

Pharma Breakthrough

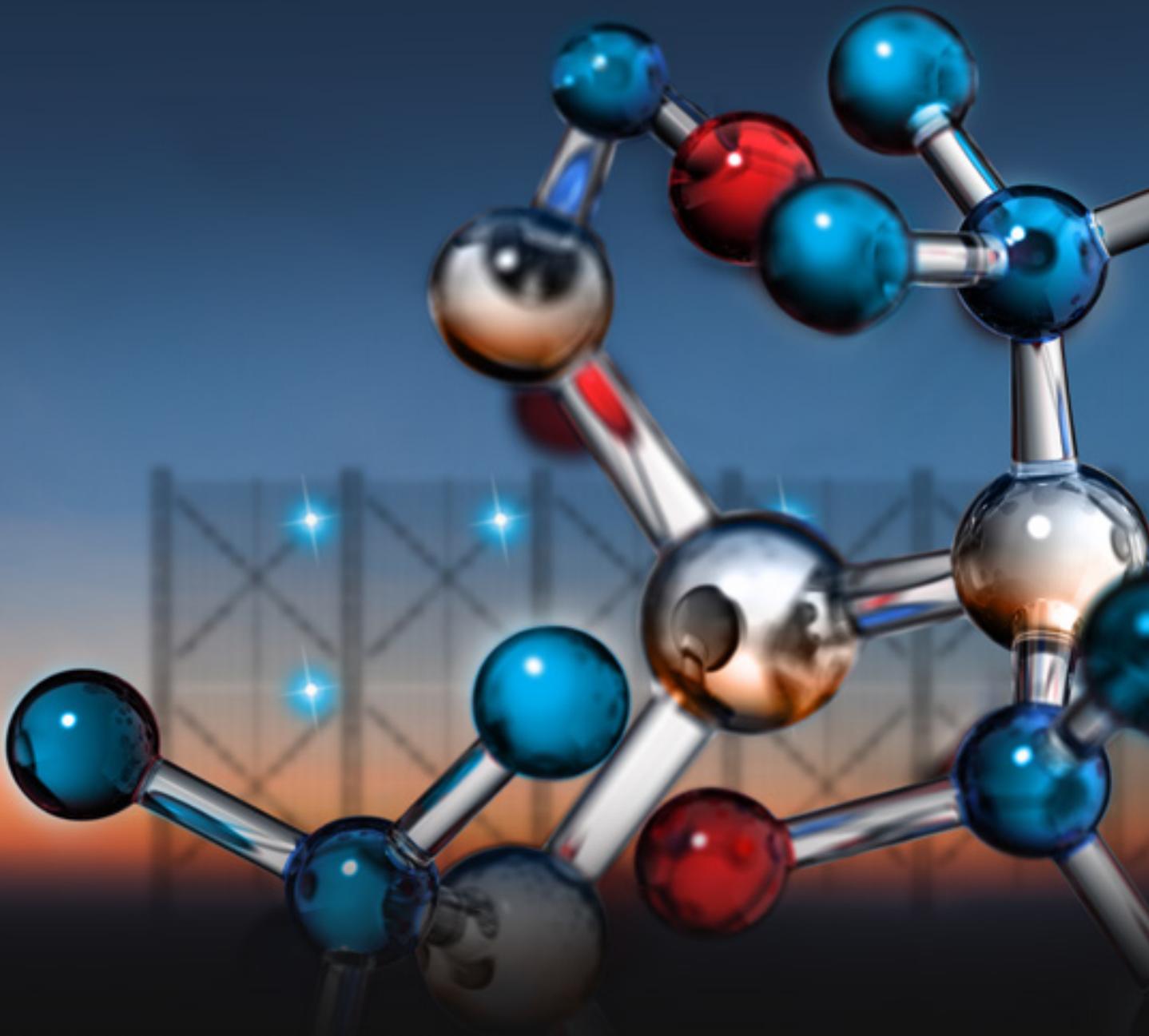
L&G Pharma Breakthrough
UCITS ETF



DISRUPTIVE
Technology thematics range

An ETF recognising the investment potential within the R&D of orphan drugs

L&G Pharma Breakthrough UCITS ETF



DISRUPTIVE

Technology thematics range

Pharma Breakthrough

L&G Pharma Breakthrough UCITS ETF

Key features

Global exposure to a select basket of companies that are engaged in the R&D of orphan drugs that combat rare diseases

Diversified portfolio of companies that spans multiple geographies, sectors and market caps

Index rebalances on a semi-annual basis to maintain diversification and ensure market responsiveness

UCITS compliant

Growth in the pharmaceutical industry has historically been marked by major breakthroughs in research and development (R&D) of drugs.

