



# MASTERTRUST

Independent Board of Trustees



Legal & General WorkSave Mastertrust  
Legal & General WorkSave (RAS) Mastertrust

## Sole Governance Default Investment Options Document

30 September 2024

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# Introduction

This document provides details on the investment strategies and funds that the Legal & General WorkSave Mastertrust and Legal & General WorkSave (RAS) Mastertrust currently have in place for employers choosing the sole governance model. It will be updated when any changes are made to our investment funds or strategies. As well as this document, we've produced a Statement of Investment Principles which sets out what we aim to achieve with the investment options we offer and shows how our investment policies guide the way in which members' money is invested.

[The Statement of Investment Principles can be found here.](#)

# Section 1 – default investment options – sole governance model

Employers under the sole governance model now have a choice of two pre-approved default investment options that they can choose from. These are:

- the Target Date Funds
- the Lifetime Advantage Funds

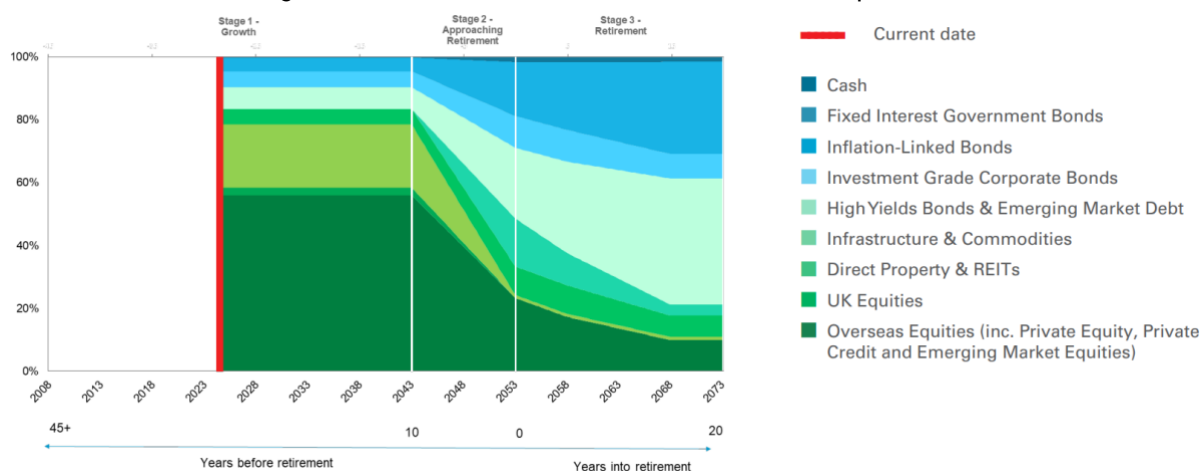
## Target Date Funds

These funds are designed to manage a member’s investment risk through their membership of the Mastertrust. The Target Date Funds invest in a range of Legal & General’s PMC underlying funds with the level of expected risk and return varying depending on how far a member is from their selected retirement date. The funds are constructed in five-year vintages with a member selecting (or being defaulted into) the fund which most closely matches their selected retirement date. For example, a member with a target retirement date of 2052 will be defaulted into the 2050-2055 Target Date Fund.

The funds which underlie the Target Date Funds invest in the following asset classes:

- UK equities
- Overseas equities (including emerging markets and listed private equity)
- Cash
- Fixed interest government bonds
- Inflation-linked government bonds
- Investment grade corporate bonds
- High yield and Emerging Market debt
- Infrastructure and commodities
- Direct property and real estate investment trusts
- Other Private Markets

The chart below shows the asset mix of one of the Target Date Funds (2050-55) as at 30 June 2024 to illustrate how the asset mix changes over time. The asset mix of each fund will depend on the date of the fund.



Source: Legal & General

### Illiquid assets

The Target Date Funds will hold a small, around 1%, allocation to the Private Markets Access Fund throughout the growth phase of the glidepath. The growth phase is 10+ years prior to a member's retirement date and up to five years before normal retirement date. The Target Date Funds also hold other illiquid and private market assets, such as property and the L&G Short-Term Alternative Finance Fund throughout the glidepath. Further details can be found in our [Statement of Investment Principles](#).

### Rebalancing

As members are invested in a single fund throughout their membership, any rebalancing takes place within the fund with no direct impact on the member's holding of the fund. Members have the option to switch between the different vintages of Target Date Funds and they will be moved to the appropriate fund if they change their target retirement date.

### Review

The Target Date Fund series was approved in September 2017. Reviews take place at least annually with a full review being undertaken triennially.

### Funds and charges

The funds used by this default investment option and their charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
Target Date Funds	0.15	0.00	0.15

In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.).

