

# Legal & General Future World ESG Developed Index Fund



Unit Trust (UK UCITS compliant) I-Class GBP

Base currency: **GBP**

Domicile: **UK**

## FUND AIM

The objective of the Fund is to provide a combination of growth and income by tracking the performance of the Solactive L&G Enhanced ESG Developed Index (the "Benchmark Index").

## WHO IS THIS FUND FOR?

- This Fund is designed for investors looking for growth and income from an investment in shares in companies that demonstrate good environmental, social and governance efforts in developed countries, as represented by the Benchmark Index.
- Although investors can take their money out at any time, this fund may not be appropriate for those who plan to withdraw their money within five years.
- This fund is not designed for investors who cannot afford more than a minimal loss of their investment.
- If you do not understand this document we recommend you seek additional information to help you decide if this fund is right for you.

## FUTURE WORLD PHILOSOPHY

- The Future World philosophy encapsulates how we identify long-term themes and opportunities, while managing the risks of a changing world
- We use our scale and influence within the market to propel positive change on environmental, social and governance (ESG) issues, at the same time as seeking to achieve financial success
- The Future World funds are for clients who want to express a conviction on ESG themes, across a broad array of asset classes and strategies

## FUND FACTS

Fund size	Fund launch date
<b>£279.2m</b>	<b>12 Apr 2019</b>
Historical yield	
<b>1.3%</b>	

## COSTS

Initial charge	Ongoing charge
<b>0.00%</b>	<b>0.25%</b>
Price basis	Dilution adjustment
<b>Single swing</b>	<b>0.13% - round trip</b>

## FUND CHARACTERISTICS

- Aims to provide exposure to global developed-market equities while integrating environmental, social and corporate governance factors
- Incorporates LGIM's Climate Impact Pledge, an engagement process with companies we deem critical to meeting the aims of the Paris Agreement to limit climate change
- Does not hold 'pure' coal miners, manufacturers of controversial weapons and perennial offenders of the UN Global Compact

## PERFORMANCE (%)



	1 month	3 months	1 year	3 years	Launch
■ Fund	-0.45	11.56	13.25	-	28.06
■ Index	-1.43	9.62	13.40	-	26.80
Relative to Index	0.98	1.94	-0.15	-	1.26

## 12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 31 December	2020	2019	2018	2017	2016
Fund	14.97	-	-	-	-
Index	15.25	-	-	-	-
Relative to Index	-0.28	-	-	-	-

Performance for the I Inc unit class in GBP, launched on 12 April 2019. Source: Lipper. Performance assumes all fund charges have been taken and that all income generated by the investments, after deduction of tax, remains in the fund.

Please note, the benchmark is priced at the close whereas the fund is priced earlier. This can lead to artificially high tracking difference stated on the factsheet.

**Past performance is not a guide to the future.**

Further ESG information on page 3

## BENCHMARKS

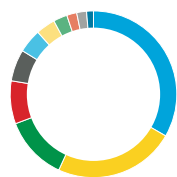
Target benchmark

**Solactive L&G Enhanced ESG Developed Index**



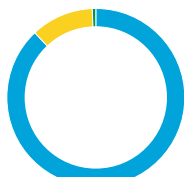
## PORTFOLIO BREAKDOWN

All data sources are a combination of LGIM and the Fund Accountant unless otherwise stated. Totals may not sum due to rounding.



### SECTOR (%)

■ Communications & Tech	33.3
■ Consumer Non-cyclical	23.5
■ Consumer Cyclical	12.4
■ Banks (Equity)	8.3
■ Industrials	6.2
■ Financial Services (Equity)	4.6
■ Insurance (Equity)	3.8
■ Commodities	2.7
■ Utilities	1.9
■ Other	3.2