However, increasing global competition and patent expirations have squeezed margins in generic drugs. On the other hand, regulatory and commercial incentives have encouraged investments into 'orphan' drugs that are used to treat rare diseases. Pharmaceutical companies that are engaged in the R&D of orphan drugs may offer an exciting opportunity for investors who are looking for long-term growth in this sector.

Legal & General Investment Management is pleased to bring to market the first European exposure to track companies engaged in the R&D and manufacturing of orphan drugs. This UCITS compliant ETF offers investors a liquid and transparent vehicle, available on multiple European exchanges.

DISRUPTIVE TECHNOLOGY PRODUCT RANGE

Our world is being transformed as a new wave of innovation, often technology-led, challenges every aspect of how we live and work.

Driving this megatrend is the unending quest for productivity improvement. For investors, it is making new investment opportunities, with the potential for higher growth than traditional investments, available today.

Our disruptive technology product range began with the first European robotics and automation ETF in 2014 and cyber security ETF in 2015. Battery value-chain, ecommerce logistics and pharma breakthrough ETFs were added in early 2018.

For more information, visit: lgimETF.com

The investment case

LONG-TERM INVESTMENT PROSPECTS

Pharmaceutical companies have historically not prioritised orphan drug development, but recent regulation has been sympathetic. In the US, pharmaceutical companies now benefit from up to seven years of market exclusivity, tax credits of 50% for certain R&D efforts, and fast-track drug approvals. In Europe, pharmaceutical companies benefit from up to 10 years of market exclusivity, tax credits, exemptions from certain licensing fees, and EU and national grants.¹

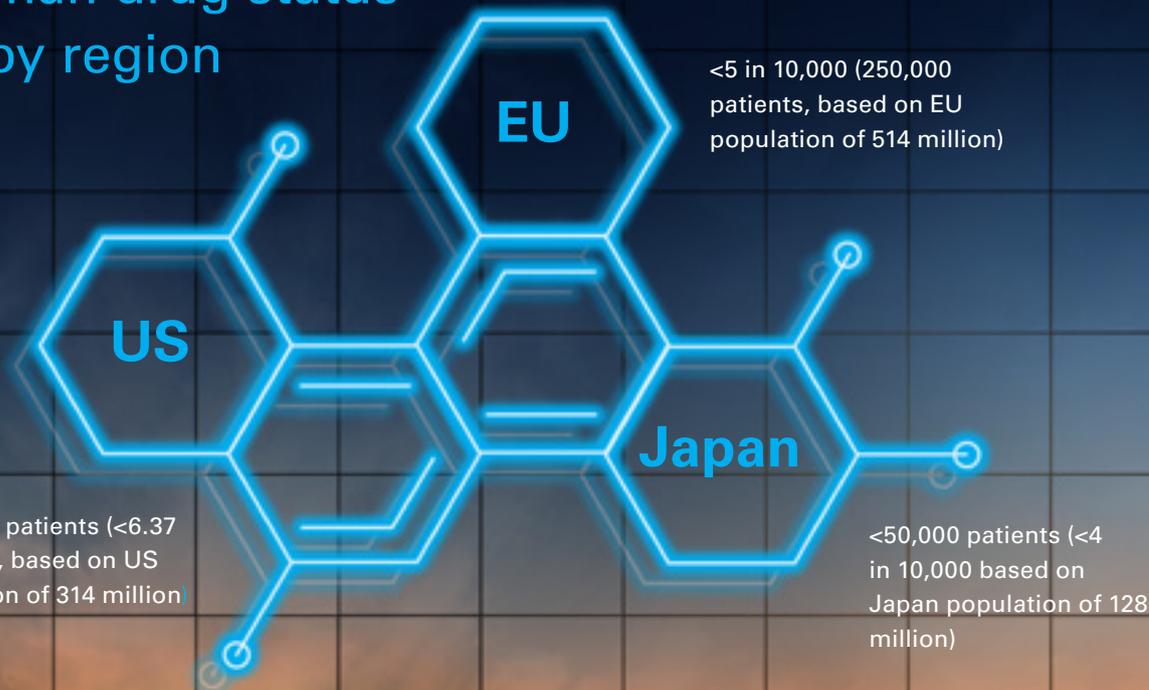
By 2024, worldwide orphan drug sales are forecasted to reach US\$262 billion. Worldwide orphan drug sales are forecast to grow at a CAGR of 11.3% from 2018 to 2024, double the rate forecast for the non-orphan drug market.¹

