



Wealth
Management

Sustainable investing

Together, small changes can have a large impact



Forward-looking
for generations



Cover image
Bauer brothers, Hortus Botanicus, detail from
"Lilium candidum L.", c. 1778
© LIECHTENSTEIN: The Princely Collections, Vaduz–Vienna

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Inside the Princely Collections

For more than 400 years, the Princes of Liechtenstein have been passionate art collectors. The Princely Collection is the result. Comprising more than 1,600 paintings, the collection is made up of masterpieces ranging from the early Renaissance to the second half of the nineteenth century. It is one of the world's major private art collections. While the idea of promoting fine arts for the general good enjoyed its greatest popularity during the Baroque period, the House of Liechtenstein continues to pursue this goal to this day.

At LGT, we take inspiration from the art in the Princely Collections. For us, the collection embodies the values that form the basis of all successful partnerships: expertise, reliability and a long-term focus. Just like the experts who care for the masterpieces, our team of professionals diligently curate the wealth of our clients. By drawing upon this rich heritage, LGT has honed wealth management to an art.

Craft

The art of wealth management

With a family legacy spanning 900 years through our owners, LGT has honed wealth management into an art. Just as artists create masterpieces with precision and skill, we apply our deep understanding of financial markets, investment strategies and economic trends to achieve our clients' objectives.

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We want to create long-term value – for our clients as well as for society and the environment.

H.S.H. Prince Max von und zu Liechtenstein, Chairman LGT





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By aligning your investments with your values, you not only contribute to a better world but also position yourself for long-term growth.

Phoebe Stone
Partner and Head of Sustainable Investing

Aligning profit with purpose

Dear Reader,

Welcome to LGT Wealth Management. We believe that the global transition to a more sustainable future requires the active participation of the financial markets. Investors wield significant influence by strategically allocating capital to businesses that prioritise sustainability.

For our owner, the Princely Family of Liechtenstein, thinking and acting with a view to the future has played an important role for generations. This approach is deeply rooted in the culture at LGT. We want to do more than just generate profits with our business activities – we also want them to have a positive impact on society and the environment.

In the race against climate change, time is our most precious asset, which is why we have set concrete and ambitious sustainability goals for ourselves. In particular, we aim to reduce CO₂ emissions from our business operations and our own investments to net zero by 2030. To this end, we have, for example, commissioned the Swiss company Climeworks to remove CO₂ from the atmosphere for LGT. As a business, we remain committed to supporting the drive to net zero and supporting both nature-based and innovative technology-based removals.

For our clients, we offer a discretionary sustainable investment service to empower them to align their financial goals with a greater purpose. We craft solutions with a focus on innovation and continuous analysis, that evolve alongside changing market dynamics. As your dedicated partner, we strive for transparency and report back regularly on our progress.

We aim to foster a relationship with you founded on trust, growth and a shared commitment to a prosperous, sustainable future.

We hope to support you in the next stage of your investment journey.

Warm regards

LGT Wealth Management

The sustainable investing landscape

The economic and investment landscape has changed considerably over recent years, with one of the most seismic shifts coming from government policy and regulation.

Evolving the model: system change

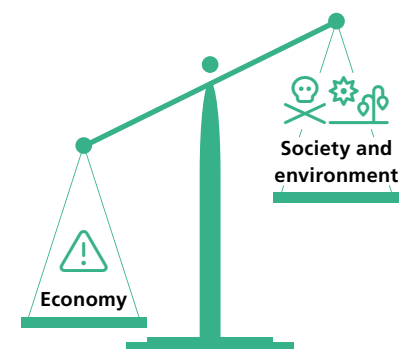
Whilst the dominant socioeconomic model of the last century has created wealth and social progress, it has also created huge imbalances that have resulted in significant societal, environmental and economic challenges.

In recent years, there has been increasing recognition that we can only fully address these challenges through evolving the model to effectively manage the relationships between society, the environment and the economy.

