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Artificial Intelligence

L&G Artificial Intelligence
UCITS ETF



Thematics range

Artificial Intelligence

L&G Artificial Intelligence UCITS ETF

AI allows us not only to do new things, but to do almost everything else more efficiently too. So more than just creating *new* markets, AI is transforming *every* market.

AI is proving to be one of the most disruptive forces in technology in decades, as its underlying technological capabilities can be applied to all industries. AI-enabled technologies are already improving our lives in the ways we communicate, work, shop and care for our health. AI has also become an imperative for businesses seeking to create and maintain a competitive edge.

L&G ETF has partnered with ROBO Global, a recognised provider of investable technology indices, to offer investors a liquid, transparent and cost-effective vehicle to access this transformative theme.

Compelling factors for AI adoption

The L&G Artificial Intelligence UCITS ETF seeks to capture the value created by these revolutionary technologies being applied throughout the economy.

- 84% of enterprises believe investing in AI will lead to greater competitive advantages.¹
- AI technologies could increase global GDP by \$15.7 trillion, or 14%, by 2030.¹
- From 2015 to 2018, the number of active AI startups increased by 113%, compared with 28% for all active startups.²

The key drivers of this growth are:

- Massive data growth: as big-data capabilities increase, so does the potential for AI applications to leverage that data.
- Lower computing costs: as the cost of entry drops, the accessibility and availability of AI rises.
- Advancements in AI algorithms: new 'deep learning' and machine learning capabilities are democratising data science and development.
- Changing demographics: as the global population increases, AI is the key to boosting the ability to provide everything from healthcare to consumer goods to energy to more than 8.5 billion people by 2030.²

Importantly, the wider adoption of AI should be a positive force for society: rather than meaning there is less work for people it could free employees from routine tasks to allow them to perform more valuable roles, it could reduce bias in recruitment through the fairer filtering of applications, and it could identify vulnerable individuals and security threats from social media, among many other uses.

These improvements in AI have the potential to disrupt many existing business models and create high-growth new markets for the most innovative companies. The L&G Artificial Intelligence UCITS ETF is designed to identify and own these stocks.

¹ Sources: Robo Global, CB Insights, Stanford University's 2018 AI Index, PwC

² "AI" Index 2018 Report, Stanford's Human-Centered AI Institute (HAI)

Key features

- Exposure to a specialised basket of Artificial Intelligence (AI) companies
- Diversification across geography, market cap and sub-sectors
- Potential for reduced volatility versus investing in individual AI stocks
- Quarterly rebalancing maintains diversification and provides responsiveness to new entrants and market trends
- UCITS compliant



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.

Know your AI exposure

Physical replication

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

Industry expertise

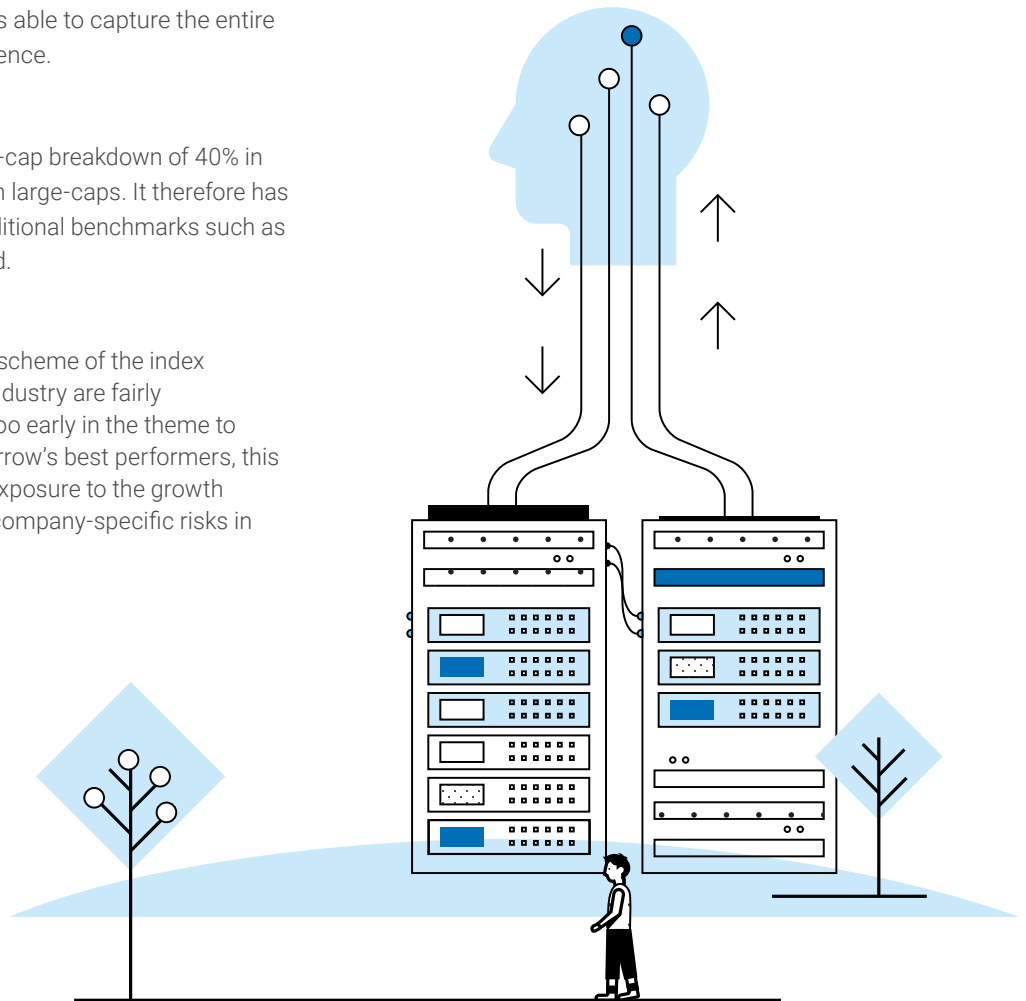
We believe the unrivalled expertise of the ROBO Global advisory board ensures that the ROBO Global Artificial Intelligence Index (the index) is able to capture the entire value chain of artificial intelligence.

