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LGT Sustainable Model Portfolio Service – Fund Manager Review – November 2026

An actively managed, sustainability-led portfolio range built around healthier societies and cleaner economies. Review of the five-model service, not a single fund.

Money Wise UK View

LGT's Sustainable MPS is a credible, clearly articulated active investment proposition. What makes it interesting is that sustainability is part of the investment selection process rather than a separate screen added afterwards. The approach combines fundamental investment analysis, proprietary sustainability scoring, fund-manager engagement and a consistent set of investment themes. The important trade-off is that these are deliberately active portfolios: they can look very different from market-capitalisation indices and may lag when a small group of large technology shares dominates market returns. The historical experience of the lower-risk models also reinforces why advisers need to explain possible capital losses, not just target volatility.

Review completed November 2026.

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1 Strategy Overview

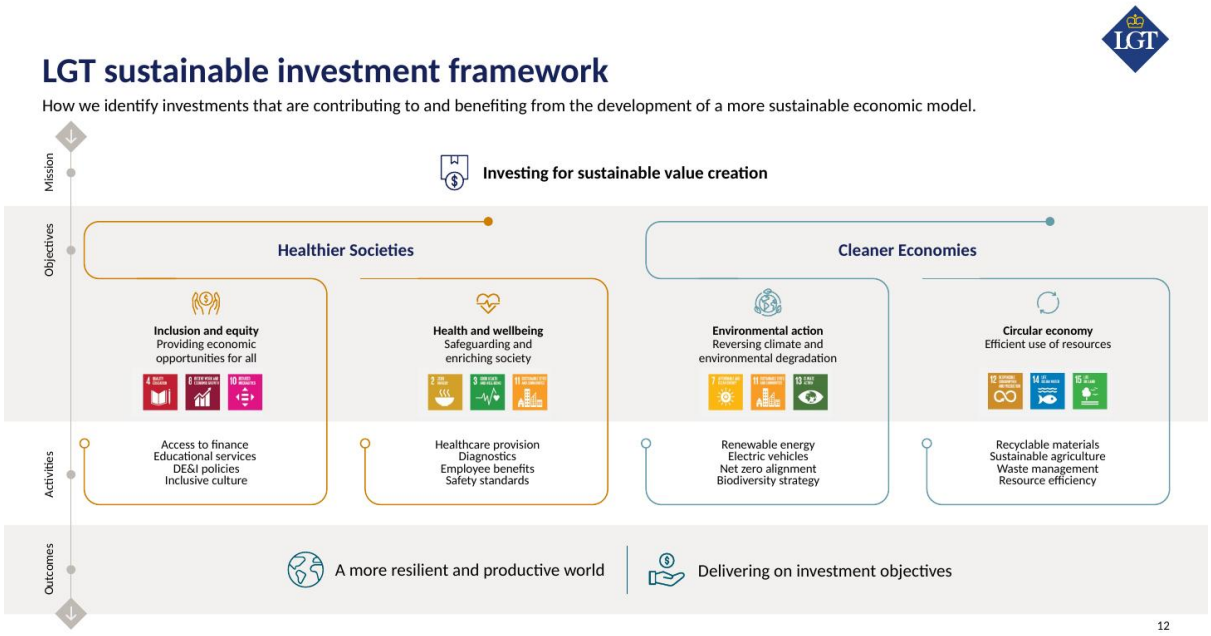
The service offers five risk-graded portfolios, Defensive, Cautious, Balanced, Growth and Adventurous, launched on 1 November 2018. Investment is implemented through underlying funds, with a dedicated sustainable investment process and a central investment framework. The October 2026 factsheets show a 0.25% annual LGT management charge, alongside underlying fund ongoing charges that vary by model. Additional adviser and platform charges may apply; LGT also identifies a separate custody charge where applicable.

The portfolios invest across equities, bonds, alternatives and cash, with exposures changing materially by risk level. They are not designed to mirror a conventional passive multi-asset benchmark.

2 Investment Philosophy: What Sustainable Means Here

LGT identifies two long-term structural themes: healthier societies and cleaner economies. These are expressed through four pillars: inclusion and equity; health and wellbeing; environmental action; and circular economy. The team considers both what a business sells and how it runs itself. Formal exclusions include controversial weapons, thermal coal, tobacco and alcohol.

