

Press release

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L&G Mastertrust first to launch multi-asset ESG default fund

The Legal & General Mastertrust has announced today that it is the first Mastertrust to launch a multi-asset ESG fund as a default option. This fund will also be made available as a default option for Legal & General's contract-based schemes.

The L&G Future World Multi-Asset Fund, which is aimed at DC schemes who wish to go further in integrating environmental, social and governance (ESG) factors into their investment strategy, is available for employers in the Sole Select Governance* section of the Mastertrust.

The fund aims to provide long-term investment growth through exposure to a diversified range of asset classes. The fund will hold L&G Future World ESG index funds, incorporating ESG considerations via tilts to the underlying standard indices. This involves the weighting of index constituents according to their performance against ESG metrics. The indices are designed by LGIM, for the core equity and credit investments.

The fund incorporates LGIM's Climate Impact Pledge, focused on speeding up the progress companies are making in addressing climate change and transitioning to a low-carbon economy. LGIM has identified the companies that are critical to the shift to a low-carbon economy and ranked them against criteria such as their commitment to this transition, board composition, strategy and transparency.

Dermot Courtier, Chair of the Legal & General Mastertrust, commented: "The launch of the L&G Future World Multi-Asset Fund as a default option for the Sole Select Governance section of the Mastertrust adds further strength to our Mastertrust proposition. Being able to offer employers more choice when it comes to selecting a default fund and responding to demand to invest in funds that are making a good social impact is crucial."

Emma Douglas, Head of DC at LGIM said, "Multi-Asset Funds are widely used in DC defaults, so being able to offer a multi-asset ESG default for members is an important next step in ESG investing for the industry. The Future World Multi-Asset Fund demonstrates our established expertise in ESG and we believe we have a duty to both our clients and wider society to help ensure the long-term success of the companies in which we invest."

A new survey**, commissioned by the Legal & General Mastertrust and the Legal & General Independent Governance Committee, released today, has found that almost 60% of the members it surveyed said it was important or very important that fund managers actively consider ESG issues such as climate change, levels of diversity and executive pay when choosing the companies in which to invest their money.

The survey also found that while 61% of respondents were happy to pay more for a fund that is actively making a positive contribution to society they were not willing to compromise returns with 65% saying that they would prefer to invest in such companies but only if returns were not affected.

Those surveyed were divided over whether incorporating ESG factors into fund decision making will improve long term returns with 37% saying they thought it would improve returns, 15% saying it wouldn't and 17% saying it would have no impact.

Respondents also said that if they knew their pension fund was making a positive impact it would increase engagement, give a positive view of their employer, and make them feel more positive about the way their pension is invested.

Dermot Courtier, added: “The survey shows that there is proven demand from members to invest in funds that incorporate ESG factors - it’s important that we all work together with savers and the industry alike to make a difference to society.”

Emma Douglas commented: “I’m particularly encouraged by the fact that over half of those surveyed said that they’d want to find out more about their pension if it was making a positive social impact.”

The Legal & General Mastertrust has pledged to plant a tree on behalf of every member who participated in the survey to help maintain the ecological value of a heavily polluted area in London. The 907 trees that will be planted will act as a screen and pollution sink.

-ENDS-

Further information:

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Notes to editors

Past performance is not a guide to future returns. The value of your investment and any income taken from it is not guaranteed and may go up and down.

* The Legal & General Mastertrust is designed to be flexible in order to meet the varying needs of participating employers and the underlying diversity of the members. There are three distinctive governance options available to participating employers:

1. Sole Governance under which participating employers delegate the entirety of the fiduciary and governance responsibilities to the Trustee
2. Sole Select Governance under which participating employers can choose an alternative Trustee approved default investment option for their employees. The default options available under this option are the L&G Pathway Funds (Target Date Funds) and now, the L&G Future World Multi-Asset Fund.
3. Shared Governance under which participating employers and their investment advisers are actively involved in the governance of their pension arrangements including on-going and regular oversight of the investment strategy with their prevailing membership demographic in mind.

** Survey conducted in Feb 2019, based on 907 respondents across Legal & General Mastertrust members, Legal & General contract scheme members and Legal & General staff members.

Legal & General Mastertrust:

Launched in 2011, the Legal & General Mastertrust has over 90 schemes and c800,000 members. It is a multi-employer scheme where each participating employer is treated as a separate scheme within

the Mastertrust. It has the Mastertrust Assurance Framework accreditation and is managed by an independent board of trustees.

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 trillion*. 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.

*LGIM internal data as at 31 December 2018. These figures include assets managed by LGIMA, and SEC Registered Investment Advisor. Data includes derivative positions.