

THE LEGAL & GENERAL MULTI-ASSET LIFESTYLE PROFILE.

This is the Legal & General default investment option for workplace pension schemes.

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Why do we have the default option?

The Legal & General default investment option for stakeholder and auto-enrolment schemes is called the Multi-Asset Lifestyle Profile. It's an option that's suitable for members who prefer not to make their own investment decisions. Some employers may choose an alternative default option for their scheme.

How it works

If a member invests in this lifestyle profile, their pension pot will be invested in up to three different funds depending on how far they are from their selected retirement age.

When there is more than 10 years to a member's selected retirement age, the profile is in the growth phase and is invested in the Legal & General (PMC) Multi-Asset Fund.

When there is 10 years or less to the selected retirement age, the pension pot will be moved gradually, on a monthly basis, out of the Multi-Asset Fund and into a combination of the Legal & General (PMC) Over 15 Year Gilts Index Fund and the Legal & General Cash Fund.

The table opposite shows how this gradual transfer is implemented. On reaching the selected retirement age, the pension pot is invested as follows:

- 75% in the Legal & General (PMC) Over 15 Year Gilts Index Fund;
- 25% in the Legal & General Cash Fund.

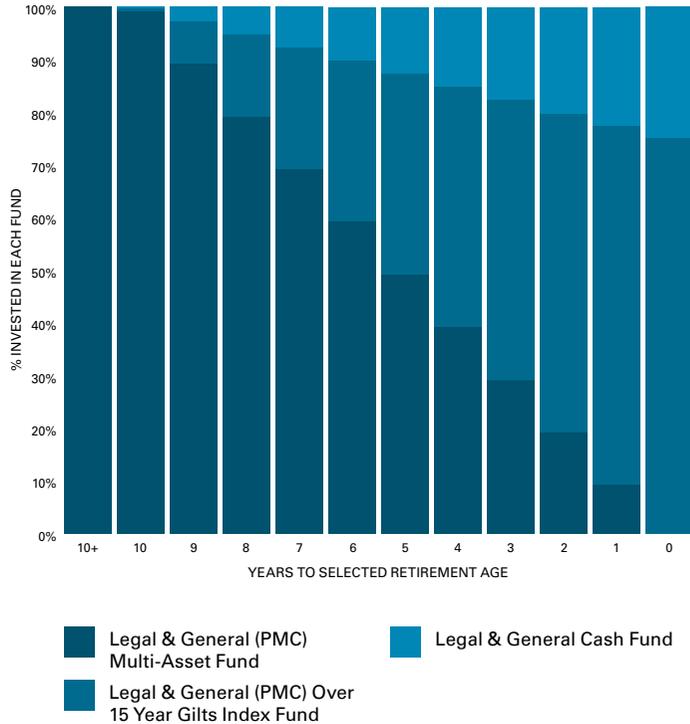
This gradual process is intended to reduce the investment risks to the accumulated value of the member's pension pot, as retirement approaches. The funds used in the later stages have been historically less volatile.

Please bear in mind that past performance is not a guide to future returns. The value of these investments is not guaranteed and may go up and down. Investment is not risk free.

Governance

The Multi-Asset Lifestyle Profile is subject to regular reviews. This means the funds within it are continually monitored by Legal & General Investment Management (LGIM).

LIFESTYLE PROFILE SWITCHING PHASE



i This document is not intended to give advice. If you'd like to make your own investment choices but feel you need more help, we strongly recommend that you speak to a financial adviser.

To find out more about investing in a lifestyle profile, including the advantages and disadvantages, please visit our **Fund Zone**, select 'fund information' for your pension product and take a look at 'Your Guide To Investing'.

THE FUNDS WITHIN THE LIFESTYLE PROFILE.

THE LEGAL & GENERAL (PMC) MULTI-ASSET FUND

This is the fund used in the growth phase of the Multi-Asset Lifestyle Profile.

Aim of the fund

The fund's aim is to pursue an investment strategy with global reach, which pursues long-term growth. The fund's asset allocation is determined by a combination of quantitative (model based) and qualitative processes. LGIM takes into account:

- a desire for a sufficient level of diversification (both by asset class and geographical spread);
- relative market sizes of different asset classes;
- a preference for long-term and/or inflation sensitive assets; and
- the appropriate balance between sterling and non-sterling currencies.

The diversified nature of this fund means it is expected to have less exposure than an equity-only fund to adverse equity market conditions, making it potentially less risky. However, the fund may perform less strongly than an equity-only fund in benign or positive market conditions.

Fund of funds

The Multi-Asset Fund is made up of sub funds to support the desired asset allocation. Sub funds are underlying investments used to make up the fund. The 22 component investments have been mostly selected from LGIM's range of index funds. Please see the pie chart opposite for the component investments.