The distinction is important. A company can operate responsibly without selling a product that directly addresses an environmental or social problem; equally, an apparently helpful product does not remove the need to assess governance, profitability and valuation. LGT's "sustainable value creation" approach aims to consider both. This remains an active investment judgement, not a guarantee of better returns or measurable impact in every holding.



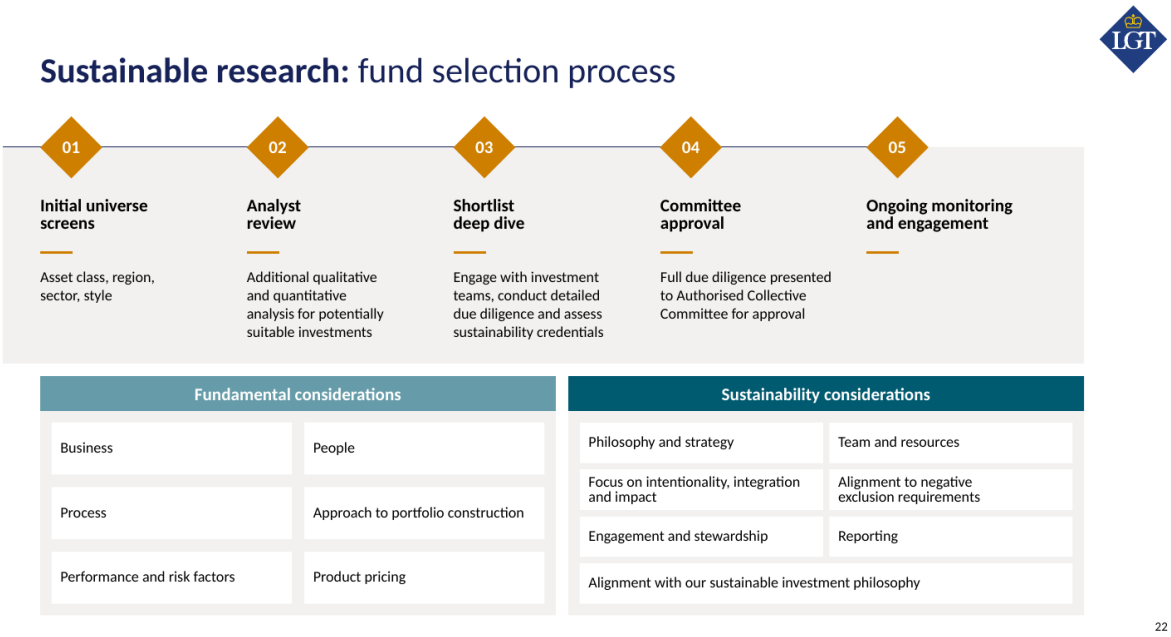
Source: LGT SMPS introductory presentation, slide 12. Sustainable investment framework and four pillars.

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3 Portfolio Construction and Research

Asset allocation and risk oversight sit within LGT's investment governance, while sustainable specialists undertake qualitative assessments supported by proprietary data. The manager commentary confirms that the range uses actively managed funds for its sustainable selection, arguing that the trade-offs involved require human judgement. There is a nuance: some government-bond index funds also appear among the October portfolio holdings. The practical distinction is that the sustainable security-selection approach is active, while certain defensive exposures can be implemented using index instruments.

Underlying fund research considers manager quality, investment philosophy and sustainability alignment. Stewardship is also assessed: LGT reviews how selected managers vote, engage with companies and integrate material issues. This is particularly relevant for an MPS, where LGT generally exercises influence through the fund managers it selects rather than directly voting every underlying company share.



Source: LGT introductory presentation, slide 22. Sustainable fund selection process.

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4 The Five Portfolios and Their Current Experience

The table summarises LGT's October 2026 model factsheets. One-year and cumulative since-inception returns are to 30 September 2026 and are net of underlying fund costs but before LGT management, platform and adviser charges. Drawdown is the reported realised historical maximum, not a prediction of future loss.

