



Wealth  
Management

# Sustainable Portfolio Service

Together, small changes  
can have a large impact



### **A look inside the Princely Collections**

For more than 400 years, the Princes of Liechtenstein have been passionate art collectors. The Princely Collections include key works of European art stretching over five centuries and are now among the world's major private art collections. The notion of promoting fine arts for the general good enjoyed its greatest popularity during the Baroque period. The House of Liechtenstein has pursued this ideal consistently down the generations. We make deliberate use of the works of art in the Princely Collections to accompany what we do. For us, they embody those values that form the basis for a successful partnership with our clients: a long-term focus, skill and reliability.

[www.liechtensteincollections.at](http://www.liechtensteincollections.at)

Cover image: Bauer brothers, Hortus Botanicus,  
detail from "Lilium candidum L.", c. 1778

© LIECHTENSTEIN. The Princely Collections, Vaduz–Vienna

# Contents

- 4** Welcome
- 6** Our Sustainable Portfolio Service
- 7** Implementing a positive approach
- 8** Sustainable investment process
- 10** A framework for change
- 12** Committing to change
- 14** Climate and environmental action
- 16** Sustainable operations
- 17** LGT at a glance

# Welcome



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

We are delighted to be able to offer a proposition that is designed to meet your financial requirements and allows you to contribute in a positive and meaningful way through your investments.

Thank you for choosing the LGT Wealth Management Sustainable Portfolio Service.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized initial 'P' followed by a long, horizontal, wavy line that tapers to the right.

Phoebe Stone  
Head of Sustainable Investing

“Supporting environmentally and socially progressive businesses enables the creation of a sustainable future for generations to come.”

Phoebe Stone, Head of Sustainable Investing

## Our Sustainable Portfolio Service

Prioritising the future should not mean compromising your returns

Increasingly our clients are conscious of, and concerned about, sustainability – including when it comes to their investments. For many, investing responsibly is important; both because of a desire to better understand how wealth is invested and whether these investments reflect their values.

Our Sustainable Portfolio Service is a discretionary investment service designed to meet your unique financial objectives. Along with generating strong and consistent returns, the service also looks to support our sustainable investment philosophy. We will aim to achieve this by investing in a diversified range of holdings which include themes such as renewable energy, financial inclusion, education, social housing, climate change action, sustainable waste management and renewable material production.

- Focused on generating long-term, consistent returns.
- Diversified portfolio construction across asset classes.
- A best-in-class approach to sustainability.
- Industry-leading research and analysis.

# Implementing a positive approach

## Supporting solutions and encouraging change

Investing sustainably has evolved from simply excluding questionable conduct and products from an investment universe. There are now a range of strategies that look to invest in businesses delivering positive outcomes and solutions to the changing requirements of the world we live in.

One aspect of sustainable investing is the incorporation of Environmental, Social and Governance (ESG) factors into an investment framework. These headline factors incorporate a range of other sub factors which look to assess the impact of a company's operations on the environment and society. This analysis is used alongside financial analysis in the investment decision-making process.



### Example ESG sub factors include:

- **Environmental** – resource usage, carbon intensity.
- **Social** – customer satisfaction, health and safety record.
- **Governance** – shareholder rights, board diversity.

# Sustainable investment process

## Returns as strong as our beliefs

LGT is a conviction led investment house. We look to add value through both our top-down asset allocation and bottom-up security selection. Our Investment Committee sits at the heart of the investment process and is ultimately responsible for the firm's investment policy decisions. Investment decisions made by this Committee depend on prevailing investment conditions and our view of the likely short and medium term expectations for each of the asset classes.

Whilst the majority of our clients have a long-term investment time horizon for their invested wealth, we aim to manage our clients' expectations over the different market environments through asset allocation adjustments made in response to changing market conditions. We aim to provide you with flexible and risk-controlled exposure to a bespoke range of what we consider to be the most suitable sustainable investments, enabling the potential for strong risk-adjusted returns.

