

L&G Target Date Fund Range

The L&G Target Date Fund Range is one of Legal & General Investment Management’s default investment strategies for DC members. The funds aim to provide a ‘to and through’ retirement solution, targeting an income level to match members’ individual goals.

Reasons to invest:



A flexible DC investment strategy designed to evolve to meet members’ changing needs

The L&G Target Date Funds provide members with a professionally managed investment strategy focused on maximising member outcomes. Members simply decide on an approximate, expected retirement year and stay in one fund throughout their savings journey. By leveraging our unique insights into the current and expected behaviours of members, the funds will continue to evolve to help meet their needs.



Increased focus on asset accumulation through extended growth period and exposure to a diverse range of growth assets

The funds’ growth stage takes investors to ten years before retirement, investing predominantly in growth assets including a small exposure to private markets. As the funds are designed to provide a ‘to and through’ solution, members’ assets will continue to de-risk gradually, up to and beyond retirement.

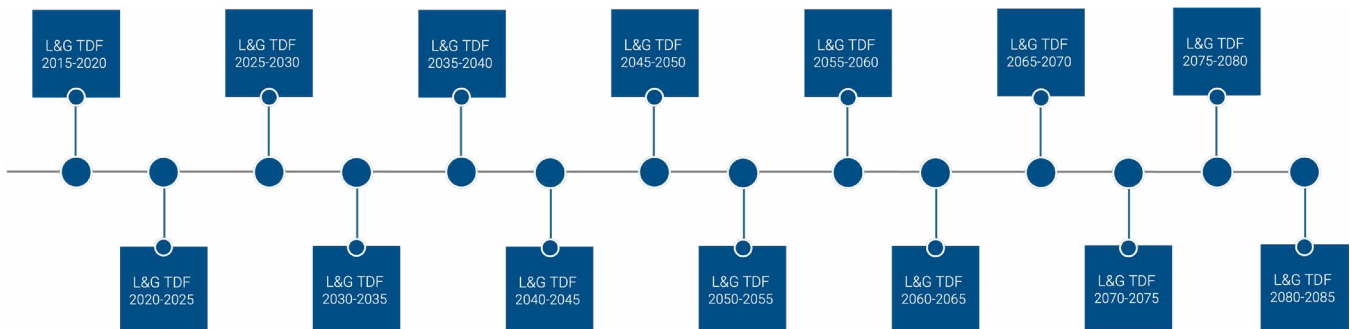


An emphasis on aiming to invest responsibly to make real world impact and manage risks

We take into account financially material risks, including integrating environmental, social and governance (ESG) considerations into how investments are selected. We also aim to invest members’ money responsibly, in line with our purpose of creating a better future through responsible investing. We focus on engagement, exclusions and enhancements with the aim of delivering returns and making a difference across the world, as detailed overleaf.

The L&G Target Date Fund range

Each Target Date Fund has a range of target dates, as shown below. The member invests in the fund that aligns with their estimated retirement date. For example, a member born in 1985, who wants to retire between the ages of 60 and 65, would be in the L&G Target Date Fund 2040-2045.



Source – LGIM June 2024

Key risks

While LGIM has integrated Environmental, Social, and Governance (ESG) considerations into its investment decision-making and stewardship practices, this does not guarantee the achievement of responsible investing goals within funds that do not include specific ESG goals within their objectives.



Where do the funds invest?

The asset allocation changes up to and through retirement years, focusing on growth in the early years, and de-risking gradually from 10 years before retirement and beyond.