Ongoing rebalancing of asset allocation within the fund

To maintain the Legal & General (PMC) Multi-Asset Fund in line with the planned asset allocation, underlying funds will be adjusted if an individual fund or asset class weighting moves outside of a pre-determined range. LGIM's Asset Allocation Team monitors this and recommends adjustments as necessary.

Annual review of asset allocation within the fund

The asset allocation will be reviewed on an annual basis. As part of the review, LGIM will re-appraise the inclusion of other funds that may be suitable. It will also suggest adjustments in the allocation to capture any changes in economic or market dynamics. The fund has a long-term, predominantly passive focus which means there won't be any attempt made to take shorter-term positioning (sometimes known as tactical asset allocation).

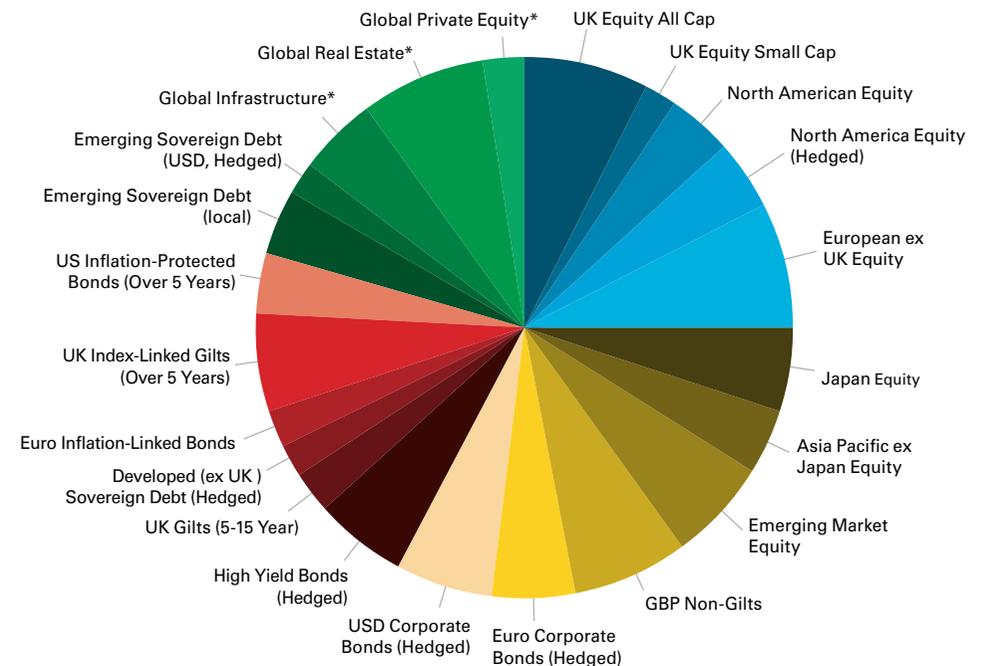


Table shows current (January 2014) target asset allocation. A factsheet for the fund is available to investors and their advisers.

* Exposure through shares in listed infrastructure and private equity companies and global Real Estate Investment Trusts (REITs).

THE LEGAL & GENERAL (PMC) OVER 15 YEAR GILTS INDEX FUND

Aim of the fund

The fund aims to track the sterling total returns of the FTSE A Government (Over 15 Year) Index to within +/- 0.25% a year in two out of every three years.

Legal & General uses this fund as it seeks to reduce investment volatility as a member approaches retirement.

Annuity funds often invest in 15 year gilts and other fixed interest investments. The cost of annuities tends to move in a similar way to the value of these investments. So the part of your pension pot that is invested in fixed interest investments may increase in value when annuities cost more to buy but may fall in value when they cost less. This provides a natural hedging effect.

LEGAL & GENERAL CASH FUND

Aim of the fund

The fund aims to provide capital protection with growth at short term interest rates. The fund invests in the short term money markets such as bank deposits and Treasury Bills.

The fund does not invest in any asset types where the capital value can fall, such as fixed interest securities. The value of the fund's assets would only fall if a deposit holder or the UK Government were unable to meet their obligations. However, if the interest earned by the fund's assets is insufficient to cover the fund management charge and any additional fund expenses, the unit price will fall.

A fund factsheet is available for each of the funds that form part of the Multi-Asset Lifestyle Profile. To find out more please visit our [Fund Zone](#), go to 'fund information' for your pension product, select 'fund factsheets' and choose the appropriate factsheet.

If you wish to understand more about asset classes and investment, please take a look at 'Your Guide to Investing', which you'll also find in the 'fund information' section detailed above.