Evolving the model

Traditional model

Unbalanced and unsustainable



System change

- Political forces
- Societal forces
- Market forces

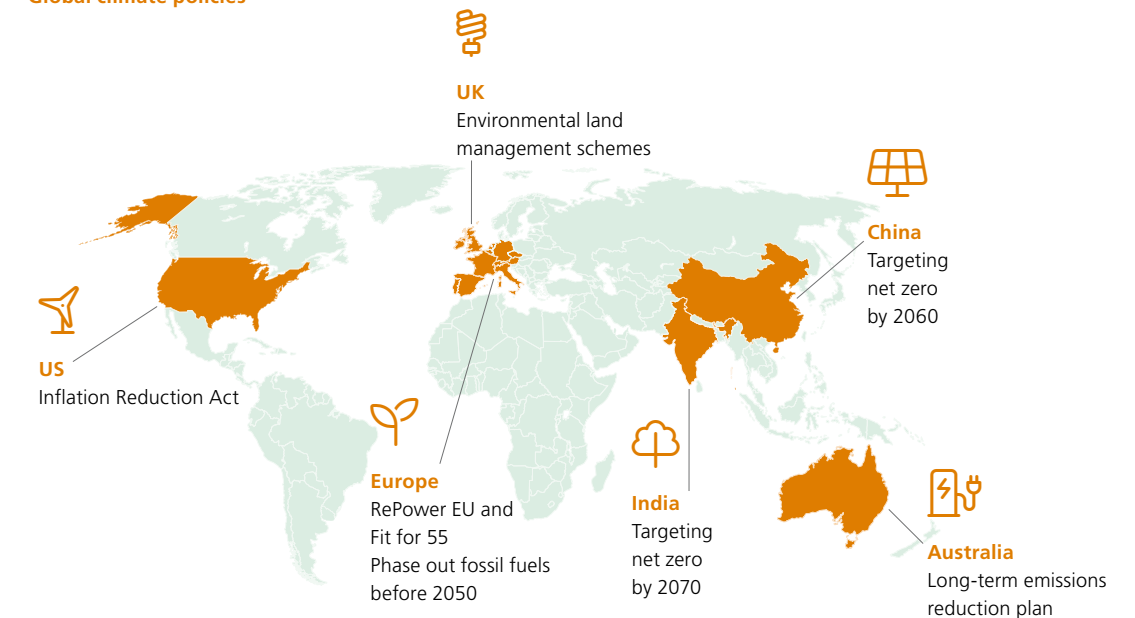
Sustainable model

Balanced and mutually enforcing



Through this evolution we will create a more resilient and productive world to deliver longer-term prosperity

Global climate policies



Sustainable economies

Addressing climate change is very much a financial and economic imperative as, without a functioning environment, natural habitat and biodiversity, much of our economy will cease to exist. The World Economic Forum has estimated that 4% of global annual economic output could be lost by 2050 due to climate change.¹ In order to limit the damage, we must invest in the decarbonisation of the global economy and remove as much man-made pollution from the atmosphere as possible.

Over 90% of global GDP is now covered by a net-zero target but we are still far away from making this a reality. We view the decarbonisation of our economy as potentially the largest megatrend of our generation. This comes with many attractive growth

opportunities to invest in – it is estimated that the climate investment opportunity in emerging markets alone could total USD 30 trillion by 2030.²

Climate change is an obvious part of the equation, but there is much more to the sustainability debate to consider. Inequalities in the US health system alone cost approximately USD 320 billion,³ and poor levels of education and access to basic services can have dramatic impacts on economic growth and alleviating people from poverty.

The sustainability landscape is broad and complex and we have accordingly built a process that does not focus on any one theme, taking a pragmatic and whole-of-market approach to deliver positive sustainability outcomes and financial returns.

¹ World Economic Forum, April 2022

² World Bank, May 2020

³ Deloitte, July 2022

Curating portfolios with purpose

Sustainable risks are inherently financial risks, as the consequences of environmental, social and governance factors directly impact the long-term value and stability of businesses.

Investing for sustainable value creation'

We believe that to understand the true economic value of an investment, we must better understand the dynamic relationship between the economy, society and the environment, and how it impacts a company's ability to thrive.

Sustainable value creation is an evolution of the traditional economic model into a more sustainable one, which will create better outcomes for investors and stakeholders over the long term. This requires a long-term mindset, robust financial analysis with an integrated assessment of sustainability, and active ownership to support the companies we invest in on their journey

Sustainable value creation



We believe you do not need to compromise on returns to invest sustainably



Investing for sustainable value creation'

At LGT, we dedicate significant time to exploring innovative methods to incorporate the growing wealth of high-quality sustainability data into our investment framework. Nevertheless, we firmly uphold the belief that maintaining human, qualitative oversight is paramount. Rather than relying solely on quantitative, numerical outputs to steer our investment decisions, we view sustainability data as a valuable input, aiding and informing our overall decision-making process.

It is important we use this data and information holistically, both as a way to identify and manage investment risks but also to align client portfolios with areas of the market we believe can generate strong, long-term returns.

Examples of sustainability considerations

- What companies are not integrating the major risks facing our planet and people?
- What are the opportunities in high growth sectors e.g. the energy transition, improving health and financial inclusion?
- How can we meet the needs of the present without compromising future generations?

Investing with purpose

We believe that sustainability factors are interconnected with the economy, rather than operating as a distinct and separate set of factors. For centuries, our global economy has operated in an unbalanced manner, prioritising economic growth at any cost to the detriment of the environment and society.

To contribute to a sustainable economy, we must endeavour to balance economic outcomes with social and environmental outcomes. Only through a holistic and integrated approach can we attempt to produce positive outcomes for society and the environment, alongside financial returns, where all stakeholders are considered within the economic and financial debate.

