

Press release

LGIM launches Secure Income Assets Fund for professional UK Defined Benefit pension schemes

- Aimed at professional UK Defined Benefit pension schemes with long-term time horizons
- Single point of access to diversified portfolio of private market securities

London 03.08.2020– Legal & General Investment Management (LGIM) has launched a range of Secure Income Asset Solutions for investors seeking income over the longer term.

The Legal & General Secure Income Assets Fund has an open-ended pooled structure subject to a lock-in period. The fund is designed for professional UK defined benefit pension schemes looking for stable, long-term cashflows by targeting return of gilts +2.5% per annum over a rolling three-year period, from a diversified portfolio of secure income assets, including infrastructure debt, real estate debt and private corporate debt.

For those UK pension schemes seeking a more bespoke solution, five single strategies have also been launched as separate unit-linked life funds:

- Legal & General Senior Real Estate Debt Fund
- Legal & General Investment Grade Infrastructure Debt Fund
- Legal & General Investment Grade Private Corporate Debt Fund
- Legal & General Sub-Investment Grade Infrastructure Debt Fund
- Legal & General Sub-Investment Grade Private Corporate Debt Fund.

All the Funds within the Secure Income Asset Solutions range have an open-ended pooled structure subject to a lock-in period, which enables clients to invest in secure income assets without facing any additional governance burden. This is particularly relevant for smaller schemes that may find such asset classes ordinarily out of reach due to the higher minimum investment and governance required. The flexibility of the offering means it can be adapted to suit clients' liability hedging, cashflow matching and liquidity purposes.

Through its Real Assets platform, LGIM is one of the UK's largest real assets managers, actively investing in, and managing, assets across commercial, operational and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt.

With more than £35.1 billion of assets under management, LGIM Real Assets has built and retained a strong track record of out-performance, seeking to protect the medium to long term value of its portfolio, with green principles embedded into every property and investment decision.

Mark Johnson, Head of UK Institutional Clients at LGIM, said: "The launch of the Secure Income Assets Fund meets the growing demand from our UK DB scheme clients for innovative solutions that deliver reliable income. Investing long-term capital in secure income assets offers a compelling opportunity to generate these cashflows with attractive risk-adjusted returns and the potential for long term owners of capital – insurers and pension schemes – to effect real and lasting change."

Stuart Hitchcock, Head of Portfolio Management, Private Credit, at LGIM Real Assets, said: "For investors with a long term view, secure income assets are a core part of a cashflow-driven investment strategy, delivering a breadth and depth of universe not available in the public market. By negotiating better structural protections than public market equivalents, we aim to provide improved downside protection, reduced valuation volatility and lower correlation with traditional traded assets."

“With £14 billion AUM, our Private Credit business has seen considerable success across corporate, infrastructure and real estate debt. We have invested in some of the UK’s largest economic and social infrastructure, alongside renewable projects and real estate - our focus is to deliver significant financing to both the public and private sector, in order to serve our investment clients’ cash flow needs, while making a positive social impact.”

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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.

Notes to editors

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]. 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 December 2019. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

LGIM Real Assets:

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe’s largest institutional asset managers and a major global investor. LGIM manages £1.2tn in assets (as at 31 December 2019), working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM Real Assets has AUM of £35.1 bn (as 31 December 2019) and is one of the largest private markets investment managers in the UK.

Investing in both debt and equity and across the risk/return spectrum, LGIM Real Assets actively invests in and manages assets across commercial, operational and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt. Taking a long term view in order to future proof its investments, the business continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level.