The Multi-Asset Lifestyle Profile uses LGIM's range of index funds.

Having confidence in LGIM to invest

LGIM is the largest pension fund manager in the UK with £462.6 billion assets under management (as at 31 March 2014).

Why choose LGIM for index-linked fund management?

LGIM is one of the world's leading providers of index fund management. It offers a diversified range of pooled index funds, providing a wide choice and the ability to pursue specific benchmarks efficiently, underpinned by a value enhancing philosophy.

Why choose LGIM for asset allocation?

The investment process and asset allocation of the LGIM Multi-Asset Fund is designed and regularly reviewed by the Asset Allocation Team, which has a wealth of strategic investment experience.

All rights in the FTSE A Government (Over 15 Year) Index (the "Index") vest in FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence.

The Legal & General (PMC) Over 15 Year Gilts Index Fund (the "Fund") has been developed solely by Legal & General. The Index is calculated by FTSE or its agent. FTSE and its licensors are not connected to and do not sponsor, advise, recommend, endorse or promote the Fund and do not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Fund .

FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Legal & General.

RISK RATING THE FUNDS IN THE LEGAL & GENERAL MULTI-ASSET LIFESTYLE PROFILE.

Legal & General's risk meter

Legal & General provides a system of risk rating so our funds can be compared in terms of their relative risk. The risk meter opposite shows where the funds used within the Multi-Asset Lifestyle Profile sit within this.

Legal & General risk rates the funds based upon the risk it believes they present to your capital assuming you were to hold your investment for at least five years. Please note that the risk could be increased if you don't keep your money fully invested for at least five years.

For more information on the risk rating of our funds please visit our [Fund Zone](#), select 'fund information' for your pension product and take a look at 'Your Risk Meter'.

The risk ratings used in this Risk Meter were correct as of September 2014.

RISK CATEGORY	FUND NAME
5 UPPER	
5 LOWER	
4 UPPER	
4 MIDDLE	
4 LOWER	Legal & General (PMC) Multi-Asset Fund
3 UPPER	Legal & General (PMC) Over 15 Year Gilts Index Fund
3 MIDDLE	
3 LOWER	
2	Legal & General Cash Fund
1	

WHY CHOOSE THE MULTI-ASSET LIFESTYLE PROFILE?

Features of the default investment option	What it means for the members
During the growth phase, the lifestyle profile is invested in the Multi-Asset Fund. The Multi-Asset Fund is highly diversified, currently invested in 22 underlying component investments.	The Multi-Asset Fund is widely diversified to minimise risk.
The global diversification of the Multi-Asset Fund allows it to target long-term growth opportunities with lower risk targets.	The Multi-Asset Fund is designed specifically for long-term pension savings, avoiding short-term positioning and reducing risk via wide diversification. It has broad suitability as a growth vehicle for members of Legal & General's pension schemes.
The Multi-Asset Fund is fully transparent.	The Multi-Asset Fund is backed by real assets (which are the actual physical underlying securities such as shares or bonds). The only exceptions are where market sectors are insufficiently developed and efficient implementation can be better achieved through alternative options.
During the de-risking phase, the lifestyle profile shifts the member's pension pot gradually each month into less volatile funds, as retirement approaches.	This gradually reduces the investment risk and the likelihood of big changes in fund values just before retirement. This happens automatically so the member doesn't need to take any action.
The Multi-Asset Fund uses mainly passive funds (at least 90%).	Passive funds generally offer lower fund management costs and lower fund expenses through lower trading volumes. Using passive funds removes the costs and risks associated with selection of active fund managers.
Governance at fund level. Each year the asset allocation of the Multi-Asset Fund is reviewed to ensure that it remains balanced.	This means that the Multi-Asset Fund's asset allocation is regularly adjusted in the light of changing market conditions.
Governance at profile level. The performance of the lifestyle profile is continuously monitored.	This means funds within the lifestyle profile may be replaced if other funds better meet the requirements of the members. Should this happen then Legal & General would communicate this to the member.
The performance of the lifestyle profile is overseen by a governance committee with a balance of independent members, including the chairperson.	This provides an overarching governance framework for the lifestyle profile and ensures the interests of members are fully considered.

The Multi-Asset Lifestyle Profile may not suit all investors. Examples of this could be:

- where a member prefers a more active role in the investment of their pension pot;
- where a member does not intend to buy an annuity when they open their pension pot. An example of this would be taking income drawdown instead; and
- where a member intends to pursue a higher risk strategy on the basis of a potentially higher reward OR conversely, where a member wants to pursue a lower risk strategy with the potential for lower rewards.

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CONTACT US

 www.legalandgeneral.com/workplacebenefits

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