

## L&G launches Islamic Investment Proposition for DC members

### Funds aim to address a recognised need of members who would like a wider choice of Shariah compliant investment options

**London, 20 September 2024** – Legal & General ('L&G') has today announced the launch of a new Islamic Investment Proposition, aiming to address a recognised need for Muslim members to have a wider choice of Shariah-compliant investment options.

Today's announcement follows [research](#) published by L&G last year, which found a significant disparity in pension saving amongst ethnic minorities and identified a number of barriers to entry. This included a 54% ethnicity pensions gap between minority ethnicities and white British DC pension savers in the UK. By expanding the range of investment opportunities open to members, L&G views this launch as one way of encouraging pension savings among communities which may otherwise choose not to do so as a way to fund their retirement.

The L&G Islamic Investment Proposition aims to address one significant barrier to saving for the UK's Muslim population who will be able to make use of the many benefits of pension saving, including contributions from their employer, and improve adequacy of income in later life. The proposition provides a selection of investment options which satisfy different appetites for risk. Offering a lifestyle glidepath option, the proposition aims to address the changing needs of savers as they approach and move into retirement and, with additional self-select funds, it can do this within a framework that incorporates access to a range of Shariah-compliant investments.

The funds within the proposition will be managed by HSBC Asset Management (HSBC AM), a recognised asset manager for Shariah-compliant investing. L&G has selected HSBC AM on account of the firm's track record and experience in serving Islamic investors globally. Their team includes in-house scholars who are experts in Shariah law as applied to finance, along with robust governance processes such as a Global Shariah Supervisory Committee, who monitor the funds.

Shariah-compliant investing aims to grow investors' money while fulfilling the principles of the Islamic faith and adhering to Shariah law. For example, the funds will only invest in companies that meet Shariah-compliance principles as interpreted or approved by the Shariah Committee. They will exclude shares of companies that generate more than 5% of income or revenue from the business activities such as alcohol, tobacco, pork-related products, conventional financial services, weapons and defences, as well as certain entertainment.

The L&G Islamic Lifestyle Profile, which incorporates a ready-made and L&G designed investment glidepath, will invest in underlying funds the L&G Islamic Growth Fund and the L&G Islamic Retirement Fund bringing together a range of asset classes and risk profiles managed by HSBC AM with the asset allocation adjusted to prepare for retirement, depending on how far the member is from their selected retirement age. The proposition will be rolled out to clients and members in the coming months.

The L&G Islamic Growth Fund is designed for members 10 years or more away from their selected retirement age, aiming to achieve capital growth over the long term. Members nearing retirement in the next 10 years or less will gradually transition to the L&G Islamic Retirement Fund, which aims to strike a balance between managing risk, while continuing to provide long-term capital growth. Both funds will invest in a variety of asset classes including, but not limited to, equities and Sukuk instruments (Islamic bonds).

**Jesal Mistry, Head of DC Investments Governance and Proposition, Legal & General:** "While the pensions market has begun to have the conversation around the ethnicity pensions gap, much more needs

to be done. L&G has a strong track record of developing innovative solutions to improve the outcomes of our members and we're pleased to build on our track record by bringing this Islamic Investment Proposition to market.

"HSBC AM's Shariah-compliant investment expertise, combined with L&G's scale and expertise in serving over 5.3 million DC members, will enable us to help address a critical gap in the UK pensions market and significantly broaden access to Shariah compliant DC solutions."

Alongside the L&G Islamic Lifestyle Profile, L&G is also providing access to three self-select Shariah-compliant investment funds for members who want to manage their pensions more actively. This option offers a flexible retirement solution, allowing members to pick funds that enable drawdown during retirement. These are the L&G PMC HSBC Islamic Global Equity Fund 3, L&G PMC HSBC Islamic Multi Asset Fund 3 and the L&G PMC HSBC Islamic Sukuk Index Fund 3.

**Olga de Tapia, Global Head of ETF and Indexing Sales at HSBC Asset Management:** "We are pleased to partner with L&G to provide investors with a range of Shariah compliant investment solutions. Ensuring faith based investors have the same range of investment opportunities as their conventional counterparts is extremely important, and we are proud of the fact that we are able to help individuals invest in a way that is commensurate with their principles."

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## Notes to editors

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## About Legal & General plc

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with £1.112 trillion<sup>2</sup> in total assets under management (as at FY23) of which c40% (circa £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading international player in Institutional Retirement, in Retail Savings and Protection, and in both public and private markets through our Asset Management Division. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

## About our Asset Management Division

L&G's Asset Management division is one of Europe's largest and a major global investor across public and private markets, with £1.122 trillion\* in assets under management. The division combines deep expertise in asset management and origination with global distribution capabilities to deliver positive outcomes for our clients, which include individual savers, pension scheme members and global institutions, investing alongside L&G's own balance sheet. As a global investor, we are present where our clients need us – from Hong Kong and Singapore, to major European financial hubs, to Chicago. – operating under the Legal & General and LGIM brands. We provide investment solutions across the full spectrum of asset classes, ranging from index-tracking and active funds to liquidity and liability-based risk management strategies. Through our private markets platform, we utilise our rich heritage and extensive network of partners to offer access to a wide range of purposeful alternative investment opportunities, including specialist real estate, clean energy, infrastructure, venture capital, unlisted equities and private credit.

Our division is underpinned by our enduring commitment to responsible investment, dedicated to creating long-term, sustainable value for our clients and partners.

\*Source: Legal & General internal data as at 30 June 2024. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong (2018-2019 only) and LGIM Singapore from July 2023. Excludes assets managed by associates (Pemberton, NTR, BTR)

## **HSBC Asset Management**

HSBC Asset Management should be referred to either in full or as HSBC AM to avoid confusion with any other financial services firms.

HSBC Asset Management, the investment management business of the HSBC Group, invests on behalf of HSBC's worldwide customer base of retail and private clients, intermediaries, corporates and institutions through both segregated accounts and pooled funds. HSBC Asset Management connects HSBC's clients with investment opportunities around the world through an international network of offices in 22 countries and territories, delivering global capabilities with local market insight. As at 30 June 2024, HSBC Asset Management managed assets totalling US\$713bn on behalf of its clients.

For more information see <http://www.global.assetmanagement.hsbc.com/>

HSBC Asset Management is the brand name for the asset management businesses of HSBC Holdings plc.

## **Key Risk Warnings**

The value of investments and the income from them can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. It should be noted that diversification is no guarantee against a loss in a declining market. Asset allocation is subject to change.

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The risks associated with each fund or investment strategy should be read and understood before making any investment decisions.

The Underlying Manager, and not Legal & General Assurance (Pensions Management) Ltd "PMC", is responsible for ensuring the Underlying Fund complies with Shariah principles. Accordingly, PMC makes no representations in relation to the compatibility with Shariah principles of gaining exposure to the Underlying Fund via PMC.

Pension Scheme Trustees and Investment Consultants: Intended for pension fund trustees and their investment consultants only. Not to be distributed to pension scheme members. Capital at risk.

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<sup>2</sup>Legal & General internal data as at 30 June 2024. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong (2018-2019 only) and LGIM Singapore from July 2023. Excludes assets managed by associates (Pemberton, NTR, BTR)