Our sustainable investment framework

Our sustainable investment framework translates our mission to invest for sustainable value creation into investable opportunities, broadly categorised into healthier societies and cleaner economies.

These objectives are intentionally broad to reflect the wide range of attractive investment opportunities for sustainable investors who wish to take a holistic and pragmatic approach to their investments.

Sustainability is not just about investing in exciting areas such as wind farms or electric vehicles, but also about investing in businesses that prioritise sustainability in their governance, treatment of employees, and use of natural capital.

Through a robust and holistic approach that combines financial analysis with a true understanding of sustainability factors, we believe we can align client portfolios with a more resilient and productive world while delivering on their investment objectives.

Aligned with the SDGs

In 2015, the United Nations set out their framework for achieving a more sustainable and equitable future by 2030, addressing a wide range of global challenges including poverty, inequality, climate change, peace and justice. The Sustainable Development Goals (SDGs) are guiding principles for countries, not companies, but they ultimately require the deployment of private capital and the contribution of companies and individuals around the world.

It is estimated that the cost of achieving the UN SDGs by 2030 is between USD 3.3 - 4.5 trillion each year, with estimations increasing as commitments fall short.⁴



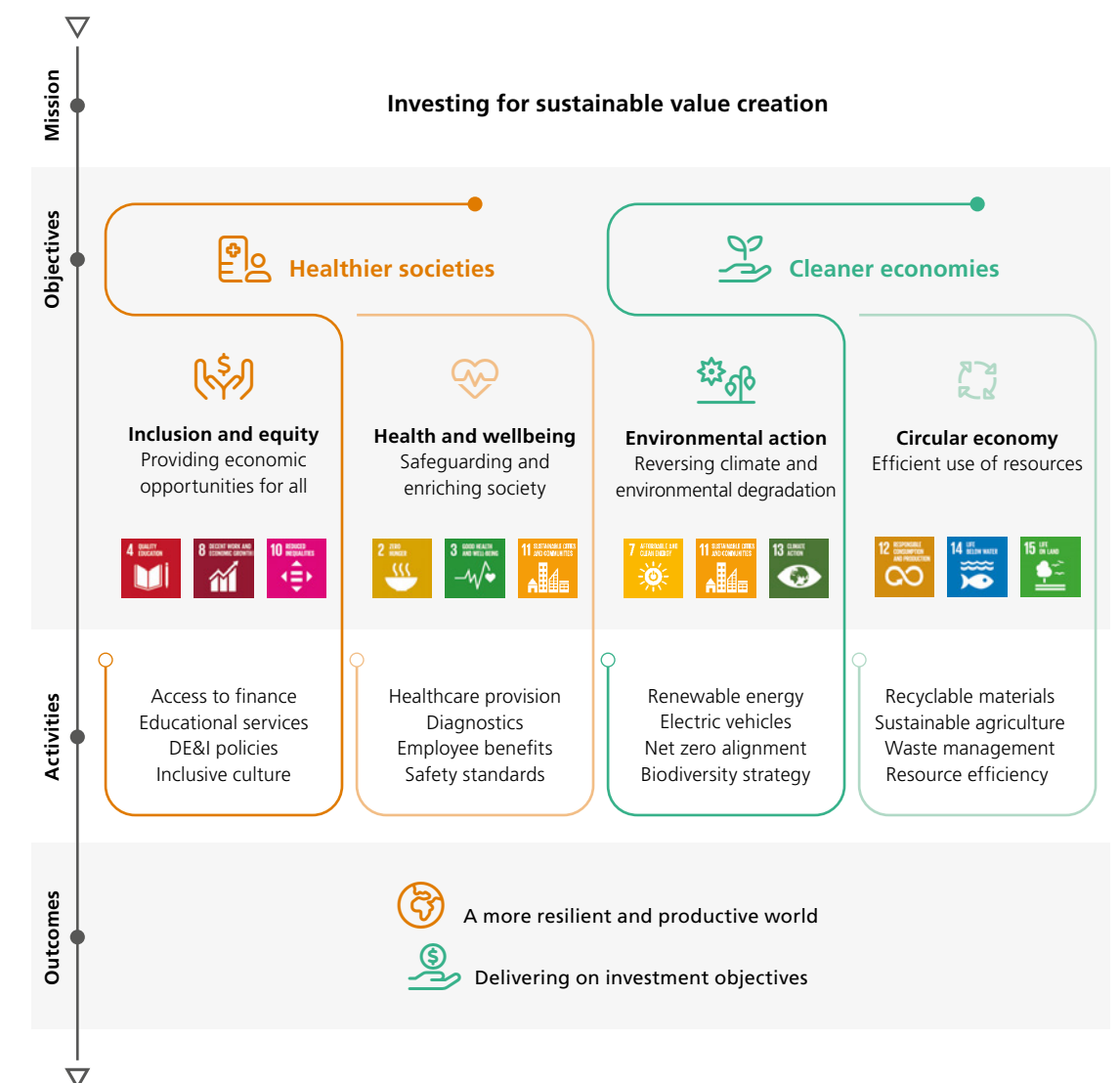
⁴ United Nations Sustainable Development Group, July 2018

