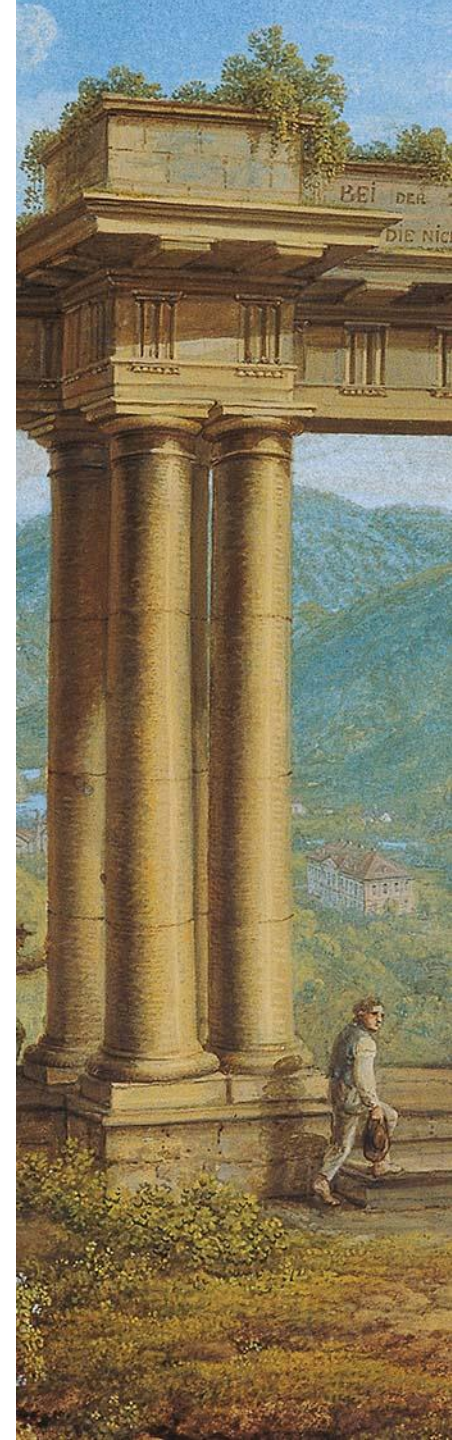


Sheffield Life and Pensions

David Lane
Partner and Technical Director

LGT – VALUES WORTH SHARING



Objectives

Understand the nature of "consumer demand"

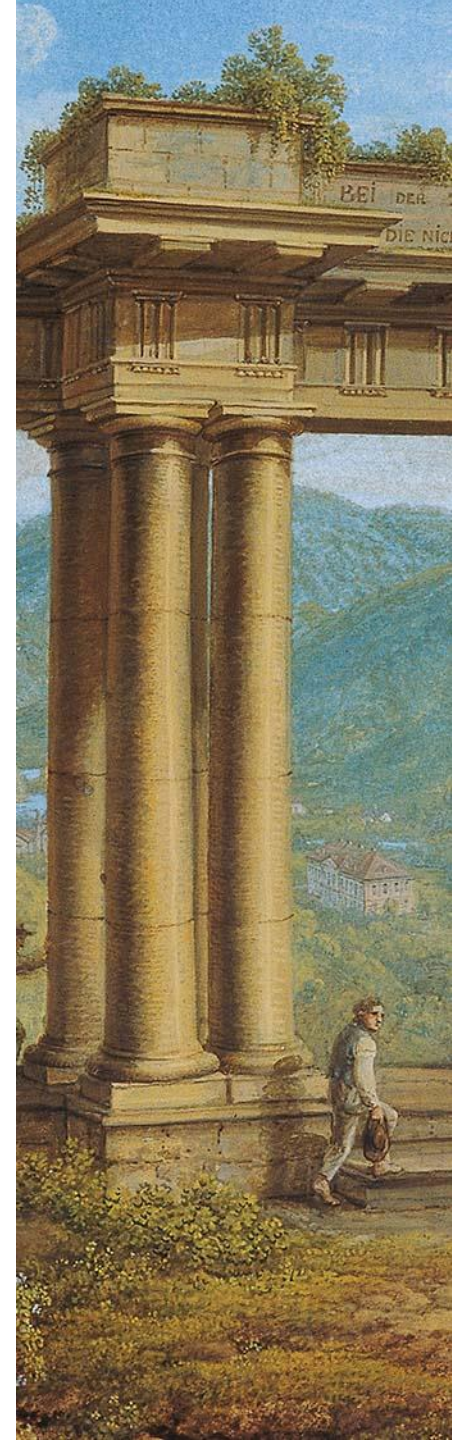
Understand in broad terms the EU and UK regulatory background

An introduction to sustainable investing

Understanding the trends and themes in the sustainable investment landscape

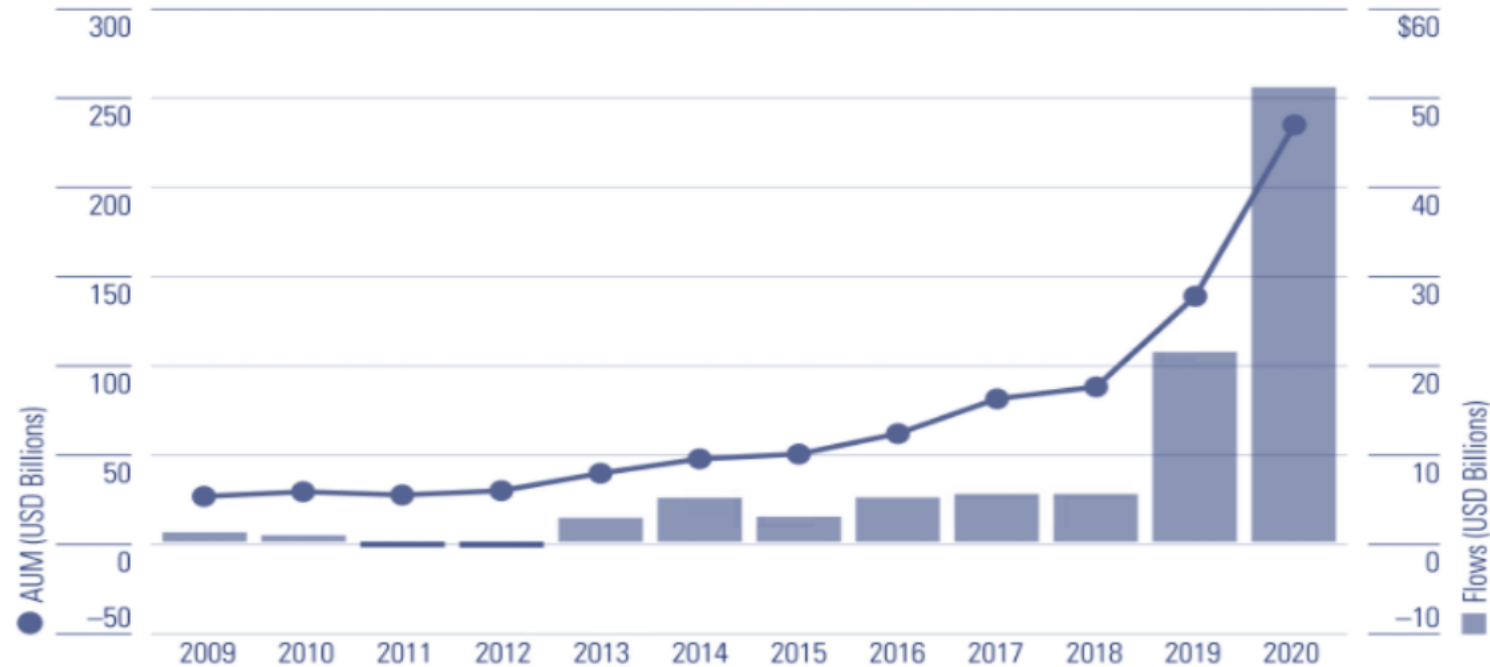
Demand

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US experience

Sustainable Funds Annual Flows and Assets



Source: Morningstar. Data as of 12/31/2020.

Includes Sustainable Funds as defined in Sustainable Funds U.S. Landscape Report, Feb. 2020.

Includes funds that have been liquidated; does not include funds of funds.