This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

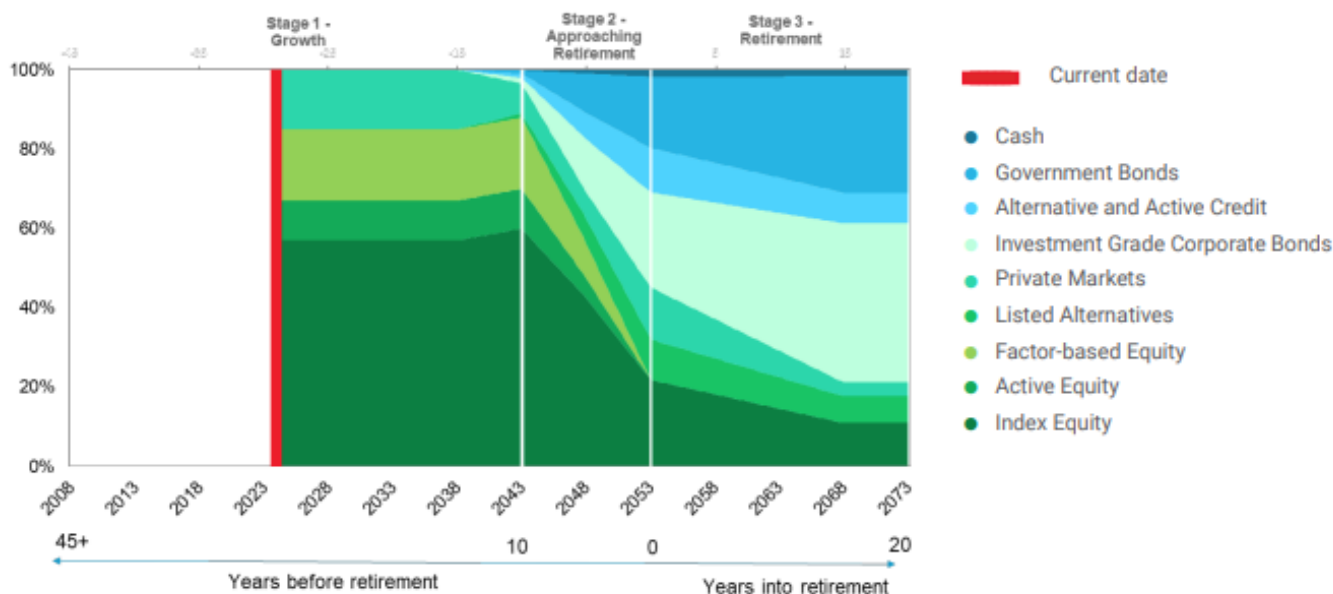
### Lifetime Advantage Funds

These are Target Date Funds and are designed to manage a member's investment risk through their membership of the Mastertrust. The Lifetime Advantage Funds invest in a range of Legal & General's PMC underlying funds with the level of expected risk and return varying depending on how far a member is from their selected retirement date. The funds are constructed in five-year vintages with a member selecting (or being defaulted into) the fund which most closely matches their selected retirement date. For example, a member with a target retirement date of 2052 will be defaulted into the 2050-2055 Lifetime Advantage Fund.

The funds which underlie the Lifetime Advantage Funds invest in the following asset types:

- Index Equity
- Active Equity
- Factor-based Equity
- Listed Alternatives
- Private Markets
- Investment Grade Corporate Bonds
- Alternative and Active Credit
- Government Bonds
- Cash

The chart below shows the asset mix of one of the Lifetime Advantage Funds (2050-55) as at 30 June 2024 to illustrate how the asset mix changes over time. The asset mix of each fund will depend on the date of the fund. The Lifetime Advantage Funds will first become available to members of the Mastertrust in September 2024.



Source – Legal & General

### Illiquid assets

The Lifetime Advantage Funds will hold up to a 15% allocation to the Private Markets Access Fund throughout the growth phase of the glidepath. The growth phase is 10+ years prior to a member’s retirement date and for a further five years thereafter. The Lifetime Advantage Funds also hold other illiquid and private market assets, such as property and the L&G Short-Term Alternative Finance Fund throughout the glidepath. Further details can be found in our [Statement of Investment Principles](#).

### Rebalancing

As members are invested in a single fund throughout their membership, any rebalancing takes place within the fund with no direct impact on the member’s holding of the fund. Members have the option to switch between the different vintages of Lifetime Advantage Funds and they will be moved to the appropriate fund if they change their target retirement date.

### Review

The Lifetime Advantage Funds series were approved in June 2024. Reviews take place at least annually with a full review taking place triennially.

### Funds and charges

The funds used by this default investment option and their charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
Lifetime Advantage Funds	0.23	0.05	0.28

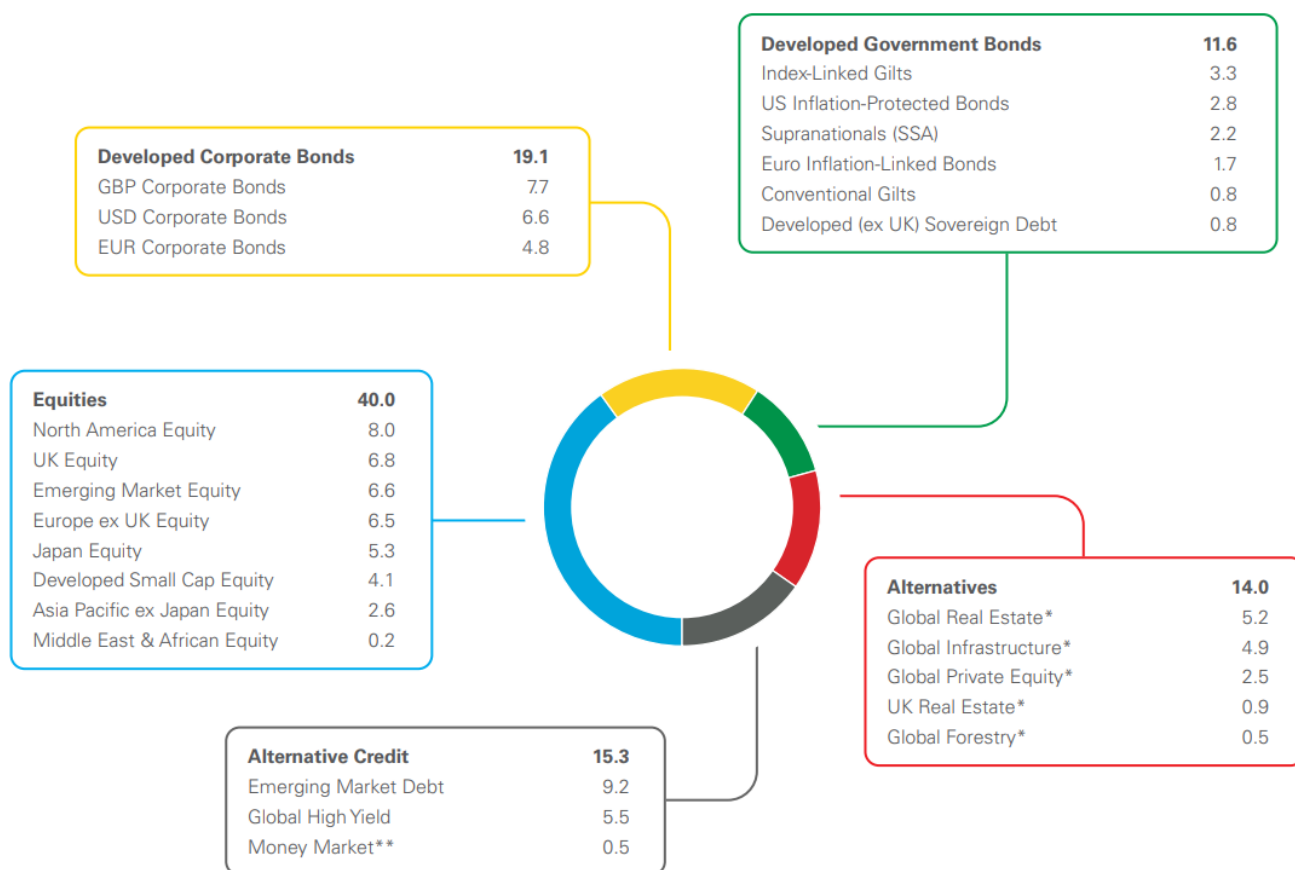
Performance fees may be charged on top of the FMC depending on the performance of the fund. In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.). This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