Due to the importance of these goals and the common framework it provides investors, we align our sustainable investment framework with several of the SDGs

By focusing our efforts on the areas of sustainable development where we believe our investments can

have a material positive influence, we can build portfolios around high quality, financially attractive investments. It is important that neither financial quality nor sustainability outcomes are sacrificed; having a robust sustainability process integrated into our financial assessments is a powerful and key part of our investment approach.

UN SDGs in action: our sustainable investment framework



Curate

Expert curation of investments

We aim to act as an expert curator of wealth and client portfolios, going beyond mere numbers to embrace a more conceptual approach to wealth management: it's about realising dreams, aspirations, values and driving a brighter tomorrow. Discover how our approach sets us apart in the realm of wealth management.



Our distinctive approach to sustainability

Alongside proprietary tools, we harness the power of global resources and employ a nuanced blend of quantitative and qualitative analysis.

Our commitment to innovation enables us to stay at the forefront of the rapidly evolving landscape, ensuring that our clients benefit not only from our expertise but also from a cutting-edge toolkit designed to drive impactful and sustainable financial outcomes.

Research analysis

Outcomes are important, but measuring positive or negative outcomes from investments is retrospective. A process solely focused on outcomes can be fundamentally flawed when trying to understand future risks and opportunities. The key question we ask ourselves is whether the positive outcomes are an unintended outcome of a purely financially driven process or was the outcome intended. Intentionality is a really important factor in creating a repeatable, positive outcome for clients.

To understand intentionality, one of the qualities we look for in investments is how sustainability factors are integrated alongside financial factors within decision-making. To ensure we do this correctly, we do not rely on external auditing and leverage our global sustainability resources at LGT as well as the proprietary sustainability tools we have developed.

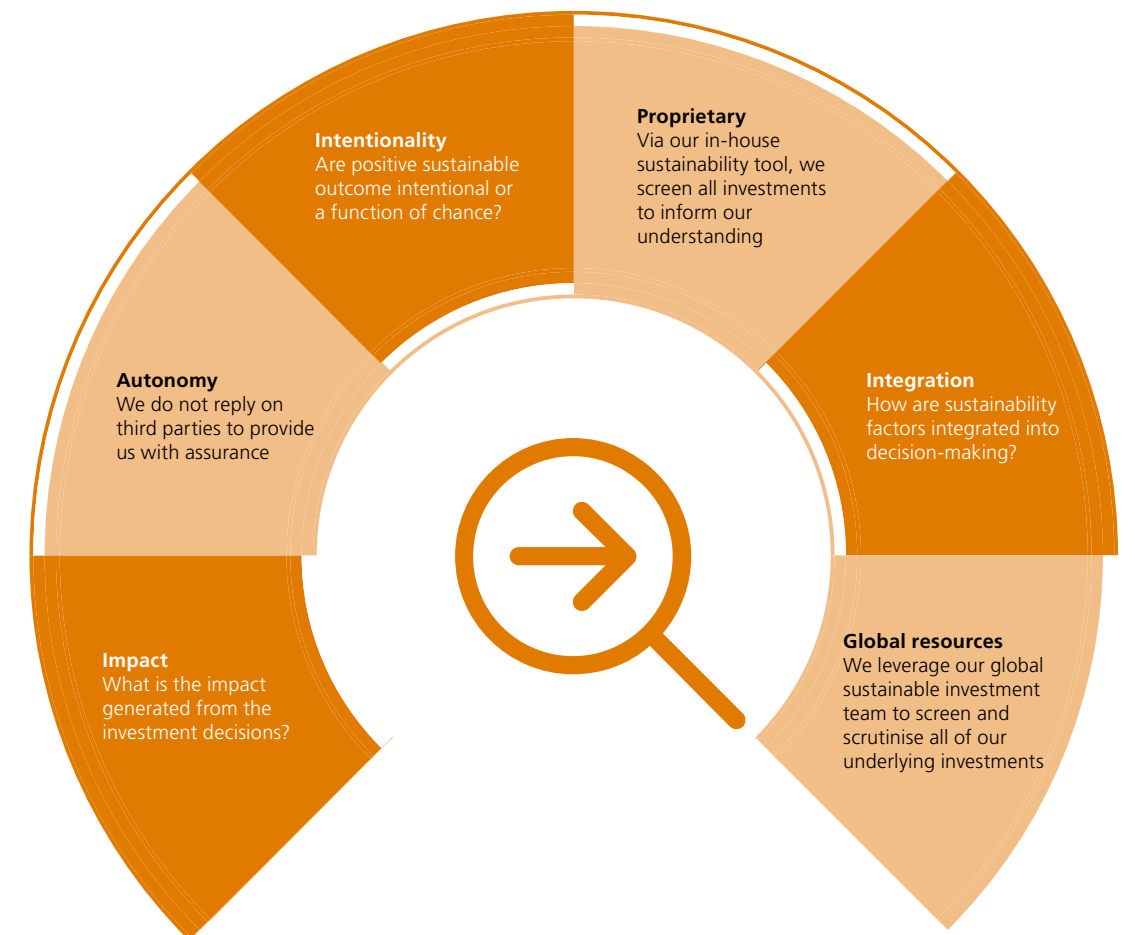
The world of sustainable investing has grown increasingly complex with the definition of sustainability varying depending on who you ask. In order to ensure our process reflects our view, we need full flexibility and autonomy to provide our clients with the transparency and assurance they require.

