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KBR appoints LGIM for fiduciary management mandate

Appointment covers over £1bn in assets and aims to further improve financial security for over 9,000 members

London, 4 January 2024 – Legal & General Investment Management (LGIM) has today announced that it has been appointed as fiduciary manager by the Trustee of the KBR UK Limited Pension Plan (KBRUKLPP), overseeing the pension investments of over 9,000 Plan members.

With a transition to a new segregated LDI, insurer-friendly credit and bespoke growth portfolio, there has been a strong focus on meeting the bespoke requirements of the Plan, with LGIM also taking over management of the Plan's strategic asset allocation. One of the largest mandates of its kind, the initial transition of over £1bn assets was completed by LGIM in December 2023. LGIM will also be assisting the Plan in the restructuring of its private markets portfolio to further improve portfolio liquidity in preparation for buyout.

Dougal Monk, Chair of Trustees, KBR UK Limited Pension Plan, said: *“Given the Plan’s maturity we felt the time was right to review our investment arrangements and find the best partner to help us with the next phase of our journey. Following a rigorous selection process, we chose LGIM based on their depth and breadth of expertise and experience in helping maturing schemes. It was important that our fiduciary manager was able to carefully manage portfolio liquidity, and LGIM’s approach stood out in that regard. Their ability to implement a bespoke buyout-ready credit portfolio puts the Plan in a very strong position for the future.”*

Part of the mandate focuses on investing in bonds that are “matching-adjustment eligible” under the insurer Solvency requirements. As the asset manager within Legal & General, LGIM is able to leverage its expertise in endgame solutions as well as insight from and relationship with the insurance buyout business, Legal & General Retirement Institutional. This will help ensure the Plan is appropriately positioned to transfer liabilities to an insurance company when the Plan buys out.

Tim Dougall, Head of Delegated Solutions at LGIM, commented: *“We are delighted to have been appointed as fiduciary manager by the KBRUKLPP, and look forward to helping the Plan manage its endgame journey. We see many mature schemes looking to improve the liquidity of their investment portfolios, and it’s increasingly important for trustees to consider how best to structure their bond portfolios to seek to reduce risk on a buyout basis. We are very pleased to be bringing LGIM’s full expertise to support the Plan as part of a bridge to buyout.”*

As fiduciary manager (or OCIO), LGIM will offer increased operational efficiency within the Plan's collateral management processes, as more liquid assets are managed alongside LDI, increasing the resilience of the LDI portfolio to potential future gilt market volatility. The outsourced investment model allows the Trustee to focus on long-term strategy, whilst delegating day-to-day portfolio management to LGIM.

Michelle Scrimgeour, LGIM’s Chief Executive, added: *“I would like to thank KBR for entrusting us with the management of the Plan’s portfolio. This appointment leverages our broad suite of investment and advisory capabilities to deliver a seamless client solution.”*

- ENDS -

Notes to editors

About Legal & General Investment Management (LGIM)

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 trillion¹ (\$1.5tn, €1.3tn, CHF 1.3tn). 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.

About KBR

KBR delivers science, technology and engineering solutions to governments and companies around the world. KBR employs approximately 28,000 people performing diverse, complex and mission-critical roles in 34 countries.

KBR is proud to work with its customers across the globe to provide technology, value-added services, and long-term operations and maintenance services to ensure consistent delivery with predictable results. At KBR, We Deliver. Visit www.kbr.com.

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¹ LGIM internal data as at 30 June 2023. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.