INDUSTRY EXPOSURE

The index uses data sourced from EvaluatePharma®: a leading provider of market intelligence on the pharmaceutical and biotechnology sectors. They maintain a global database of publicly-listed pharmaceutical companies and use a proprietary methodology to value these companies' orphan drug portfolios.

By leveraging the expertise of industry specialists, the index is better placed to provide an accurate, end-to-end reflection of the key value-drivers that are driving the industry forward.

Qualification requirements for orphan drug status differ by region



¹ EvaluatePharma®, Orphan Drug Report 2018

BROAD GLOBAL EXPOSURE

Given we are in the early stages of this global megatrend, it is challenging to identify tomorrow's winners today.

The index seeks to provide exposure to both established and emerging players in the industry through its equal weighting methodology to ensure that all companies within the orphan drugs sector are fairly represented.

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.

Secondary Market

The shares of this exchange traded UCITS Fund are publicly admitted to trading on the secondary markets of the stock exchanges detailed in the Product Information table.

The investment challenges

An investment in an ETF exposes an investor to the market risks associated with fluctuations in the value of these securities.

There is the risk that a new drug may not ultimately enter into revenue-generating commercial production as a result of (i) clinical trial failures, (ii) governmental intervention or refusal to grant appropriate approvals and/or licenses for clinical trials or commercial production and/or (iii) a lack of commercial viability.

Additionally, even if an orphan drug successfully enters into commercial production, the emergence of cheaper or more effective drugs could lead to a decline in the revenues of the relevant orphan drug-producing company in respect thereof.



Product information

Fund Name	L&G Pharma Breakthrough UCITS ETF	ISIN	IE00BF0H7608
Benchmark	Solactive Pharma Breakthrough Value Index	UCITS Compliant	Yes
Listings and Tickers	London Stock Exchange - BIOT (USD), BIGT (GBP)	Domicile	Ireland
	Deutsche Börse – ETLI (EUR)	TER (%)	0.49
	Borsa Italiana – BIOT (EUR)	Base Currency	USD
	NYSE Euronext – BIOT (EUR)	Replication	Physical – Full replication
	SIX Swiss Exchange - BIOT (CHF)	Distribution	Accumulating
		Issuer	LGIM Managers (Europe) Limited
		Promoter	Legal & General Investment Management Limited

What are orphan drugs?

Orphan drugs are drugs specifically developed to combat rare diseases. There are estimated to be 7,000 rare diseases globally, with only 10% having treatment (Source: US Food & Drug Administration, US National Institute of Health).

The designation of orphan status is a matter of public policy in many countries and has resulted in medical breakthroughs for specific cancer strains and genetic diseases that may not otherwise have been achieved due to the economics of rare drug research and development.

To qualify for orphan drug status, there should be no satisfactory treatment available or, alternatively, the intended new treatment should be assumed to be of significant benefit.

Index description

The Solactive Pharma Breakthrough Value Index aims to track the performance of a basket of stocks of companies that are actively engaged in the research, development and manufacturing of orphan drugs. Eligible companies meet a minimum free-float adjusted market cap threshold of US\$200 million and a minimum three month average daily value traded threshold of US\$1 million.

The index follows an equal weighting scheme, with the aim of capturing the growth prospects of both emerging and established companies. The index is rebalanced semi-annually to maintain diversification and remain responsive to market trends.