Growth diversifier

The index has a typical market-cap breakdown of 40% in small and mid-caps and 60% in large-caps. It therefore has less than 15% overlap with traditional benchmarks such as the S&P 500 or the MSCI World.

Broad global exposure

The modified equal-weighting scheme of the index ensures all companies in the industry are fairly represented. Because we are too early in the theme to confidently identify all of tomorrow's best performers, this approach seeks to maximise exposure to the growth potential while mitigating any company-specific risks in the basket.



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Product Information

Secondary Market: The shares of this exchange-traded UCITS fund are publicly admitted to trading on the secondary markets of the stock exchanges detailed below.

Fund Name	L&G Artificial Intelligence UCITS ETF
Benchmark	ROBO Global Artificial Technology UCITS Index
Listings and Tickers	London Stock Exchange – AIAI (USD), AIAG (GBP)
	Deutsche Börse XMLD (EUR)
	Borsa Italiana AIAI (EUR)
	SIX Swiss Exchange AIAI (CHF)
ISIN Code	IE00BK5BCD43
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



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.

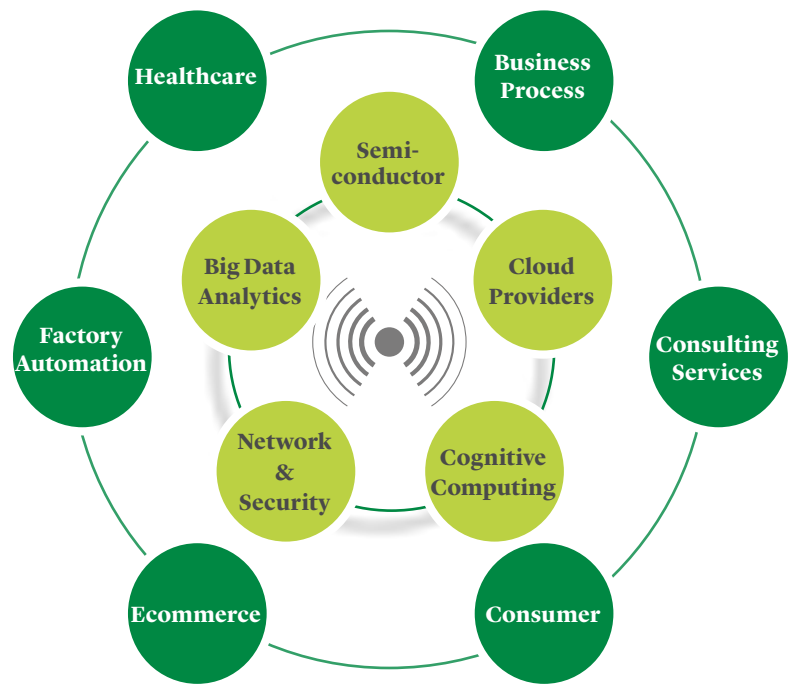
Defining the Universe of AI

ROBO Global’s Industry Classification is a forward-looking road map, supported by insights from a dedicated coverage team, to ensure sub-sectors evolve and expand at the right time. The Industry classification is updated on a quarterly basis and managed by the ROBO Global Industry Classification Committee.

