

LGIM MPS

November 2024
Index 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.



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 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	0.19%	0.17%	0.16%	0.14%	0.14%	0.14%	0.11%

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

Target asset allocation – Index*

Fund Name	Active /Index	Asset class	Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous
Equities			19.50%	35.00%	46.60%	60.60%	62.30%	76.70%	92.40%
L&G UK Index Trust	Index	UK Equities	4.10%	8.70%	9.40%	12.10%	11.80%	13.70%	14.80%
L&G UK Mid Cap Index	Index	UK Small Cap Equities	1.00%	2.00%	2.00%	3.00%	3.00%	5.00%	6.50%
L&G European Index Trust	Index	European Equities	2.30%	4.30%	7.90%	7.90%	7.90%	11.00%	12.20%
L&G US Index Trust	Index	US Equities	4.90%	8.00%	11.80%	15.20%	15.20%	17.10%	15.90%
UBS MSCI World Min Vol Index	Index	US Equities	1.20%	1.60%	2.10%	3.70%	3.70%	4.10%	4.00%
L&G Japan Index Trust	Index	Japanese Equities	1.80%	2.70%	3.70%	4.70%	4.70%	7.30%	8.00%
L&G Pacific Index Trust	Index	Asia Pacific ex Japan Equity	1.00%	2.00%	3.00%	4.50%	4.50%	5.00%	10.50%
L&G Global Emerging Markets Index Fund	Index	Emerging Market Equity	2.50%	4.50%	5.50%	8.50%	10.50%	12.00%	17.00%
Vanguard Global Small Cap Index	Index	Small-cap Equity	0.70%	1.20%	1.20%	1.00%	1.00%	1.50%	3.50%
Credit and Emerging Market Debt			19.40%	16.00%	18.00%	16.00%	10.00%	6.50%	-
L&G Active Global High Yield	Active	High Yield	2.50%	2.80%	3.10%	2.40%	2.60%	1.80%	-
L&G EM Govt Bond USD Index	Index	EMD Hard Currency	3.00%	3.70%	4.40%	3.60%	3.40%	2.70%	-
L&G EM Govt Bond Local Currency Index	Index	EMD Local Currency	2.00%	2.50%	3.00%	3.00%	2.00%	2.00%	-
L&G Sterling Corporate Bond Index	Index	Sterling Credit	3.00%	2.00%	2.00%	3.00%	0.50%	-	-
L&G Short Dated Sterling Corporate Bond	Index	Short-Dated Sterling Credit	5.00%	2.00%	2.00%	0.50%	0.50%	-	-
Robeco Global Credits GBP Hedged	Active	Global Credit	3.90%	3.00%	3.50%	3.50%	1.00%	-	-
Government Bonds			35.10%	25.40%	17.20%	12.00%	11.10%	0.40%	-
L&G All Stocks Gilt Index	Index	UK Sovereign	8.20%	6.30%	4.90%	2.80%	2.80%	-	-
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	8.20%	5.00%	2.50%	1.50%	1.50%	-	-
L&G All Stocks Index Linked Gilt Index	Index	UK Sov Inflation-Linked	3.50%	3.50%	1.00%	1.00%	1.00%	-	-
Vanguard US Govt Bond Index GBP Hedged	Index	US Sovereign	13.40%	9.30%	8.00%	5.90%	5.00%	0.40%	-
Alternatives			14.40%	14.80%	12.80%	8.70%	15.20%	14.80%	7.10%
L&G Multi-Asset Target Return	Active	Absolute Return	7.00%	5.80%	3.90%	1.80%	2.80%	3.20%	0.40%
L&G Strategic Bond Fund	Active	Absolute Return	3.00%	2.50%	1.70%	0.80%	1.20%	1.40%	0.20%
L&G Global Real Estate Dividend Index	Index	Global Property (REITs)	1.50%	2.00%	2.00%	2.00%	3.50%	3.00%	0.50%
L&G Global Infrastructure Index	Index	Global Infrastructure	2.00%	2.50%	2.50%	2.50%	4.00%	3.00%	2.00%
L&G Global Technology Index	Index	Technology	0.90%	2.00%	2.70%	1.60%	3.70%	4.20%	4.00%
Cash			11.60%	8.80%	5.40%	2.70%	1.40%	1.60%	0.50%
L&G Cash Trust	Index	Cash	11.60%	8.80%	5.40%	2.70%	1.40%	1.60%	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.



Aimee Bowkett
Fund Manager



Francis Chua
Fund Manager



James Giblin
Fund Manager

Contact us

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



Key risks

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