### MARKET CAPITALISATION (%)

■ Large	88.0
■ Mid	11.4
■ Small	0.6
■ Undefined	-



■ Top 10 holdings 20.5%  
■ Rest of portfolio 79.6%

No. of holdings in fund 1,357  
No. of holdings in index 1,476

### TOP 10 HOLDINGS (%)

Apple Inc	5.8
Microsoft Corp	4.5
Amazon.Com Inc	2.7
Tesla Inc	1.3
Visa Inc Class A	1.2
JPMorgan Chase & Co	1.1
Facebook	1.1
Unitedhealth Group Inc	0.9
Mastercard	0.9
Nvidia Corp	0.9

### COUNTRY (%)

United States	63.3
Japan	8.3
United Kingdom	4.5
Canada	3.1
Switzerland	3.0
Germany	2.9
Australia	2.6
France	2.6
Netherlands	1.8
Other	8.1



### INDEX FUND MANAGEMENT TEAM

The Index Fund Management team comprises 25 fund managers, supported by two analysts. Management oversight is provided by the Global Head of Index Funds. The team has average industry experience of 15 years, of which seven years has been at LGIM, and is focused on achieving the equally important objectives of close tracking and maximising returns.

## ESG COMMITMENT

From diesel emissions to oil spills, there have been many tangible examples in recent years of how failures in the way companies are run can have a harmful impact on the environment, society and investor returns. We believe responsible investing can mitigate the risk of such outcomes and has the potential to improve returns through the integration of environmental, social and governance (ESG) considerations, active ownership and long-term thematic analysis.



ESG score of fund



ESG score of index

### ESG SCORE

We score companies based on environmental, social and governance factors. We use these scores to design ESG-aware tilted indices which invest more in those companies with higher scores and less in those which score lower, while retaining the investment profile of a mainstream index. The ESG Score is aligned to our engagement and voting activities. As a result, this portfolio has an aggregate ESG Score of **57** versus a mainstream index of **52**.

In the fund, we invested more in **600 companies with higher scores** and less in **985 companies with lower scores**.

## ENVIRONMENTAL PERFORMANCE

Carbon dioxide (CO<sub>2</sub>) is the most significant contributor to greenhouse gas emissions which are driving climate change. Compared to a fund tracking the unadjusted benchmark, the fund will have a different exposure to current and future sources of carbon dioxide emissions.



**↓ 62%** Lower carbon reserves intensity than the unadjusted benchmark



**Equivalent to 1,619 barrels of oil**

### CARBON RESERVES

Carbon reserves are fossil fuels (coal, oil and gas) which, if burnt, will become the carbon emissions of the future. To meet global climate change targets, the unabated use of fossil fuels is expected to decline over time.

The figures below are a measure of the size of carbon reserves held by the fund's underlying companies.

<b>422</b>	<b>1,110</b>	<b>Tonnes of CO<sub>2</sub>e<sup>i</sup> per \$1 million of market capitalisation</b>
Fund	Benchmark	

The fund has **62%** lower carbon reserves intensity<sup>ii</sup> compared to a fund tracking the unadjusted benchmark.

The difference in carbon reserves intensity means that for every \$1 million invested in the fund, the exposure to fossil fuels through the underlying companies is reduced by an amount equivalent to **1,619 barrels of oil<sup>iii</sup>**, compared to having invested in the unadjusted benchmark.



**↓ 47%** Lower carbon emissions intensity than the unadjusted benchmark

### CARBON EMISSIONS

Following the global Paris Agreement on climate change, companies in all sectors are expected to reduce their emissions to prepare and adapt for a low-carbon economy.

<b>78</b>	<b>146</b>	<b>Tonnes of CO<sub>2</sub>e per \$1 million of sales</b>
Fund	Benchmark	

The fund has **47%** lower carbon emissions intensity compared to a fund tracking the unadjusted benchmark. Carbon emissions intensity describes the relationship between the carbon emissions of a company and its sales<sup>v</sup>.

The difference in carbon emissions intensity means that the fund has selected companies where, for the same level of sales, the associated emissions<sup>v</sup> are lower by **47%** compared to a fund tracking the unadjusted benchmark<sup>vi</sup>.