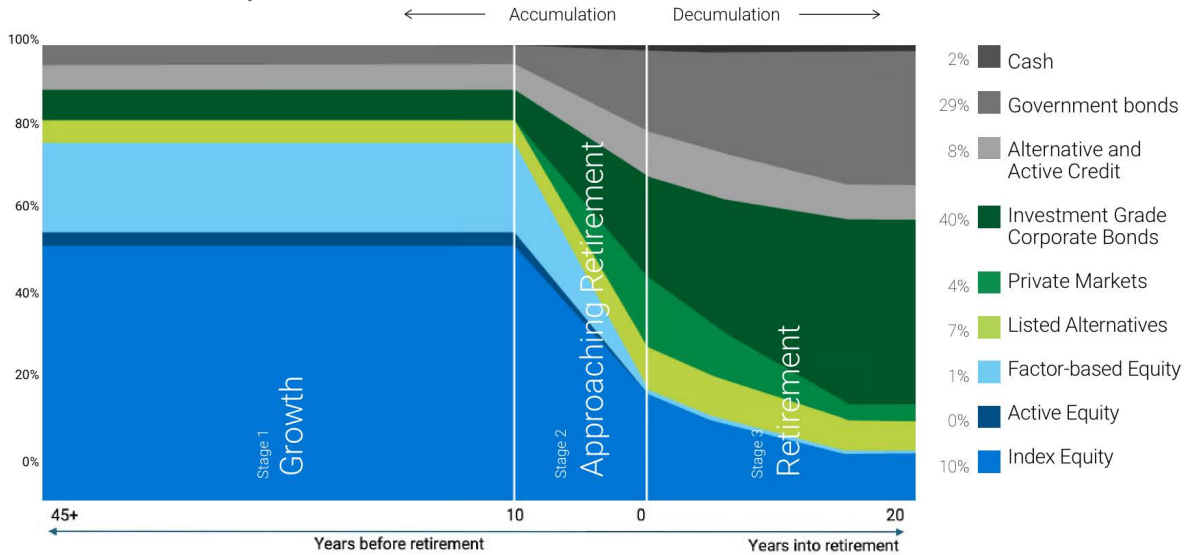


Chart shows illustrative asset allocation for L&G TDF 2065-70 (Default). Asset allocation is subject to change. Chart shows numbers which may have been rounded and therefore the total may not add up to exactly 100.
Source – LGIM June 2024

How might the L&G Target Date Funds benefit DC scheme members

Using unique insights to act in members' best interests

By leveraging our unique insights into the current and expected behaviours of members, we can and do evolve the funds so that members can always be sure we are acting in their best interest now and in the future. We call this 'generational intelligence'.

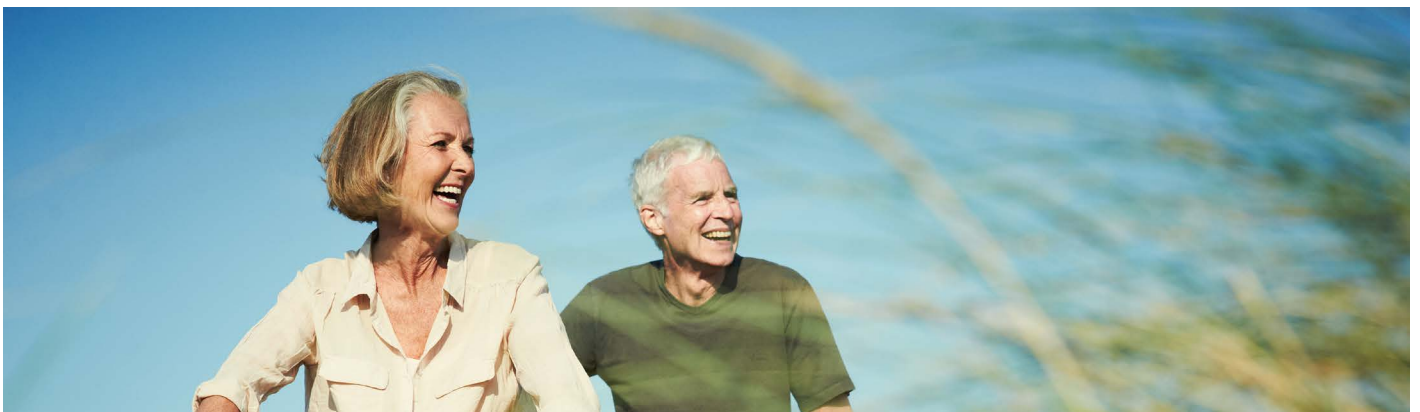
Opportunity to focus on sustainability

Through investment in sectors such as clean power and affordable homes. 100% of funds in the growth phase consider ESG factors*. This enables members to see a clear correlation between their investments and seeking to improve the future.

Access to a wider range of opportunities

From sustainable investments in high growth sectors to a small allocation to private markets.

*Applies to L&G DC Workplace scheme members currently invested in the growth phase of all L&G Target Date Fund strategies. Subject to change. ESG integration and consideration through a variety of factors.



Key risks

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. It should be noted that diversification is no guarantee against a loss in a declining markets.

How do the funds seek to invest responsibly?

