and LGIM through the launch of this fund. We are excited for the opportunity to be one of the first investors in the fund. This represents an important step in our ambition to move towards a net zero target by 2035, which is fully aligned with the sponsor’s own net zero ambition. As trustee it is our job to manage the material financial risks in the scheme and there

is no doubt that climate change will have a material impact on the portfolio if don't make changes today. Moving the schemes equities to this fund results in a material reduction in the carbon impact of the schemes holdings on day one but importantly also has a focus on engagement activity which will continue to drive improvements in the way in which companies operate in the future.”

Clare Reilly, Chief Engagement Officer at PensionBee, commented:

“We are proud that the voices, determination and commitments of our customers have led to the launch of this new fund. If we are truly to engage people with their pensions we need to listen to their voices and offer them investment products that reflect their needs and sentiments. We are pleased to partner today with LGIM to have made that happen with fossil fuel free investing.”

Notes to editors

Key Risk Warning:

The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested.

About Legal & General Investment Management:

Legal & General Investment Management is one of Europe's largest asset managers and a major global investor, with total assets under management of £1.2 trillion (€1.4 trillion, CHF 1.5 trillion, JPY 166 trillion, \$1.5 trillion)^[1]. We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Throughout the past 40 years we have built our business through understanding what matters most to our clients and transforming this insight into valuable, accessible investment products and solutions. We provide investment expertise across the full spectrum of asset classes including fixed income, equities, commercial property and cash. Our capabilities range from index-tracking and active strategies to liquidity management and liability-based risk management solutions.

¹LGIM internal data as at 30 June 2020. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

About PensionBee:

PensionBee is a leading online pension provider, enabling customers to interact with their savings through its unique combination of smart technology and dedicated customer service.

Since it was founded in 2014 by Romi Savova, PensionBee has been a challenger in an industry ripe for disruption. It has grown rapidly by helping consumers to solve the challenges they face when it comes to locating, combining and managing their pension savings. It now counts over 115,000 active customers from 18-80 years of age with over £1.2 billion in assets under administration.

PensionBee uses its proprietary technology and Open APIs to allow customers to manage their pension, view their live balance, make contributions and withdrawals online and with the help of a smart calculator to plan their saving. It continuously engages with customers through its dedicated customer account managers and listens to feedback to develop new tools which help customers to easily plan for their retirement.

By focusing on ease of use, full transparency on fees, and jargon-free communication, PensionBee has become one of the UK's most trusted pension providers with a 95% customer retention rate and a 4.7/5.0 Excellent Trustpilot score.

Further information

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