

L&G ESG Emerging Markets Government Bond (Local Currency) Index Fund

The L&G ESG Emerging Markets Government Bond (Local Currency) Index Fund offers investors the opportunity to access a range of emerging market government bonds denominated in emerging market currencies through an environmental, social and governance-conscious (ESG) vehicle. The benchmark index provides exposure to diversified emerging market government bonds from a broad range of countries.

REASONS TO INVEST

Emerging market growth	Potential for income	ESG integration	Diversification
Participate in the growth of emerging market economies through country and currency-level exposure	Higher yield than similarly rated developed market government bonds	The first EMD indices to incorporate ESG factors, and positive and negative screens	Exposure to emerging market bonds across multiple countries

TRACK EMERGING MARKET GROWTH

The fund allows investors to participate in some of the world's fastest growing and most dynamic economies; which typically have:

- Attractive demographics with an expanding middle class
- Improved political stability and policy management
- Lower debt-to-GDP ratios than previously
- Improving market accessibility and diversification

AN ATTRACTIVE INCOME SOLUTION

The fund offers a higher yield than developed market government bonds, making it an attractive asset class for investors seeking income:

- Relative to lower-yielding developed markets, emerging market government bonds in local currencies offer a much more attractive yield, although this may increase the risk of issuer default
- Offers exposure to local currencies, ideal if you believe in long-term emerging market foreign exchange appreciation
- The fund's accumulation and income unit classes offer solutions for investors looking for both capital growth and income

UNIQUE ESG INDEX INTEGRATION

The fund provides investors with exposure to the wide selection of emerging market government bonds in the well-diversified J.P. Morgan ESG GBI-EM Global Diversified Local Currency Index:

- Combining ESG integration, positive screens and ethical exclusions; our passive index fund is one of the first of its kind in the EMD space
- The fund leverages J.P. Morgan's flagship EMD indices, incorporating fundamental ESG factors and dynamic event-driven signals
- J.P. Morgan ESG index scores for over 170 countries and 780+ issuers are calculated daily

INVESTMENT OBJECTIVE

The investment objective of the fund is to provide investors with a return in line with the Emerging Markets government bond market, as represented by the J.P. Morgan ESG GBI-EM Global Diversified Local Currency Index (the "Index").

BENCHMARK

J.P. Morgan ESG GBI-EM Global Diversified Local Currency Index.

LAUNCH DATE

31 January 2019

FUND SIZE

\$100m

DOMICILE

Ireland

FUND STRUCTURE

ICAV, UCITS compliant

BASE CURRENCY

USD

ONGOING CHARGE*

0.35%

YIELD ESTIMATE*

c. 5.5%

CLASS I

Euro Unhedged Accumulation

ISIN

IE00BGXQV361

*This is an estimated figure as at 31 October 2018

TRANSPARENT, LOW COST, HIGH QUALITY

The L&G ESG Emerging Markets Government Bond (Local Currency) Index Fund is a low-cost, high-quality index mutual fund managed by Legal & General Investment Management (LGIM), one of the largest index fund providers in the UK. Ireland-domiciled, the mutual fund is available across all major platforms for UK investors, suitable for multiple investor portfolios:

- We believe the fund is an attractive solution for investors looking for income, achieved through taking country exposure and emerging market currency risk
- We believe the fund is a welcome addition to fixed income allocations, bringing diversification and enhanced return potential over the long term
- It can also sit well as an asset class between equity and traditional fixed income allocations in a well-diversified multi-asset portfolio

WHY LGIM FOR INDEX FUNDS?

- **Scale**

LGIM has managed index funds for over 30 years and is committed to offering low-cost, high quality solutions. By focusing on what matters to our clients, LGIM has grown into one of the world's largest index providers, managing over €369 billion* in index funds (as at 30 June 2018). Our scale and experience means that we are able to generate significant cost savings for our clients.

- **Expertise**

We've developed a 'value-add' philosophy for managing index funds called 'pragmatic replication'. Our main aim, of course, is to track the index as tightly as possible. However, we use our experience and large in-house team to target enhanced returns, while reducing costs through efficient trading for the long-term benefit of our investors.

- **Active ownership**

We believe in taking an 'active' approach to the assets we own. Active ownership represents a tangible way in which LGIM can aim to have a positive impact on the value of market indices by bringing about real change by engaging with companies and policymakers.

* Source: LGIM internal data as at 30 June 2018. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

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