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In the fast moving world of sustainability, we believe our commitment to innovation can enhance client outcomes.

Jordan Kelly, Sustainable Portfolio Manager



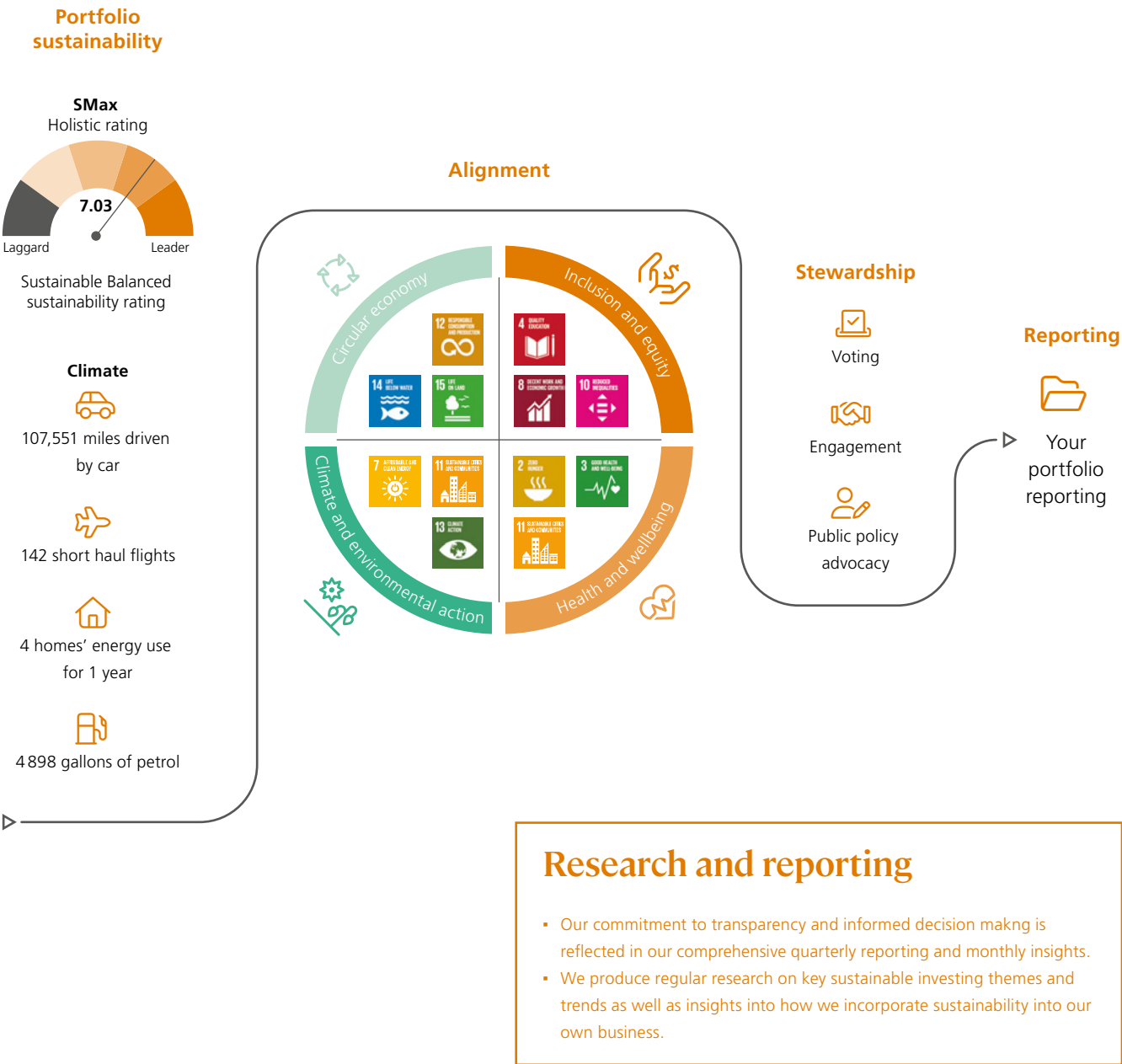
Sustainable investment implementation



The breadth of our sustainability insights and data not only enables us to better understand risk and opportunities but it also enables us to provide sustainability insights for our clients. This information can vary from more quantitative insights such as car-

bon data, to case studies and alignment to our sustainable investment pillars. We also strive to communicate our progress on stewardship and engagement and report this back to you.

