

LWM FUND SPOTLIGHT
LGIM STRATEGIC BOND FUND

INVESTMENT OBJECTIVE

To achieve growth of capital and provide income by investing principally in a range of fixed and variable rate income securities. The Fund may invest in investment grade and sub-investment grade fixed income securities with a credit rating from a recognised credit rating service or which are listed or traded in an OECD Country. The Fund will have a net exposure of at least 80% to Sterling. The Fund may also use a variety of derivative transactions for both investment purposes and efficient portfolio management. Where considered in the interests of investors, derivatives may be used to synthetically alter the characteristic of the fixed income securities, such as to protect against credit and duration risk. The types of derivatives used include credit default swaps, interest rate swaps, foreign exchange and other Over the Counter (OTC) instruments as well as exchange traded instruments including futures and options. The use of derivatives for these purposes may be extensive and may affect the volatility or risk profile of the Fund although this is not the intention. The Fund may also invest in transferable securities, such as equities, asset and mortgage backed securities and loans; regulated collective investment schemes; money market instruments; cash; near cash and deposits. The collective investment schemes in which the Fund may invest in may include schemes which are managed or operated by, or whose authorised corporate director is, the Manager or one of its associates.

| | |
|-----------------------|---|
| INCEPTION DATE | 1 st May 2007 |
| FUND FACTSHEET | https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000000EPL |

MANAGEMENT

| | |
|---------------------|---------------------------------|
| Manager Name | Start Date |
| Colin Reddie | 1 st January 2019 |
| Matthew Rees | 30 th September 2019 |

RATIO DATA (3-years)

| Alpha | Beta | Max Drawdown | Max Gain | Max Loss | Negative Periods | Positive Periods | Tracking Error |
|-------|------|--------------|----------|----------|------------------|------------------|----------------|
| 5.29 | 0.69 | -11.63 | 8.31 | -7.19 | 58 | 83 | 4.39 |

OTHER DATA

| | |
|------------------|-------------------------------|
| Benchmark | Sterling Strategic Bond Index |
| Fund Size | £288 m |
| Fees | 0.63% |

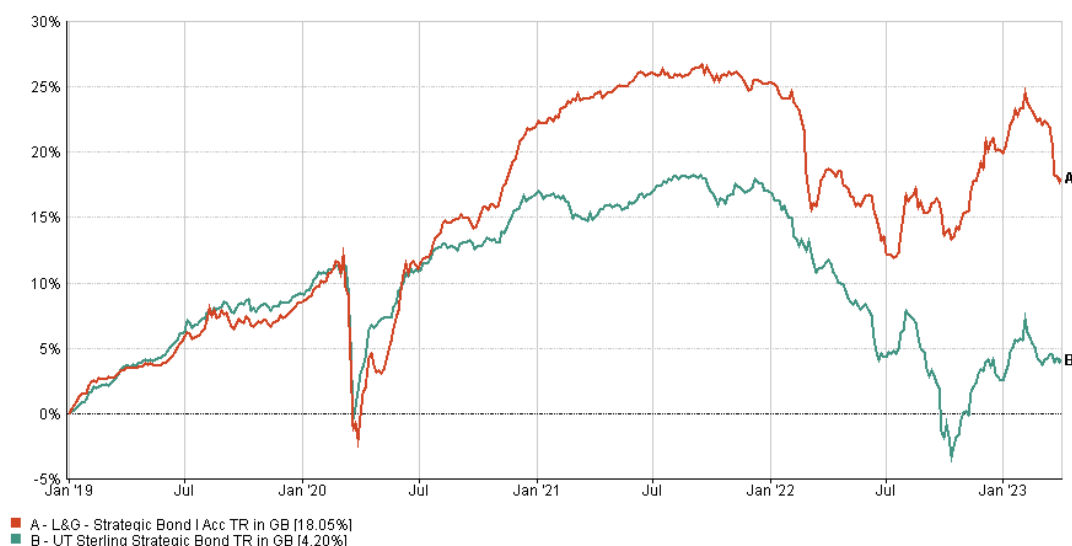
LGIM Strategic Bond Fund – April 2023

| BULL POINTS (PRO) | BEAR POINTS (CONS) |
|---|--|
| <ul style="list-style-type: none"> • Current yield 5.50% p.a. • Team has rebuilt the strategy after high profile manager left. • Actively managed strategy with focus mainly on corporates. • Longer term performance strong although recent performance relatively weak. | <ul style="list-style-type: none"> • Crowded market, still building reputation. |

