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Clean Water

L&G Clean Water
UCITS ETF



Thematics range

L&G Clean Water UCITS ETF

Ever-greater demand is combining with increasingly uneven and unreliable supply to make water one of the world's most precious resources.

On the demand side, the planet's swelling population is not the only factor; increasing global wealth is also changing patterns of water consumption as billions more people expect to enjoy regular showers, to eat more water-intensive crops, to water their gardens, to wear fabrics that draw heavily on water for their creation, and to use electricity whose generation depends on water for cooling.

On the supply side, climate change and shifting weather patterns are making the distribution of rain less predictable, as evidenced by the increase in both devastating floods and droughts around the world. At the same time, migration and demographic shifts are moving people away from major water sources: 1.8 billion people are expected to be living in countries or regions with absolute water scarcity, and two-thirds of the world population could be under water stress conditions, by 2025.¹

L&G ETF has partnered with Global Water Intelligence, a provider of cutting-edge business information and research on the water industry, to create a liquid, transparent and cost-effective vehicle for investing in the companies helping to overcome these challenges through innovative solutions.

A drier world and a thirstier population

The L&G Clean Water UCITS ETF seeks to offer investors exposure to a diverse basket of stocks integral to the world's management of its water.

- The global water market (the sum of capex and opex by utilities and industrial water users on both water and wastewater) is estimated to be worth \$914.9 billion by 2023.²

- The UN Joint Monitoring Programme suggests that there is a two billion strong market for water connections, as of 2017.²
- Only 39% of the world's population uses safely managed sanitation facilities, leaving a market of 4.5 billion people for sewerage connections.²

The opportunities to ease these stresses in the water market will be captured by several different types of business:

- Technology and digital: from desalination to disinfection, innovative companies are developing ways to make water more readily available and safer.
- Utilities: as well as their legacy business of providing and managing water supplies, utilities are at the forefront of the 'internet of things' as they deploy sensors and automation to run the world's water infrastructure more efficiently.
- Engineering: water is a vital input when creating everything from chemicals to fabrics, so engineering companies have deep expertise in conserving this natural resource.
- Energy: shale oil and gas cannot be accessed without vast quantities of water, often long distances from water sources, so energy groups are pioneering solutions for water transport and onsite recycling.

A more sustainable global water system is in the interests of consumers, businesses, and governments. We believe that companies that can contribute to solving the myriad challenges in meeting the planet's insatiable thirst for clean, affordable water will become indispensable in the economy of the future.

The L&G Clean Water UCITS ETF is designed to identify and own these stocks.

For more information, visit: lgim.com/uk-etf

¹Source: United Nations, 2014 ² Source: Global Water Intelligence

Key features

- Exposure to a specialised basket of clean water and water technology companies
- Diversification across geography, market cap and sub-sectors
- Potential for reduced volatility versus investing in individual water stocks
- Semi-annual rebalancing maintains diversification and provides responsiveness to new entrants and market trends
- UCITS compliant



Disputes over water will be an increasing source of international tension

Economist, 28 Feb 2019

Rhine drought leaves Europe's industry high and dry

FT, 24 Oct 2018

Companies take on the next environmental threats

Climate change is a risk to business around the world, but company disclosures show deforestation and drought are quickly climbing the list of worries.

Bloomberg Opinion, 1 Feb 2019

Know your water exposure

Physical replication

The L&G Clean Water UCITS ETF uses full physical replication to offer investors direct exposure to the theme.

Industry expertise

We believe the unrivalled expertise of Global Water Intelligence, a provider of cutting-edge business information and research on the water industry, ensures that the Solactive Clean Water NTR Index (the index) is able to capture the entire value chain of the clean water and water technology theme.

Companies listed on the Future World Protection List (FWPL) are excluded from the index. This list is produced by Legal & General Investment Management and consists of perennial violators of the UN Global Compact Principles, pure coal companies and controversial weapons manufacturers.