Sustainable portfolio reporting



Generating returns

There is strong evidence that the integration of sustainability can yield attractive returns over the long term.

We believe that mobilising public markets is vital to achieving a more sustainable world. However, at the core of our considerations lies a fundamental question: can you make attractive returns from sustainable investments?

A study looking at the relationship between the integration of ESG factors and financial performance, between 2015 – 2020, concluded:

- Financial performance improved due to ESG factors and became more prevalent over longer time horizons.
- Integrating ESG factors can provide downside protection, particularly in periods of social or economic stress (although this relationship is unlikely to hold true in all time periods).
- Full integration of ESG as a strategy outperforms more traditional negative screening strategies, highlighting the need to focus on positive alignment of values over simple tick box exclusions.
- Sustainability initiatives at a corporate level appear to drive financial performance due to factors such as improved risk management and greater innovation but disclosure of sustainability and ESG data alone does not improve corporate performance – i.e. companies must match their words with actions.⁵

Although we do not suggest that a sustainable investment strategy will outperform in every market environment (as we saw in 2022 when oil companies generated significantly outsized returns) it makes sense that, over the longer term, we are likely to see improved corporate performance as a result of a greater focus on sustainability.

In addition, we continue to see growing evidence of the consumer shift towards a more sustainable life-

style and a focus on supporting businesses which produce sustainable packaging and products, commit to ethical working practices and reduce their carbon footprint. The majority of US consumers say they are willing to pay more for sustainable products and, as demand continues to surge, costs will be pushed lower in many areas.⁶

A pragmatic and robust integration of sustainability within an investment process can deliver attractive returns for investors and, through a focus on companies with strong corporate alignment, we can create good long-term resilience within client portfolios.

Data integrity

The rise of sustainable investing has brought about a substantial increase in the availability of quantitative data insights, facilitating additional layers of sophistication when reviewing large databases of investments. However, the issue remains that, depending on where data is sourced, outcomes tend to vary as each data provider aims to convey different perspectives.

We believe the increasing breadth and depth of such data is positive, but it is important that we utilise it in a thoughtful way. We must provide our clients with transparency and an output consistent with our philosophy, which is why we have built our own proprietary systems.

Our in-house sustainability tool, which we continuously enhance and improve, enables us to focus not only on what a company does, but how it does it – focusing on the matters most material to that business, including operational credentials, impact through revenues and climate risks.

Much like financial data when reviewing investments, we utilise quantitative data as part of a wider investment framework. We acknowledge that this data alone cannot provide us with a full and holistic output, however it can provide us with a much greater understanding of the investments we hold on behalf of our clients.



