

# Legal & General Secure Income Assets Fund

Aiming to deliver stable, long-term cashflows



The Legal & General Secure Income Assets Fund is designed for professional UK defined benefit pension schemes seeking income. The underlying asset classes target a premium over government bonds on account of their illiquidity and the contractual nature of the cashflows they generate.

## Why choose the Legal & General Secure Income Assets Fund?



### A wide range of private assets

Legal & General Investment Management manages £39bn<sup>1</sup> of real assets. The fund enables clients to invest in infrastructure, private corporate and real estate debt and to benefit from our scale which gives access to a broad range of opportunities.



### Long-term, stable cashflows

The fund invests in a broad range of assets with predictable cashflows. It could be blended with clients' existing liability and cashflow management investments, where appropriate, to create an efficient, holistic solution in helping meet clients' needs.



### Ease of access

The fund's diversified allocation to secure income assets has been designed with simplicity in mind. The fund has an open-ended pooled structure subject to a lock-in period and is available in the unit-linked life fund structure common to our professional UK pension scheme clients.



### ESG integration

We integrate ESG considerations and themes at both an individual asset and overall fund level, including measuring and reporting on the carbon intensity of the portfolio.<sup>2</sup> We aim to ensure that investors' capital has a positive impact and generates returns in a way that has a net environmental and social benefit.

### Investment objective

The fund aims to deliver stable, long-term cashflows from a portfolio of diversified secure income assets.<sup>3</sup> The fund will target a return of gilts +2.5% per annum over a rolling three-year period.

The fund seeks to achieve its objective by primarily investing in a diversified portfolio of sterling infrastructure debt, private corporate debt and real estate debt.

The fund has an open-ended structure, subject to a lock-in period, and is designed for professional UK defined benefit pension schemes with at least a seven-year time horizon.

### Target audience

The strategy is aimed at professional UK defined benefit pension schemes who wish to generate stable, long-term cashflows from private market securities.

**Launch date** March 2021

**Domicile** UK

**Base currency** GBP

**Fund structure** Unit-linked PMC

1. LGIM Real Assets, as at 31 December 2021.

2. Carbon intensity will be measured by reference to scope 1 and 2 greenhouse gas (GHG) emissions per £m of revenue. This will be reported on a semi-annual basis once total investments exceed £300m. [https://www.lgim.com/landg-assets/lgim/capabilities/defined-benefit/secure-income-asset-solutions/db\\_secure-income-assets-fund-responsible-investment-policy-final.pdf](https://www.lgim.com/landg-assets/lgim/capabilities/defined-benefit/secure-income-asset-solutions/db_secure-income-assets-fund-responsible-investment-policy-final.pdf)

3. 'Secure income assets' ("SIA") identify cashflow outcomes from illiquid private asset classes, where the income stream often benefits from a range of contractual protections that enhance asset owners' rights to maintain expected cashflows (for example, covenant protections, specific security or ring-fenced collateral). The contractual protections of a particular asset will depend on these terms and the financial strength of the counterparty. SIAs are held with the aim of producing a predictable income stream - this income stream is not guaranteed and there is no underwriting of income provided to the fund.




**The value of an investment and the 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. Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass**



# Co-investment opportunities

Our real assets expertise is built on our scale and track record of deploying capital on behalf of our parent company Legal & General Group and third party clients. We have been managing real assets for nearly 50 years and have £39bn of assets under management on our platform.<sup>4</sup> Depending on the investment mandate and opportunity, affiliates within the Legal & General Group could co-invest alongside our Secure Income Assets Fund (the fund). Such co-investment may not occur across all assets held in the fund and does not offer any support in the event of distress.<sup>5</sup> However, we believe co-investment alongside Legal & General in certain assets could offer scale and access to a broader range of potential investment opportunities. With a strong heritage in managing money for occupational pension schemes and insurance affiliates within our parent company, we understand our clients' needs to generate long-term, stable cashflows to pay members, while simultaneously aiming to deliver returns to improve scheme funding levels.

## Legal & General Secure Income Asset Solutions

-  • Legal & General **Secure Income Assets Fund**
-  • Legal & General **Senior Real Estate Debt Fund**
-  • Legal & General **Investment Grade Infrastructure Debt Fund**
-  • Legal & General **Sub-Investment Grade Infrastructure Debt Fund**
-  • Legal & General **Investment Grade Private Corporate Debt Fund**
-  • Legal & General **Sub-Investment Grade Private Corporate Debt Fund**

Please refer to the prospectus of the fund and to the key investor information document before making any final investment decisions. For further information on our Secure Income range of funds, please visit our website on [www.lgim.com](http://www.lgim.com).



4. LGIM Real Assets, as at 31 December 2021.

5. In the event of any distress in the assets held by the fund, or default in the anticipated cashflows received by the fund in respect of such assets, neither the fund nor the Legal and General Assurance (Pensions Management) Limited benefits from any support from affiliates within the Legal & General Group. Co-invested assets may be disposed of by the Legal & General Group at its discretion subject to any relevant holding period; in this event the fund may continue to hold the assets.

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# Contact us

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



## 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. The return from your investment is not guaranteed and therefore you may receive a lower or higher return than you anticipated. There will be a variation in performance between funds with similar objectives due to the different assets selected. PMC's charges and associated transaction costs are subject to change, with notice for the former and without notice for the latter. Charges and transactions costs deducted from the policy reduce your potential for capital growth in the future. Tax rules and the treatment of income and capital gains could change in the future and may be applied retrospectively. Inflation reduces the purchasing power of money over time as the cost of purchasing goods and services increases. If the rate of inflation exceeds the rate of return on your portfolio, it will erode the value of your portfolio and its investments in real terms. In extreme market conditions it may be difficult to realise assets held for a fund and it may not be possible to redeem units at short notice. We may have to delay acting on your instructions to sell or the price at which you cancel the units may be lower than you anticipated. The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. PMC seeks to mitigate counterparty risk wherever possible on behalf of its policyholders through a variety of measures which include: each fund's non[1]cash assets being held with independent custodians, sweeping cash (where appropriate) overnight into the LGIM's range of Liquidity funds (above a deminimus level), using the delivery versus payment system when settling transactions and the use of central clearing for exchange traded derivatives and forward foreign exchange transactions. However, in the event of the failure of a counterparty, custodian or issuer there is a residual risk that a fund may suffer asset losses which are unrecoverable. For more information, please refer to the fund centre [Secure Income Assets Fund - LGIM Fund Centre](#)

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