US experience

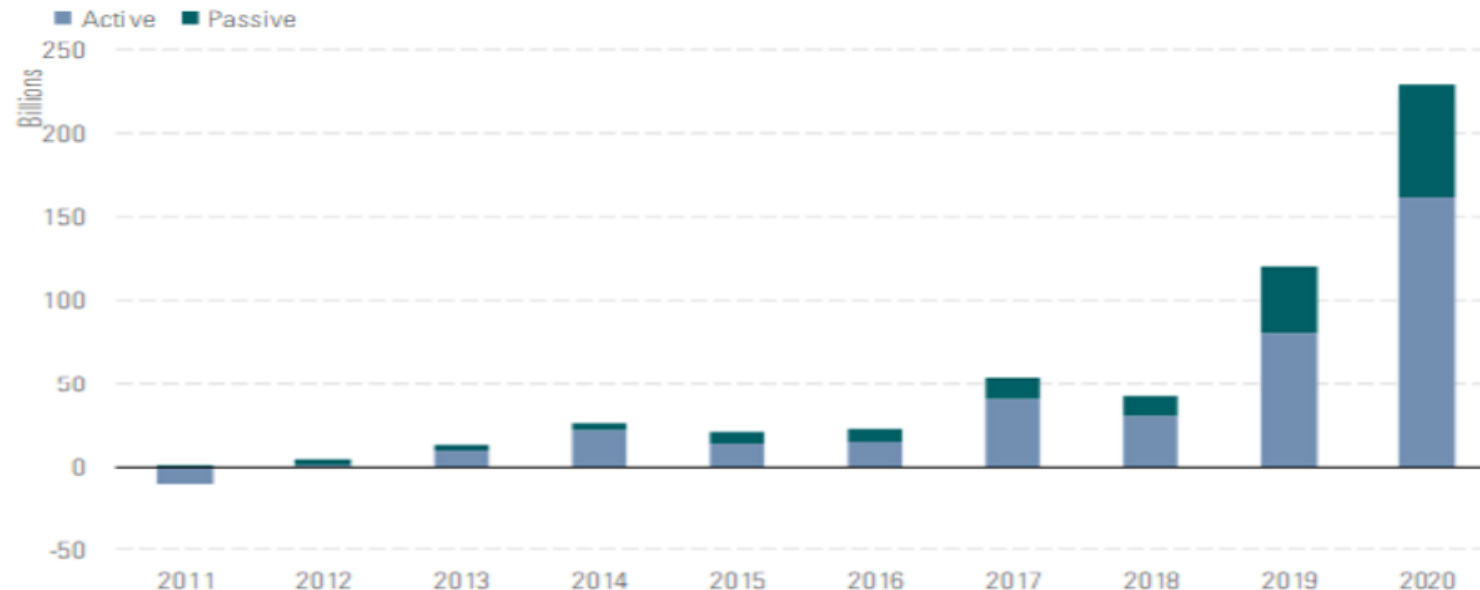
*Investors poured \$20.5 billion into sustainable funds during the final three months of 2020, setting a quarterly record, doubling the previous record for a quarter. Sustainable funds had attracted about \$10 billion in each of the year's first three quarters, more than in any quarter prior to 2020. **The surge in flows actually began with a noticeable increase in 2019's fourth quarter.***

For the past five quarters, sustainable fund flows have averaged nearly \$12 billion per quarter, far more than had been the prior norm. In the five quarters prior (third-quarter 2018 through third-quarter 2019), flows averaged \$3.1 billion per quarter, and in the five quarters before that (second-quarter 2017 through second-quarter 2018), flows averaged \$1.5 billion per quarter.

Source: <https://www.morningstar.com/articles/1019195/a-broken-record-flows-for-us-sustainable-funds-again-reach-new-heights>

European experience

Annual European Sustainable Funds Flows (EUR Billion)



Source: Morningstar Direct, Manager Research. Data as of December 2020.

"Assets in European sustainable funds have risen by 52% in the past year to hit €1.1trn in December 2020 driven by significant inflows, repurposed assets, and rising financial markets, according to Morningstar.

Its new European Sustainable Funds Landscape report revealed European sustainable funds attracted a record-high €233bn in 2020 "

(Source: Sustainable Investment Week)

UK experience

ESG fund inflows spike by 270% to top £7bn in 2020

The three months to the end of September saw £3bn of inflows into such strategies, according to Investment Association figures.

ESG Investing November 5 2020

ESG inflows quadruple in 2020

ESG inflows average over £1bn a month in 2020

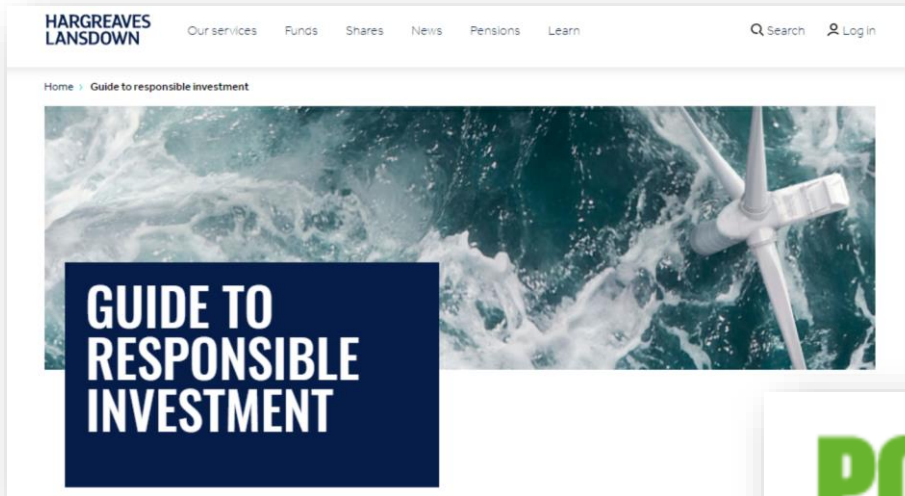
Responsible funds grew 66% over the past year as net retail sales into responsible funds hit £12.4bn.

Consumer Demand



YouGov. The fieldwork took place on 2 and 3 November 2020 using an online survey. The total sample size was 4,121 adults, which was then filtered to a target group of 1,807 with a personal income of £25,000 or more and/or a household income of £35,000 or more. The results have been weighted and are representative of all GB adults (aged 18+). On questioning, 38% of the target group told us they had at some stage taken professional financial advice

D2C...?



**PORTFOLIO
ADVISER**

Hargreaves Lansdown reveals inflows into ESG products up more than 2,500%

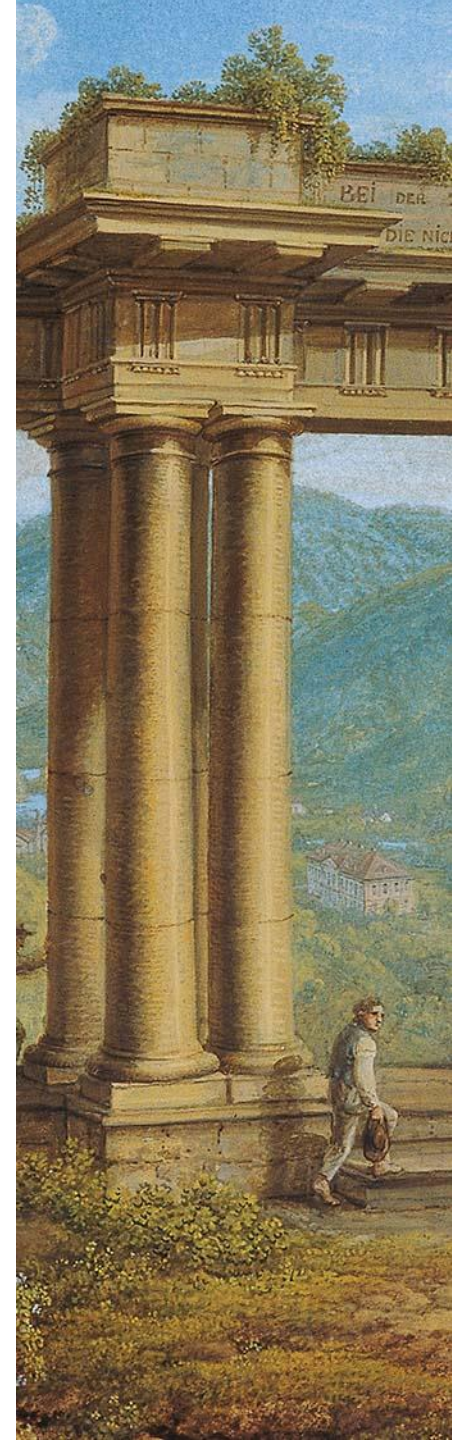
The H-L experience?

- Hargreaves Lansdown: inflows into ESG products on its platform have increased 25-fold since 2016*
- Inflows into responsible funds since 2016 have increased 2,525%.
- Young investors have shown particular interest in ESG issues over this time frame,
- Net inflows into responsible funds from 18-29 year olds up 3,588% since 2016.
- "ESG" in 2020: highest demand coming from those aged 30-54, followed by retirees aged between 55 and 64
- Most of the money, according to H_L going into active funds which account for 93% of net inflows into responsible funds on the platform between 2016 and 2020, though
- Passive ESG solutions have seen an increase in inflows of 109% in 2020.
- The research also shows that two thirds of inflows into sustainable products come from male investors, while female buyers account for just 34% of sales.