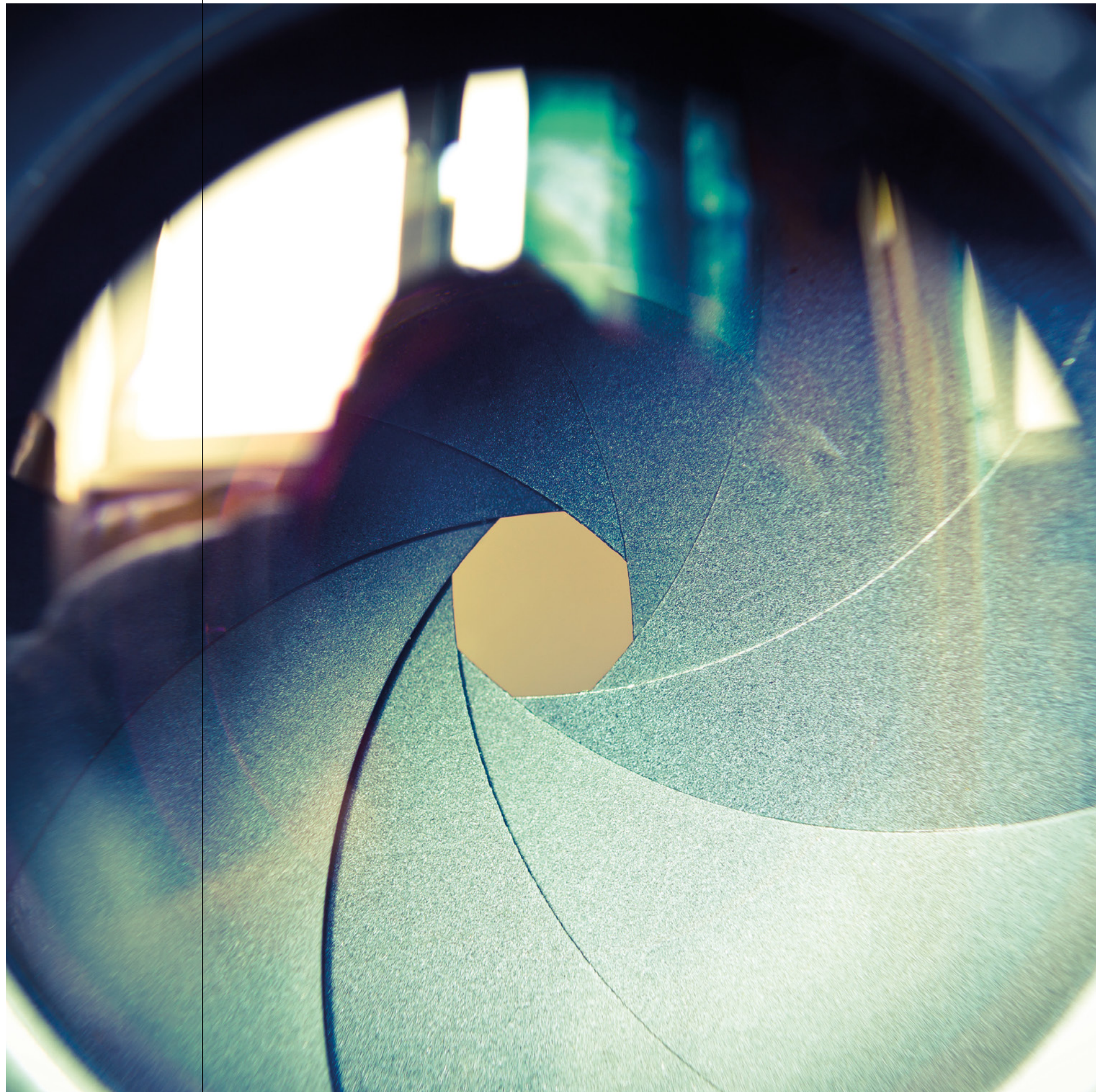
⁵ New York University Stern School of Business, 2021

⁶ National Retail Federation, April 2023

Nurture

A vision for the future

Our destination is financial success for our clients and making a positive impact. We aim to do this through our commitment to long-lasting client relationships and a values-driven approach to wealth management. Together, we will cultivate and grow investments, support our people and the planet.



Stewardship of your wealth

As a discretionary investment manager, we are long-term stewards of your wealth. Part of this responsibility involves using our voice as stewards of your wealth to help influence positive change.

We believe stewardship offers investors an additional avenue to maximise risk-adjusted returns and a new lens through which to scrutinise companies' sustainability commitments. Through our own stew-

ardship activities, we aim to shape outcomes which will safeguard economic systems and ensure positive associated outcomes, such as a just transition to net-zero carbon dioxide emissions.

We discharge our stewardship responsibilities through three primary avenues



Voting

As part owners of the publicly listed companies we invest in, we are regularly invited to vote on management plans and company direction at AGMs. Voting allows us to constructively work with boards to voice shareholder concerns and improve practices.



Engagement

We view engagement as pro-active and reactive dialogue with investee companies or fund managers, which allows us to identify the long-term drivers of value and provide constructive feedback on how these players can improve their sustainable behaviours.



Public advocacy policy

Investors are increasingly subject to new reporting and practices designed by policymakers. It is important that we work together with policymakers to ensure that policies are well-designed and implemented to improve market practices on sustainability.

Case study: voting on biodiversity concerns

Forests play an important role in sequestering carbon to protect against global warming and allowing for biodiversity.

Procter & Gamble, a consumer goods company, produces products like kitchen roll, toilet paper, period products and nappies that are highly dependent on forests.

In 2022, Friends of the Earth filed a notice urging shareholders of P&G to oppose the re-election of three board members for insufficient action on deforestation.

We engaged with a leading biodiversity data provider to crosscheck the claims by Friends of the Earth and, using geospatial data and supplier location coordinates, it was clear that P&G's supply chains were having an impact on Canadian primary forests and the Indonesian rainforest's size and species density.

Following this analysis, we decided to vote against the reappointment of the three board members.

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Above all, we recognise that it is a privilege to look after our clients' wealth and believe we must continuously earn this right.

Ben Snee, Chief Executive Officer

The colour of change

Adding value, in every sense, for future generations is part of LGT's DNA. See how thinking, acting, and investing sustainably is part of our ethos.