# Section 2 – legacy default investment options – sole governance model

Following the most recent triennial review, we are in the process of transitioning members from current legacy default investment options into the two approved default investment options outlined in section 1. This process is expected to be complete in early 2025.

## Legal & General PMC Multi-Asset Fund

The aim of the Multi-Asset Fund is to provide long-term investment growth through exposure to a diversified range of asset classes. The underlying assets of the Fund are passively managed (index tracking) unless unfeasible. The Fund incorporates environmental, social and corporate governance (ESG) considerations through strong stewardship and active engagement with the investee companies. The diversified nature of the Fund means that it is expected to have less exposure than an equity-only fund to adverse equity market conditions. However, the Fund may perform less strongly than an equity-only fund in benign or positive market conditions. The asset allocation of the Multi-Asset Fund at 31 July 2024 was as follows:



Source: Legal & General. Amounts may not total due to rounding.

## Review

The Multi-Asset Fund was approved in April 2015. Reviews take place at least annually with a full review taking place triennially.



## Funds and charges

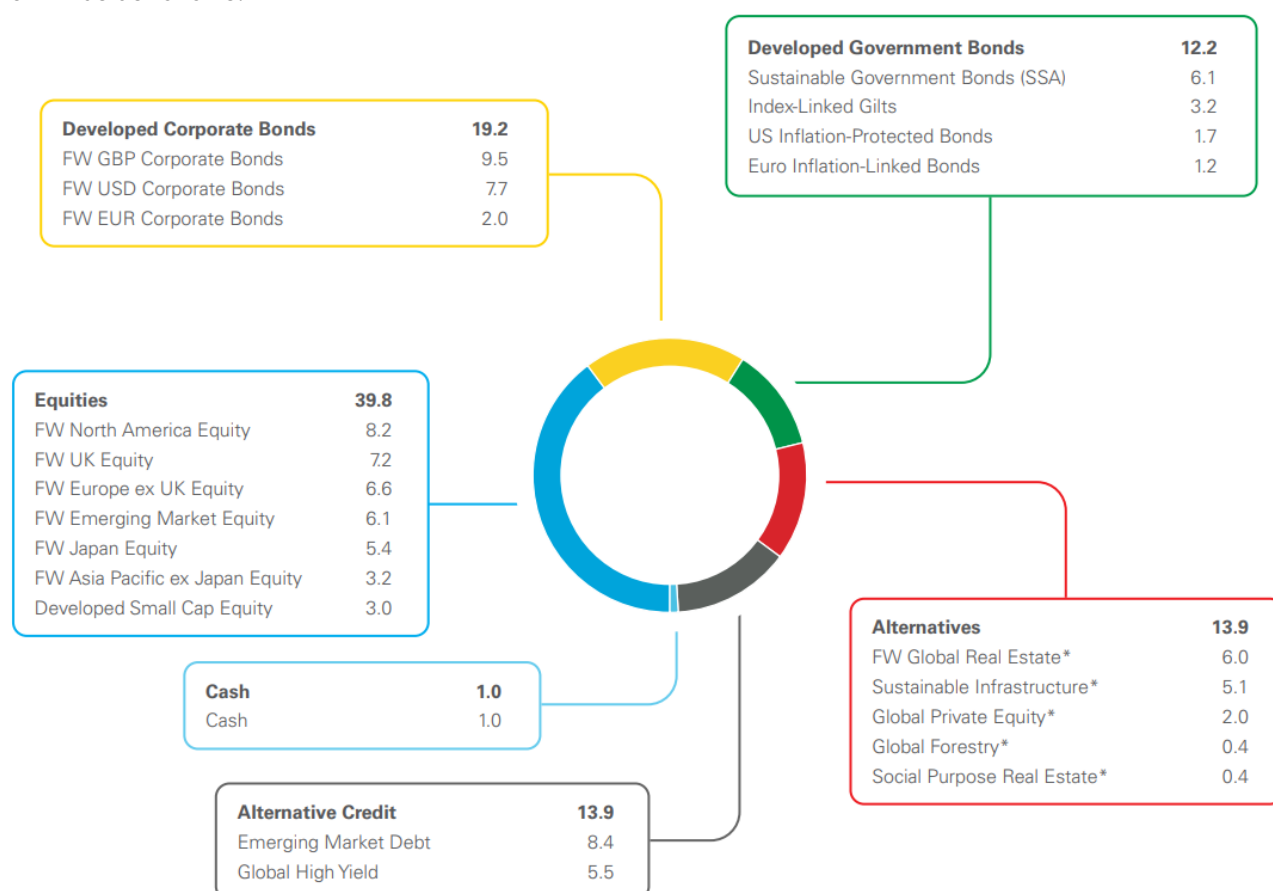
The funds used by this default investment option and their charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
L&G PMC Multi-Asset Fund	0.13	0.00	0.13

In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.). This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

## Legal & General Mastertrust Future World Multi-Asset Fund

The investment objective of the Fund is to provide long-term investment growth through exposure to a diversified range of asset classes while reflecting significant environmental, social and corporate governance (ESG) issues into the Fund's investment strategy. The Fund will invest in a range of assets which may include equities, bonds, cash and listed infrastructure, listed private equity and global real estate investment companies. Exposure to each asset class will primarily be through investing in passively managed (index tracking) funds with the ESG exposure being provided through investments in a range of Future World equity and bond index funds. These funds are constructed and weighted by the index provider based on the market capitalisation adjusted by ESG scoring of eligible constituents. Where an ESG approach is not likely to be feasible or meaningful, the Fund will use standard index funds to gain exposure to the asset class. The asset allocation of the Future World Multi-Asset Fund as at 31 July 2024 was as follows:



Source: Legal & General. Amounts may not total due to rounding.