FUND PERFORMANCE

Performance from 1 January 2019 – 31 March 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



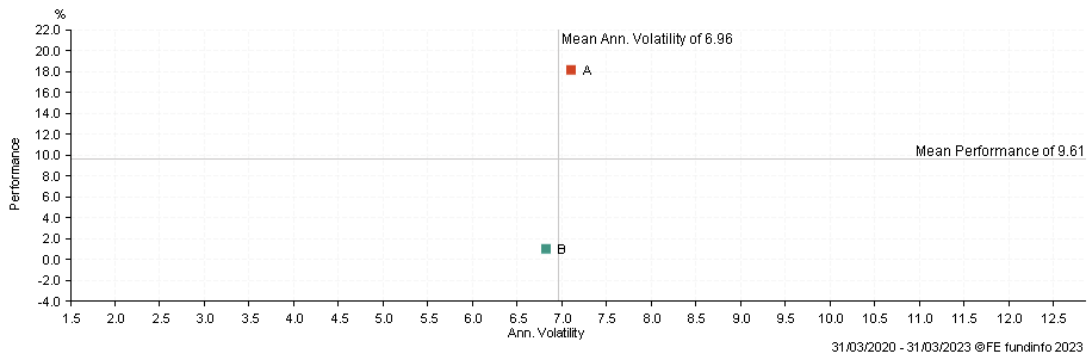
31/12/2018 - 31/03/2023 Data from FE fundinfo2023

Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

LGIM Strategic Bond Fund – April 2023

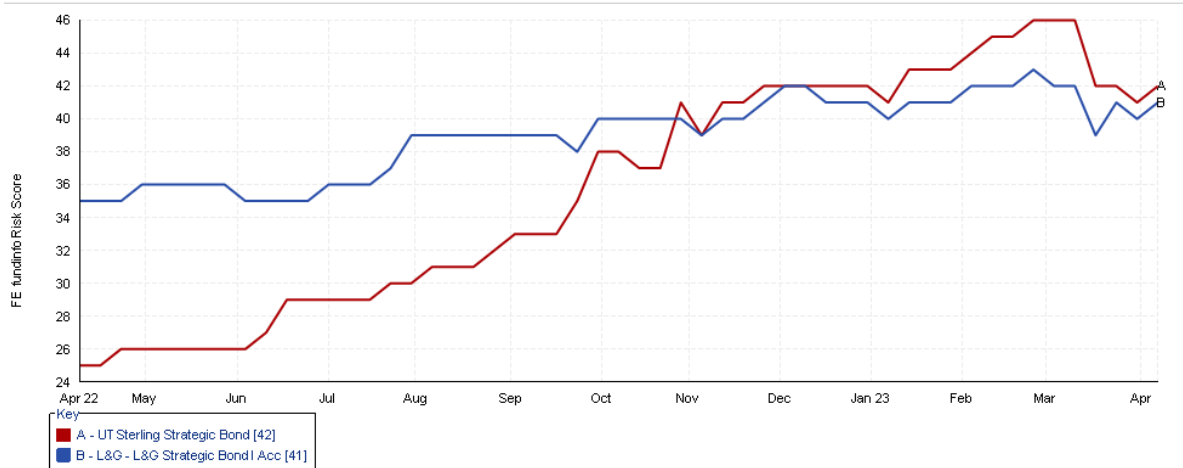
VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



| Key | Name | Performance | Annualised Volatility |
|-----|-------------------------------------|-------------|-----------------------|
| A | L&G - Strategic Bond I Acc TR in GB | 18.16 | 7.10 |
| B | UT Sterling Strategic Bond TR in GB | 1.05 | 6.82 |