All holdings held in your sustainable portfolio have been assessed against our sustainable investment selection process.

### **Sustainable investment philosophy**

- **Commitment:** we look to invest in funds that have sustainability at the core of their investment mandate.
- **Integration:** we want to invest with third party fund managers that have clear, demonstrable and integrated ESG processes.
- **Intentionality:** we select funds that take a best-in-class approach and look to invest in businesses that are sustainable leaders and delivering positive impact.



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## Sustainable investment process

A dedicated team undertakes ongoing analysis to ensure sustainability credentials and aligned execution



### Exclusionary criteria

We screen investments to avoid investing in those that are not aligned to the United Nations Sustainable Development Goals (UN SDGs).



### Integrated ESG assessment

Quantitative and qualitative environmental, social and governance analysis is undertaken to select investments with clear commitment to sustainability.



### Targeting positive impact

Through the alignment to our sustainable investment pillars, we aim to invest in companies that have a clear intention to create a positive effect on some or all of the UN SDGs.

# A framework for change

## Aligning your investment to solving global challenges

The UN SDGs form a vital framework for both individual countries and our wider global community to ensure capital is channelled toward 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

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### Distilling the UN SDGs into an investment framework



### Our sustainable i



Healthcare  
and  
societal  
wellbeing



Financial  
inclusion  
and  
education



incorporate many growing sustainable trends.

As part of our Sustainable Portfolio Service, we have developed four sustainable investment pillars. Each theme 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.



## Investment pillars



Circular  
economy  
and  
resources



Climate  
and  
environmental  
action



# Committing to change

## Thinking and acting sustainably

The destruction of the environment, which is advancing at an alarming pace, along with growing social inequality and the stark increase in social and political polarisation are amongst the biggest challenges of our times.

While politicians engage in protracted and tough negotiations and processes to create a framework for efficiently combating climate change and social inequality, it is also up to businesses, society and each individual to identify and take concrete measures.

In 2018, with a view to taking the next step toward greater sustainability, LGT developed and implemented the Sustainability Strategy 2025, which is based on a materiality analysis conducted in 2015, and builds on the 2020 Sustainability Strategy.

Our objective is to create sustainable value for all our stakeholders: for our clients, our shareholders, our employees, society and the environment.

## The three pillars of LGT's Sustainability Strategy 2025



### Sustainable investing

- We want to be a leading provider of sustainable investment solutions.
- We want to optimise the contribution of our investment solutions to the UN SDGs.
- We aim to substantially increase the share of sustainable investment solutions in our private clients' portfolios.
- We measure and report transparently on the sustainability quality of our investment solutions.



### Sustainable business

- We consider sustainability aspects in all our decisions.
- We aim to reduce our environmental footprint significantly.
- A minimum of ten percent of LGT Group dividends are allocated to philanthropic activities.
- We want to be a top employer that offers a good work environment.



### Sustainable thinking

- We want to be a thought leader in sustainability.
- We want our employees to actively engage in sustainability issues and will train them accordingly.
- We join forces with governments, companies, NGOs, etc. to optimise our contribution to the UN SDGs.

# Climate and environmental action

## Case study: Orsted

Orsted is a Norwegian energy company that generates offshore wind and bioenergy since pioneering the world's first offshore wind farm back in 1991. Since then, the company has undergone a dramatic transition from a 'black' energy producer only a decade ago when fossil fuel production was core to the business. Today the share of green power represents 83 percent of energy produced, up from just 16 percent in 2006. In a world where 75 percent of global carbon emissions come from the use of fossil-based energy, companies such as Orsted are key to developing more environmentally friendly sources of energy to meet our future demands in a sustainable way.

Although Orsted has already made significant strides to pioneering a greener world, they have further ambitious targets. By 2025, the company aims for 99 percent of their energy to come from green sources and are aiming to reduce their carbon intensity of energy generation by 98 percent compared to 2006.

