

Future World Europe (ex UK) Equity Index Fund



Unit-Linked Life Insurance Reported in GBP (Gross of charges)

FUND AIM

The investment objective of the fund is to track the performance of the Solactive L&G ESG Europe ex UK Index (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.

WHO IS THIS FUND FOR?

- The trustees of UK registered defined benefit or defined contribution occupational pension schemes, which may be classified as either retail clients or professional clients.
- Although investors can take their money out at any time, the recommended minimum holding period is 5 years.
- Please refer to your professional advisor who should be able to advise you on the suitability of this fund for your scheme.

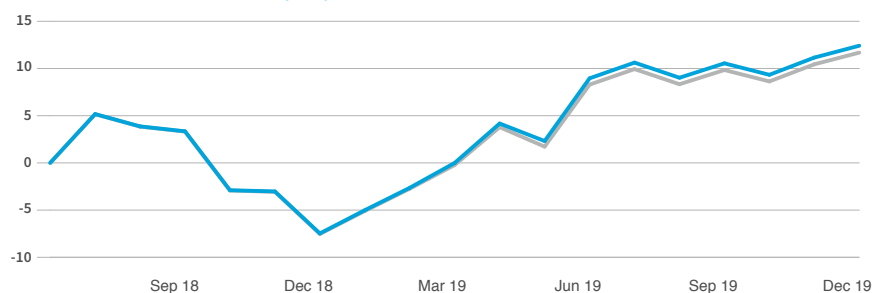
FUTURE WORLD PHILOSOPHY

- 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 £100.6m	Base currency GBP	Benchmark Solactive L&G ESG Europe ex UK Index
Launch date Jun 2018	Domicile United Kingdom	

PERFORMANCE (%)



	YTD	3m	6m	1y	3y	Launch
■ Fund	21.51	1.70	3.18	21.51	-	7.02
■ Benchmark	20.78	1.68	3.13	20.78	-	6.54
Relative	+0.73	+0.02	+0.05	+0.73	-	+0.48

CALENDAR YEAR PERFORMANCE (%)

	2019	2018	2017	2016	2015
Fund	21.51	-	-	-	-
Benchmark	20.78	-	-	-	-
Relative	+0.73	-	-	-	-

All performance periods over a year will be annualised. Performance based on weekly mid-market prices before the deduction of fees. **Past performance is not a guide to the future.**

Further ESG information on page 3

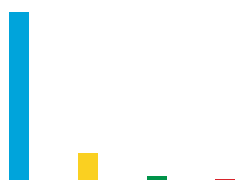
PORTFOLIO BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding. In order to minimise transaction costs, the Fund will not always own all the assets that constitute the index and on occasion it will own assets that are not in the index.



SECTOR (%)

Consumer Non-cyclical	31.5
Industrials	13.8
Communications & Tech	12.1
Consumer Cyclical	11.8
Banks (Equity)	10.7
Insurance (Equity)	7.9
Commodities	4.3
Utilities	3.2
Energy	2.3
Other	2.4



MARKET CAPITALISATION (%)

Large	84.6
Mid	13.6
Small	1.7
Undefined	0.1



■ Top 10 holdings 27.9%
■ Rest of portfolio 72.1%

No. of holdings in fund 331
No. of holdings in index 331

TOP 10 HOLDINGS (%)

Roche Holding Ag-Genusschein	5.4
Nestle	3.9
SAP	3.1
ASML Holding	2.8
Novartis	2.7
Siemens	2.1
Lvmh Moet Hennessy Louis Vui	2.1
Allianz	2.0
Sanofi	1.9
Novo Nordisk	1.9

COUNTRY (%)

France	20.7
Switzerland	19.6
Germany	19.4
Netherlands	11.5
Sweden	7.1
Spain	5.8
Denmark	4.1
Italy	3.9
Finland	2.5
Other	5.5

Celebrating
25+
Years

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 **60** versus a mainstream index of **56**.

In the fund, we invested more in **136 companies with higher scores** and less in **198 companies with lower scores**.

ENVIRONMENTAL PERFORMANCE

Carbon dioxide (CO₂) 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.



↓ 72% Lower carbon reserves intensity than the unadjusted benchmark



Equivalent to 4,457 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.

727	2,622	Tonnes of CO₂eⁱ per \$1 million of market capitalisation
Fund	Benchmark	

The fund has **72%** lower carbon reserves intensityⁱⁱ 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 **4,457 barrels of oilⁱⁱⁱ**, compared to having invested in the unadjusted benchmark.



↓ 48% 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.

85	165	Tonnes of CO₂e per \$1 million of sales
Fund	Benchmark	

The fund has **48%** 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^v.

The difference in carbon emissions intensity means that the fund has selected companies where, for the same level of sales, the associated emissions^v are lower by **48%** compared to a fund tracking the unadjusted benchmark^{vi}.

For further information please go to www.lgim.com/esginfo

The proxy benchmark for this fund is Solactive L&G Europe ex UK Index.

NOTES

ⁱ Carbon dioxide equivalent (CO₂e) is a standard unit to compare the emissions of different greenhouse gases.

ⁱⁱ 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.

ⁱⁱⁱ We consider one barrel of oil equivalent to 0.425 tonnes of CO₂e, based on International Energy Agency and Intergovernmental Panel on Climate Change guidelines.

^{iv} The choice of this metric follows best practice recommendations from the **Task Force on Climate-related Financial Disclosures**.

^v Data on carbon emissions from a company's operations and purchased energy is used.

^{vi} 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

