

Introduction



Sustainability shouldn't start and end with an investment process. Investment houses offering sustainable portfolios to clients should also have business-wide environmental and social initiatives in place, to minimise the negative impact of operations, and even generate positive impact. Businesses should be using their resources and talent to generate this positive impact, be it offering specialist in-house expertise to other industries or allocating profits to organisations in desperate need of funding.

For us, it is important that sustainability is embedded within our company culture and ethos. This is demonstrable in how ambitious LGT Group has been for many years around improving the sustainability of our operations, as well as through the sustainable investment solutions we offer to clients. It is also clear through our business' pioneering commitment to net-zero by 2030, both in our operations and investments.

As an investor, building an understanding of how a company interacts with people and the environment is a complex analytical process. Consideration of the mission statement behind the allocation of capital is essential. In our opinion, for a fund to be held in a sustainable portfolio, the underlying investment manager needs to understand the power and importance of investing in driving real change.

Given the increasing regulatory environmental, social and governance (ESG) focus, sustainable investing must not merely be seen as a tick-box exercise. The sheer size and scale of financial markets, as well as the influence that today's mega-corporates have, means that all businesses need to actively contribute to tackling the challenges that we face as a global community.

We are very pleased to be able to offer our Global Sustainable Model Portfolio Service to our international IFA partner firms. We hope this adviser guide furthers your knowledge and understanding of the process and philosophy. If you would like to know more, please get in contact with your local LGT Business Development Director.

Tony Allan, Partner & Head of Business Development

Taking responsibility

Thinking and acting responsibly

LGT was early to commit to sustainability, building on the company's core characteristics of long-term thinking and actions. Over the years, our commitment to sustainability has consistently grown, covering all areas of our business.

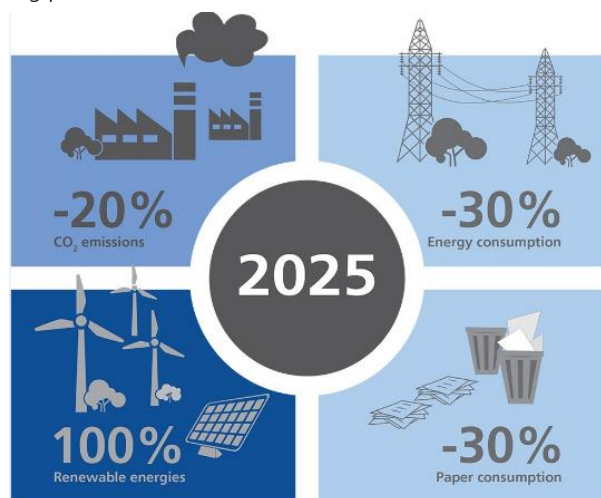
In order to deliver on our sustainable ambitions, our Sustainability Strategy sets out our company's binding goals to be reached by 2025, across all business areas. Aims of the strategy include substantially increasing the share of sustainable investment solutions in our clients' portfolios and reducing our environmental impact.



LGT's 2025 global environmental goals

To achieve our environmental targets, we are reducing energy consumption, purchasing renewable energy and offsetting unavoidable CO₂ emissions.

In our London office, we purchase one hundred percent renewable energy. In Liechtenstein, we also purchase one hundred percent renewable energy and approx. 8-10 percent of total electrical energy consumption is produced through our own photovoltaic installations. In a number of LGT's offices around the world, clients and employees can charge their electric cars in parking garage charging points.



Our Sustainability Strategy is founded on and enforced by, a strong corporate governance structure, including a Sustainability Board chaired by LGT Group's CEO.

Whilst the implementation of sustainability happens at a grass roots level, it is crucially important, for real change to occur, that it is supported by the most senior individuals within a business.