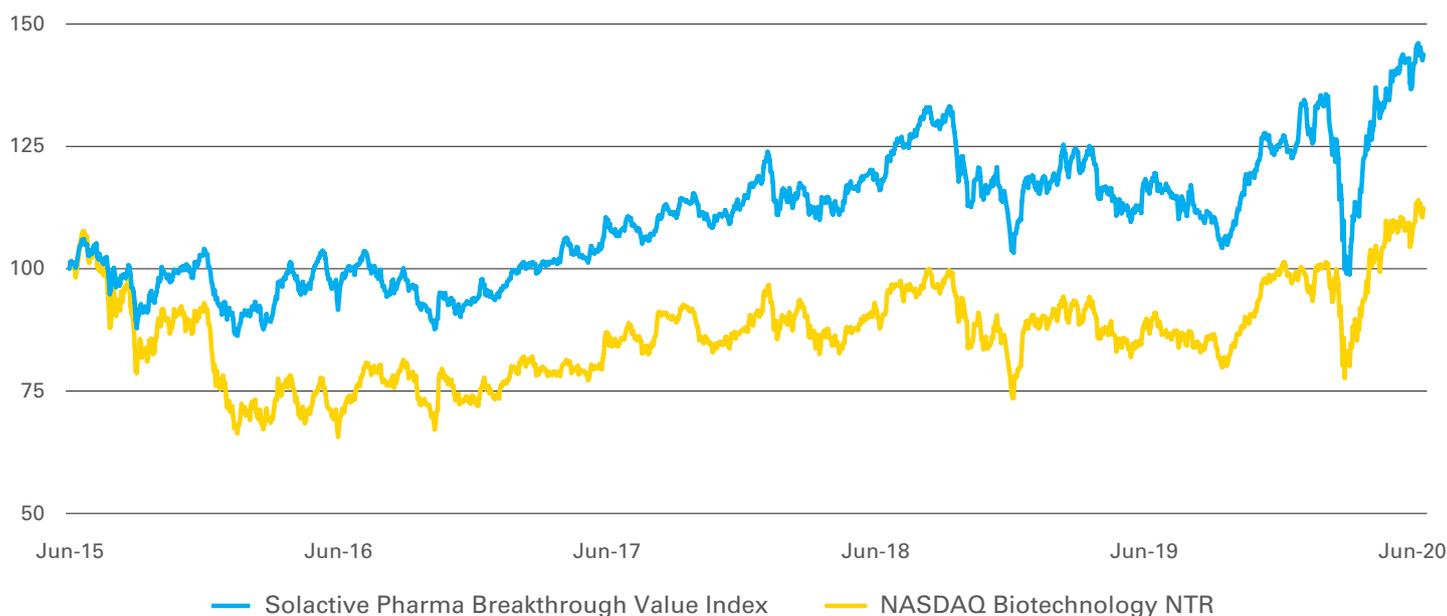
Learn more

To learn more about the L&G Pharma Breakthrough UCITS ETF visit www.lgimetf.com

Index performance

Historical backtested performance

Rebased 100 = June 2015



Source: Bloomberg

Annual index performance	2020	2019	2018	2017	2016	2015
Solactive Pharma Breakthrough Value Index	15.95%	13.45%	-4.35%	22.21%	-8.88%	22.23%
NASDAQ Biotechnology NTR	13.75%	24.90%	-9.00%	21.38%	-21.69%	11.33%

Indices	Cumulative returns in USD			Volatility	Sharpe Ratio
	1 year	3 years	5 years		
Solactive Pharma Breakthrough Value Index	22.25%	33.91%	44.32%	18.96%	0.34
NASDAQ Biotechnology NTR	25.90%	33.91%	12.50%	26.21%	0.05

Source: Bloomberg; all in USD; as at 30 June 2020.

All returns, correlations and volatilities are based on data in USD. Dates are from 30 June 2015 to 30 June 2020 unless otherwise stated. Sharpe ratios are based on 5 year annualised returns, 5 year annualised volatility and a risk free rate of 1.2% (average of US 5yr rates over 1 year).

The index was launched on 03 January 2018. In the period prior to that, the index values were simulated and were based on back-tested data. Simulated past performance data does not represent actual performance and should not be interpreted as an indication of actual or future performance.

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.

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GO ETF Solutions LLP has been appointed as the discretionary investment manager for this Fund, it is authorised and regulated by the Financial Conduct Authority No.477266.

Legal & General Investment Management Limited has been appointed promoter and distributor for this Fund and has a MiFID II passport to act in this capacity currently in various European countries, as well as in the UK. Registered in England and Wales No. 02091894. Registered Office: One Coleman Street, London, EC2R 5AA, United Kingdom. Authorised and regulated by the Financial Conduct Authority, No. 119272.

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