Source: * According to the platform's latest data release in time for Good Money Week

Regulation



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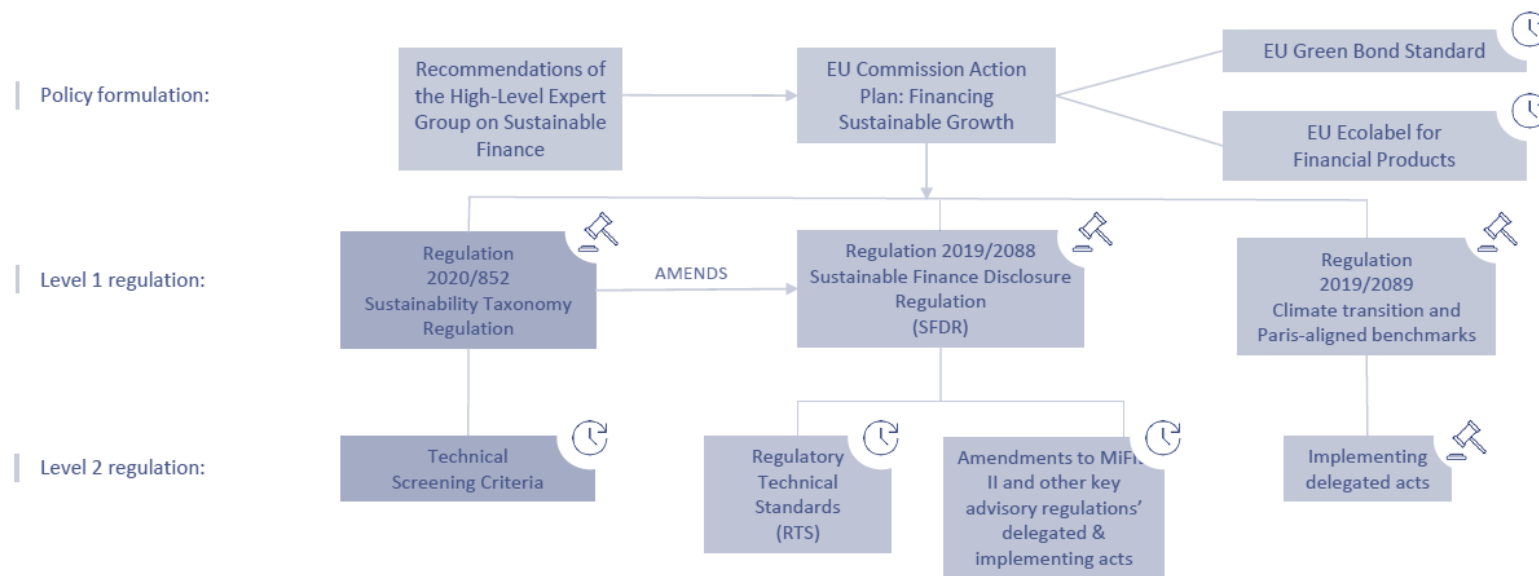


Sustainable Finance Disclosure Regulations

The EU is moving quickly to overhaul finance regulation

Key regulatory outputs

Legend:  Adopted and in force  Upcoming



Sustainable Finance Disclosure Regulations

Investment Compliance

- Ensure that policies and procedures adequately include sustainability factors
- Monitor upcoming regulatory changes in US,UA and APAC

Product selection / fund research

- Guarantee that client's sustainability preferences are met by the product's design
- Assess whether products are and remain consistent with a client's sustainability profiles

Investment Advisers

- Obtain information on the client's sustainability preferences
- Accurately inform and describe how different solutions meet a client's sustainability preferences

Sustainable Finance Disclosure Regulations

Product Specification: Articles 2(17), 6, 7, 8, 9

“Standard products” (regulatory baseline)

Integrate sustainability risks (March 10, 2021) and adverse sustainability impacts (December 30, 2022) into investment decision/advice.

Articles 6 and 7

Products out of scope

Do not integrate sustainability risks (March 10, 2021) and adverse sustainability impacts (December 30, 2022) into investment decision/advice.

Articles 6 and 7 – Explain why

Promotion of environmental or social characteristics

On top of the regulatory baseline, these products seek to support/promote environmental or social characteristics. Investee companies follow good governance practices.

Articles 6, 7, and 8

Sustainable investment

On top of the regulatory baseline, this product seeks to contribute to the achievement of an environmental or social objective while doing no significant harm to another objective. Investee companies follow good governance practices.

Articles 2(17), 6, 7, and 9

Sustainable Finance Disclosure Regulations

Summary: Key expectations and objectives (SFDR and MiFID II amendments)

Product manufacturer



- Integrate sustainability risks into all investment decision-making processes.
- Consider adverse sustainability impacts deriving from investment decisions.
- Explain and demonstrate how products attain their ESG claims.
- Adhere to pre-defined standards related to ESG products.
- Make all relevant information easily available.



Advisor



- Integrate sustainability risks into all investment advice.
- Ensure that products for which advice is given attain their ESG claims.
- Explain and demonstrate how recommendations are suitable for ESG expectations.
- Monitor products for which advice is given for a consistent approach towards their ESG claims.
- Make all relevant information easily available.



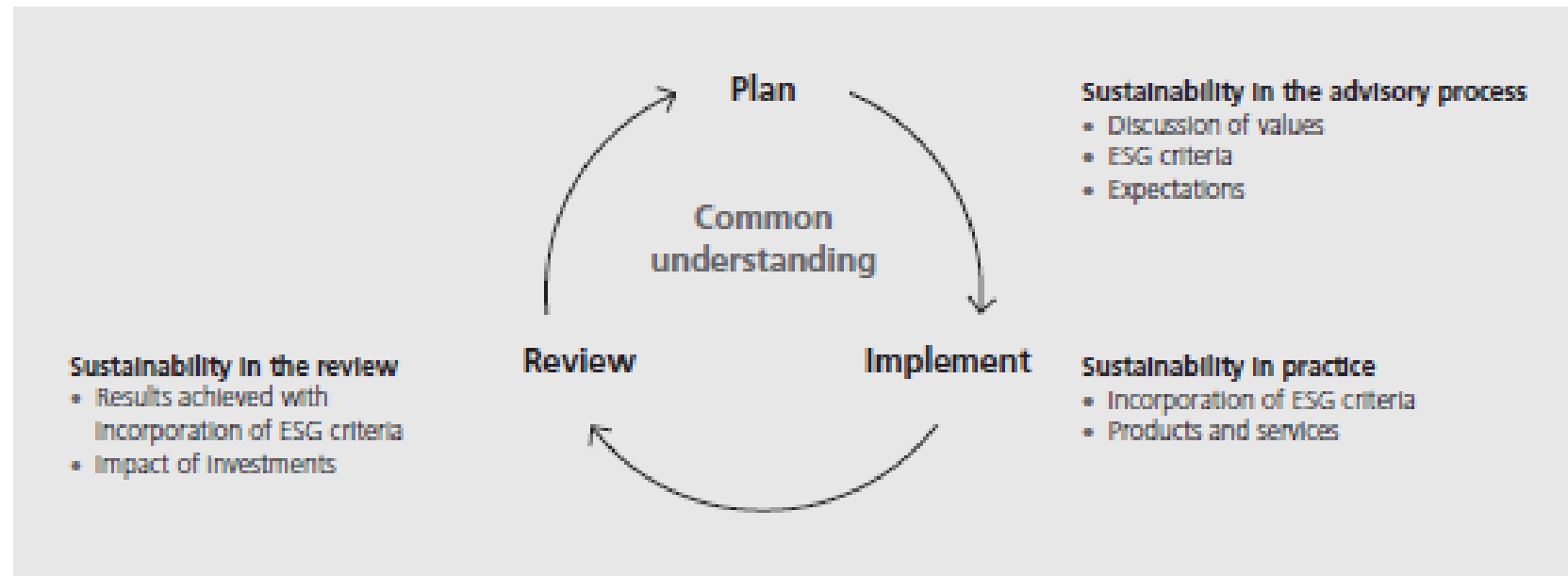
End investor



- Has easy access to all relevant information.
- **Is informed** about sustainability risks and adverse sustainability impacts.
- Can compare different products/services offerings.
- Is protected against deceiving marketing practices (e.g. greenwashing).