## Review

The Future World Multi-Asset Fund was approved in January 2019. Reviews take place at least annually with a full review taking place triennially.

## Funds and charges

The funds used by this default investment option and their charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
L&G Mastertrust Future World Multi-Asset Fund	0.16	0.00	0.16

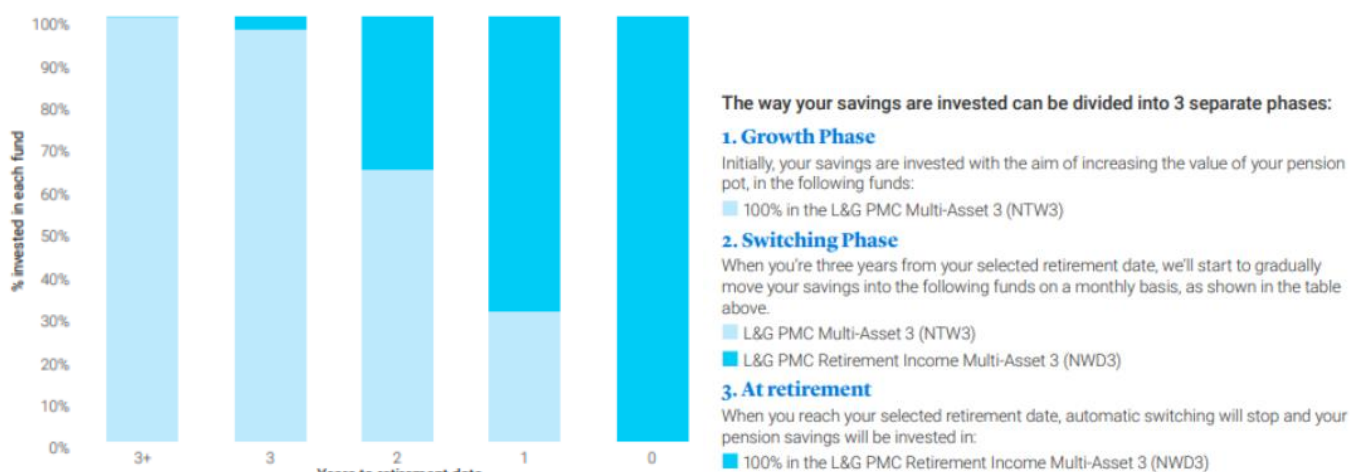
In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.). This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

## Drawdown Lifestyle

The Drawdown Lifestyle invests members' pension assets in the Legal & General PMC Multi-Asset Fund until they are three years before their selected retirement date. Assets are then switched gradually over three years into the Legal & General PMC Retirement Income Multi-Asset Fund.

The aims and asset allocation of the Multi-Asset Fund can be found above. The aims and asset allocation of the Retirement Income Multi-Asset Fund can be found in section 4.

The chart below shows the fund mix of the Drawdown Lifestyle over the three years before a member's selected retirement date.



Source: Legal & General

## Rebalancing

Where the Drawdown Lifestyle is selected as the default investment option, rebalancing between the underlying funds takes place on a monthly basis. In the event of marked relative movements between funds, causing an overshoot of the target asset allocation, 'reverse switching' will be undertaken. If a member changes their selected retirement date, their asset mix will be changed to reflect the number of years to the new selected date.

### Review

The Drawdown Lifestyle was approved in September 2018. Reviews take place at least annually with a full review taking place triennially.

### Funds and charges

The funds used by this default investment option and their charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
L&G PMC Multi-Asset Fund	0.13	0.00	0.13
L&G PMC Retirement Income Multi-Asset Fund	0.28	0.03	0.31

In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.). This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

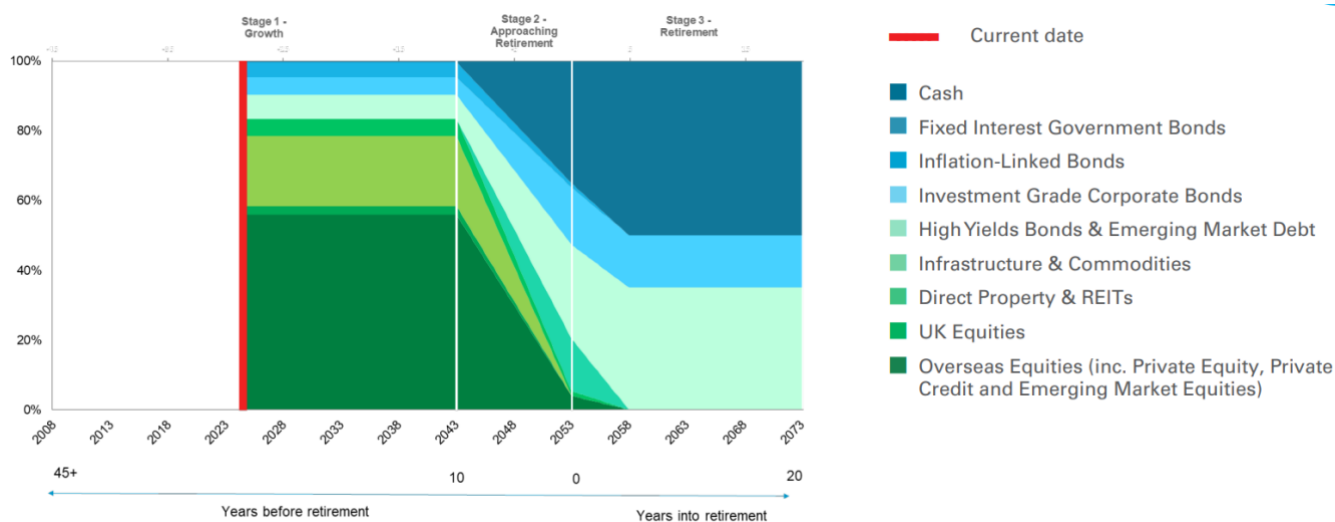
# Section 3 – additional default investment options

