

# LGIM MPS

November 2024  
ESG Portfolio rebalancing changes\*

## Summary of portfolio changes

### Equities

- ⊕ Added to core developed market equities mix
- ⊕ Added new trade: reduced small caps and increased global technology

### Fixed income

- ⊖ Reduced duration
- ⊖ Reduced exposure to UK credit

### Alternatives

- ⊕ Added to alternative




**Equities** – In early November, following the US election result, we decided to do a special rebalance in order to capture market moves following Donald Trump’s victory. At this rebalance we increased our allocation to core developed market equities, to reflect a less defensive outlook on the asset class. Within equities, we closed our emerging market equities versus European and Japanese equities trade, on the back of significant market movements within emerging market equities. Meanwhile, within equities we implemented a new trade of reducing global small caps in favour of global technology. This rebalance aligns us more closely with our positive view on equities.

**Manager research** – At this rebalance, as part of a broader review of the ESG portfolios, we removed exposure to Amundi EM Green bond fund and invested proceeds into the L&G ESG Emerging Markets Government Bond (USD) Index fund. There were no other manager changes.

**Bonds** - At this rebalance, we adjusted the portfolios’ duration downwards, by reducing developed market government bonds and global index-linked bonds. By doing this we have shifted the portfolios to reflect our neutral view on duration. We have also further reduced our UK credit exposure to reflect a more negative outlook on the asset class as the spreads on UK credit continue to tighten. In our view, credit spreads remain tight and do not offer sufficient compensation for the potential risks ahead, and as such, we continue to maintain a negative view on the asset class.

**Alternatives** – At this rebalance, we allocated more to our absolute return strategies as a means of redirecting the cash that resulted from the changes described above. We continue to actively monitor and manage the portfolios to ensure they remain within their risk profiles.

Portfolio	Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous
 OCF	0.22%	0.21%	0.21%	0.20%	0.20%	0.20%	0.16%

Source: LGIM, as at 7 November 2024.  
Please enquire for the discretionary portfolio management fee.

\*We recently made changes to the ESG portfolios. Since launch, these were designed to have a greater allocation to external, ESG focused active managers (in the region of 40%). At the May rebalance, we transitioned the MPS ESG models with the proportion of ESG focused active managers dropping to 10%. This will bring them far closer to a model version of the Future World Multi Index funds which LGIM recognises as their target Multi-Asset ESG approach for the UK wholesale market (and which have recently received a Silver rating from Morningstar on 31 July 2024).

Awards and ratings should not be considered a recommendation. Past performance is not a guide to the future.

## Target asset allocation – ESG\*\*

Fund Name	Active /Index	Asset class	Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous
<b>Equities</b>			<b>19.90%</b>	<b>35.90%</b>	<b>48.20%</b>	<b>61.70%</b>	<b>64.60%</b>	<b>80.30%</b>	<b>97.00%</b>
L&G Future World ESG UK Index	Index	UK Equities	4.10%	9.70%	10.50%	13.60%	13.60%	16.60%	16.30%
L&G UK Mid Cap Index	Index	UK Small Cap Equities	1.00%	1.00%	1.00%	1.50%	1.50%	2.50%	4.10%
L&G Future World ESG Europe ex UK Index	Index	European Equities	2.30%	4.30%	7.80%	7.90%	7.80%	11.60%	13.20%
L&G Future World ESG North America Index	Index	US Equities	6.20%	10.20%	15.20%	19.00%	20.00%	22.20%	20.80%
L&G Future World ESG Japan Index	Index	Japanese Equities	1.80%	2.70%	3.70%	4.70%	4.70%	7.50%	8.30%
L&G Future World ESG APAC ex. Japan Index	Index	Asia Pacific ex Japan Equity	1.00%	2.00%	3.00%	4.50%	4.50%	5.00%	10.50%
L&G Future World ESG EM Index	Index	Emerging Market Equity	2.50%	4.50%	5.50%	8.50%	10.50%	12.00%	17.80%
L&G Global Thematic	Index	Small-cap Equity	1.00%	1.50%	1.50%	2.00%	2.00%	2.90%	6.00%
<b>Credit and Emerging Market Debt</b>			<b>15.20%</b>	<b>14.50%</b>	<b>16.50%</b>	<b>15.60%</b>	<b>9.60%</b>	<b>6.50%</b>	<b>-</b>
L&G Active Global High Yield	Active	High Yield	2.50%	2.80%	3.10%	2.40%	2.60%	1.80%	-
L&G ESG EM Gov Bond (USD) Index	Index	EMD Hard Currency	3.00%	3.70%	4.40%	3.60%	3.40%	2.70%	-
L&G ESG EM Gov Bond (Local Cur) Index	Index	EMD Local Currency	2.00%	2.50%	3.00%	3.00%	2.00%	2.00%	-
Liontrust Sustainable Future Corporate Bond	Active	Sterling Credit	3.80%	2.50%	2.50%	3.10%	0.60%	-	-
Wellington Global Credit ESG Fund	Active	Global Credit	3.90%	3.00%	3.50%	3.50%	1.00%	-	-
<b>Government Bonds</b>			<b>36.80%</b>	<b>27.20%</b>	<b>18.30%</b>	<b>12.10%</b>	<b>11.70%</b>	<b>0.40%</b>	<b>-</b>
L&G All Stocks Gilt Index	Index	UK Sovereign	10.00%	7.50%	6.10%	3.10%	3.10%	-	-
Vanguard Euro Govt Bond Index GBP Hedged	Index	EU Sovereign	1.80%	1.30%	0.80%	0.80%	0.80%	-	-
L&G Global Inflation Linked Bond Index	Index	Global Inflation Linked	9.00%	6.00%	3.00%	1.70%	2.20%	-	-
L&G All Stocks Index Linked Gilt Index	Index	UK Sov Inflation-Linked	3.50%	3.50%	0.70%	1.00%	1.00%	-	-
Vanguard US Govt Bond Index GBP Hedged	Index	US Sovereign	12.50%	8.90%	7.70%	5.50%	4.60%	0.40%	-
<b>Alternatives</b>			<b>11.50%</b>	<b>11.50%</b>	<b>9.00%</b>	<b>7.00%</b>	<b>10.50%</b>	<b>10.50%</b>	<b>2.50%</b>
L&G Strategic Bond Fund	Active	Absolute Return	8.00%	6.50%	4.00%	2.00%	2.50%	3.50%	-
Clearbridge Global Infrastructure Income Fund	Active	Global Infrastructure	2.00%	3.00%	3.00%	3.00%	4.50%	4.00%	2.00%
iShares Environment & Low Carbon Tilt REITs	Index	Global Property (REITs)	1.50%	2.00%	2.00%	2.00%	3.50%	3.00%	0.50%
<b>Cash</b>			<b>16.60%</b>	<b>10.90%</b>	<b>8.00%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>2.30%</b>	<b>0.50%</b>
L&G Cash Trust	Index	Cash	16.60%	10.90%	8.00%	3.60%	3.60%	2.30%	0.50%

Source: LGIM, as at 7 November 2024.

\*\*On 12 October 2023, the MPS portfolio naming conventions changed from being numbered 1 – 7 to Defensive, Cautious, Cautious Balanced, Balanced, Balanced Growth, Growth, and Adventurous respectively.



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For further information about LGIM, please visit [lgim.com](https://lgim.com) or contact your usual LGIM representative



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