### **In 2018, the company reported:**

- Production of enough energy from offshore wind farms to power 12 million people.
- Investment of GBP 19 billion in green energy alongside their partners.
- Reduction of the carbon intensity of their energy consumption by 72 percent compared to 2006.
- Avoiding over 31 million tonnes of CO<sub>2</sub> emissions, the annual equivalent to taking 16 million cars off the road.

Source: Orsted Sustainability Report 2018



### **Our sustainable insights**

We provide regular updates on your portfolio, including a quarterly valuation. In addition, we produce a range of literature to help you understand more about your sustainable portfolio.

This literature suite includes white papers on our sustainable investment pillars, quarterly investment reviews, overviews of each of the UN SDGs and our Sustainability 360 report.

# Sustainable operations

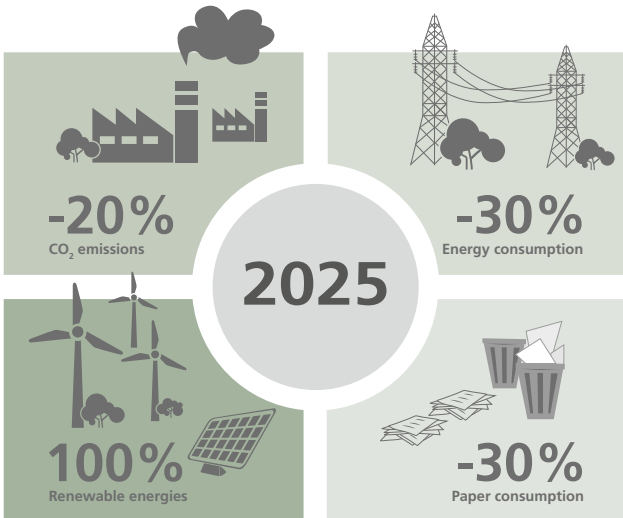
## Working towards our environmental goals

For many years, LGT has been implementing prudent environmental and operations management and has reached a number of milestones in this area. With the Sustainability Strategy 2025, ambitious Group-wide targets have been set in the areas of mobility, facility management, procurement, digitalisation, energy consumption and CO<sub>2</sub> emissions.

Globally, each LGT office is working towards achieving these targets, determining specific measures that can be implemented.

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### Operational sustainability targets by 2025





# LGT at a glance

## Financial highlights

LGT Wealth Management is part of LGT Group, the world's largest private bank and asset manager owned by a single family, the Princely House of Liechtenstein.

Private ownership means we take a long-term approach to wealth management, avoiding short-term actions that may compromise the stability of our firm, and crucially the trust of our clients.

### Conservative balance sheet and financial stability

LGT Group has a healthy balance sheet, a high level of liquidity and is well capitalised. Our equity capital is significantly above the minimum regulatory requirement and reflects the financial strength of our company, including international comparison.

#### LGT Group: financial highlights as at 30 June 2021

Assets under administration	GBP million 222 812
Total assets	GBP million 40 673
Equity capital	GBP million 4 456
Total operating income	GBP million 772
Group profit	GBP million 146
Headcount	3 910
Moody's/Standard & Poor's ratings for LGT Bank Ltd.	Aa2/A+

#### LGT Wealth Management: financial highlights as at 30 June 2021

Assets under administration	GBP million 19 900
Private client assets under administration	GBP million 14 500
Institutional assets under administration	GBP million 5 400
Headcount	394

Conversion rate GBP 1.00 = CHF 1.234222

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**Important information**

LGT Wealth Management UK LLP is authorised and regulated by the Financial Conduct Authority ("FCA"). Our regulation details are set out in the FCA register: Firm Reference No: 471048; [register.fca.org.uk/](http://register.fca.org.uk/). Registered in England and Wales: OC329392. Registered office: 14 Cornhill, London, EC3V 3NR.

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“We want to ensure sustainable value creation – for our clients, our employees and our owner, but also for society and the environment.”

Ben Snee, CEO LGT Wealth Management

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