Model	1-year	Since launch	Volatility realised	Max drawdown	OCF
Defensive	3.37%	30.98%	3.77%	-11.94%	0.41%
Cautious	5.83%	43.95%	5.34%	-13.63%	0.48%
Balanced	8.49%	60.45%	7.54%	-14.98%	0.52%
Growth	12.43%	78.39%	9.77%	-17.81%	0.58%
Adventurous	15.44%	89.17%	11.42%	-19.41%	0.62%

There is a sensible progression in long-term return and risk across the five models. However, the Defensive portfolio's -11.94% realised drawdown compares with a -5% indicative potential drawdown figure in its factsheet. Cautious and Balanced also experienced realised drawdowns larger than their indicative figures. These are not capital-protection strategies; even the lower-risk portfolios can suffer double-digit falls in difficult conditions.

The higher-risk portfolios have benefited more from equity-market participation, but that should not be confused with sustainable investing always producing superior returns. Each model should be assessed against a suitable risk-matched comparator and the client's capacity for loss.

5 Why the Portfolios May Outperform or Struggle

The latest manager comments are particularly helpful here. LGT acknowledges that passive equity strategies have benefited from a concentrated, momentum-led market, especially the leading US technology and AI-related companies. Its portfolios have generally not replicated those weights because of valuation, concentration and sustainability considerations. This is a deliberate outcome of the philosophy, not an accidental tracking error.

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Potentially helpful conditions	Potentially difficult conditions
Broader equity leadership beyond a few US mega-caps	Market gains concentrated in the largest US technology stocks
Greater differentiation between businesses' valuations and quality	A strong momentum market rewards benchmark concentration
Long-run demand for healthcare, resource efficiency and infrastructure	Political or regulatory reversals affecting sustainability themes
Active managers identify undervalued opportunities and avoid weak companies	Active fund selection lags low-cost passive implementation
Financially strong businesses and quality credit perform well	Simultaneous falls in equities and bonds, as seen in 2022

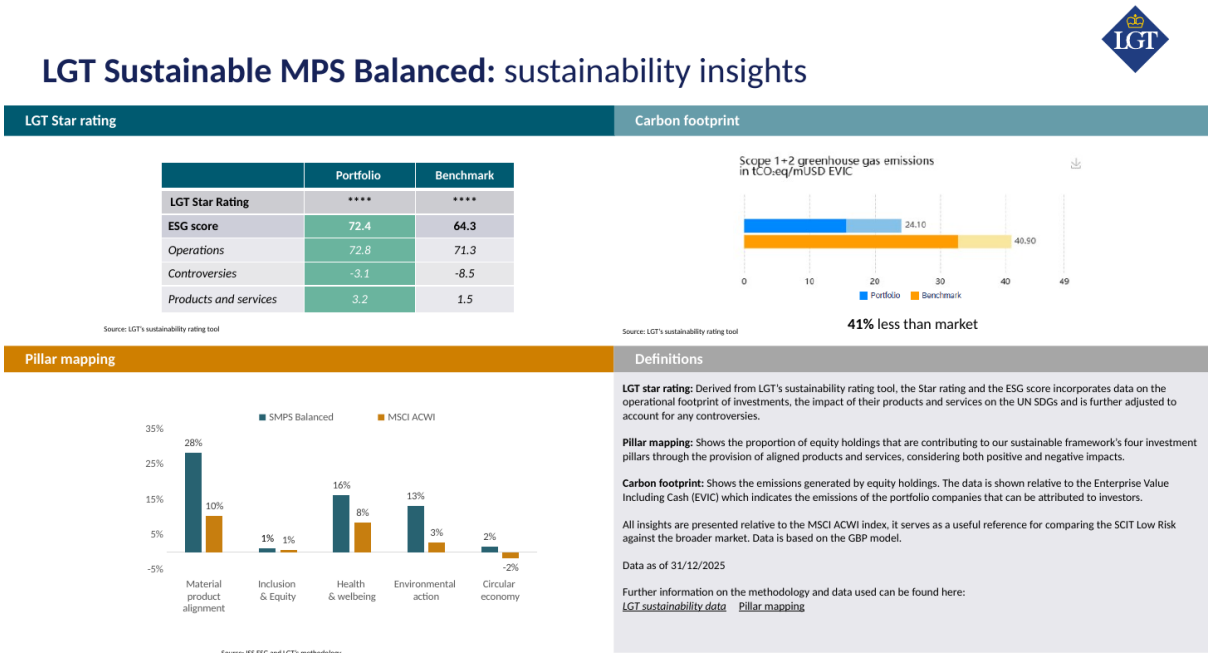
The 2025 webinar also argued that sustainability is an economic consideration, not simply a values statement: water, energy, healthcare and resource efficiency can influence long-term company prospects. That is a reasonable investment thesis. It still needs to be supported by valuation discipline, company earnings and evidence from live portfolios over a full cycle.

