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## LGIM launches Net Zero Global Corporate Bond Fund

*Driven by increased client demand for climate aware solutions, the L&G Net Zero Global Corporate Bond Fund is an active strategy that aims to deliver long-term returns, net zero carbon emissions and improved ESG outcomes.*

**London, 4 July 2022** - Legal & General Investment Management (LGIM), one of the world's largest asset managers, has today announced the launch of the L&G Net Zero Global Corporate Bond Fund, targeting institutional investors and wealth managers across the UK and Europe.

The Fund aims to identify long-term financial alpha across a broadly diversified global credit universe while targeting net zero emissions by 2050, as well as to provide improved portfolio temperature alignment through decarbonisation objectives and enhanced long-term outcomes through meaningful engagement with the companies in the portfolio.

By measuring the climate risk embedded in the portfolio and its climate alignment, as well as drawing on the energy transition scenario insights of LGIM's proprietary climate risk framework "destination@risk"<sup>1</sup>, the Fund adopts a progressive approach to reducing carbon emissions intensity, known as the fund's "pathway" to net zero. Its ultimate goal is to achieve 1.5C temperature alignment by 2030 and net zero emissions by 2050. The Fund is led by co-managers Matthew Rees and Enda Mulry.

The Fund also relies on LGIM's scale and influence to engage companies and policymakers through its "Climate Impact Pledge"<sup>2</sup>, a programme of engagement with the largest companies across the sectors identified as key to meeting the ambitious Paris Climate Agreement targets.

The Fund's investment process is underpinned by LGIM's Global Research & Engagement Groups (GREGs), which bring the firm's equity, credit and investment stewardship teams together. The GREGs aim to identify the ESG risks that threaten sustainability of returns, and integrate them into the credit research process at the sector and issuer level, as well as into the firm's engagement activities.

**Commenting on the fund launch, Matthew Rees, Head of Global Bond Strategies, Legal & General Investment Management (LGIM)**, said: "In their search for yield, investors are looking to access a well-diversified global credit universe that will provide them with an array of opportunities. At the same time, they want to invest in portfolios that enable them to achieve net zero emissions in line with the Paris Alignment trajectory, as well as reach better ESG outcomes. This fund has been specifically designed to help investors achieve alpha generation, as well as positive climate and wider ESG objectives."

**Volker Kurr, Head of Europe Institutional, Legal & General Investment Management (LGIM)**, added: "We are very pleased to bring this investment proposition to the market, which combines our active fixed income expertise and our leadership on Climate and Responsible Investing."

Investors are nowadays facing a large number of products offering climate and ESG outcomes. We believe that this fund is unique as it follows a clear pathway to net zero, guided by our proprietary climate framework, and benefits

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<sup>1</sup> "destination@risk" assesses climate and transition risk by overlaying additional, independent insight to the data that is most commonly available from third party agencies.

<sup>2</sup> As part of our Climate Impact Pledge, we analyse 1,000 companies and are currently divested from 14. More information can be found <https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/>

from our engagement with our invested companies and the work from GREGs on raising societal and governance standards.”

The Fund’s investments align with LGIM’s own “Future World Protection List”<sup>3</sup> baseline exclusion, raising the bar for companies to be included in the portfolio. It also uses the firm’s proprietary UN Sustainable Development Goals (SDG) scoring process to assess the long-term sustainability of issuers through their revenue generation and sustainable business practices. Issuers that demonstrate a negative alignment to one or more of the SDGs will be excluded from the portfolio.

The L&G Net Zero Global Corporate Bond Fund is available in a SICAV (and PMC) vehicle. It is registered in the UK, Ireland, Germany, Luxembourg, Finland, Italy, Norway and Sweden. The Ongoing Charges Figure (OCF) for the fund is 0.41%.

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## Key Risk Warnings

Past performance is not a guide to the future. 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. For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security. Views expressed are of LGIM as at 1 July 2022.

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## Notes to editors

### 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 £1.42 trillion (€1.69 trillion)<sup>4</sup>. We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

For more than 50 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.

<sup>3</sup> The Future World Protection List has been specifically developed for our Future World fund range. It captures companies failing to meet globally accepted business practices on human rights and sustainability, or LGIM’s minimum requirements on the carbon transition. There are three components to the list: 1. Controversial weapons; 2. UN Global Compact violation; 3. Coal companies

<sup>4</sup> LGIM internal data as at 31 December 2021. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

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