## Cash Target Date Funds

We have approved, in limited circumstances, the use of Target Date Funds which targets cash at retirement. This default investment option may be selected by an employer for members contributing to Additional Voluntary Contribution (AVC) arrangements, Pension Risk Transfer (PRT) members, and those where members are able to transfer DC benefits back into the DB section of a participating Scheme at retirement (DB Switchback).

The Cash TDFs are identical to the standard TDFs up until 10 years before retirement.

The chart below shows the asset mix of one of the Cash Target Date Funds (2050-55) as at 30th June 2024 to illustrate how the asset mix changes over time. The asset mix of each fund will depend on the date of the fund.



Source: Legal & General

## Rebalancing

As members are invested in a single fund throughout their membership, any rebalancing takes place within the fund with no direct impact on the member’s holding of the fund. Members have the option to switch between the different vintages of Target Date Funds and they will be moved to the appropriate fund if they change their target retirement date.

## Review

The cash-targeting TDF series were approved in May 2022. Reviews take place at least annually with a full review taking place triennially.

### Funds and charges

The funds used by this default option and their charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
<b>Cash Target Date Funds</b>	0.15	0.00	0.15

In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.). This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

### Cash (Suspensions) 3 Fund

Occasionally, investment funds can become suspended, meaning that on a temporary basis they can no longer accept money in or out. As a result, Legal & General created a new fund, named the Cash (Suspensions) 3 Fund, to accept member contributions intended for the suspended funds. When they begin to operate normally again the money can be moved back into the intended fund. Because member contributions into this fund were directed there without specific instructions from each member, the Cash (Suspensions) 3 Fund must be declared as a default investment option.

# Additional information for default investment options

## Fund manager

The default investment options listed are all managed by Legal & General's asset management division. It provides investment expertise across a full spectrum of asset classes including equities, fixed income, commercial property and cash.

## Investment costs

### Charge cap

The Mastertrust is a 'qualifying scheme' for auto-enrolment purposes, which means that all the default investment options are subject to a regulatory charge cap (currently 0.75% p.a.) introduced by the government. We monitor compliance against the charge cap through regular management information that allows them to track the charges applied to all participant employers of the Mastertrust.

### Transaction costs

Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds' unit prices and members' fund values.

## Section 4 – at retirement

The ‘at retirement’ section of the Mastertrust offers an appropriate vehicle for members to invest into at the point of, and following, their retirement. It’s also available to members of other occupational pension schemes which offer their members a suitable post-retirement vehicle.

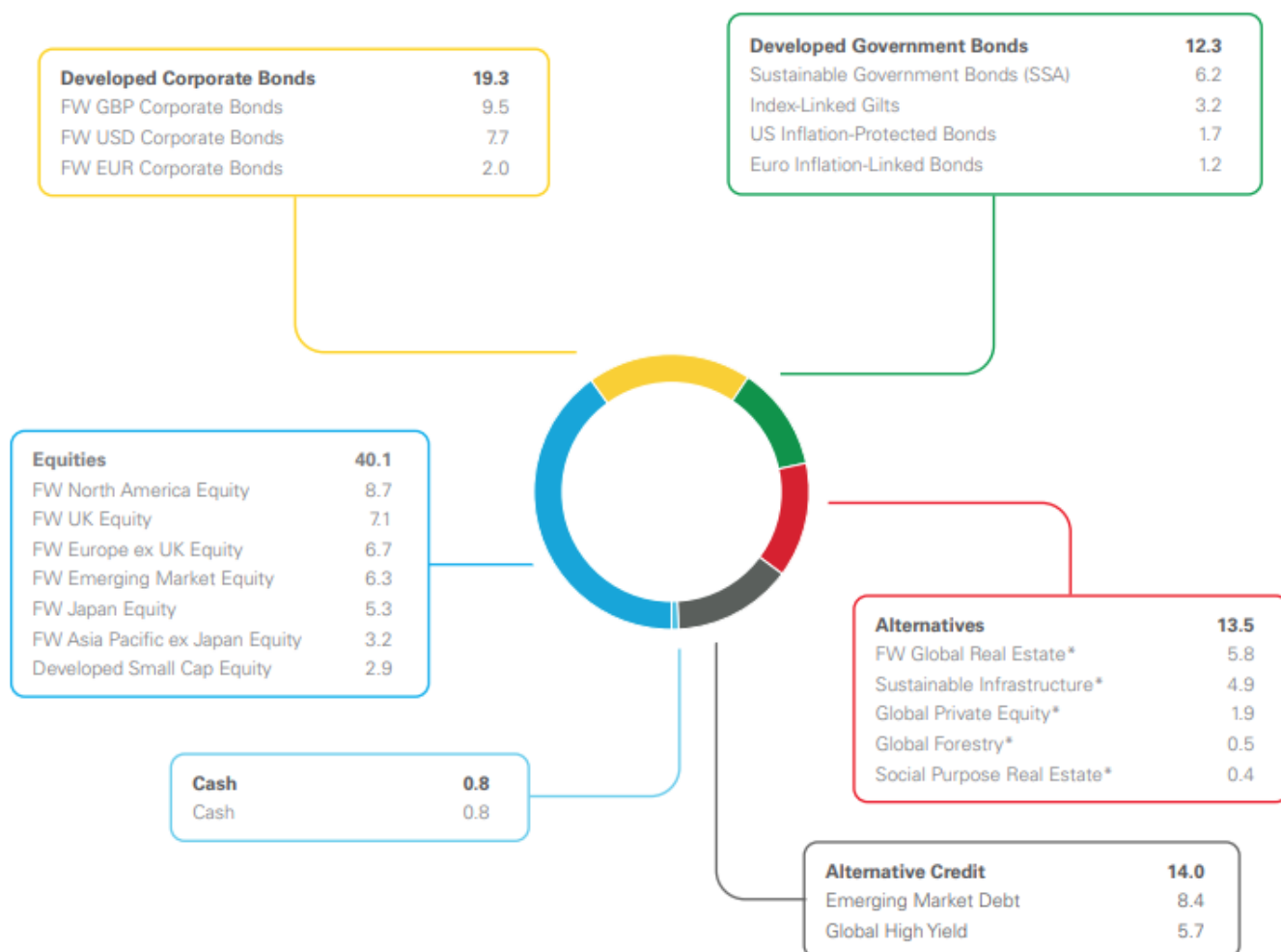
The at-retirement section of the Mastertrust does not have a regulatory default investment option but instead offers:

- Investment pathways as the initial investment option for taking drawdown.  
There is also the self-select fund range for members who do not wish to use these.
- Retirement Income Multi-Asset Fund (RIMA) as the informal ‘default’ for members taking partial uncrystallised funds pension lump sums (UFPLS).

The split of assets within the investment pathways as at 30 June 2024 is shown below:

### Legal & General PMC Investment pathway option 1 invest A3

The fund aims to provide an appropriate investment solution for those who have no plans to touch their money in the next five years.



Source – Legal & General. Amounts may not total due to rounding.

## Legal & General PMC Investment pathway option 2 annuity A3

The fund aims to provide an appropriate investment solution for those who plan to set up a guaranteed income (annuity) within the next five years.

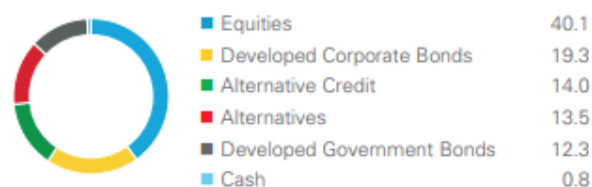
### CAPITAL ALLOCATION (%)



### FUTURE WORLD MULTI-ASSET FUND

Fund code: MAGJ

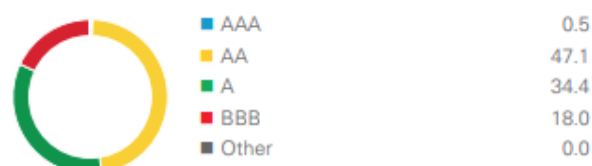
#### ASSET ALLOCATION (%)



For further information, click [here](#).

### FUTURE WORLD INFLATION SENSITIVE ANNUITY AWARE FUND\*

Fund code: CYAB



#### TOP 10 HOLDINGS (%)

UK IL Gilt 0.125% 10 Aug 31	17.2
UK IL Gilt 0.625% 22 Mar 40	6.7
UK IL Gilt 0.125% 10 Aug 41	5.0
UK IL Gilt 0.5% 22 Mar 50	3.0
UK IL Gilt 0.75% 22 Mar 34	2.4
UK IL Gilt 0.125% 22 Mar 46	2.4
UK IL Gilt 0.125% 22 Nov 56	1.4
Zurich Financial Services AG	1.2
UK IL Gilt 0.625% 22 Mar 45	1.0
Pfizer 2.735% 15 Jun 43	0.9

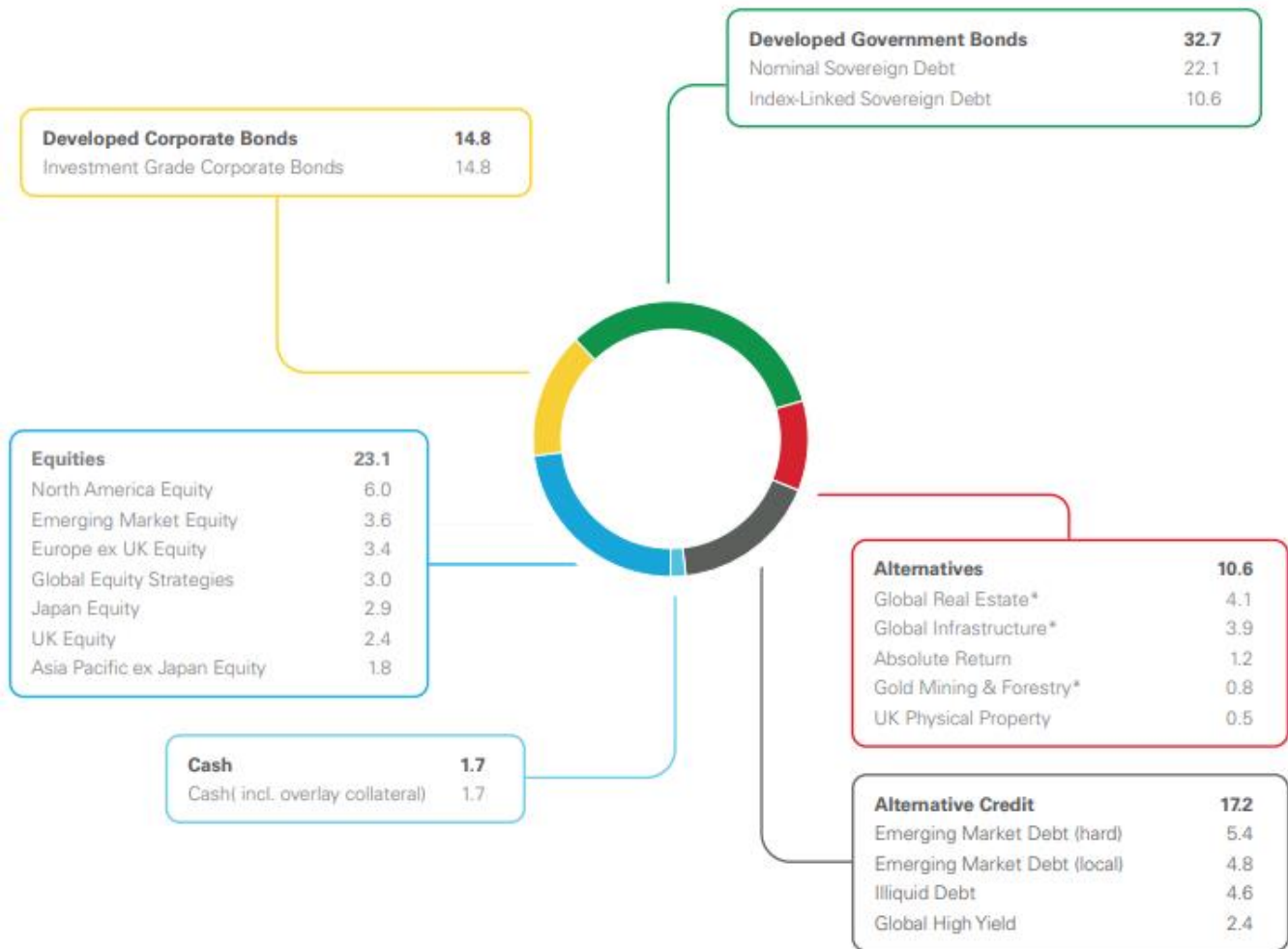
\*Please note that the name of the Fund was previously the Pre-Retirement Inflation Sensitive Fund.

