This document has been produced for professional advisers for discussion with existing investors who are familiar with investment terminology. Capital at risk.

L&G MPS ESG Screened & Selected

Q3 2026 portfolio update



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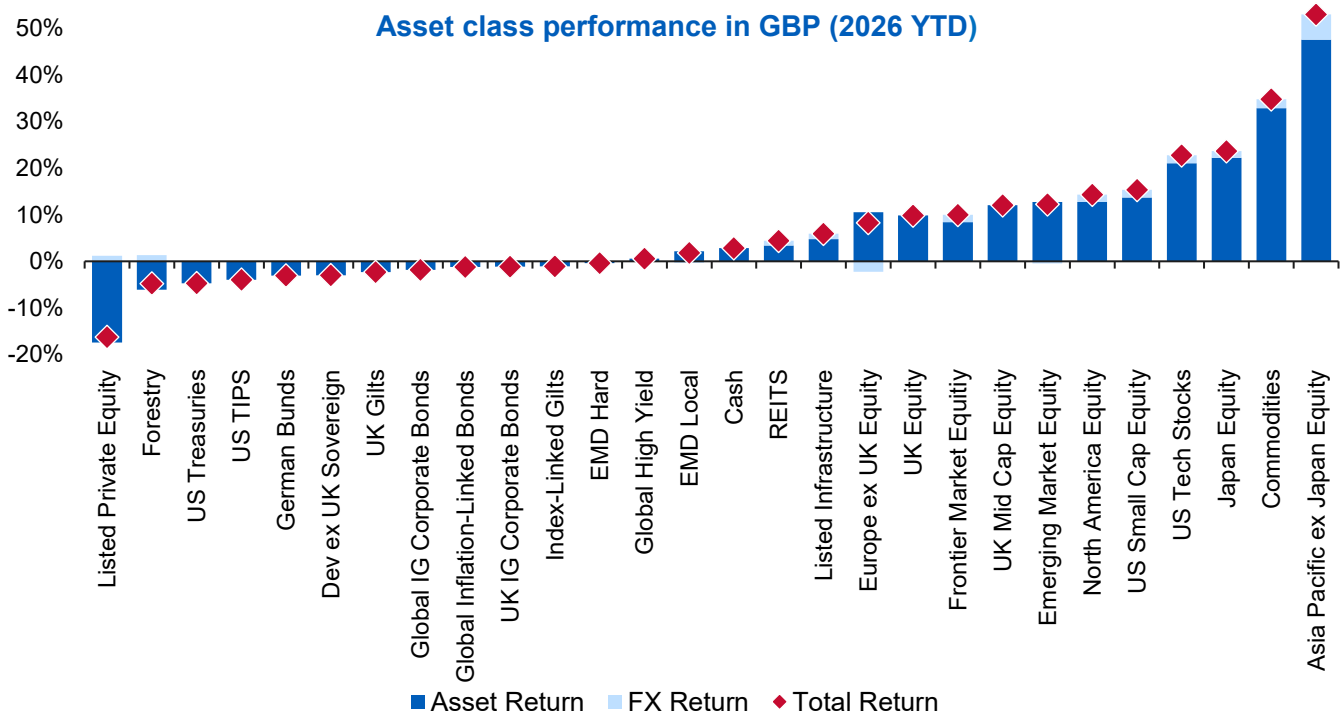
Market commentary

What's the story?

The quarter was shaped by resilient growth, volatile energy prices and an increasingly hawkish central bank backdrop. Risk assets experienced periods of weakness as developments in the Middle East affected the outlook for energy supply, inflation and interest rates. However, investors repeatedly looked through these risks, supported by firm economic activity and renewed confidence in technology-related earnings and investment. Hopes of de-escalation led to a sharp recovery in risk assets in early August, before renewed supply concerns pushed oil prices and government bond yields higher later in the quarter.