FE fundinfo Risk Score Chart Over 1 Year

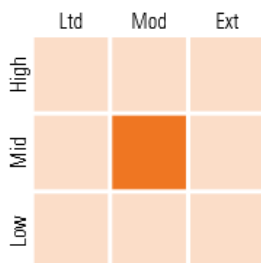


08/04/2022 - 07/04/2023 Powered by data from FE fundinfo

FIXED INCOME STYLE

Fixed Income Style

Current Historical



| Fixed Income Measures | Investment | Category Average |
|-----------------------|------------|------------------|
| Effective Duration | — | 4.56 |
| Modified Duration | 3.61 | 4.94 |
| Effective Maturity | — | 8.14 |
| Credit Quality | BBB | BBB |
| Weighted Coupon | 5.13 | 4.51 |
| Weighted Price | 92.00 | 90.64 |
| Yield to Maturity | — | 6.06 |

As of 28 Feb 2023 | Category: Global Flexible Bond - GBP Hedged | Source: Manager-reported and holdings-based calculations.

LGIM Strategic Bond Fund – April 2023

EXPOSURE

Exposure

vs. Index ▾



Investment as of 28 Feb 2023 | Index: Morningstar Gbl Core Bd GR Hdg GBP as of 31 Mar 2023 | Sector data is based on the rescaled long position of the equity holdings. | Source: Holdings-based calculations.

BOND BREAKDOWN

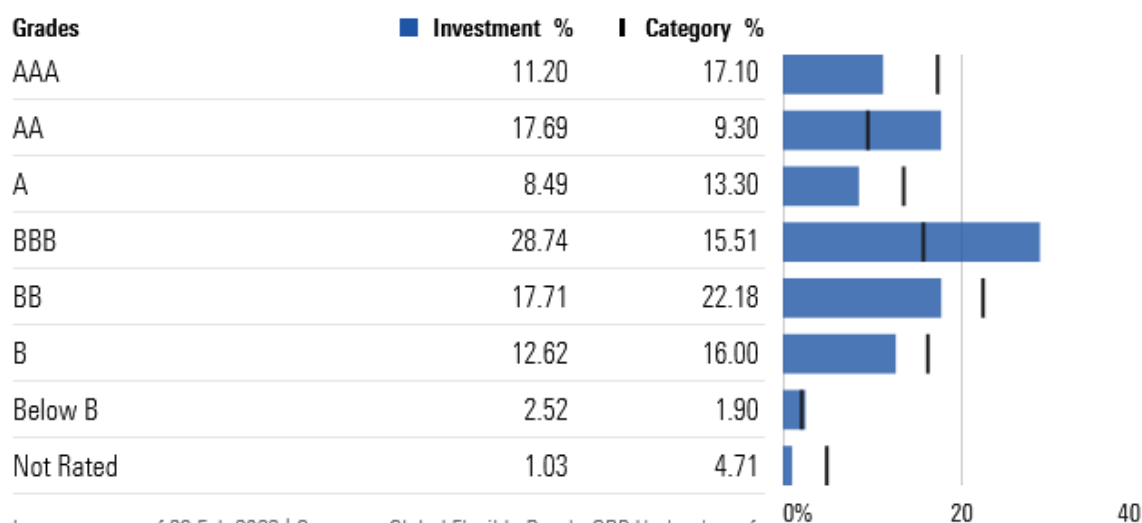
Bond Breakdown

Credit Quality

Coupon Range

Maturity Schedule

vs. Category ▾



Investment as of 28 Feb 2023 | Category: Global Flexible Bond - GBP Hedged as of 31 Dec 2022 | Credit Quality Data is based on the long position of the holdings. | Source: Manager-reported.

