

# M&G FEEDER OF PROPERTY PORTFOLIO TEMPORARY SUSPENSION

## Questions and answers (last updated 20/12/2019)

We've put some questions and answers together to help you understand the implications for you and your investment.

M&G have decided to temporarily suspend dealing in their M&G Property Portfolio and M&G Feeder of Property Portfolio funds. This impacts Legal & General funds our customers can invest in.

### 1. What Legal & General funds are temporarily suspended?

L&G Life M&G Feeder of Property Portfolio

L&G Pension M&G Feeder of Property Portfolio

### 2. When did M&G temporarily suspend their funds and when did you temporarily suspend the Legal & General funds?

M&G suspended their funds from 4 December 2019. We temporarily suspended our funds from 5 December 2019.

### 3. What does this mean to my investment?

This means your existing investment will remain invested and continue to participate in the fund performance. You will not usually be able to move any money in or out of this fund whilst it is temporarily suspended. There are a small number of exceptions which are detailed in the answer to question 6.

### 4. Why has M&G decided to temporarily suspend their funds?

M&G has stated the following in their customer communications:

*In recent months, continued Brexit-related uncertainty and ongoing structural shifts in the UK retail sector have prompted unusually high outflows from our property fund for retail investors. Given that these circumstances and deteriorating market conditions have significantly impacted our ability to sell commercial property, we have temporarily suspended dealing in the interests of protecting our customers.*

*The assets owned by M&G Property Portfolio, such as office buildings and shopping centres, are held for the long term and take time to buy and sell, making it difficult to immediately meet sudden and sustained levels of redemptions. Suspending the funds at this time will allow the fund managers, Fiona Rowley and Justin Upton, time to restore the cash levels by selling assets in an orderly manner and preserve value for investors.*

*The decision to suspend was taken in agreement with the funds' Depositary and we have informed the Financial Conduct Authority. We are unable to say how long the funds will be suspended for, but we will formally review the suspension on a monthly basis and will keep you updated via the M&G website.*

More information can be found on the fund manager's website:

[www.mandg.co.uk/investor/fund-prices-performance/property](http://www.mandg.co.uk/investor/fund-prices-performance/property)

### 5. How long will the funds be temporarily suspended for?

M&G are currently unable to say how long the fund will be suspended for and will notify us when the fund reopens. After we're notified by M&G we'll write to you. This may take us a little while so we'll also update these questions and answers as and when we have more information.



## 6. Are there any situations when I can withdraw my money?

The only instructions we can process while the funds are suspended are as follows:

### If you have a Portfolio Bond, Select Portfolio Bond or Portfolio Regular Investment Plan

- Payment of death benefit
- Bond regular withdrawals – all existing payments can continue. We can't action new instructions to set-up or increase withdrawals if you hold the impacted fund.

### If you have a Portfolio Plus Pension/SIPP Plan

- Payment of death benefit
- Serious ill health claims
- Retirement options at your existing selected retirement date.
- Retirement options not at selected retirement date – partial payments, such as a partial lump sum payment, can be made as long as they are from any funds other than those impacted.
- Pension income drawdown – all existing regular payments can continue. No new instructions to take income drawdown payments from the impacted fund can be actioned.

## 7. I have a Portfolio Plus Pension/SIPP plan and invest in the M&G Property Portfolio or M&G Feeder of Property Portfolio as collective investment via the Aegon Platform, rather than the insured fund from Legal & General. Where can I get further information?

Aegon has further information about what the suspension means for your collective investment via the Aegon platform on their website: <https://www.aegon.co.uk/news.html>

## 8. What happens if I'm paying regular contributions into the funds?

There can't be any investments into this fund during the period of the temporary suspension. The amount of your current regular premiums which would be allocated to the fund will now be re-directed into the Legal & General Cash Fund. This will continue while the fund is suspended. Please let us know if you'd like to choose an alternative fund.

Whilst cash and deposit funds are traditionally referred to as low or minimal risk, the value of these investments could go down over time. This is because charges may be higher than any growth on your fund, and returns may not keep up with rises in the cost of living (inflation). Cash and deposit funds may be considered as a short-term option, particularly in volatile markets, but they should not generally be viewed as a long-term investment option.

You can choose to move your money out of the Legal & General Cash Fund into other funds at any time, free of charge. Please remember, the value of your investment can go down as well as up and is not guaranteed.

## 9. Will you be operating a queue for instructions on the suspended funds?

No. M&G is not operating a queue so customers will need to provide a new instruction once the suspension has been lifted.

## 10. Are other property funds likely to be suspended?

It will depend on each individual fund and how many customers decide to withdraw their investment and how much cash the fund is holding at the time of their request.

Legal & General continues to accept instructions for our property funds managed by Legal & General Investment Management and will continue to monitor the flow of investments in and out of the funds. We have no plans to change this.

## 11. How will I know when the fund re-opens?

We'll write to you as soon as possible when the fund re-opens. This may take a little while so you can also see the status of the temporary suspension by checking for updates to these questions and answers here:

For Portfolio Bond, Select Portfolio Bond and Portfolio Regular Investment Plans at:

[legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates/](https://legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates/)

For Pension Plans at:

[legalandgeneral.com/retirement/saving-for-retirement/pension-fund-unit-prices/portfolio-plus-pension-unit-prices/](https://legalandgeneral.com/retirement/saving-for-retirement/pension-fund-unit-prices/portfolio-plus-pension-unit-prices/)

## 12. M&G has said that they will reduce their management charge because of the suspension - will you be doing the same?

Yes. From 1 December 2019 we reduced our fund charges by 0.22 to match the reduction applied by M&G:

- Portfolio Bond – reduced from 2.48% to 2.26%.
- Select Portfolio Bond/Portfolio Regular Investment Plan (fund names ending in '2') – reduced from 1.47% to 1.25%.
- Select Portfolio Bond (fund names ending in 'LS4' or 'LS5') – reduced from 1.17% to 0.95%.
- Portfolio Plus Pension/SIPP – reduced from 1.73% to 1.51%.

Please note that this is a temporary reduction while the fund is suspended and not expected to be long term. We will not be updating our statements or other disclosure to reflect the charge reduction so you may see reference to the usual charge amount while the fund is suspended.

## 13. Why is the reduction in your fund charges not the 30% stated by M&G?

M&G stated that '*... we understand that being unable to deal in the funds is very frustrating for our customers. In recognition, M&G is waiving 30% of its annual charge...*'. The reduction applied by M&G is for the management charge element of their total fund charge only. Other expenses included in the total charge for the fund, such as M&G's costs of holding and administering properties, are not being reduced by M&G. As our fund charges relate to the total cost of the fund (and also include part of our costs for some products) rather than just M&G's management charges, the reduction in our fund charges is less than 30% but we are passing on the full reduction applied by M&G.

## 14. Where can I get further information on the temporary suspension of the M&G funds?

You can check M&G's website at: [www.mandg.co.uk/investor/fund-prices-performance/property](http://www.mandg.co.uk/investor/fund-prices-performance/property)

## Further information

If you want to discuss which fund is the right fund for you or anything else about your investment, we would strongly recommend you speak to a financial adviser. If you don't currently have a financial adviser you can visit [unbiased.co.uk](http://unbiased.co.uk) to find one in your local area.

If you have any questions about this letter or any other aspect of your plan, please call us on the number overleaf or speak to your adviser. Please note that our contact centre staff are not authorised to give financial advice.

If you would like a copy of this letter or any other item of our literature in larger print, Braille or audio format, please contact us on the number overleaf.

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