Sustainable Finance Disclosure Regulations

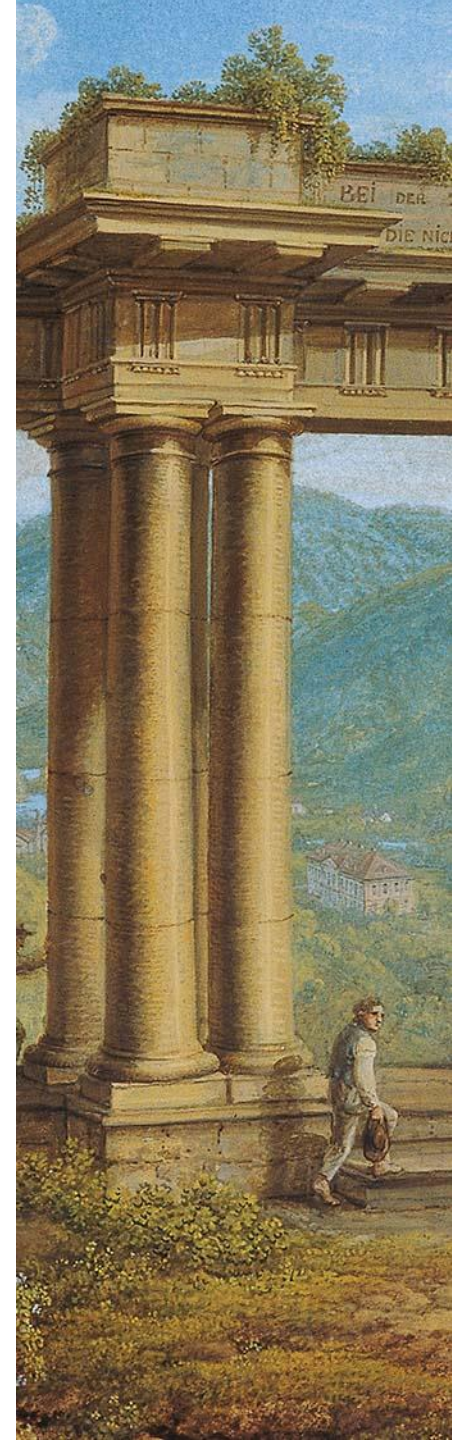
Sustainability in wealth management



Source: SBA

Regulation.....UK?

LGT – VALUES WORTH SHARING



Pension Scheme Clients: ESG already on the agenda

From 1 October 2019, trustees of schemes with more than one hundred members were required to ensure that they had updated their Statement of Investment Principles to set out their policies on:

- How they take into account of financially material considerations, including climate-change and other ESG factors, in the selection, retention and realisation of investments
- The extent (if at all) to which non-financial matters (such as members' views) are taken into account in the selection, retention and realisation of investments
- Undertaking engagement activities including the methods by which, and the circumstances under which they monitor and engage with investee companies regarding issues such a performance, strategy, risks, social and environmental impact and corporate governance, and
- Exercising rights (including voting rights) that attach to investments

UK Regulatory background

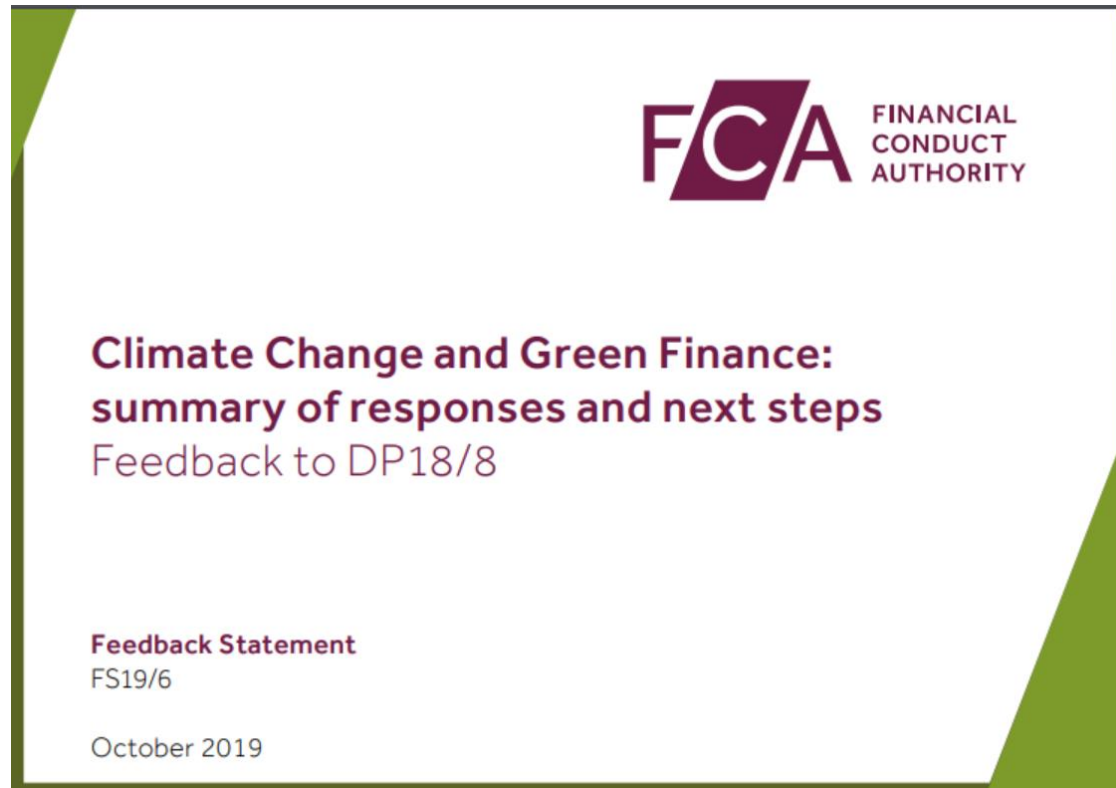
The FCA have responded to government activity, stating they want to see the market for social investment develop in a way that provides appropriate protection for consumers and is sympathetic to the social motives shared by people who actively choose to invest in a business or financial instrument because it has a social impact.

Regulatory (FCA) comment and positioning to date includes:

Date	Format	Key message/s	Link
31/10/2016	FCA FS 16/11 - Call for Input: Regulatory Barriers to Social Investment	Confirmed that the FCA 'do not believe regulation is preventing the social investment market from developing. It can, on the contrary, ensure the development of strong practices which in turn lead to investor confidence and so encourage and support the market'	www.fca.org.uk/publication/feedback/fs16-11.pdf
14/12/2015	FCA Call for Input: Regulatory Barriers to Social Investment	Set out the current regulatory framework using video and interactive graphics and called for input in respect of how regulation is working in relation to the growing social investment market	www.fca.org.uk/publication/call-for-input/social-investments-call-for-input.pdf
06/03/2014	FCA PS14/14 - The FCA's policy statement summarises and gives response feedback to CP 13/13	'We consider it possible for social investments to be promoted and sold to retail investors in ways that comply with our Conduct of Business Rules' The FCA also said it would comment further on the social enterprise sector.	www.fca.org.uk/publications/policy-statements/ps14-4-fca%E2%80%99s-regulatory-approach-crowdfunding-over-internet-and
24/10/2013	FCA CP 13/13 - The FCA's Regulatory Approach to Crowdfunding (and similar activities)	Some respondents raised concerns about the potential impact of crowdfunding regulation on the growth of the social enterprise market	www.fca.org.uk/publications/consultation-papers/cp13-13-fca%E2%80%99s-regulatory-approach-crowdfunding-and-similar

Source: PFS

FCA Feedback Paper FS19/6



Source: <https://www.fca.org.uk/publication/feedback/fs19-6.pdf>

FS19/6

Investment advice

4.52 Investment advice is also an important area where climate change and other sustainability risks should be appropriately considered. In assessing the suitability of investment decisions for clients, advisors are required to gather sufficient information so that they can make recommendations to or decisions on behalf of clients that meet their investment objectives.

This can include the understanding of clients' sustainability preferences. However, it is not mandatory for ESG issues to be considered under the current suitability regime.



FS19/6

*4.53 We noted work underway at the EU level, proposing amendments to delegated acts under key pieces of EU financial regulation. **These include proposals related to investment advice.***

The proposals would mandate insurance companies, pension fund providers and investment advisors to include questions about their clients' ESG preferences in questionnaires and suitability assessments, to act in accordance with those preferences and to disclose to their clients how those preferences will be fulfilled.

We are continuing to monitor and engage with this work, along with other key elements of the Sustainable Finance Action Plan (SFAP) as noted above.



What about the FCA?

...As the audience will be aware, the EU is pursuing several ambitious regulatory initiatives under the Sustainable Finance Action Plan.....

*We welcome the UK Government's commitment in the Green Finance Strategy to 'matching the ambition of objectives' of the EU's Plan. We are therefore working closely with the Government and other regulators on **how to implement the EU's proposals in the UK.***

Immediate areas of focus are the Sustainable Finance Disclosure Regulation and the EU's Taxonomy for sustainable activities.