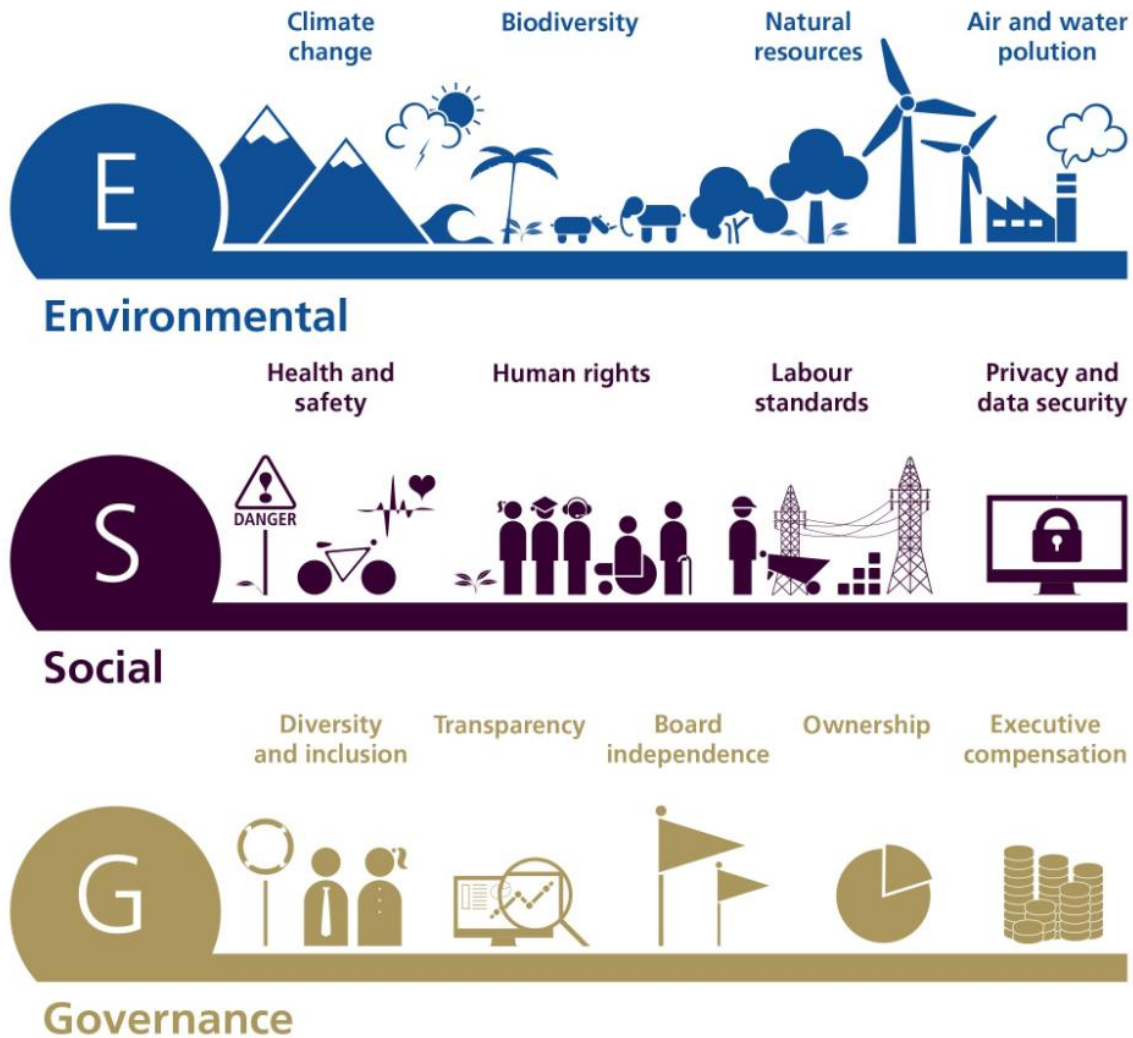
Sustainability is also promoted through LGT Group's collaboration and membership of various specialist organisations, including the UN Global Compact, UN Principles for Responsible Investment (PRI), Eurosif and the Global Impact Investing Network (GIIN).