Growth diversifier

The index has a typical market-cap breakdown of 75% in small and mid-caps and 25% in large-caps. It therefore has less than 3% overlap with traditional benchmarks such as the S&P 500 or the MSCI World.

Broad global exposure

The index comprises a unique basket of companies engaged in water production, processing, and the provision of other related services. Its systematic approach considers water-related revenues, sectors, specialism, and applications to offer a broad and diversified exposure that spans multiple countries and subsectors, with an equal-weighting methodology to maximise exposure to the growth potential of the theme while mitigating any company-specific risks.

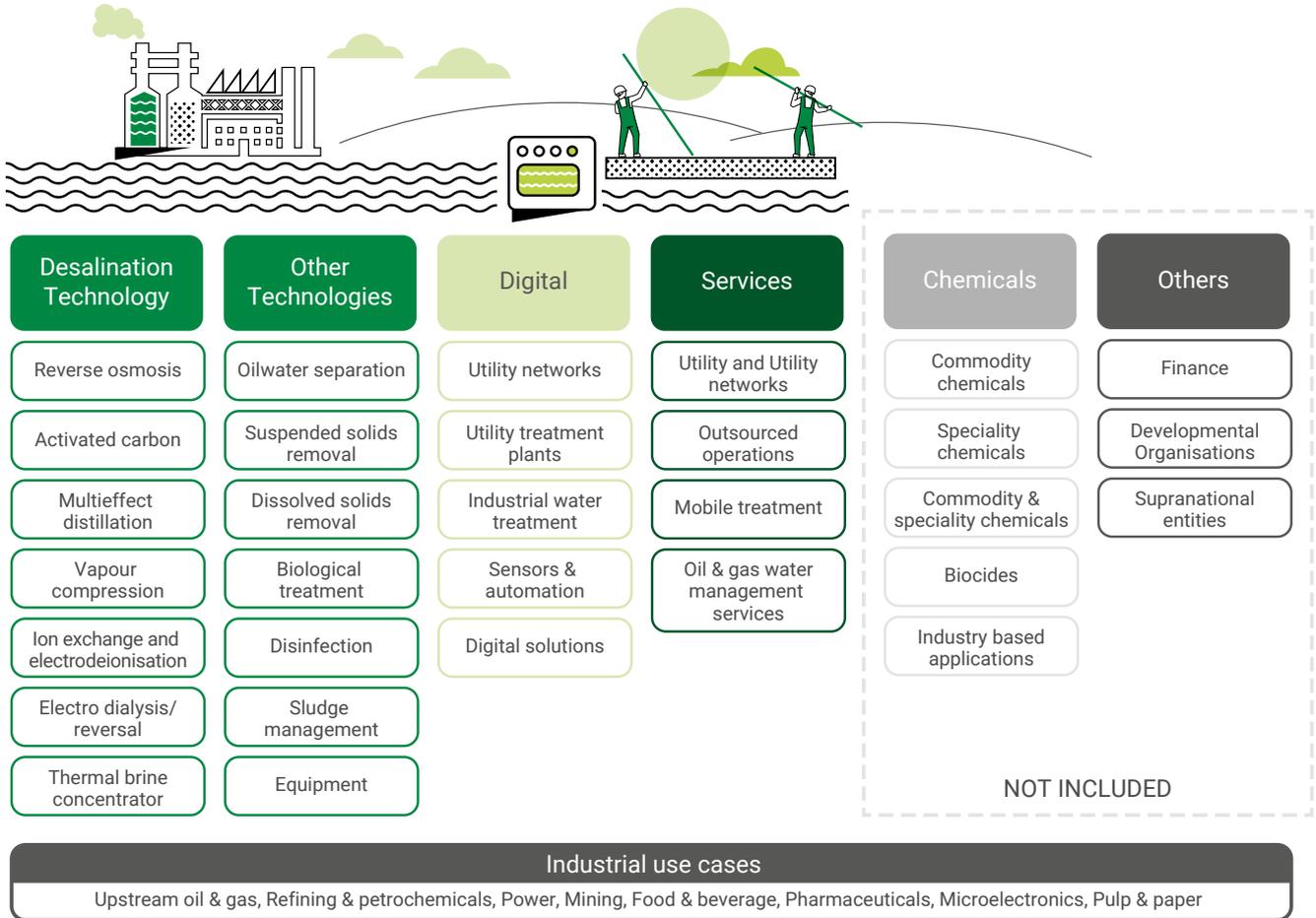
Product Information

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.

