



Infrastructure for good? It's time to get real with your pension

Inspiring DC savers to take more interest in their pensions is crucial

Could offering exciting real-world investment opportunities simultaneously help to improve engagement, global infrastructure and financial outcomes?

More than five million¹ DC (defined contribution) pension savers rely on Legal & General to act in their best interests when it comes to helping them secure their financial futures. It's a huge privilege and an even greater responsibility – which is why we're always examining how we can unlock opportunities to maximise returns for our members.

Yet to make a real difference to financial futures, we need to do more than just deliver long-term returns. We need to inspire our DC members to invest more in their futures in the first place. And to do that, we need to offer a range of investment opportunities that truly captures the imagination through their potential to deliver exciting real-world change. We believe infrastructure investing could be the answer.

1. LGIM figures at August 2023. See page 17, Legal & General Group PLC Interim Management Report 2023 Stock Exchange Release: https://group.legalandgeneral.com/media/bg3c0tzs/hy23-press-release_analyst-pack.pdf.



What is infrastructure investing?

At its core level, infrastructure is a physical network of interrelated systems and facilities that support the day-to-day functioning of a modern society. For instance, infrastructure can include

everything from bridges to broadband connectivity, water pipes to waste disposal facilities and roads to railways.

In addition to its crucial role in ensuring the smooth running of everyday operations, infrastructure is also key in enabling the societal shifts necessary amid an evolving world. Chief among these is the infrastructure transformation required to adapt to and mitigate the effects of climate change.

By investing in [private market investments](#) such as infrastructure via their pension, we believe DC savers can not only target potentially attractive long-term returns from the opportunities that the climate transition can present, they can also play an important role in helping to make the transformation possible.



Inspiring a generation of investors

In this vein, we're focusing on researching infrastructure-centric opportunities in important real-world themes such as [clean energy and digital telecoms](#), the future of transportation, and [fresh water](#).

For clean energy, investors could see their capital help finance both on- and offshore wind farms, solar projects or energy storage solutions. Fresh water investments could include exciting new technologies such as [smart water systems](#) to drive efficiency gains or [desalination plants](#) to improve availability, while digital telecoms and transportation could help support faster broadband networks and intelligent road systems.

When DC savers think of their pensions, we know from our research that it's not only a secure financial future they're targeting – [they also want ESG action](#). That's why we're focused on the solutions that we believe can inspire members to engage with their pensions in the knowledge that they are investing for both their retirement and the greater good.

Momentum is building for change

At L&G, we recognised the potential for adding long-term infrastructure investments to DC members' portfolios and began investigating their inclusion in our investment strategies some time ago.

Momentum does now appear to be growing across the industry: in February last year, an expert panel comprising pensions and venture capital specialists was formed to examine [how retirement funds might be directed into British start-up projects](#).

This followed the signing of the [UK Government's Mansion House Compact](#), where 10 leading UK pension providers, including Legal & General, committed themselves to allocating 5% of assets in their default pension funds to unlisted equities by 2030.



Real world people

By offering access to tangible investment themes such as clean energy, transportation, telecoms and water, we aim to inspire DC members' interest in their pension funds and help them to appreciate the impact that their fund's investments have on issues that affect their daily lives.

As well as helping to bring investments to life for DC members, and offer the potential for long-term returns, we believe that infrastructure opportunities that seek to deliver tangible and exciting real-world benefits could also help to boost engagement and encourage positive attitudes towards savings and financial wellbeing more broadly.

So, DC savers, if you want to keep your financial dreams on track and invest in a way that could make a positive difference to the world you see around you, it could be time to get real with your pension.



Contact us

For further information about LGIM, please visit lgim.com or contact your usual LGIM representative



Key risks

The value of investments and the income from them can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance.

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