- Infrastructure**

Best-of-breed companies that are building AI engine and platform solutions. Infrastructure companies currently represent 55% of the Index.
- Applications & services**

Deep domain knowledge companies applying AI capabilities for the purpose of digital transformation. Application & Services companies currently represent 45% of the Index.



Index and weighting methodology

Index methodology

Stocks classified within the ROBO Global Industry Classification as exposed to the AI theme are given a ‘THNQ Score’, comprised of factors representing the levels of revenue the company receives from AI activities, levels of investment the firm makes in AI, and the market and technology leadership of the firm in the Artificial Intelligence universe.

Each stock’s THNQ Score will range from 1 to 100 and will be reviewed on a regular basis. Companies whose THNQ Score is greater than or equal to 50, and who meet all other eligibility requirements, are eligible for inclusion in the ROBO Global Artificial Intelligence Index series.

The ROBO Global Artificial Intelligence Index comprises a minimum of 50 index constituents and a maximum of 100 constituents.

Weighting methodology

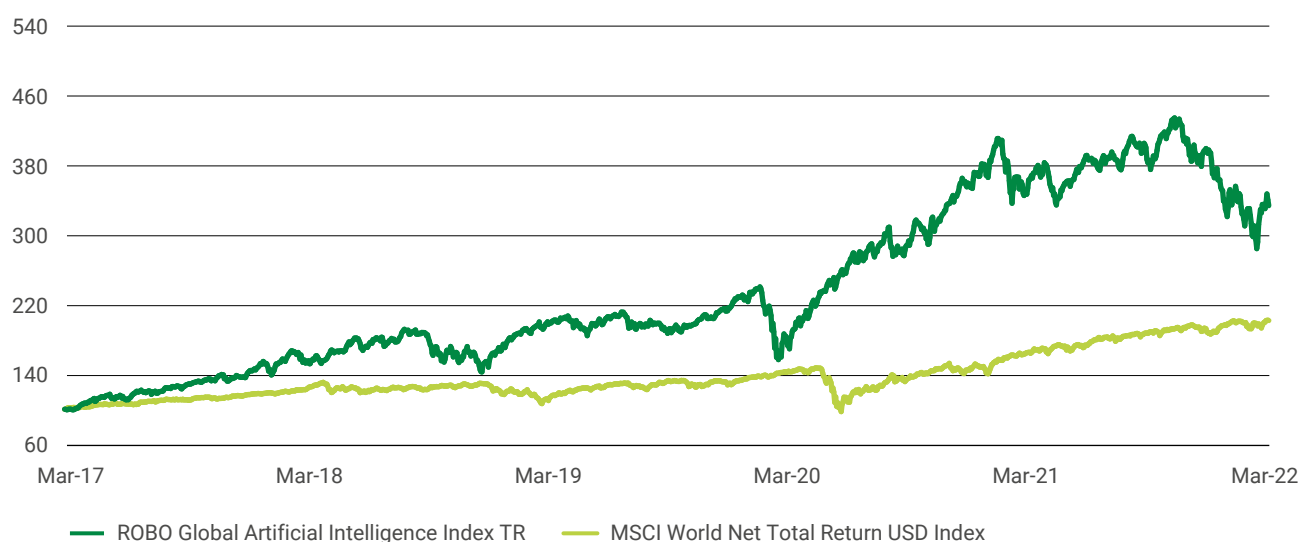
Index constituents are weighted according to their ‘THNQ Score’. Each constituent’s weight is calculated by dividing its ‘THNQ Score’ by the sum of all constituents’ ‘THNQ Scores’. This process ensures that the index allocates a larger weight to those players that derive a distinct portion of their revenues from artificial intelligence, and which have the potential to grow through their technology and innovation set. The index rebalances quarterly to maintain diversification and remain responsive to market trends and new entrants.

For more information, visit: roboglobal.com/robo-global-indices/thnq-index/

Index performance

Historical backtested performance

Rebased 100 = March 2017



Indices	Cumulative returns in USD			Volatility	Sharpe Ratio
	1 year	3 years	5 years		
ROBO Global Artificial Intelligence Index TR	-5.74%	70.67%	233.46%	25.69%	1.02
MSCI World Net Total Return USD Index	22.20%	81.82%	101.75%	15.73%	0.88

Annual index performance	2017	2018	2019	2020	2021	2022*
ROBO Global Artificial Intelligence Index TR	55.21%	13.50%	37.61%	68.18%	10.00%	-15.33%
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 14 December 2018. In the period prior to that, the index values were simulated and were based on backtested data. Simulated past performance data does not represent actual performance and should not be interpreted as an indication of actual or future performance.

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Learn more

To learn more about the L&G Artificial Intelligence 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

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