Fund Name	L&G Clean Water UCITS ETF
Benchmark	Solactive Clean Water Index NTR
Listings and Tickers	London Stock Exchange – GLUG (USD), GLGG (GBP)
	Deutsche Börse XMLC (EUR)
	Borsa Italiana GLUG (EUR)
	SIX Swiss Exchange GLUG (CHF)
ISIN	IE00BK5BC891
UCITS Compliant	Yes
Domicile	Ireland
TER (%)	0.49
Base Currency	USD
Replication	Physical – Full replication
Distribution	Accumulating
Issuer	LGIM Managers (Europe) Limited
Promoter	Legal & General Investment Management Limited

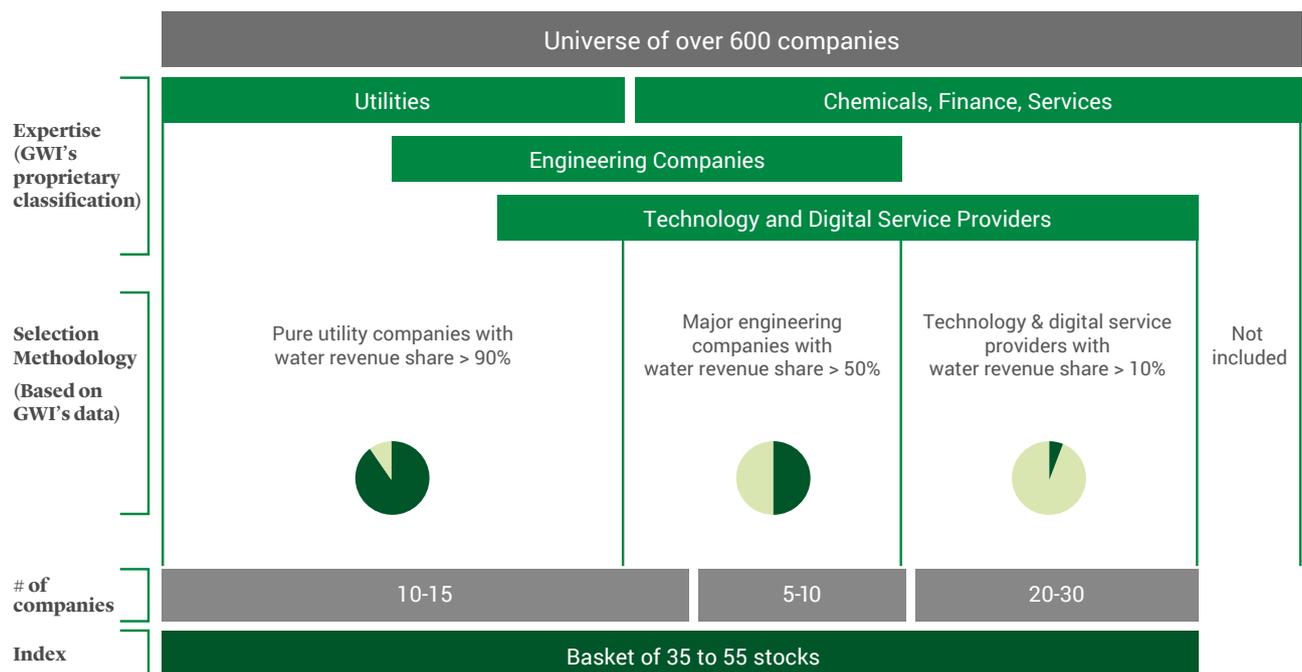
The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested.