Glossary of terms

ESG – environmental, social, governance

ESG summarises the non-financial factors that can be incorporated into their valuation of a business, or into an investment process. Using ESG analysis alongside financial analysis is a more holistic way of assessing risk and opportunities. Within ESG, there are many individual metrics or data points, examples of which are shown below:



Impact investing

An impact investment is an investment with the primary intention to deliver a measurable positive or environmental benefit, alongside a financial return. The impact holdings in our Sustainable Model Portfolios measure and report on the impact generated (e.g. kilowatts of renewable energy generated, volume of water recycled, number of people given access to healthcare or education).

Sustainable investing

Sustainable investing is a broad overarching term, incorporating both ESG analysis to understand the operational sustainability of a company, and analysis to assess the positive contribution the business makes through the goods and services it produces.

Responsible investing

This is also known as socially responsible investing (SRI), ethical investing or negatively screened investing. Responsible investing excludes specific industries or sectors, based on a set of values or belief systems. This is the oldest of these investment styles and doesn't consider the social or environmental risks to a business, or the positive impact the business may be delivering.

Why we invest sustainably

For us, there were two clear drivers for the creation of our dedicated Sustainable Model Portfolio Service:

1. We believe integrating ESG analysis can be an investment advantage: it can help in avoiding ESG risks and identifying ESG opportunities; and
2. Allocating capital to companies that are 'doing the right thing' will act as a catalyst for the societal and environmental changes that our world needs.

Our sustainable investment philosophy

We believe that all companies wishing to achieve long-term success should consider their impact on the environment and society.

In our opinion, tackling the issues that our global community faces is one of the key responsibilities of all businesses, across all industries. We believe that financial markets need to play an integral part in the global transition towards a more sustainable future for our society and the environment.

Some of the major challenges our society is facing today include:



Plastic crisis



Climate change



Urbanisation

"Investors have a crucial role through the allocation of capital to businesses that are prioritising sustainability."

Phoebe Stone, Head of Sustainable Investing LGT Wealth Management

An agenda for change

The investment framework for the Global Sustainable Model Portfolio Service is derived from the United Nation's Sustainable Development Goals. In 2015, the United Nations created the Agenda for Sustainable Development 2030. The Agenda was developed in an effort to eliminate poverty and a commitment to achieve sustainable development on an international level.

At the core of the Agenda are the 17 UN Sustainable Development Goals. The Goals aim to make ambitious progress and combat a range of issues, including health, education, climate change, poverty, gender equality, sanitation, energy, social justice and the environment.

The UN SDGs alone were not intended to form a robust investment framework; however, they inspire a range of investment themes. We have used this framework as a starting point, from which we have looked to define what is achievable through the mechanism of publicly traded financial markets. This is demonstrated through our four sustainable investment pillars.



Intentionality

What drives the organisation, what is the commitment and mission behind the allocation of capital?

Integration

What are the business' environmental, social and governance behaviours, and how integrated are they?

Impact

What is the impact generated, and how is it being measured?