6 Sustainability Measurement and Client Understanding

The October 2026 Balanced model factsheet reports an LGT portfolio ESG score of 74.1 versus 64.9 for the MSCI ACWI reference, with 87% data coverage. The presentation also reports a lower carbon footprint than the broad equity market and maps portfolio companies' products and services against the four pillars. These disclosures make the proposition easier to explain, although comparisons to a global equity index should not be mistaken for like-for-like risk-adjusted investment comparisons across a multi-asset portfolio.

It is also worth distinguishing ESG quality scores, carbon emissions and real-world outcomes. Each answers a different question. A lower carbon footprint does not automatically demonstrate that investments caused emissions to fall, and engagement activity does not itself guarantee change. For financial planners, that distinction is important when establishing a client's sustainability preferences and explaining what the MPS can realistically deliver.

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Source: LGT introductory presentation, slide 24. Balanced model sustainability indicators and pillar mapping; figures may differ from October 2026 factsheet.

7 Costs, Implementation and Suitability

The LGT management charge is 0.25% per year across the range. Combining this with the underlying OCF gives an indicative 0.66% for Defensive, 0.73% Cautious, 0.77% Balanced, 0.83% Growth and 0.87% Adventurous, before any platform, adviser or applicable custody charges. These are arithmetic illustrations rather than a guarantee of each investor's realised total cost. Platform fund availability, dealing and rebalance timing can also create differences between model and client returns.

This could be a useful option for financial planning firms seeking a coherent sustainable proposition across multiple risk profiles, especially where clients want evidence of the thinking behind investments. It is less attractive for clients chiefly seeking the lowest-cost market return, a near-index portfolio, or certainty that their sustainability priorities will map exactly to every holding. As with other MPS arrangements, suitability and client understanding remain the responsibility of the advising firm.

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8 What We Like, What We Would Monitor, And Conclusion

What We Like

A clearly defined philosophy; a broad sustainability framework rather than a narrow environmental theme; integration of financial and sustainability analysis; accessible ESG, carbon and pillar reporting; and a risk-graded range with a meaningful track record since 2018. The manager's willingness to explain why US mega-cap underweights have hurt relative performance is also encouraging.

What We Would Monitor

The consistency of active manager selection, especially in markets where passive strategies lead; valuation discipline within sustainability themes; portfolio concentration and overlapping underlying funds; sustainability data coverage and changes in methodology; the gap between indicative and realised drawdowns; and the all-in client cost after implementation. Comparative performance should be judged against suitable risk-matched alternatives, rather than broad equity indices alone.

Money Wise UK Conclusion

LGT Sustainable MPS is worth considering for firms that want sustainable investing to be a genuine part of investment selection and client conversations. Its strongest attribute is the consistency of the philosophy across the five portfolios. The same consistency creates periods when the range will feel uncomfortable compared with a market index, particularly when concentrated technology leadership dominates.

One area that could be improved is the accessibility of information for financial planners. The website feels dated, and it is not always easy to find the information needed to support research, due diligence and client recommendations. This is particularly important for an MPS, where advisers need timely and accessible information on portfolio positioning, performance, costs and changes to the underlying investments. The investment proposition may be strong, but the quality and accessibility of supporting information are also important parts of the overall service.

The question for advisers is therefore not simply whether sustainability is attractive, but whether the philosophy, risk experience, total costs, reporting and accessibility of information fit their clients' needs and their investment proposition.

In simple terms: A differentiated, research-led sustainable MPS, with an understandable reason to be different from the market. The investment philosophy is a strength, but improvements to the accessibility of information would make it easier for financial planners to research, understand and communicate the proposition. As with any active investment solution, careful assessment of risk, costs and suitability remains essential.

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Sources and Important Notes

Primary sources: LGT Sustainable MPS introductory presentation; five October 2026 model factsheets (performance to 30 September 2026); LGT Sustainable Model Portfolio Service brochure; A Guide to Sustainable Investing; 2026 360 Report; manager comments and a September 2025 webinar. Slides and images reproduced for research discussion, credited to LGT.

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