*The FCA recognises the **benefits of internationally-aligned approaches.** We therefore fully support the Government's commitment to promoting globally consistent standards and to strengthen the UK's status as a global hub for sustainable finance.*

FCA: Guiding Principles

- **Consistency in messaging and approach.** Does what it says on the tin and matches consumers' expectations.
- A product's ESG focus should **be clearly and fairly** reflected in its objectives.
- A product's documented investment strategy: **should set out clearly how its sustainability objectives will be met.**
- The firm should report on **an ongoing basis its performance against its sustainability objectives.**
- This is about giving consumers the information **they need to understand whether the stated objectives have been achieved in a quantifiable and measurable way.**
- The firm should assure ESG data quality, understand their source and derivation.

Suitability and integration into investment proposition

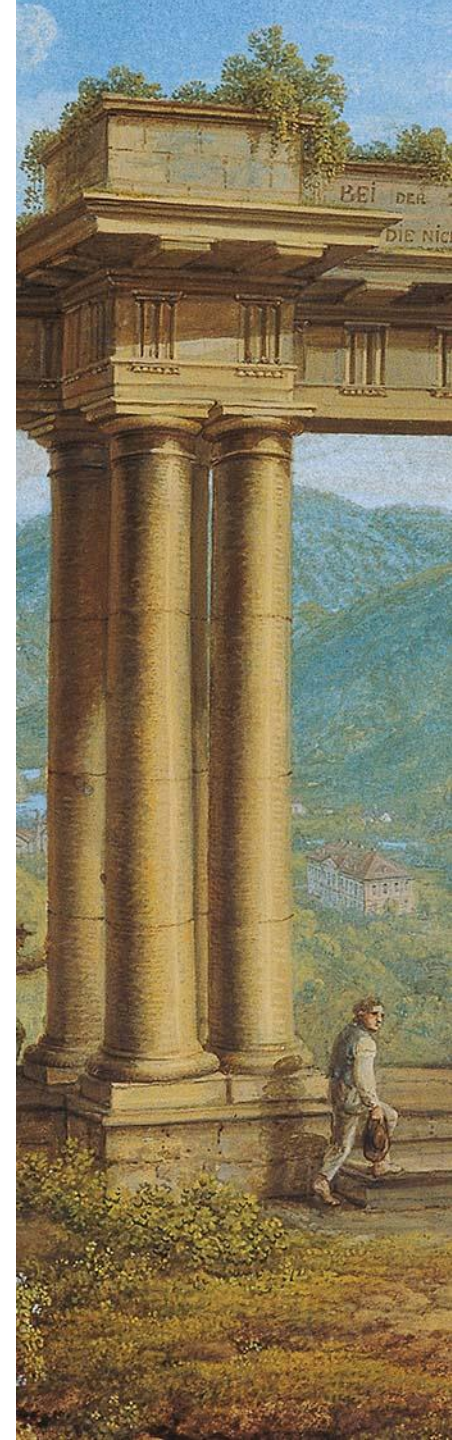
- How to integrate sustainability within your investment proposition?
- Need to be able to clearly explain to clients what you can and cannot do for them in this regard. Disclose the extent of your ESG investment capabilities to manage client expectations.
- How to educate clients?
- How will you engage with clients and record their views? Is it an extension of your normal client profiling conversation or might you introduce an ESG-specific questionnaire to really unpick what your client believes in?
- Need to match the client's preferences with suitable investments – within the framework of 'normal' financial objectives
- Demonstrate you have taken all of the client's views into account in your recommendations
- Ongoing suitability process. How will you analyse the investments you have made on behalf of clients to make sure they are still capable of aligning with their original preferences?
- Data is king....!

Sustainable investing at LGT Vestra

Sheffield Life and Pensions

Phoebe Stone, Head of Sustainable Investing

LGT – VALUES WORTH SHARING



A more sustainable world

United Nations Sustainable Development Goals



Source: United Nations

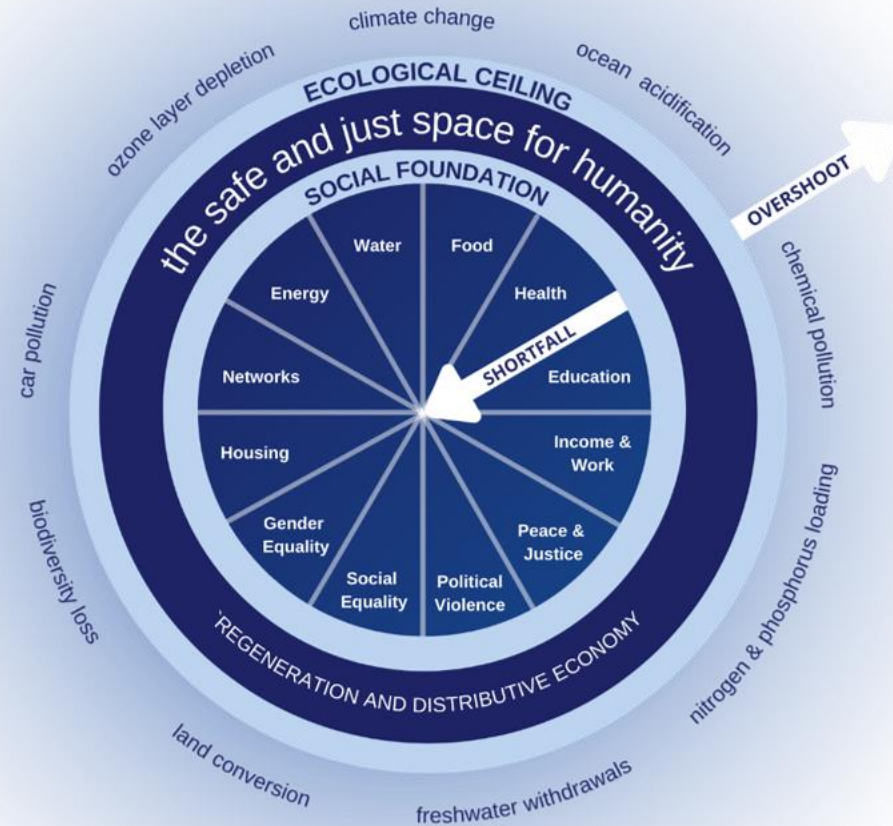
Stockholm Resilience Centre planetary boundaries



Source: Stockholm Resilience Centre

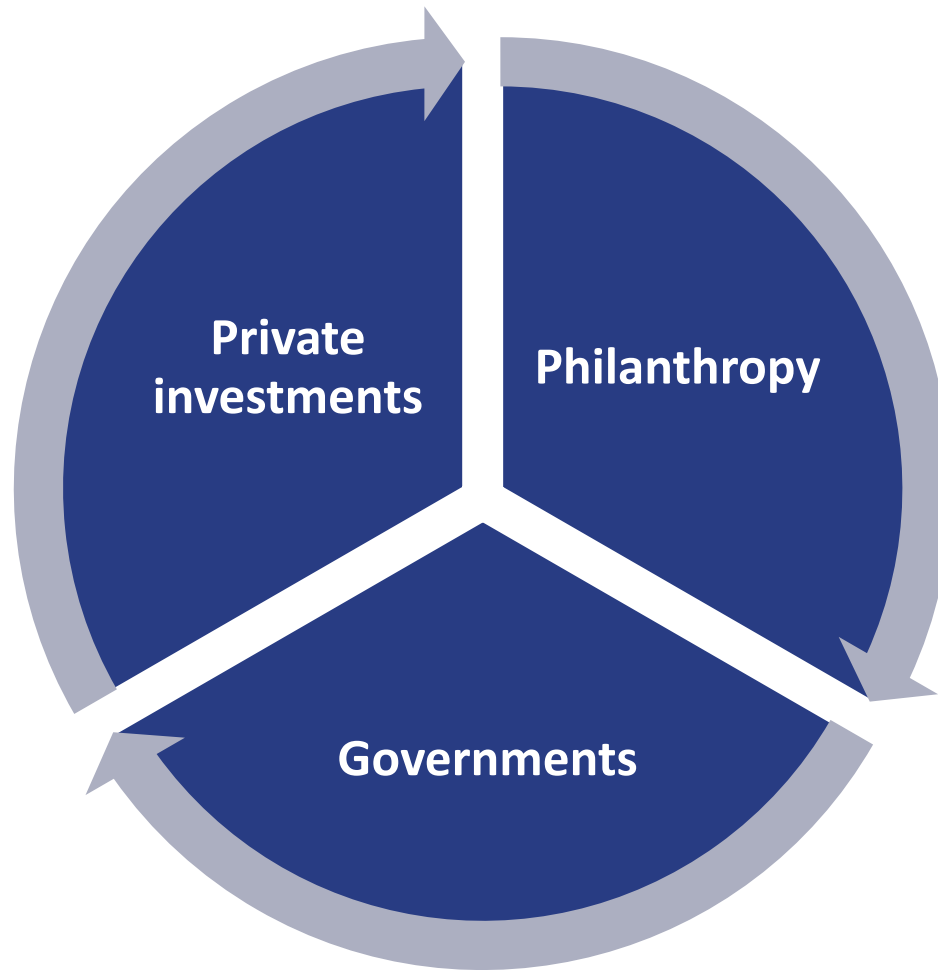
Investing for a more sustainable world

Doughnut Economics: a model for sustainable development and growth



Source: Kate Raworth, *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*

The importance of private capital



COVID-19: a pivot point

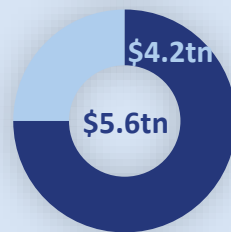
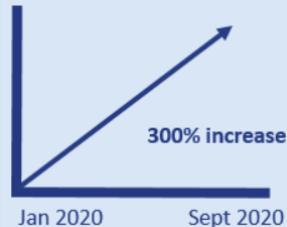
Government action