Monetary policy became an important market driver over the period. US Federal Reserve Chair Kevin Warsh adopted a more hawkish tone at the Jackson Hole Symposium in August, before the US central bank raised interest rates by 25 basis points in September. The European Central Bank and Bank of Japan also increased interest rates, while the Bank of England held policy unchanged. Meanwhile, President Xi of China met his US counterpart, Donald Trump; the three-day summit offered few specifics but signalled that Washington and Beijing prefer managed competition to costly decoupling, reassuring markets that the two powers will remain predictable adversaries.

Equity markets largely ignored bond market volatility to edge higher. However, more interest-rate sensitive sectors such as utilities and real estate were challenged. Sovereign bonds came under renewed pressure as yields rose across major markets. Credit spreads edged wider. Currency volatility was concentrated in Japan, where policy expectations and official intervention drove yen strength, while sterling was approximately flat against the US dollar.



Source: L&G, Bloomberg, as at 30 September 2026.

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, and the investor may get back less than the original amount invested.

Portfolio performance

	3 months		1 year		3 years		5 years		Since inception	
	Total Return (%)	Quartile	Total Return (%)	Quartile	Total Return (%)	Quartile	Total Return (%)	Quartile	Total Return (%)	Quartile
L&G ESG Screened & Selected Defensive	-1.8%	**4**	4.9%	**2**	22.7%	**3**	10.4%	**3**	8.8%	**3**
IA Mixed Investment 0-35% Shares	-0.9%		4.8%		22.3%		11.3%		9.9%	
L&G ESG Screened & Selected Cautious Balanced	-0.6%	**3**	10.0%	**1**	36.7%	**1**	25.3%	**2**	23.2%	**2**
IA Mixed Investment 20-60% Shares	-0.1%		8.2%		30.3%		21.3%		19.8%	
L&G ESG Screened & Selected Balanced Growth	0.2%	**3**	13.8%	**2**	46.1%	**1**	36.9%	**2**	34.4%	**2**
IA Mixed Investment 40-85% Shares	0.8%		12.1%		39.4%		31.6%		29.8%	
L&G ESG Screened & Selected Adventurous	1.6%	**2**	19.3%	**1**	58.6%	**1**	53.0%	**1**	50.3%	**1**
IA Flexible Investment	0.9%		12.5%		40.4%		33.0%		31.5%	

12 months to 30 September	2026	2025	2024	2023	2022
L&G ESG Screened & Selected Defensive	4.9%	5.4%	11.0%	3.0%	-12.7%
IA Mixed Investment 0-35% Shares	4.8%	5.4%	10.7%	2.7%	-11.3%
L&G ESG Screened & Selected Cautious Balanced	10.0%	9.3%	13.7%	4.2%	-12.0%
IA Mixed Investment 20-60% Shares	8.2%	7.4%	12.1%	4.2%	-10.7%
L&G ESG Screened & Selected Balanced Growth	13.8%	11.3%	15.3%	4.9%	-10.7%
IA Mixed Investment 40-85% Shares	12.1%	9.3%	13.8%	5.3%	-10.3%
L&G ESG Screened & Selected Adventurous	19.3%	14.0%	16.6%	7.1%	-9.9%
IA Flexible Investment	12.5%	10.4%	13.0%	4.8%	-9.6%

Source: Morningstar, L&G as at 30 September 2026. Performance for the L&G ESG Screened & Selected portfolios in GBP, launched on 01 September 2021. Performance is net of underlying fund charges and the DFM fee.
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, and the investor may get back less than the original amount invested.

Portfolio commentary

In August, we rebalanced the portfolios to maintain our neutral overall risk view. Within equities, we made no changes to our positioning and rebalanced the portfolio to maintain a modest positive tilt towards equities. As part of the rebalance, we took profits from our technology allocation by slightly reducing our exposure and reallocating the proceeds to the Legal & General Future World Global Multi-Factor ESG Tilted and Optimised Index Fund. This broadened our exposure to factors such as value, size, momentum, quality and low volatility, while maintaining diversified global equity exposure.

Within fixed income, we continue to maintain a neutral duration position. Given the ongoing conflict in the Middle East and continued volatility in oil and gas prices, we rebalanced the portfolios to correct market-driven drifts and maintain our positioning. We also remain cautious on the outlook for credit markets, given tight spreads, and believe our positioning may provide a low-cost hedge should market sentiment deteriorate or the current narrative prove vulnerable.