LGIM considers responsible investment as a financially material risk and it is therefore integrated into our overall approach to investment. As part of this, we have integrated the following approaches for various parts of the portfolio.

Engagement

LGIM engages with companies, regulators, policymakers, industry peers and other stakeholders to tackle important issues which have the potential to affect us all¹

Exclusions

LGIM can divest from certain companies or issuers if they don't meet particular sustainable thresholds, e.g. those on LGIM's Climate Impact Pledge, Future World Protection List or Policy on Coal². This is implemented as appropriate across the funds.

Enhancements

LGIM can amplify the sustainable credentials of a portfolio by investing more in those companies that score more highly from a sustainability perspective³. We engage with the underlying fund managers to encourage them to invest in this way.

Key risks

While LGIM has integrated Environmental, Social, and Governance (ESG) considerations into its investment decision-making and stewardship practices, this does not guarantee the achievement of responsible investing goals within funds that do not include specific ESG goals within their objectives.

Why LGIM for target date funds?

Established provider of flexible TDFs and other solutions for DC scheme managers and members

As the UK's largest pension provider (source: IPE Research 2022, by AUM) with over five million members and the largest commercial master trust, Legal & General is pleased to support the evolution of default investment strategies in the DC pensions market. This includes making investments in a broader range of assets accessible to members, with the benefits we believe this can bring.

Benefit from LGIM's size and scale as a major global investor managing *£1,158 billion AUM worldwide

Our Portfolio Solutions Team, which manages the funds' strategic asset allocation, has a wealth of experience allocating capital for a variety of clients, typically large pension schemes and insurance funds. We believe our size and scale enables us to continually improve outcomes for our clients by identifying new investment opportunities and launching new and innovative strategies.

Responsible investing and decarbonisation pathway integrated throughout the strategies

We leverage the expertise of our investment teams, our ESG specialists and our product offerings, to provide members with access to responsible investment opportunities, while seeking to manage risk.

*Source: LGIM internal data as at 31 December, 2023. 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. The AUM includes the value of securities and derivatives positions.

Key risks

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Fund facts

Inception date: January 2017

Comparator / Target: Growth: Cash + 4%. At retirement: Cash + 2%

Allocation to private market investment in growth phase: 1%

Fund management charge: 0.15% p.a

Individual target retirement date funds:

2015-20; 2020-25; 2025-30; 2030-35; 2035-40; 2040-45;
2045-50; 2050-55; 2055-60; 2060-65; 2065-70; 2070-75;
2075-80; 2080-85.



Key risks:

- ¹Our Active Ownership report details how our Investment Stewardship and Investment teams exercised voting rights across our entire book and engaged with companies, policymakers and other stakeholders to aim to deliver positive change on topics including biodiversity and deforestation, fair pay and diversity. [Active ownership report \(lgim.com\)](https://www.lgim.com/active-ownership-report)
- ²The fund does not apply exclusions criteria with respect to ESG characteristics. Consistency of ESG implementation is challenging in a fund-of-fund context in particular as we use funds from across various asset classes and include external funds. However, a portion of the other funds which this Fund may hold units in may exclude investments in companies or issuers on LGIM's Future World Protection List, LGIM's Climate Impact Pledge and/or LGIM's policy on coal, from time to time. The proportion of other funds that apply these exclusions will vary over time, with no guarantee that exclusions will be applied to all other funds. Therefore, the fund may have exposure to securities or issuers listed on the LGIM's Future World Protection List, LGIM's Climate Impact Pledge exclusions list and/or companies listed on LGIM's coal exclusions list under LGIM's policy on coal, from time to time. Changes to the proportion of other funds that apply ESG-based exclusions criteria are not anticipated to have any material impact on the risk and reward profile of the fund.
- ³Each of the fund ranges may, from time to time, apply certain ESG characteristics such as aiming to reduce carbon emission intensity over time, and/or by investing in other funds that apply ESG-based exclusions. The fund aims to reduce the carbon emissions intensity over time within each phase (namely Growth and At Retirement), with a goal of net-zero carbon emissions by 2050.

Contact us

For further information about LGIM, please visit lgim.com or contact your usual LGIM representative



Key risks

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.

Important information

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This document does not explain all of the risks involved in investing in the fund. No decision to invest in the fund should be made without first reviewing the prospectus, key investor information document and latest report and accounts for the fund, which can be obtained from <https://fundcentres.lgim.com/>.

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