We pride ourselves on our ability to positively challenge the status quo in our industry. Sustainability has been a strategic priority at LGT for many years, long before many in the financial sector had considered it one, and we have been carbon neutral since 2010. We have been building on this foundation ever since.

Our owner, the Princely Family of Liechtenstein, has always focused on laying the best possible foundations for future generations in all that it does. We apply the same forward-looking perspective when it comes to investment management and further developing our company. We take a holistic approach to value creation and through our business activities, whilst also aiming to make a positive contribution to the environment and society.

Our Sustainability Strategy 2030 sets binding targets to this end. We want to contribute to the achievement of the United Nations Sustainable Development Goals (UN SDGs) through our activities and help reduce inequality around the world, protect our ecosystems and combat climate change.

Doing business sustainably

We aim to continuously improve our environmental and social footprint. Our sustainability strategy sets ambitious targets in the areas of mobility, facility management, procurement, digitalisation, energy consumption and CO₂ emissions. By 2030, our aim is to reduce our global net emissions from our operations and our own investments to zero.

In the UK, our Sustainable Business Committee drives operational enhancements and supports initiatives that target our sustainability objectives.

We discharge our stewardship responsibilities through four primary avenues



14000

Trees planted in the LGT Wealth Management Forest since 2020



-5%

reduction in CO₂ emissions per employee as of 2022 compared with 2021



67%

Share of renewable energies in our total consumption in 2022



15

UN SDGs that we have identified we can actively contribute to



Philanthropy

As a responsible wealth manager, we are committed to helping create a prosperous and thriving society by supporting a range of initiatives creating social and cultural added value.

Giving back is a key part of our philosophy and we place great emphasis on charity work. We also offer our employees the opportunity to volunteer for social causes, from helping the less privileged or the environment, to skills-based volunteering, where employees share their experience and expertise.

Through the LGT Venture Philanthropy, established in 2007 on the initiative of the Princely House, we aim to improve the quality of life of people in sub-Saharan Africa and India. In the UK, our internal Charities Committee provides strategic direction on our company philanthropic efforts.

Employer responsibility

For LGT as an employer, the promotion of an attractive and integrating working environment is a top priority. Long-term success based on responsible action is only possible with motivated and satisfied employees. We foster a corporate culture in which everyone feels respected and has the opportunity to develop.

The continuous development of our employees is also an important success factor. Our diverse internal training measures and external courses cover both personal and professional development.

As a business, we are committed to making positive change in our industry and are proud signatories of HM Treasury's Women in Finance Charter. We also publish our gender and ethnicity pay gap reports annually and, through our initiatives, are committed to attracting a truly representative workforce.

Change through collaboration

We cannot tackle significant challenges like climate change, social inequality or political polarisation alone. That is why we work together with organisations that pursue the same goals and exchange ideas with them. Together we can achieve more and change the future.



Principles for Responsible Banking

The United Nations Environment Programme Finance Initiative is a partnership between the United Nations Environment Programme and the private financial sector.

WE SUPPORT



UN Global Compact

This worldwide pact between the UN and companies is intended to make globalisation more social and ecological.



Principles for Responsible Investment

The Investor Initiative of UNEP and the UN Global Compact has drawn up the Principles for Responsible Investment and intends to implement them.



Carbon Disclosure Project

The non-profit organisation pursues the goal of requiring companies and municipalities to publish environmental data such as their greenhouse gas emissions or their water consumption.



Climate Action 100+







The investor-led initiative aims to ensure that the world's largest greenhouse gas emitters take necessary action on climate change.






The canvas of success

Sometimes numbers speak louder than words. Here we present a glimpse into the story of LGT, through the lens of numbers. Each stroke on the canvas portrays our key milestones and achievements.

LGT Wealth Management - Key Figures (as of 31st December 2023)

		
£29.6 billion	7	620+
Assets under management	Office locations	Headcount
		
93%	92%	94%
Trust index score	Agree LGT is a "Great Place to Work"	Proud to work at LGT

LGT Group - Key Figures (as of 31st December 2023)

		
CHF 316 billion	30+	5500+
Assets under management	Office locations	Headcount

Awards

LGT has received numerous awards and wide-spread recognition across the industry, for our fresh approach to wealth management and our forward-looking approach to doing business.

-  **International Investment Awards**
Excellence in Sustainability
Winner 2023
-  **Portfolio Adviser**
Contribution to Inclusivity
Winner 2023
-  **PIMFA - Best Organisational**
Outreach Initiative Programme
Winner 2023
-  **PIMFA Inclusive Talent**
Management Award
Winner 2023
-  **ARC Research 2023 3D Award**
Winner 2023

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

Phoebe Stone, Partner and Head of Sustainable Investing

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Media relations

Esther Clark

Phone +44 (0)203 207 8007, esther.clark@lgt.com

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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.