LGIM Strategic Bond Fund – April 2023

Bond Breakdown

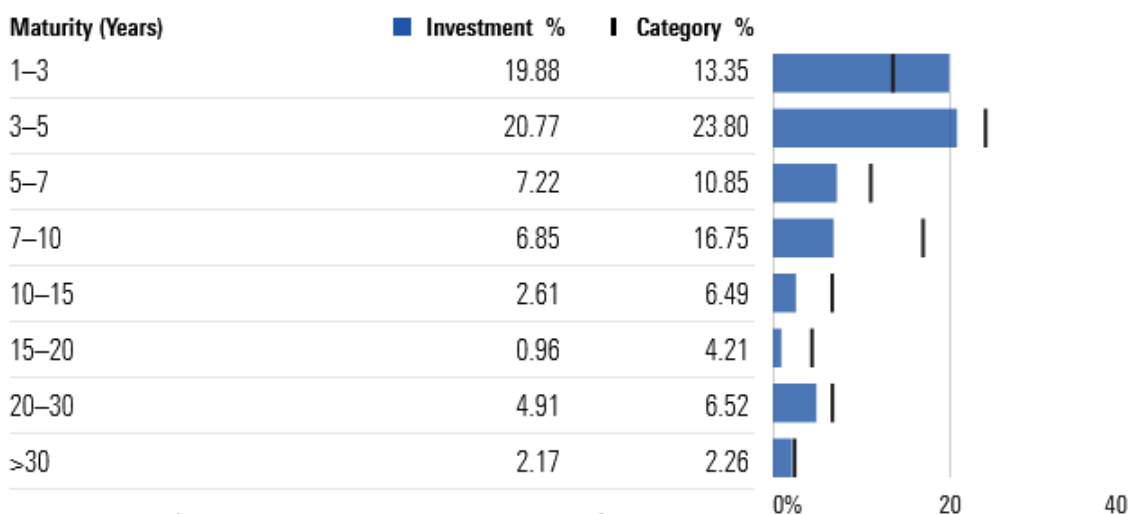
Credit Quality

Coupon Range

Maturity Schedule

vs. Category ▾

Maturity (Years)



As of 28 Feb 2023 | Category: Global Flexible Bond - GBP Hedged | Source: Holdings-based calculations.

HOLDINGS

Holdings

Bond ▾

| Current Portfolio Date | Equity Holdings | Bond Holdings | Other Holdings | % Assets in Top 10 Holdings | Reported Turnover % |
|------------------------|-----------------|---------------|----------------|-----------------------------|---------------------|
| 28 Feb 2023 | 0 | 454 | 11 | 19 | 197.45 |

| Holdings | % Portfolio Weight | Market Value GBP as of 28 Feb 2023 | Share Change % |
|--|--------------------|------------------------------------|----------------|
| United States Treasury Bonds 0.13329% | 1.69 | 4,455,058 | ↑ 100.00 |
| Lloyds Bank plc 7.5% | 1.40 | 3,685,972 | 0.00 |
| United Kingdom of Great Britain and Northern Ireland 4.25% | 1.35 | 3,570,733 | 0.00 |
| Westpac Banking Corp. 4.31986% | 1.32 | 3,487,313 | 0.00 |

Holdings as of 28 Feb 2023 | The top 10 largest holdings are available for display across Equity, Bond and Other.

LGIM Strategic Bond Fund – April 2023

Holdings

Others ▾

| Current Portfolio Date | Equity Holdings | Bond Holdings | Other Holdings | % Assets in Top 10 Holdings | Reported Turnover % |
|------------------------|-----------------|---------------|----------------|-----------------------------|---------------------|
| 28 Feb 2023 | 0 | 454 | 11 | 19 | 197.45 |

| Holdings | % Portfolio Weight | Market Value | Prospectus Net Expense Ratio |
|---|--------------------|--------------|------------------------------|
| United Kingdom of Great Britain and Northern Ireland 0% | 6.70 | 17,677,849 | — |
| Uninvested Cash | 4.85 | 12,778,342 | — |
| United States Treasury Bills 0% | 1.55 | 4,092,641 | — |
| United Kingdom of Great Britain and Northern Ireland 0% | 1.51 | 3,992,209 | — |
| United Kingdom of Great Britain and Northern Ireland 0% | 1.51 | 3,980,123 | — |
| Interest And Dividends Receivable | 1.31 | 3,457,225 | — |

Holdings as of 28 Feb 2023 | The top 10 largest holdings are available for display across Equity, Bond and Other.