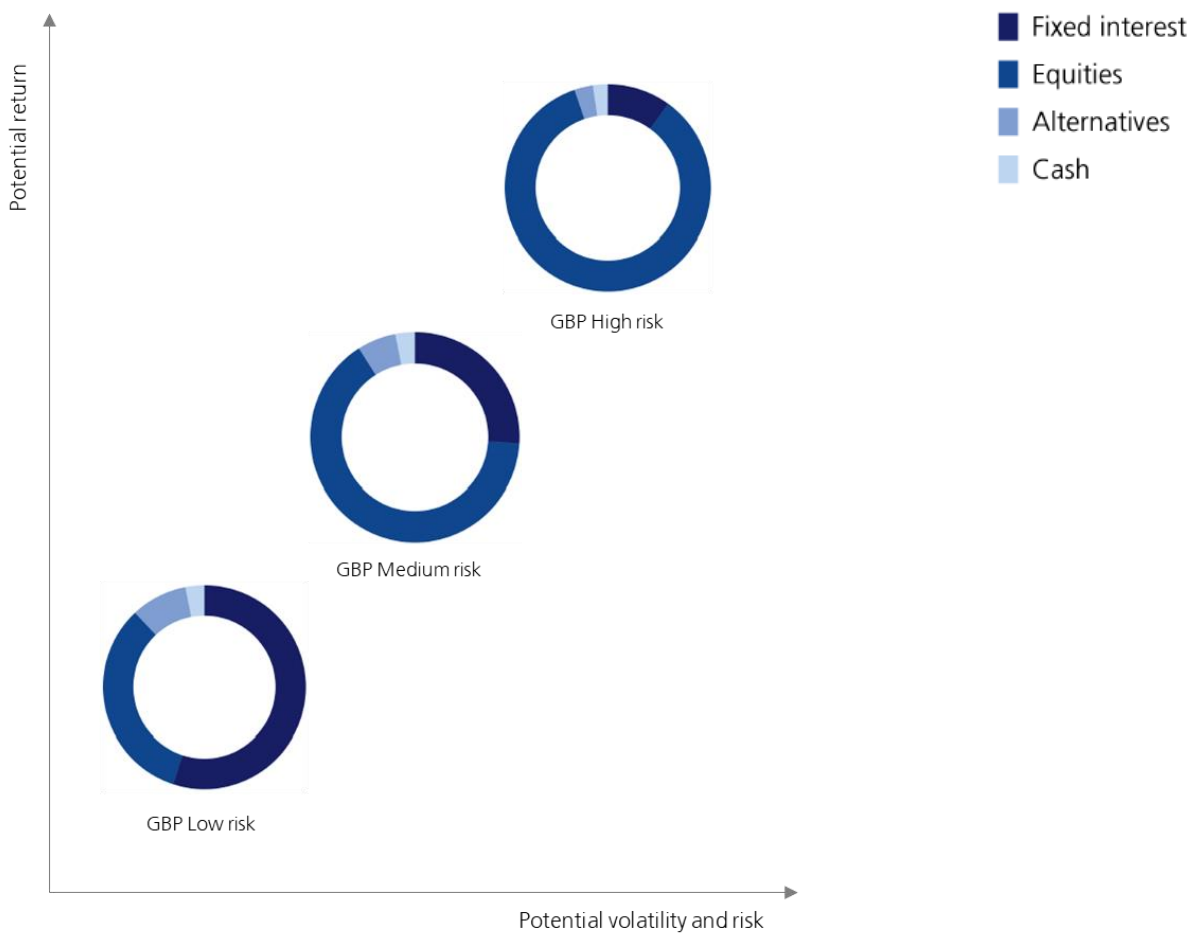


Global Sustainable Model Portfolio Service

The ultimate goal of our Global Sustainable Model Portfolio Service is to support both socio-economic development and sustainable business practices, whilst generating strong and consistent returns for your clients.

We are able to offer three risk rated portfolios, available in Sterling, Euro and US Dollar, which are each expected to fall between certain volatility ranges to meet a variety of clients' financial objectives.

Illustrative asset allocation



Platform availability

- Ardan International
- Novia Global
- Praemium International
- 7IM

Portfolios that align principles



Diversified, multi-asset portfolios investing in sustainable funds selected using a whole of market approach.



The **integration** of three approaches – exclusion screens, ESG analysis and impact investing.



Risk-managed investment strategies for your clients with expected risk parameters and return targets.



Benefitting from our **proprietary sustainable assessment tools** to identify funds investing in sustainable leaders.



Focus on the future through the integration of the United Nations 17 Sustainable Development Goals.



Competitively priced at 0.25% AMC and accessible across a range of third party platforms.

A robust, multidisciplinary approach



Sustainable investment process

The investment process combines our macro-economic view of the world and our bottom up sustainable fund assessment process. The Global Sustainable Model Portfolios benefit from our in-house analysis of markets, asset classes and sectors. This ongoing research forms our LGT Market Views which represent our best investment ideas and reflect where we see value in markets.