Market outlook

Towards the end of September, we closed the constructive equity view held since March and returned to neutral. This will leave our overall view as slightly cautious, due to our longstanding negative outlook for credit. Energy and artificial intelligence (AI) remain the key factors in our thinking. Oil inventories have declined markedly in recent months, while supply infrastructure remains vulnerable to developments in the Middle East. Consensus forecasts assume the shock will remain contained and businesses and consumers can absorb current prices without a material deterioration in activity. While plausible, the balance of risks will deteriorate as inventories decline. We remain overweight technology, supported by strong earnings delivery, continued AI model advances and ongoing capital expenditure. However, a more challenging political backdrop, regulatory risks and competition from open-weight models have reduced confidence in the most optimistic AI-led growth scenario.

We maintain our negative stance on credit risk as we believe that tight spreads offer limited opportunities for long-term investors. In government bonds, investors continue to debate whether rising yields reflect deteriorating bond market fundamentals or stronger nominal growth. The absence of meaningful recession concerns has supported risk assets, although higher borrowing costs could become more challenging if central banks continue tightening as growth weakens. Recent policy action has nevertheless provided some reassurance that central banks remain willing to address inflationary pressures, helping to restore a degree of stability at the longer end of government bonds.

Cautious overall risk





Equities

Earnings momentum remains firm, but rising near-term risks from energy prices & inflation



Credit

Expensive valuations persist, excess returns remain unrewarding relative to risks



Duration

Persistent inflation concerns following oil price shock, however yields remain compelling

Equity Bond Correlation

We have less conviction in the negative relationship given inflationary impact of energy price rises.

Positive Neutral Negative

Equities
Valuations remain contained by strong earnings growth
No immediate recession risks but uncertainty remains
Reignition of oil price shock, oil & Natural gas prices decoupling
Signs that US tariff impacts have been well absorbed

Credit
Credit spreads at tight levels across the board
Opportunities are asymmetric, with limited upside and wider downside risk
Underlying cashflow remain solid, but new issuance could pressure spreads
Equities remain our preferred risk asset given more upside potential

Duration
Oil price shock passthrough a wild card for inflation forecasting
A.I. likely to be viewed as disinflationary over the long-term
Inflation and debt sustainability concerns pressuring longer-dated bonds
Real yields still provide opportunities for long-term investors
Wage disinflation supports anchoring of US inflation expectations

Source: L&G. Views current as at 30 September 2026. Please note these views may not be reflected in their entirety in our Model Portfolios depending where we are in our rebalancing cycle.

