



LGIM launches Low Carbon Transition Fund Range

Climate-tilted index equity strategy, targeting 70% initial carbon emissions reduction and aligned to 2050 net zero goals

London 02.03.2021 – Legal & General Investment Management (LGIM) has launched a climate-tilted index equity strategy, which seeks to significantly reduce its exposure to carbon emissions in alignment with 2050 net zero goals.

The LGIM Low Carbon Transition Index Equity Fund range leverages LGIM's climate scoring framework and will reduce initial exposure to carbon-emitting assets by 70% compared to the broad market capitalisation benchmark. The funds will also have significantly lower exposure to fossil fuel reserves and higher exposure to companies with green revenues. The aim is to achieve further reductions in exposure to carbon emissions over time, with the ultimate objective of aligning with net zero emissions globally by 2050, consistent with the goals of the Paris Agreement on climate change. This will be delivered through a suite of funds that will invest in listed equity assets, excluding coal and controversial weapons and aligned with LGIM's Climate Impact Pledge*.

The strategy itself will be launched in LGIM's life wrapped PMC vehicle with both regional and global variants being made available.

Stefan Jean-Luc Bilby, Senior Index Distribution Manager at LGIM, said: “Addressing climate-related concerns is of paramount importance to our clients given growing regulatory pressures and the global shift towards net zero. We are thrilled to have launched the Low Carbon Transition Fund range; it offers investors an effective means to mitigate their climate risks using an innovative index approach. This launch provides further evidence of LGIM's commitment to helping clients position themselves for a shift to a low carbon economy within their investments.”

LGIM have worked with the investment consultant LCP on the design of the strategy. **Claire Jones, Head of Responsible Investment, for LCP said:** “We're delighted to have worked with LGIM on the design of this fund range to meet the needs of our clients. It enables pension schemes to manage their climate risk exposure by investing in low-cost equity funds that combine a large reduction in carbon intensity on day one, a commitment to reduce that intensity further over time, and strong stewardship.”

TPT Retirement Solutions, one of the leading workplace pension schemes in the UK, has invested in the fund range at the time of launch. **Cliff Speed, Chief Investment Officer, TPT Retirement Solutions also commented:** “Climate change is one of the biggest risks facing our portfolios, and addressing this is vitally important to TPT as we try to reduce the risk of being invested in stranded assets. We are pleased to announce our investment in this fund range, in partnership with LGIM, which will enable us to meet our objectives of reducing the carbon exposure of our portfolios in a way that is aligned with our Climate Change Policy and helps meet our regulatory commitments.”

Mark Johnson, Head of Institutional Clients at LGIM added: “The new Pension Schemes Act will catalyse action for trustees to address global greenhouse gas emissions. By holding companies to account on their progress towards net zero and rewarding those which do via capital allocation, the Low Carbon Transition Funds can support our clients as they begin the journey to decarbonise their portfolios.”

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Key Risk Warning

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.

Notes to editors

*<https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/>

Legal & General Investment Management:

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 trillion^[1]. We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Throughout the past 40 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.

¹LGIM internal data as at 30 December 2019. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

TPT Retirement Solutions:

Established in 1946, TPT Retirement Solutions is one of the leading providers of workplace pension schemes in the UK, serving over 2,600 organisations and more than 389,000 members. The business is run as a not-for-profit organisation for the benefit of its members and has assets of more than £13 billion.

TPT Retirement Solutions offers a complete range of defined benefit and defined contribution pension solutions, providing all that is required to run a trust-based pension scheme, including: actuarial; administration; covenant; independent trustee; investment; and legal services.

Registered address: Verity House, 6 Canal Wharf, Leeds LS11 5BQ

For further information on TPT Retirement Solutions, please see www.tpt.org.uk

LCP

At LCP, our experts provide clear, concise advice focused on your needs. We use innovative technology to give you real time insight & control. Our experts work in pensions, investment, insurance, energy and technology and analytics.

LCP's Responsible Investment team helps its clients develop strategies to increase their focus on ESG and navigate policy and regulation in this area. The firm has more than 700 staff based at locations in London, Winchester, Ireland, and - operating under licence - the Netherlands.