- European Union
→ €1.1 trillion investment in green projects
- United States
→ \$2 trillion pledged to tackle climate change
- Colombia
→ \$4 billion on climate projects



Source: World Resources Institute

Number of businesses with net zero goals

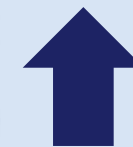


Private projected renewable power generation investment by 2040

Source: McKinsey

Corporate commitment

Consumer interest



90%: equally or more concerned about sustainability issues

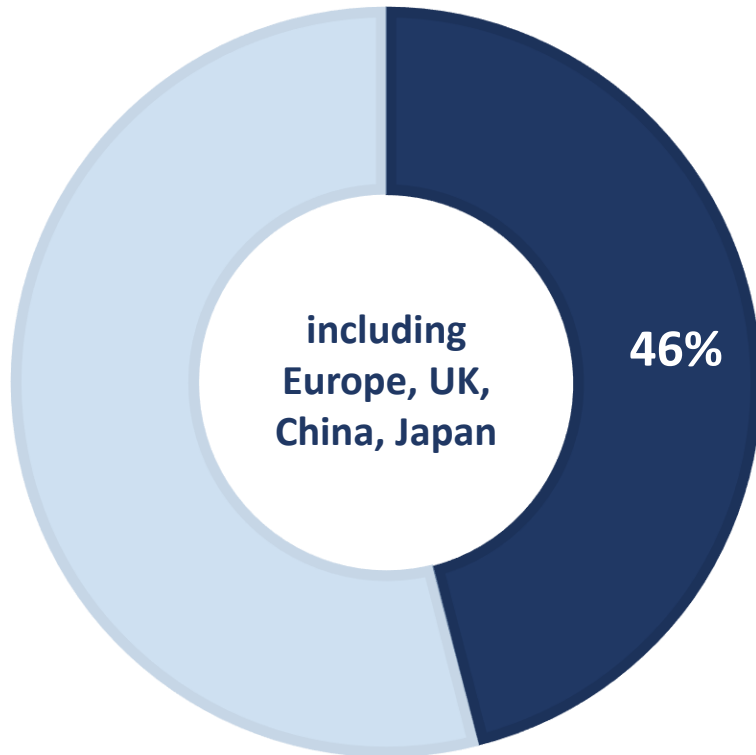


Nearly 95%: believe their personal actions could help tackle these issues

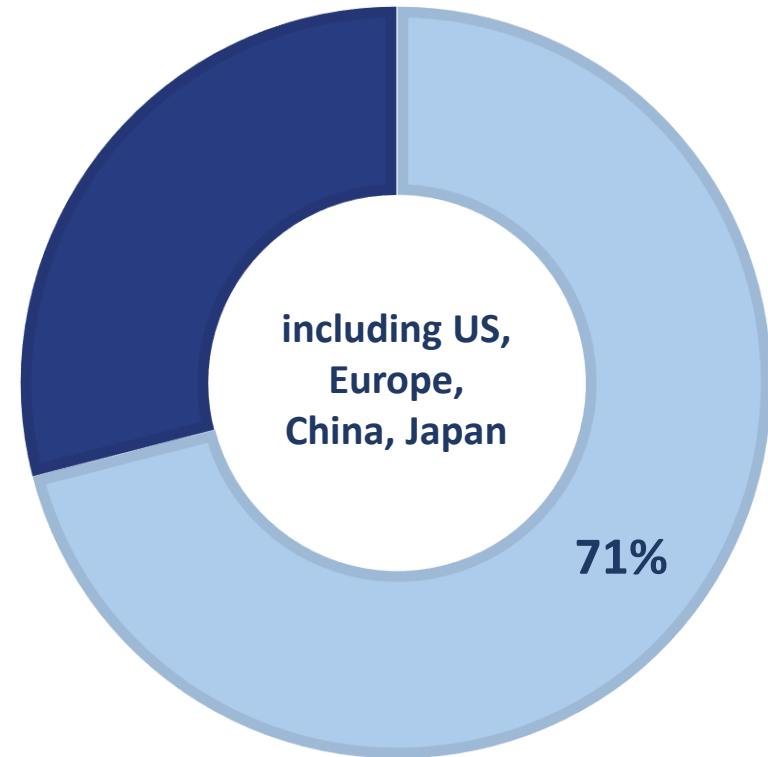
Source: BCG 'Pandemic is heightening social awareness'