Assumptions, opinions, and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

Target asset allocation breakdown %

Asset Class	Underlying holding ⓘ Index Ⓐ Active	ESG Asset Type	Defensive	Cautious	Cautious Balanced	Balanced	Balanced Growth	Growth	Adventurous
Equity			**23.30%**	**38.50%**	**53.30%**	**63.50%**	**71.80%**	**82.80%**	**98.00%**
UK	ⓘ Legal & General Future World ESG Tilted and Optimised UK Index	Future World Principles	4.2%	8.1%	10.8%	12.3%	14.1%	16.6%	12.0%
Europe ex UK	ⓘ Legal & General Future World ESG Tilted and Optimised Europe ex UK Index	Future World Principles	2.6%	5.1%	8.7%	7.7%	9.6%	11.5%	11.0%
North America	ⓘ Legal & General Future World ESG Tilted and Optimised North America Index	Future World Principles	9.8%	12.4%	17.6%	20.3%	21.6%	22.6%	24.7%
Japan	ⓘ Legal & General Future World ESG Tilted and Optimised Japan Index	Future World Principles	1.1%	2.0%	3.1%	4.1%	4.5%	8.0%	5.0%
Asia Pacific ex Japan	ⓘ Legal & General Future World ESG Tilted and Optimised Asia Pacific Index	Future World Principles	0.7%	2.1%	3.9%	5.4%	5.8%	6.0%	14.8%
Emerging Markets	ⓘ Legal & General Future World ESG Tilted and Optimised Emerging Markets Index	Future World Principles	1.2%	3.9%	5.6%	8.6%	10.8%	11.6%	20.5%
Global	ⓘ Legal & General Future World Global Multi-Factor ESG Tilted and Optimised Emerging Markets Index	Future World Principles	1.5%	2.0%	1.4%	2.0%	2.2%	2.6%	4.0%
High Growth	ⓘ Legal & General Global Technology Index	Other	2.2%	2.9%	2.2%	3.1%	3.2%	3.9%	6.0%
Credit & Emerging Market Debt (EMD)			**11.40%**	**7.10%**	**6.20%**	**3.20%**	**2.00%**	**1.30%**	**0.00%**
High Yield	Ⓐ Legal & General Active Global High Yield Bond	Other	1.5%	1.1%	0.7%	0.3%	0.2%	0.0%	0.0%
EMD (hard)	ⓘ L&G EM Government Bond (USD) Screened Index	ESG Enhancements	1.5%	2.5%	2.5%	1.0%	1.5%	1.0%	0.0%
EMD (local)	ⓘ L&G EM Government Bond (Local Currency) Screened Index	ESG Enhancements	0.5%	1.3%	1.1%	0.4%	0.1%	0.3%	0.0%
UK Credit	Ⓐ Liontrust Sustainable Future Corporate Bond	Positive Selection	3.1%	1.4%	0.5%	0.0%	0.0%	0.0%	0.0%
Global Credit	Ⓐ Wellington Global Credit ESG Fund	ESG Enhancements	4.8%	0.8%	1.4%	1.5%	0.2%	0.0%	0.0%
Government Bonds			**42.70%**	**33.80%**	**27.20%**	**20.30%**	**14.50%**	**2.40%**	**0.00%**
UK	ⓘ Legal & General All Stocks Gilt Index	Minimum Criteria	18.6%	15.5%	12.1%	9.2%	6.1%	1.1%	0.0%
UK Inflation-Linked	ⓘ Legal & General All Stocks Index Linked Gilt Index	Minimum Criteria	1.0%	1.0%	0.7%	1.0%	0.5%	0.0%	0.0%
Eurozone	ⓘ Vanguard Euro Government Bond Index GBP Hedged	Minimum Criteria	5.4%	4.2%	4.3%	2.9%	2.2%	0.3%	0.0%
Global Inflation-Linked	ⓘ Legal & General Global Inflation Linked Bond Index	Minimum Criteria	7.7%	5.2%	2.3%	2.5%	1.7%	1.0%	0.0%
United States	ⓘ Vanguard US Govt Bond Index GBP Hedged	Minimum Criteria	10.0%	7.9%	7.8%	4.7%	4.0%	0.0%	0.0%
Alternatives			**15.00%**	**18.30%**	**11.20%**	**10.00%**	**10.00%**	**12.00%**	**1.50%**
Absolute Return	Ⓐ Legal & General Strategic Bond Fund	Other	8.0%	11.3%	6.2%	5.5%	4.5%	4.8%	1.0%
Infastructure	Ⓐ Clearbridge Global Infrastructure Income Fund	Other	3.5%	3.5%	2.5%	2.5%	3.0%	3.4%	0.0%
Property	ⓘ iShares Environment & Low Carbon Tilt REITs	ESG Enhancements	3.5%	3.5%	2.5%	2.0%	2.5%	3.8%	0.5%
Cash	**Ⓐ Legal & General Cash Trust**	**Other**	**7.60%**	**2.30%**	**2.10%**	**3.00%**	**1.70%**	**1.50%**	**0.50%**

Source: L&G, as at 30 September 2026. All data source L&G unless otherwise stated. Totals may not sum due to rounding. The portfolio is part of a range of risk targeted portfolios. The risk profile ranges from 1-7 with 1 being the least risky, and 7 being the most. Asset allocation is subject to change.