Dynamic portfolio construction

On a regular basis, the asset allocation of the Global Sustainable Model Portfolios will change to reflect the monthly Market Views. Additional risk analysis and dedicated asset allocation research is also fed into portfolio construction by our dedicated team of sustainable portfolio managers.



Measuring and reporting

Intentionality



Assessed through our proprietary sustainable analysis tools such as funds dashboard and sustainability matrix

Integration



Using our proprietary tools, we analyse companies to better understand the environmental, social and governance profiles

Impact



We are able to report on impact metrics such as carbon. A number of the holdings also publish impact data such as water and education

A dedicated sustainable investing team



Phoebe Stone, Partner, Head of Sustainable Investing

Phoebe became Head of Sustainable Investing in 2020 having launched the Sustainable Model Portfolio Service at LGT in 2018 and taken over management of the Verus Sustainable Balanced fund. Phoebe joined LGT in 2014 from RBS Wealth where she was involved in managing discretionary portfolios. Phoebe holds a BA in Economics and Chinese from Nottingham University. She holds the PCIAM and CFA's Certificate in ESG investing.



Jordan Kelly, Assistant Sustainable Portfolio Manager

Jordan joined the Sustainable Investment Team at LGT in 2019 having spent the first 18 months of his career at Rathbones, working across both wealth management and unit trust businesses. Jordan holds a 1st class BEng in Mechanical Engineering from the University of Liverpool, taking a particular interest in energy efficiency and sustainability, including completing an independent project to improve the recycling process for a local aluminium recycler. Jordan holds the Investment Advice Diploma, the CFA's Certificate in ESG Investing, and is a CFA candidate.



Will Simpson, Trainee Sustainable Portfolio Manager

Will graduated from the University of Edinburgh in 2018 with an MA in Economics. After graduating, Will joined LGT working in the Business Development team. He joined the Sustainable Investment Team in 2020 and is currently working towards his PCIAM qualification. Whilst studying Environmental Economics in his third year at Edinburgh, Will's passion for sustainability began. He is now particularly interested in the role financial markets can play in creating a healthier society and more sustainable environment.



Sophie Tyrrell, Trainee Sustainability Analyst

Sophie joined LGT in 2021 having graduated from the University of St Andrews with a BSc in Chemistry the previous year. Sophie focused on sustainability within her Chemistry degree throughout her studies with her final dissertation centring around alternative solutions to chemical synthetic processes that are environmentally positive and economically viable. Sophie also recently set up a sustainably-focused hospitality business focused on zero-waste policies and high levels of engagement with the community in which it operated.



Jenna Miller, Sustainable Administrative Assistant

Jenna joined the Sustainable Investment Team at LGT in 2021, having gained three years' experience as an Administrative Assistant in hospitality. Her interest in sustainability began whilst working in her previous role, where she was witness to the lack of attention being paid to pressing environmental and social issues (such as paper consumption, water usage, working conditions and wages). With a strong background in customer service, Jenna is keen to put her communication and administrative skills to good use. Jenna is also very passionate about philanthropy, supporting multiple charities and participating regularly in fundraising events.



Siobhan Archer, Sustainable Investing Specialist

Siobhan joined the Sustainable Investment Team in 2021. In her previous role at the UN Principles for Responsible Investment, she covered investors based in the UK & Ireland, advising on ESG issues. Prior to this, she worked as an ESG research and advisory associate at Arabesque Asset Management. Siobhan has an MSc from Imperial College London in Environmental Technology, where her dissertation focused on building an ETF aligned to the SDGs, and a joint BA from King's College London and SOAS in Geography and Development Studies.

Important information

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LGT Wealth Management Jersey Limited is incorporated in Jersey and is regulated by the Jersey Financial Services Commission in the conduct of Investment Business and Funds Service Business. Registration number: 102243; www.jerseyfsc.org/industry/regulated-entities, Registered office: 30-32 New Street, St Helier, Jersey, JE2 3TE

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Investors should be aware that past performance is not an indication of future performance, the value of investments and the income derived from them may fluctuate and you may not receive back the amount you originally invested.