Company classification: A unique approach backed by experts



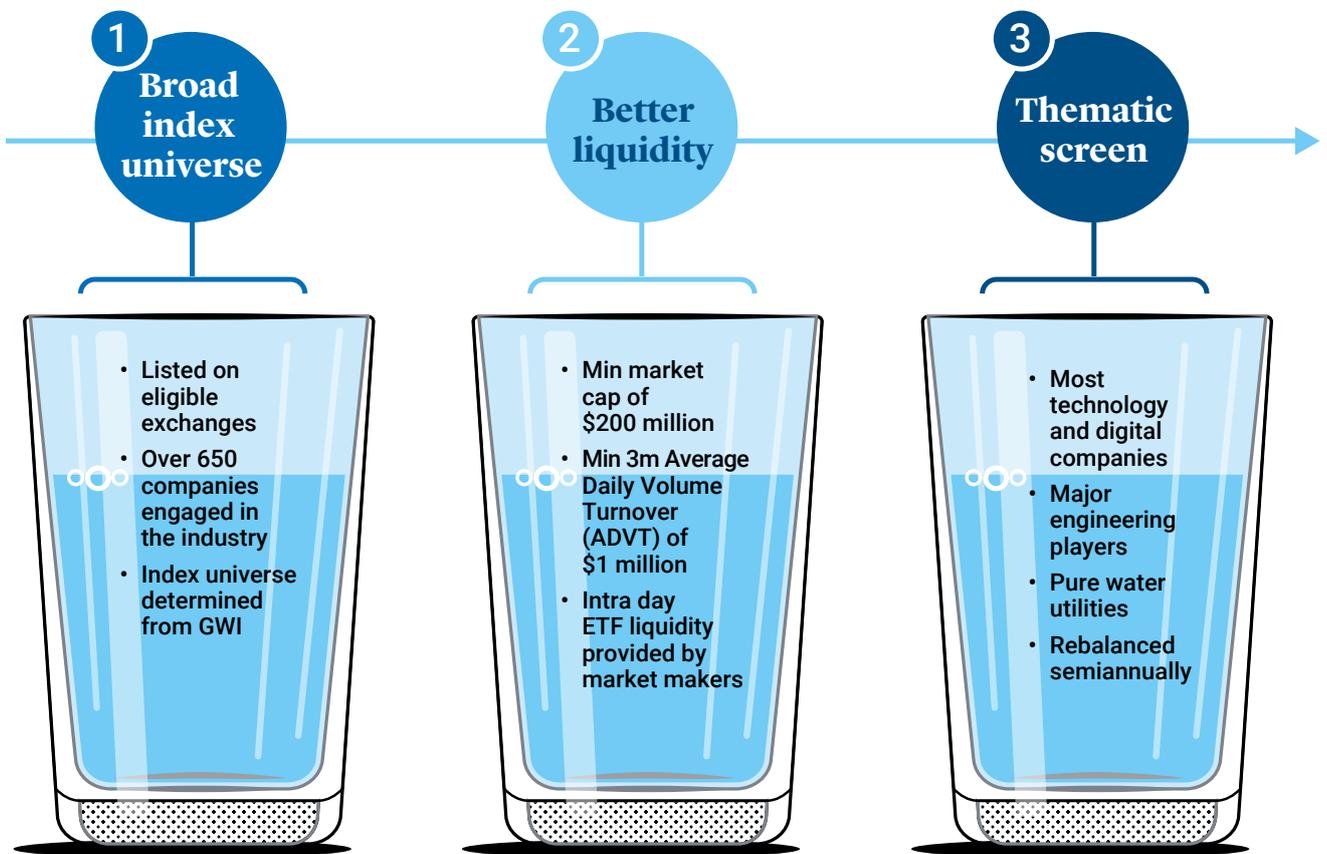
Source: Global Water Intelligence, LGIM

Selection Methodology



Index and weighting methodology

Solactive Clean Water Index NTR

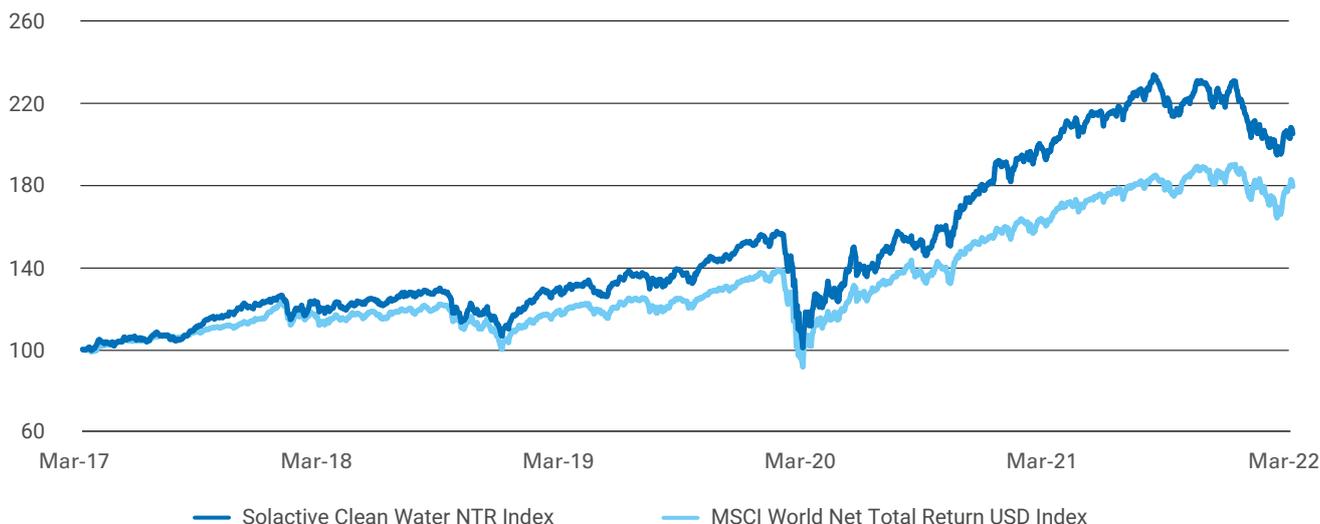


Source: Global Water Intelligence and LGIM

Index performance

Historical backtested performance

Rebased 100 = March 2017



Source: Bloomberg

Indices	Cumulative returns in USD			Volatility	Sharpe Ratio
	1 year	3 years	5 years		
Solactive Clean Water Index NTR Index	4.30%	59.32%	105.30%	18.28%	0.78
MSCI World Net Total Return USD Index	10.12%	52.00%	79.58%	16.24%	0.69

Annual index performance	2017	2018	2019	2020	2021	2022*
Solactive Clean Water Index NTR Index	28.64%	-9.13%	36.30%	19.73%	26.84%	-11.13%
MSCI World Net Total Return USD Index	22.28%	-8.71%	27.67%	15.90%	21.82%	-5.15%

***Source: Bloomberg; all in USD; as at 31 March 2022. Performance is shown net of fees and charges. Past performance is not a guide to the future.**

All returns, correlations and volatilities are based on data in USD. Dates are from 31 March 2017 to 31 March 2022 unless otherwise stated. Sharpe ratios are based on 5 year annualised returns, 5 year annualised volatility and a risk free rate of 1.16% (average of US 5yr rates over 1 year).

The index was launched on 07 June 2019. 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.

Learn more

To learn more about the L&G Clean Water UCITS ETF visit www.lgim.com/uk-etf

Contact us

For further information about LGIM, please visit www.lgim.com/uk-etf or contact your usual LGIM representative



Key risks

Past performance is not a guide to the future. 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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