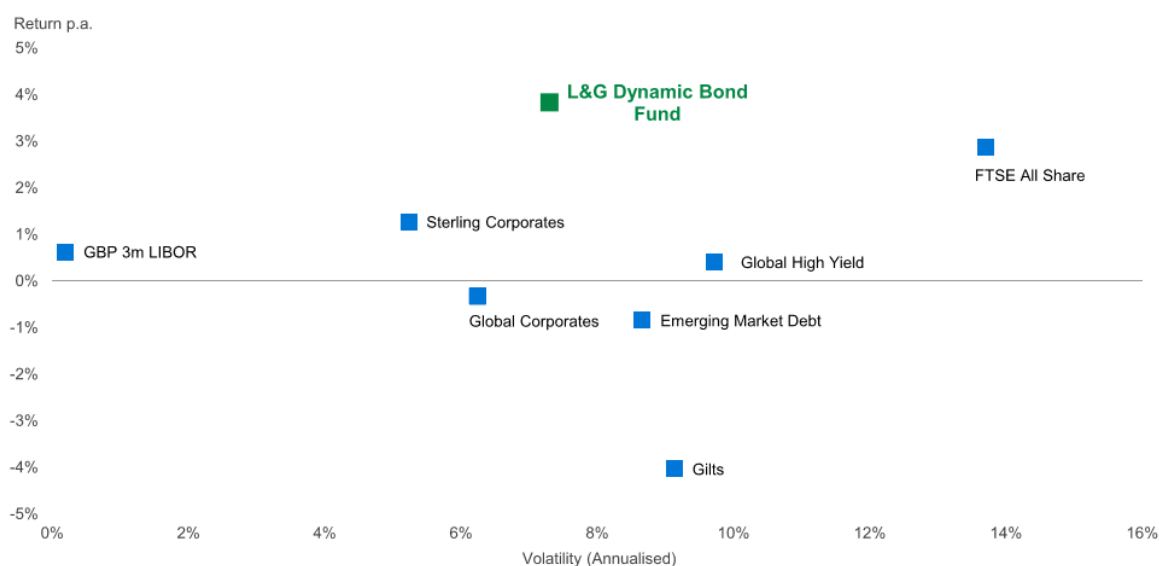
LGIM Strategic Bond Fund – April 2023

LWM FUND ANALYSIS

The LGIM Strategic Bond Fund built up a fantastic reputation and gathered assets of around £2 billion. The manager left and the fund assets dropped to around £100 million. The new team have taken time to rebuild the strategy and move away from a star manager approach.

The aim is to look across the fixed income market to deliver strong returns, without taking too much risk.

Measured risk-taking can yield superior returns



Source: LGIM, Lipper, Bloomberg, from the 30 June 2018 to the 31 December 2022. The period starts at the point from which Colin Reddie became the lead portfolio manager of the fund. Source for L&G Strategic Bond Fund return: Lipper. Performance for the I Acc unit class in GBP, net of fees.
⁶ Past performance is not a guide to the future. 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 charts below show how the team have re-built the strategy and the performance, although this has dropped back over the short term.

| Cumulative Performance (GBX) | | | | | |
|------------------------------|----------|----------|--------|---------|---------|
| | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
| Fund | -2.34% | 5.23% | 1.02% | 16.41% | 14.30% |
| Sector | -0.02% | 8.38% | -5.16% | -0.26% | 3.24% |
| Relative to Sector | -2.32% | -2.90% | 6.52% | 16.71% | 10.71% |
| Rank in Sector | 80 / 81 | 71 / 81 | 5 / 81 | 5 / 73 | 9 / 63 |
| Fund Quartile | 4 | 4 | 1 | 1 | 1 |

| Performance by Calendar Year in (GBX) | | | | | |
|---------------------------------------|---------|---------|---------|--------|---------|
| | YTD | 2022 | 2021 | 2020 | 2019 |
| Fund | -0.55% | -4.13% | 2.52% | 12.52% | 8.43% |
| Sector | 2.16% | -12.36% | 0.14% | 7.22% | 8.98% |
| Relative to Sector | -2.66% | 9.39% | 2.38% | 4.94% | -0.50% |
| Rank in Sector | 79 / 81 | 7 / 80 | 16 / 77 | 6 / 72 | 41 / 67 |
| Fund Quartile | 4 | 1 | 1 | 1 | 3 |