For further information please go to [www.lgim.com/esginfo](http://www.lgim.com/esginfo)

**The proxy benchmark for this fund is Solactive GBS Developed Market Large and Mid Cap Index.**

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**NOTES**

<sup>i</sup> Carbon dioxide equivalent (CO<sub>2</sub>e) is a standard unit to compare the emissions of different greenhouse gases.

<sup>ii</sup> The carbon reserves intensity of a company captures the relationship between the carbon reserves the company owns and its market capitalisation. The carbon reserves intensity of the overall fund reflects the relative weights of the different companies in the fund.

<sup>iii</sup> We consider one barrel of oil equivalent to 0.425 tonnes of CO<sub>2</sub>e, based on International Energy Agency and Intergovernmental Panel on Climate Change guidelines.

<sup>iv</sup> The choice of this metric follows best practice recommendations from the **Task Force on Climate-related Financial Disclosures**.

<sup>v</sup> Data on carbon emissions from a company's operations and purchased energy is used.

<sup>vi</sup> This measure is the result of differences in weights of companies between the index and the benchmark, and does not depend on the amount invested in the fund. It describes the relative 'carbon efficiency' of different companies in the index (i.e. how much carbon was emitted per unit of sales), not the contribution of an individual investor in financing carbon emissions.

**HSBC:** Source: HSBC Bank Plc. ("HSBC") – HSBC Climate Solutions Database. All rights in the HSBC Climate Solutions Database and data content therein are vested in HSBC. Neither HSBC, nor its affiliates accept any liability for the accuracy or completeness of the HSBC Climate Solutions Database. No further distribution of HSBC data is permitted without HSBC's express written consent.

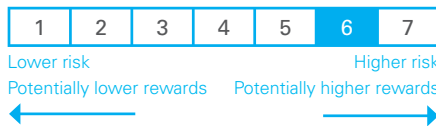
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The calculations above rely on third party data provided at a point in time that may not cover the entirety of the fund's investments or the fund's benchmark (against which the fund's performance is measured). As a result, what we may report may change as third party data changes and may also differ from other third party calculations.

**Refinitiv:** Source: Refinitiv ESG

**RISK AND REWARD PROFILE**



The synthetic risk and reward indicator (SRRRI) is based on the historic volatility of the fund’s value and it may change in the future.

**KEY RISKS**

- 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 fund could lose money if any institution providing services such as acting as counterparty to derivatives or other instruments, becomes unwilling or unable to meet its obligations to the fund.
- Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains.
- The fund may have underlying investments that are valued in currencies that are different from sterling (British pounds). Exchange rate fluctuations will impact the value of your investment. Currency hedging techniques may be applied to reduce this impact but may not entirely eliminate it.
- Where companies in the Index are excluded from the fund as a result of the Climate Impact Pledge, this may affect the ability of the manager to closely track the performance of the Index.

For more information, please refer to the key investor information document on our website [↗](#)



**SPOTLIGHT ON LEGAL & GENERAL INVESTMENT MANAGEMENT**

We are one of Europe’s largest asset managers and a major global investor, with assets under management of £1,240.6 billion (as at 30 June 2020). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Source: LGIM internal data as at 30 June 2020. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong. The AUM includes the value of securities and derivatives positions.

**DEALING INFORMATION**

Valuation frequency	Daily, 3pm (UK time)
Dealing frequency	Daily
Settlement period	T+4

**CODES**

<b>ISIN</b>	I Acc	GB00BYWQWW93
	I Inc	GB00BYWQWX01
<b>SEDOL</b>	I Acc	BYWQWW9
	I Inc	BYWQWX0
<b>Bloomberg</b>	I Acc	LGFWPIA LN
	I Inc	LGFWPPI LN

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 Visit [www.legalandgeneral.com](http://www.legalandgeneral.com)

 Call **0370 050 0955**

 Email [investments@landg.com](mailto:investments@landg.com)

Lines are open Monday to Friday 8.30am to 6.00pm. We may record and monitor calls. Call charges will vary.

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