Source – Legal & General. Amounts may not total due to rounding.



### Legal & General PMC Investment pathway option 3 income A3

The fund aims to provide an appropriate investment solution for those who plan to start taking a long-term income within the next five years.



Source – Legal & General. Amounts may not total due to rounding.

## Legal & General PMC Investment pathway option 4 take money A3

The fund aims to provide an appropriate investment solution for those who plan to take all their money within the next five years.



### SECTOR (%)

Core Financials	58.1
Utilities	9.8
Consumer Goods	9.7
Industrials	4.8
Consumer Services	4.0
Telecommunications	3.8
Real Estate	3.6
Financial Services	2.4
Energy	1.8
Other	2.0



### YEARS TO MATURITY (%)

0- 5 Years	98.4
5- 10 Years	1.6



■ Top 10 holdings 7.4%  
 ■ Rest of portfolio 92.6%  
 No. of issuers in fund 187  
 No. of issuers in index 194

### TOP 10 HOLDINGS (%)

Barclays 3.25% 12 Feb 27	0.9
Hsbc Holdings 3% 22 Jul 28	0.8
BP Capital Markets 4.25% 31 Dec 99	0.8
Bank of America 7% 31 Jul 28	0.8
Morgan Stanley 2.625% 09 Mar 27	0.8
Barclays 8.407% 14 Nov 32	0.7
Nationwide 6.178% 07 Dec 27	0.7
Santander UK Grp Hol. 7.098% 16 Nov 27	0.7
Goldman Sachs Group 4.25% 29 Jan 26	0.7
Natwest Group 2.105% 28 Nov 31	0.7