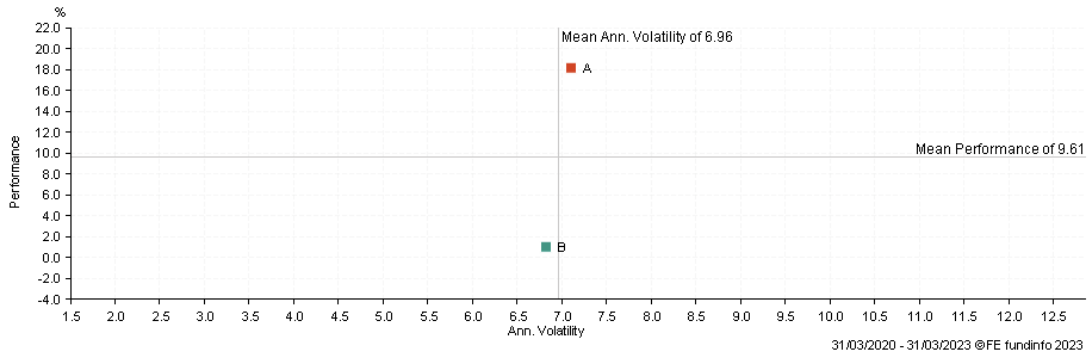
| Discrete Annual Performance to Last Quarter End (GBX) | | | | | |
|---|--------|---------|---------|---------|---------|
| | 0-12m | 12m-24m | 24m-36m | 36m-48m | 48m-60m |
| Fund | -0.46% | -4.59% | 24.42% | -3.40% | -0.53% |
| Sector | -6.79% | -2.72% | 11.44% | -0.49% | 2.18% |
| Relative to Sector | 6.79% | -1.92% | 11.65% | -2.92% | -2.65% |
| Rank in Sector | 6 / 81 | 62 / 79 | 3 / 73 | 47 / 67 | 60 / 63 |
| Fund Quartile | 1 | 4 | 1 | 3 | 4 |

| Fund Price Movement (GBX) | | | | | |
|----------------------------------|----------------|--------------|----------------|----------------|------------|
| 12 Month High | 113.40 (Pence) | 12 Month Low | 101.80 (Pence) | | |
| Annualised Ratios Over 36 Months | | | | | |
| | Alpha | Beta | Sharpe | r ² | Volatility |
| Fund | 5.50 | 0.79 | 0.31 | 0.58 | 7.10 |
| Fund Quartile | 1 | 4 | 1 | 4 | 2 |

In terms of volatility, this is slightly above the index but the returns do warrant this.