Global commitment to net zero emissions: now a financial imperative

In 2020, nearly 50% of global GDP committed to net zero



In 2021, over 70% of global GDP is committed to net zero



Source: Lazard, Energy & Climate Intelligence Unit, World Bank

Sustainability at LGT Vestra

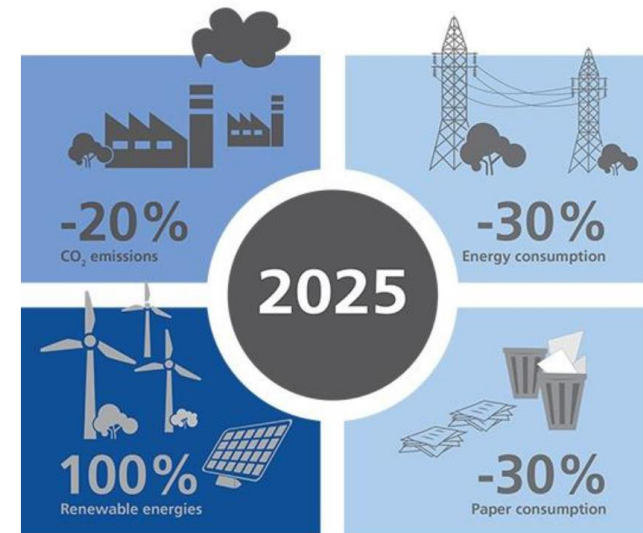


Global
environmental
targets

Charitable
allocation: 10% of
Group dividends



International
sustainable
collaboration



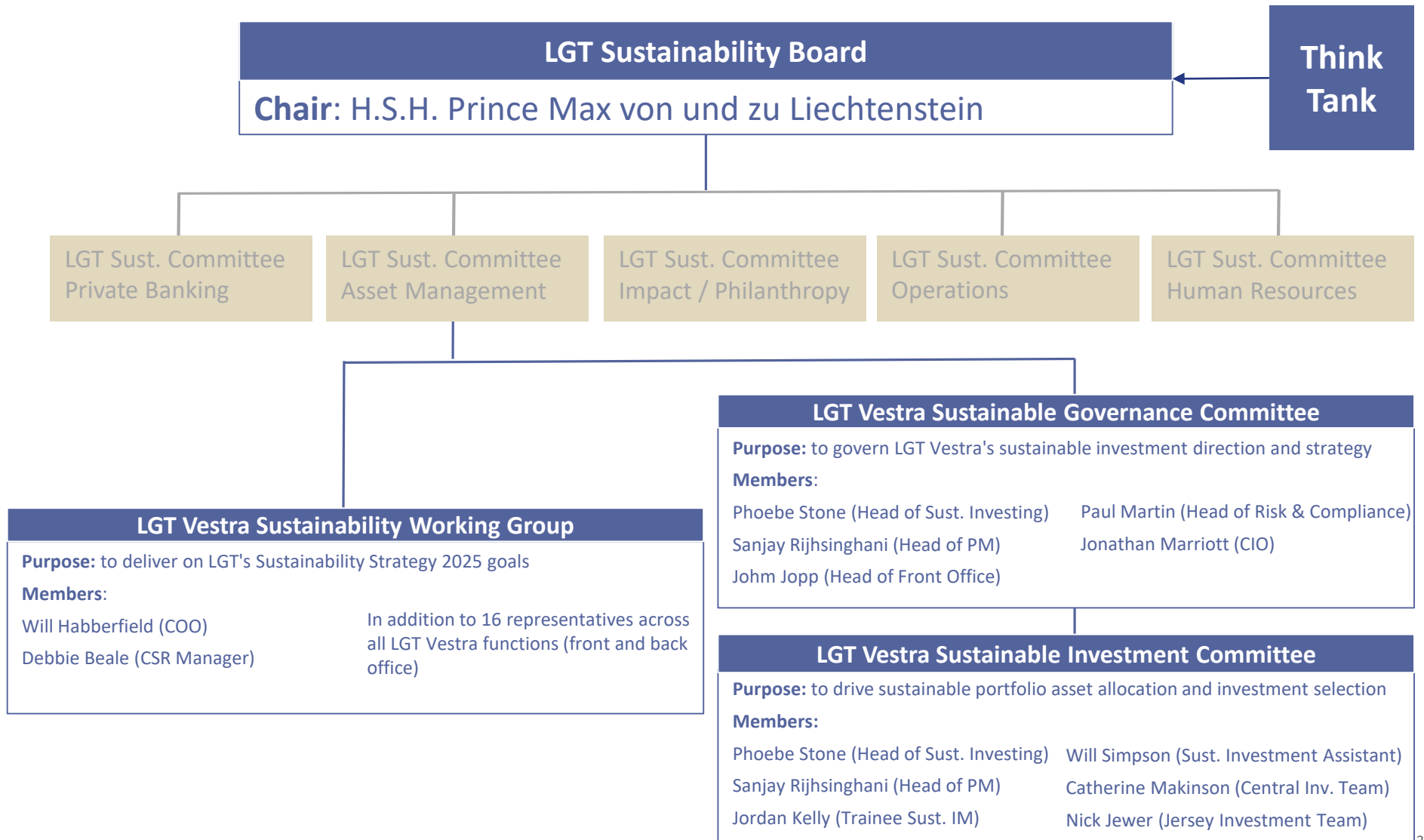
Base year: 2017, per full-time equivalent (FTE)

LGT's net-zero ambitions

Operations → 2030

Investments → 2050

LGT & LGT Vestra sustainability governance structure



Growth in sustainable investing

\$1.7 trillion

Assets in ESG funds at end
December 2020

(Morningstar)



\$7.5 trillion

PWC's best-case prediction of
assets in sustainable funds by
2025



300% increase

In companies committing to net-zero
in first 9 months of 2020

(EnviroLab, New Climate Institute)



88% increase

In sustainable assets in Q4 2020

(Morningstar)



76% of global GDP

Countries committed to net-zero

(Lazard, Energy & Climate Intelligence Unit, World Bank)



A holistic investment spectrum

- The sustainable investment landscape has evolved significant over recent years
- From a simply exclusionary approach to fully incorporating sustainable metrics, and an assessment of positive impact



Traditional

Limited or no regard
for non-financial
factors



Responsible



Sustainable



Impact



Philanthropy

Charitable giving with
no expectation of
financial return



LGT Vestra Sustainable Model Portfolio Service

Negative screening

Exclusion of investments that are involved in socially and environmentally controversial conduct and products (e.g coal)

Positive screening/best-in-class selection

Selection of investments which demonstrate above average environmental, social and governance (ESG) characteristics

Impact investment

Investments with the intention to deliver a positive and measurable social or environmental benefit alongside financial return

United Nations Sustainable Development Goals

- The United Nations Sustainable Development Goals (UN SDGs) were agreed by all UN Member States in 2015 and aim to ensure that capital is channelled toward the areas that need it most
- The SDGs aim to create positive economic development and improve the world through encouraging collaboration and innovation
- The UN SDGs alone do not represent an investable framework. However, they inspire a range of investment themes that incorporate some key sustainable megatrends

SUSTAINABLE DEVELOPMENT GOALS



Distilling the UN SDGs into investable themes

- The sustainable pillars allow for the translation of a framework of global social and environmental change into an investable universe



LGT Vestra sustainable investment pillars



LGT Vestra sustainable investment philosophy

Thematic exposure across our four pillars

- The sustainable portfolios invest across all four sustainable investment pillars
- This provides exposure to a number of high growth investment thematic areas including...

LGT Vestra sustainable investment pillars



An investment proposition for a range of client needs

Sustainable MPS

- Five risk rated portfolios
- Holding collective investments investing sustainable leaders and impact businesses
- Rebalanced monthly in line with LGT Vestra macro house view
- Available on eight external third party custodian platforms

Verus Sustainable Balanced fund

- One fund
- Aligned with LGT Vestra Sustainable Balanced fund
- Good for use with smaller client portfolio sizes, or for a client that wants to hold a proportion of their wealth in sustainable investments

Sustainable Bespoke

- A bespoke sustainable investment service
- Reflecting our sustainable philosophy
- Flexibility to manage a client's tax position, asset allocation
- Access to an investment manager

Platform access

Available in LGT Vestra custody

→	Aviva	0.30% AMC
→	Transact	0.30% AMC
→	Standard Life	0.30% AMC
→	Novia	0.30% AMC
→	7IM	0.30% AMC
→	Ascentric	0.30% AMC
→	Old Mutual Wealth	0.30% AMC
→	SL Elevate	0.30% AMC

Costs

Platform Cost	Platform dependent	
Ongoing adviser fee	Adviser dependent	
LGT Vestra AMC	0.30%	
Underlying fund charges	0.44%	Defensive
	0.53%	Cautious
	0.65%	Balanced
	0.71%	Growth
	0.75%	Adventurous

Sustainable MPS investment performance

Performance
(to end February 2021):

	6 month	1 year	Since common inception (01/11/2018)
Defensive	1.40%	3.84%	12.60%
Cautious	3.40%	8.19%	17.24%
Balanced	6.74%	13.43%	23.34%
Growth	8.69%	19.61%	31.58%
Adventurous	10.61%	22.48%	35.32%

Industry benchmarks:

ARC Cautious PCI	2.52%	5.17%	9.51%
ARC Balanced Asset PCI	4.83%	8.08%	12.60%
ARC Steady Growth PCI	7.03%	10.63%	15.82%
ARC Equity Risk PCI	9.55%	14.08%	19.88%

Please note: net of underlying fund charges. Does not include of LGT Vestra management fee, cost of platform and adviser remuneration.
ARC performance is net of 1% AMC.

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.

Where targets are given, these are for indication purposes only; the actual figures achieved could be more or less than the ranges given. Where benchmark performance is quoted, this is for performance comparison and does not reference a formal portfolio benchmark.

Source: Morningstar

Helping you in client conversations

- Capturing your clients' interest in sustainability is important in the eyes of the regulator, but also because clients increasingly want to reflect sustainable views within their investment portfolios
- Together with our compliance team, we have drafted a sustainable questionnaire for you to use with your clients
- The questionnaire assesses a client's attitude to sustainability, and provides clear information on our sustainable investment approach

Sustainable Investing questionnaire

Understanding your values

Before providing you with comprehensive financial advice, your Financial Adviser will assess your capacity for loss, attitude to risk and financial objectives. Increasingly, financial advisers are looking to capture a client's desire to achieve more than financial returns with their investment portfolios. This questionnaire is designed to guide the conversation in relation to your sustainability goals.

Risk profile

Financial goals

Sustainability goals

Select a diversified portfolio that seems to deliver competitive financial returns.

Source: LGT Vestra

According to a survey by Vontobel*, in the UK, more than 65% of people are unaware that sustainable investment solutions are available. Many people have not yet made the connection between their efforts to recycle, interest in buying an electric car or being concerned about single-use plastics and the fact that it is possible to invest in companies that are taking these issues seriously too.

This sustainable investing questionnaire is designed to help your Financial Adviser better understand your interest in the subject of sustainability with regard to the companies you invest in. The questionnaire consists of four multiple choice questions with the aim of determining your views and values in terms of allocation of capital, with a particular focus on long-term sustainability.

Investments are a pivotal part of galvanizing change

The United Nation's 2030 Agenda for Sustainable Development provides a framework which outlines the challenges we face as a global community. Allocating capital to businesses that are making ambitious progress and looking to combat these broad range of issues plays a crucial role. The LGT Vestra Sustainable Model Portfolios aim to invest in funds with exposure to companies that have a strong focus on the environment, society and good governance, in alignment with the UN Sustainable Development Goals.

*Act ESG: Closing the ESG knowledge gap (2017/8), Vontobel

one of the key responsibilities of all businesses, across all industries, is to ensure that they are contributing to a more sustainable future for our society and the world through the allocation of their capital to businesses that are prioritising sustainable investment.

Investment services. We have partnered with LGT Vestra to provide you, your Financial Adviser, with the expertise and advice to suit your individual financial needs and aspirations. We bring your financial objectives, as you embark on your investment journey, we bring them together as part of a tailored financial plan.