### CREDIT RATING (%)

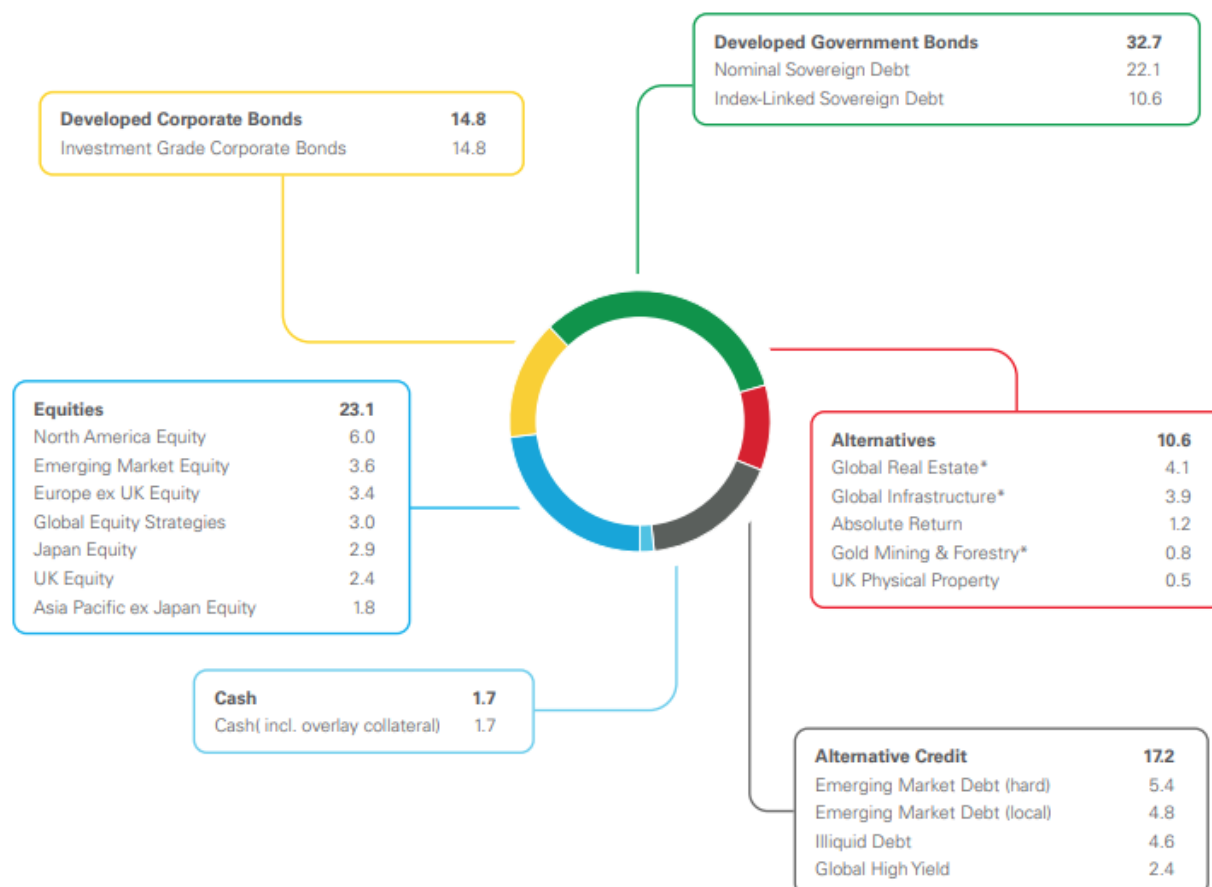
AAA	1.1
AA	10.5
A	43.0
BBB	45.3
BB	0.1

### COUNTRY (%)

United Kingdom	40.4
United States	18.6
France	11.1
Germany	4.8
Canada	3.8
Spain	3.6
Netherlands	3.2
Australia	2.8
Switzerland	2.3
Other	9.5

Source – Legal & General. Amounts may not total due to rounding.

## Legal & General PMC Retirement Income Multi-Asset Fund



Source – Legal & General. Amounts may not total due to rounding.

### Fund Manager

The Retirement Income Multi-Asset Fund is managed by Legal & General's asset management division. It provides investment expertise across a full spectrum of asset classes including equities, fixed income, commercial property and cash.

### Funds and charges

The fund's charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
L&G PMC Retirement Income Multi-Asset Fund	0.28	0.03	0.31

In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.). This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

### Transaction costs

Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds' unit prices and members' fund values and, in effect, are borne by members.

### Review

The Retirement Income Multi-Asset Fund was introduced in November 2018. Reviews take place at least annually with a formal review taking place triennially.

## Section 5 – wider investment choices

### Self-select fund range

The Mastertrust offers members a choice of self-select funds as an alternative to the default investment options within the sole governance model.

The funds are largely managed by Legal & General's asset management division. However, there are also a number of actively managed funds and external fund managers. We believe that offering a range of active as well as index tracking funds will provide members with sufficient choice. We also offer faith-based funds (the HSBC Islamic Global Equity Index Fund, HSBC Sukuk Index Fund, the HSBC Shariah Multi-Asset Fund, and the L&G Islamic Lifestyle Profile) and funds with environmental, social and governance (ESG) themes (the Legal & General Ethical Fund, the Future World Fund and the Future World Multi-Asset Fund).

Members can choose to invest in a self-select fund alongside the default investment option. If they are invested in a lifestyle profile, then they cannot invest in any other funds at the same time.

### Fund range

The sole governance self-select funds which can be used as an alternative to the default investment options and their charges, expressed as a percentage investment management charge (IMC), additional expenses (AE) and total fund management charge (FMC), as at 30 June 2024 are:

Fund	IMC % p.a.	AE % p.a.	FMC % p.a.
L&G PMC AAA-AA-A Corporate Bond All Stocks Index Fund 3	0.12	0.00	0.12
Legal & General Mastertrust Active Diversified Growth Fund	0.80	0.19	0.99
L&G PMC Cash Fund 3	0.09	0.00	0.09
L&G PMC Ethical Global Equity Index Fund 3	0.30	0.00	0.30
L&G MT Global Fossil Fuel Exclusions Equity Index Fund	0.12	0.05	0.17
L&G PMC Future World Fund 3	0.24	0.00	0.24
Legal & General Mastertrust Future World Multi-Asset Fund	0.16	0.00	0.16
Legal & General Mastertrust Global Developed Equity Index Fund	0.10	0.00	0.10
Legal & General Mastertrust Smaller Companies Index Fund	0.22	0.00	0.22
L&G PMC Global Diversified Credit 3	0.30	0.04	0.34
Legal & General Mastertrust Global Real Estate Equity Index Fund	0.19	0.00	0.19
L&G PMC HSBC Islamic Global Equity Index Fund 3	0.23	0.12	0.35
L&G MT Positive Change Fund	0.50	0.03	0.53
L&G PMC Janus Henderson Fixed Interest Monthly Income Fund 3	0.62	0.04	0.66
Legal & General MT Active Global Equity Fund	0.65	0.07	0.72
L&G PMC Multi-Asset Fund 3	0.13	0.00	0.13
L&G PMC Future World Annuity Aware Fund 3	0.12	0.00	0.12
L&G PMC Retirement Income Multi-Asset Fund 3	0.28	0.03	0.31
Legal & General Mastertrust UK Smaller Companies Fund	0.50	0.02	0.52

Legal & General Mastertrust Short Dated Bond Index Fund	0.12	0.00	0.12
L&G PMC Sustainable Property Fund 3	0.44	0.88	1.32
L&G PMC CT Managed Equity 3	0.40	0.09	0.49
L&G PMC UK Equity Index Fund 3	0.10	0.00	0.10
Legal & General Mastertrust Emerging Markets Index Fund	0.25	0.01	0.26
L&G PMC World (ex UK) Equity Index Fund 3	0.12	0.00	0.12
L&G PMC HSBC Shariah Multi-Asset Fund 3	0.15	0.17	0.32
L&G PMC HSBC Global Sukuk Fund 3	0.20	0.12	0.32
L&G Islamic Growth Fund 3 (available within the L&G Islamic Lifestyle Profile only)	0.20	0.14	0.34
L&G Islamic Retirement Fund 3 (available within the L&G Islamic Lifestyle Profile only)	0.19	0.13	0.32

In addition to the FMC, members pay an administration fee (up to a maximum of 0.37% p.a.). This will depend on the fee negotiated by the participating employer. In some cases, the participating employer may choose to cover the administration charge.

#### Transaction costs

Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds' unit prices and members' fund values and are, in effect, borne by members.

#### Review

The current self-select fund range was updated in March 2022. Reviews take place at least triennially. Subject to Trustee approval, funds can be added to the range between triennial reviews.