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Your portfolio management team

The portfolio managers have responsibility for managing L&G's model portfolios. They are part of the Multi-Asset Funds (MAF) team in L&G. This team focuses on designing and managing multi-asset funds that are tailored to match the specific objectives of various client types. The team sits within a wider Asset Allocation team which combines both depth of experience with a broad range of expertise from different fields, including fund management, investment consulting and risk management roles.



Aimee Bowkett - Fund Manager

Aimee is a Fund Manager for L&G Asset Management's Asset Allocation strategies. She is responsible for working on a range of portfolios managed by the Multi-Asset Funds team, including our Model Portfolio Solutions and Multi-Manager Funds. Aimee joined L&G Asset Management in 2016 as an Asset Allocation Investment Specialist; she held this role for three years and focused on the business development of our flagship Retail strategies, before moving into her current fund management role. She joined from AXA Investment Managers where she was a Fixed Income product specialist where she worked across a broad range of fixed income strategies. Prior to that, she started her career at Aviva Investors as an investment risk analyst, working on the active equity portfolios. Aimee graduated from the University of Warwick and holds a degree in mathematics (BSc honours). She also holds the Investment Management Certificate.



James Giblin - Fund Manager

James is responsible for managing a range of retail multi-asset funds, including a number of client model portfolios for our Model Portfolio Service. He joins L&G from LGT Wealth Management where he was a portfolio manager on the Model Portfolio team. James is a member of the Manager Research Group (MRG), with a focus on alternative investments. James graduated from the University of Nottingham and holds a Bachelor of Science degree in Economics. James is a CAIA (Chartered Alternative Investment Analyst) charterholder as well as a CISI Chartered Wealth Manager.

Jargon Buster

Actively-managed products – products which attempt to produce returns greater than their benchmark. These products are run by investment professionals.

Benchmark – a point of reference against which the performance of a particular fund can be measured.

Bonds – investors lend money to borrowers in exchange for a regular fixed level of interest payments until a maturity date. On maturity the original value of the loan is returned.

- **Government bonds** – a type of bond, issued by the government. In the UK they are known as gilts and in the US they are known as treasuries.
- **Corporate bonds** – bonds issued by companies.
- **Emerging Market debt** – bonds issued by governments/corporations in developing countries, often offering higher returns but increased risk.
- **High yield or non-investment grade bonds –** loans made to governments/corporations with lower credit ratings that pay higher interest to compensate for the increased risk of default.

Diversification – spreading your money across different types of investments to reduce risk.

Dynamic asset allocation – changing your investment mix based on market conditions or predictions.

Duration – a measure of a bond's sensitivity to interest rate changes; longer duration means higher sensitivity.

Emerging markets – countries that are still developing their economies and offer potential for fast growth but also come with higher risks.

Equities – a share (or stock) in a company.

- **Growth equities** – shares in companies expected to grow earnings quicker than the market average.

Environmental, Social and Governance (ESG) - principles are linked to issues such as climate change, social inequality, and gender diversity.

Index products/funds – designed to mirror the performance of an underlying benchmark.

Listed infrastructure - publicly traded companies involved in essential services like transport, utilities and energy.

Long – an investment made in the hope that the value of an investment will go up.

REITs – Real Estate Investment Trusts. By investing in a REIT, you invest in property by owning shares in companies that own or finance real estate, without needing to buy the buildings directly.

Rebalance – adjustments made to a portfolio to maintain target asset allocations as markets change.

Underweight – within an investment portfolio, this refers to an exposure that is less than the comparable benchmark index.

Disclaimer

Key risks
The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested. Past performance is not a guide to future performance. L&G is authorised and regulated by the Financial Conduct Authority and creates and rebalances the model portfolios. Exchange rate changes may cause the value of any overseas investments to rise or fall. At times, especially over shorter timescales, lower risk-profiled model portfolios, and investments included in them, may fall in value by more than higher risk-profiled model portfolios, and investments included in them. Details of the specific and general risks associated with the model portfolios mentioned in this document are contained in the applicable fact sheet for each model portfolio. Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

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This document does not explain all of the risks involved in investing. No decision to invest should be made without first reviewing the Target Market Assessment, which can be obtained from the Client Relationship Manager.

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