Interest in the topic of sustainability? (Tick the most applicable).

Very little about this area.

Sectors, such as recycling and single-use plastics.

I life (e.g. actively purchase sustainable items).

Core consideration in my daily life.

Current and future financial needs:

Companies focused on their internal, operational sustainability? For example, sustainable, engaging with local communities. (Tick the most applicable).

Companies who are committed to helping solve global challenges such as the most applicable).

You may wish to consider a sustainably-invested portfolio. You may wish to consider your answers above, so please discuss all of your options further and in more detail.

In a sustainable portfolio, it is important that we understand your investment objectives and how you would like your money to be invested.

Is it important to you?

Is it included in your portfolio?

Would LGT Vestra investment solution would exclude exposure to the following countries that you would like excluded from your portfolio.

Environmental, Social and Governance (ESG) factors into the investment decision. Investment based on the following criteria: source depletion, pollution, sustainable sourcing, our conditions and product safety, proportional executive pay.

Considering not just shareholders, but their stakeholders (including employees, customers, suppliers, etc.)

Our ESG investment approach to apply to your portfolio.

During the most sustainable opportunities for your investment portfolio, we face the biggest challenges we face such as climate change, resource scarcity, social inequality, pollution, sustainable sourcing, our conditions and product safety, proportional executive pay.

Across four sustainable investment themes: infrastructure, sustainable agriculture, sustainable fabrics, energy, grid storage, energy efficiency.

To manage a series of diversified portfolios targeting strong and stable returns, we have developed a range of investment solutions.

These four investment pillars.

An LGT Vestra sustainable model portfolio may be considered as a sustainable solution is more suitable, please contact us.

Firms to use in assessing the suitability of LGT Vestra Sustainable Model Portfolio.

Robo. Our regulation details are set out in the FCA register: Firm Reference No: 30550. Registered office: 14 Cornhill, London, EC3N 3BQ. Future performance, the value of investments and the income derived from them may differ.

Our sustainable insights: how to keep your clients informed

- We produce regular literature for you to send to your clients on sustainable companies and themes
- If you are interested we can add you to our distribution list, or you can access these documents via our app

Factsheets and portfolio updates

Sustainability 360 annual impact report

White papers and insight pieces

Sustainable Cautious

Quarterly Report
Sustainable Model Portfolio Service
July 2019

Asset allocation

1 February 2019

Asset allocation

- Fixed interest 40%
- UK equity 13%
- Overseas equity 27%
- Private equity 10%
- Infrastructure 0%
- Cash 10%

A theme in focus

It is estimated that at least one in five people in the world suffer from water scarcity. The demand for fresh water within the next twenty years is likely to increase significantly. In our global funds, we help the world's water resources by investing in water infrastructure and water management. We have invested in water infrastructure and water management. We have invested in water infrastructure and water management.

Sustainable philosophy

The ultimate goal of the portfolio is to generate long-term sustainable returns. We invest in companies that are leaders in their field, have a strong track record, and are committed to sustainable growth. We invest in companies that are leaders in their field, have a strong track record, and are committed to sustainable growth.

Q2 2019 portfolio investment review

This quarter, the Sustainable Cautious, Balanced and Growth portfolios are up 3.8%, 4.5% and 5.6% respectively. Over the three-month period, all funds held within the portfolios have remained in positive territory. The European Equity Fund drove the strong performance of the portfolio, the global large cap equity funds run by Morgan Stanley and Allianz, as well as the small and mid cap biased equity funds. The UK, infrastructure and private equity funds performed strongly with a background of new investment in infrastructure and a search for Federal Reserve making the environment for buying bonds relatively more attractive than since the start of the year.

	1 month	3 month	6 month	Volatility %	Return %
Sustainable Cautious	1.75%	2.75%	9.15%	4 to 7	4.5 to 6
Sustainable Balanced	2.08%	4.54%	11.03%	5 to 9	5.2 to 7.5
Sustainable Growth	2.75%	5.64%	13.19%	8 to 13	6 to 8

*Where targets are given, these are for indication purposes only; the actual figures achieved could be more or less than the ranges given.

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.

Equity markets presented much more of a mixed picture compared to a very strong first quarter. Markets continued their steady upward climb in April, however the start of May saw a sharp decline in the US-China trade deal evaporated and took the positive market sentiment with it. 40 May progressed, the risk-off sentiment accelerated throughout the month. The S&P had its third worst month in the last ninety-two, behind December and September last year which saw declines of -8.0% and -6.8% respectively. During May, the FTSE 100 fell 2.4%, European market fell 4.4%, the S&P fell 5.7% and Emerging Markets fell 6.7%, primarily because the markets learnt that trade talks between the US and China were not progressing as well as initially thought. On the back of the trade war uncertainty, as expected. Emerging Markets suffered the worst. These geographies were dragged down by China as the country continued to let the yuan devalue in order to retain a competitive edge on the global stage. There is a minor exposure to China in the Sustainable MFS, with indirect exposure in the Stewart Investors Worldwide Strategy totalling around 1%. However, the Stewart Investors Asia Pacific Leaders Fund felt the impact of Trump's negative rhetoric around the trade war, but ended the quarter up 4%. Throughout June, increased volatility by equity investors around a soft global monetary policy led to a boost in markets as investors were excited about the prospect of a stable or declining cost of capital. Markets are increasingly dependent on this stance by governments, however for the medium term it presents an attractive relative environment for equity investors.

Despite the tougher backdrop, we have maintained our exposure to global equities throughout the quarter. We continue to see relative value in this asset class, especially as both policy and macro data throughout the US and Asia remain supportive of equities. Recent year-on-year corporate earnings (particularly in the US) have surprised to the upside, further strengthening our view to maintain our equity exposure. We continue to bias towards active funds with the potential ability to generate outperformance through periods of market volatility.

Sustainability 360°

VALUES WORTH SHARING

Sustainable investing
Sustainable investment pillar: healthcare and societal wellbeing

Together, small changes can have a large impact

The Agenda for Sustainable Development 2030

In 2015, the United Nations (UN) created the Agenda for Sustainable Development 2030. The Agenda was developed in an effort to eliminate poverty and make a commitment to achieve sustainable development on an international level.

UN Sustainable Development Goals

All the core of the Agenda are the 17 UN Sustainable Development Goals (UN SDGs). The UN SDGs provide a global framework for ensuring ongoing and increasing dignity, peace and prosperity for people and the planet. 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.

Sustainable Development Goals

Following the adoption of the SDGs, countries are embracing the ambitious vision of this transformative plan and taking bold steps to achieve the Goals by 2030. The UN SDGs form a vital framework for both individual countries and our wider global community to ensure capital is channelled towards the areas that need it most. The UN SDGs alone do not form a robust investment framework, however, they inspire a range of investment themes that incorporate many high growth sustainable trends.

LGT Vestro sustainable investment pillars

As part of the Sustainable Portfolio Service, we have developed four sustainable investment pillars. These pillars encompass investment themes and the related UN SDGs, which they support. Each pillar allows for a deeper understanding of the range of opportunities that exist in sustainable investing. This allows the translation of a framework based on a global, wide-reaching social and environmental change into an investable universe of ideas.

Stewardship of wealth

- As a discretionary investment manager, we see ourselves as long-term stewards of your clients' money
- Reflective of our long-term thinking and client-centric focus, stewardship is an integral part of our investment process
- For us, effective stewardship means seeking the best outcome by taking an active interest in both the financial and non-financial aspects of our clients' investments

We undertake our stewardship responsibilities in two ways; through active voting and through engagement



Active voting

Through our partnership with ISS, we systematically vote across all equity and investment trust holdings on our buy lists at AGMs and EGMs.

Such issues include voting against excessive remuneration, entrenched boards and voting for regular change of auditors, board diversity, accountability and responsibility of board as well as advocating for ESG disclosures.



Engagement

Engagement between a business and an investor on non-financial issues can create shareholder value.

All funds held in the LGT Vestra sustainable portfolios conduct regular engagement with their underlying investee companies. Engagement usually looks to share insights at industry or company level, and to aid development on a specific topic.

THANK YOU

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Picture description

"The Colonnade at Adamsthal", 1815

FERDINAND RUNK 1764-1834

Prince Johann I von Liechtenstein commissioned Ferdinand Runk to paint the Liechtenstein estates between 1813 and 1824. In addition to their artistic qualities, the numerous paintings in the series – many of which were created using the gouache technique – also have important documentary qualities. For example, some capture the appearance of buildings that no longer exist today, such as the colonnade high above the Adamsthal estate in Moravia, north of Brno. The picturesque landscape prompted Prince Johann I to build a hunting lodge here, which was designed by the architect Joseph Hardtmuth. A small zoo and pavilions were also located on the grounds of the lodge and offered places to rest during a walk in the countryside or to entertain a group of people.

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