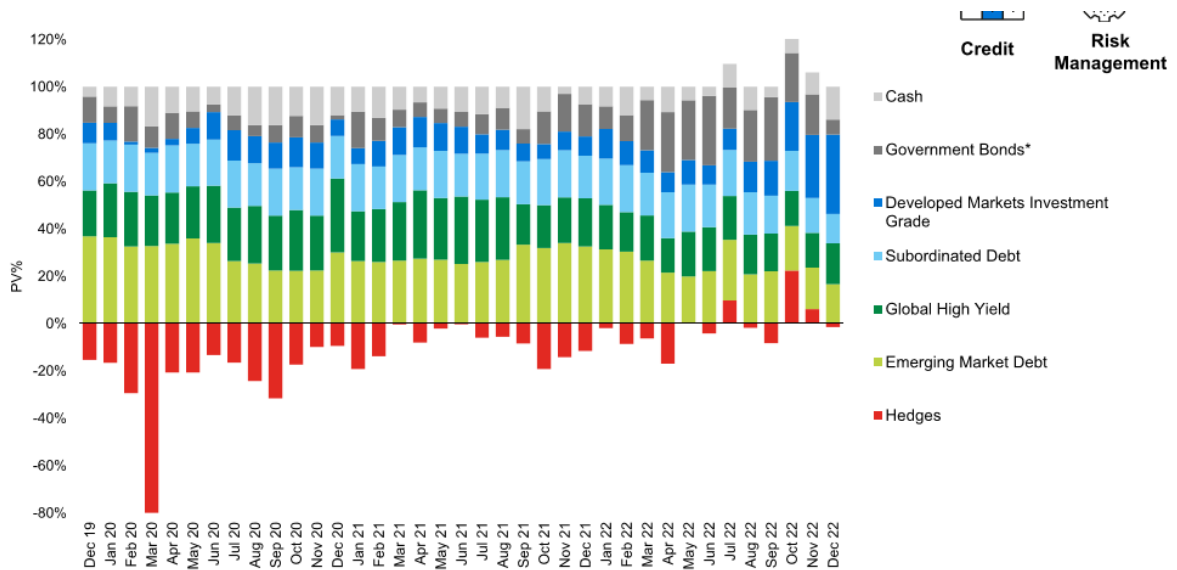
LGIM Strategic Bond Fund – April 2023

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



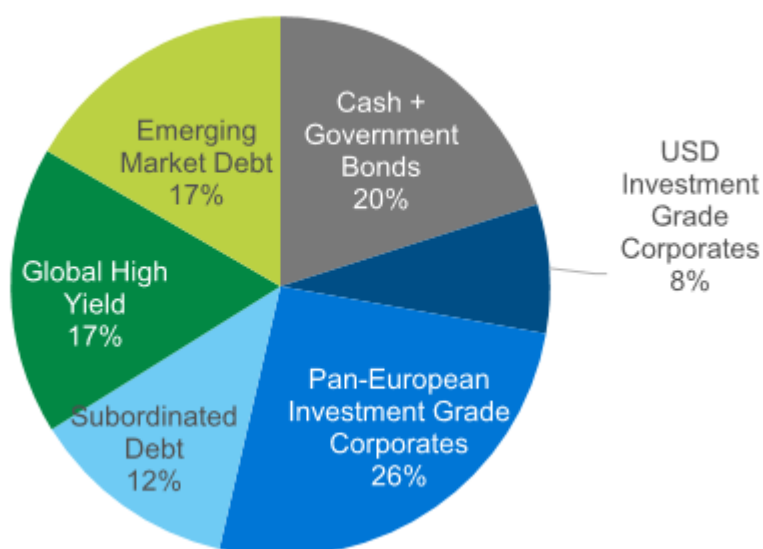
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Working on the basis of not having a star fund manager, they look across the team to feed in ideas across global high yield, emerging market debt, cash and government bonds and global bonds. The chart below shows how the team move between different asset classes to drive the returns.



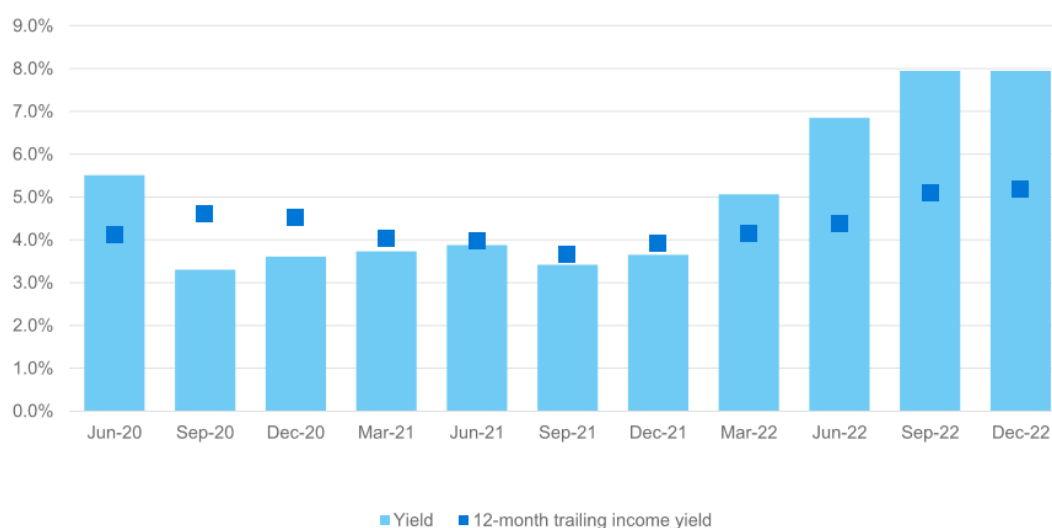
The current breakdown is shown below:

LGIM Strategic Bond Fund – April 2023



The strategy is positioned more towards short-dated investment grade corporates, has low duration and fewer hedges. In terms of trades these are driven by valuations, fundamentals and technical. These change over time. For investors this is more about handing over the fixed income allocation to a specialist. The team have proven their ability to rebuild the strategy and clearly those numbers are showing.

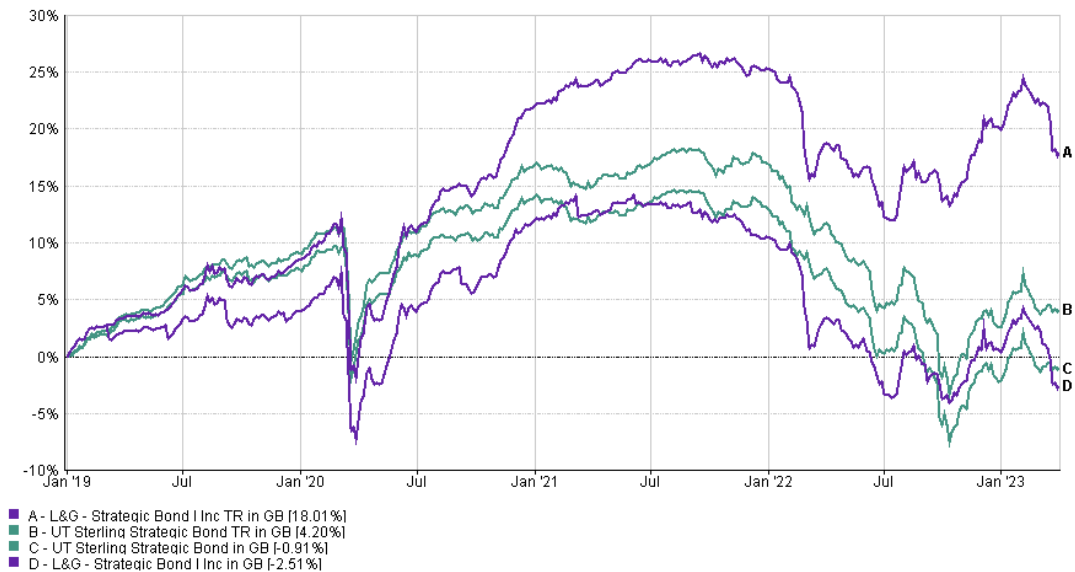
From an income perspective, this has generated strong income:



If investors are looking for income, then since 1 January 2019 the total return with income was 18.01%. After income has been taken the capital would have gone down -2.51%.

LGIM Strategic Bond Fund – April 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



31/12/2018 - 31/03/2023 Data from FEfundinfo2023

Effectively, although the income has been strong there has been no capital growth. This may change moving forward where the environment is better for fixed interest investments, however investors need to be aware of the risks. Nothing is for free!

In summary, the team have clearly worked hard to rebuild this strategy and the assets have now grown above £200 million. Performance is strong and they have been able to deliver a growing yield overtime. This is actively managed and they will move across the spectrum to deliver returns. They do use hedges to reduce risk but effectively they want this to be a simple, “dull” strategy that won’t surprise investors.

The source of information in this note has been provided by L&G and is correct as of April 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.

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