



Wealth
Management

Inclusion and equity

Providing economic opportunities for all



| Forward-looking
| for generations

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Cover image
Bauer brothers, Hortus Botanicus, detail from
"Lilium candidum L.", c. 1778.
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Our four pillars of sustainable investment

Building a more sustainable economic system

Our sustainable investment framework takes our overarching mission of investing for sustainable value creation and translates it into investable opportunities.

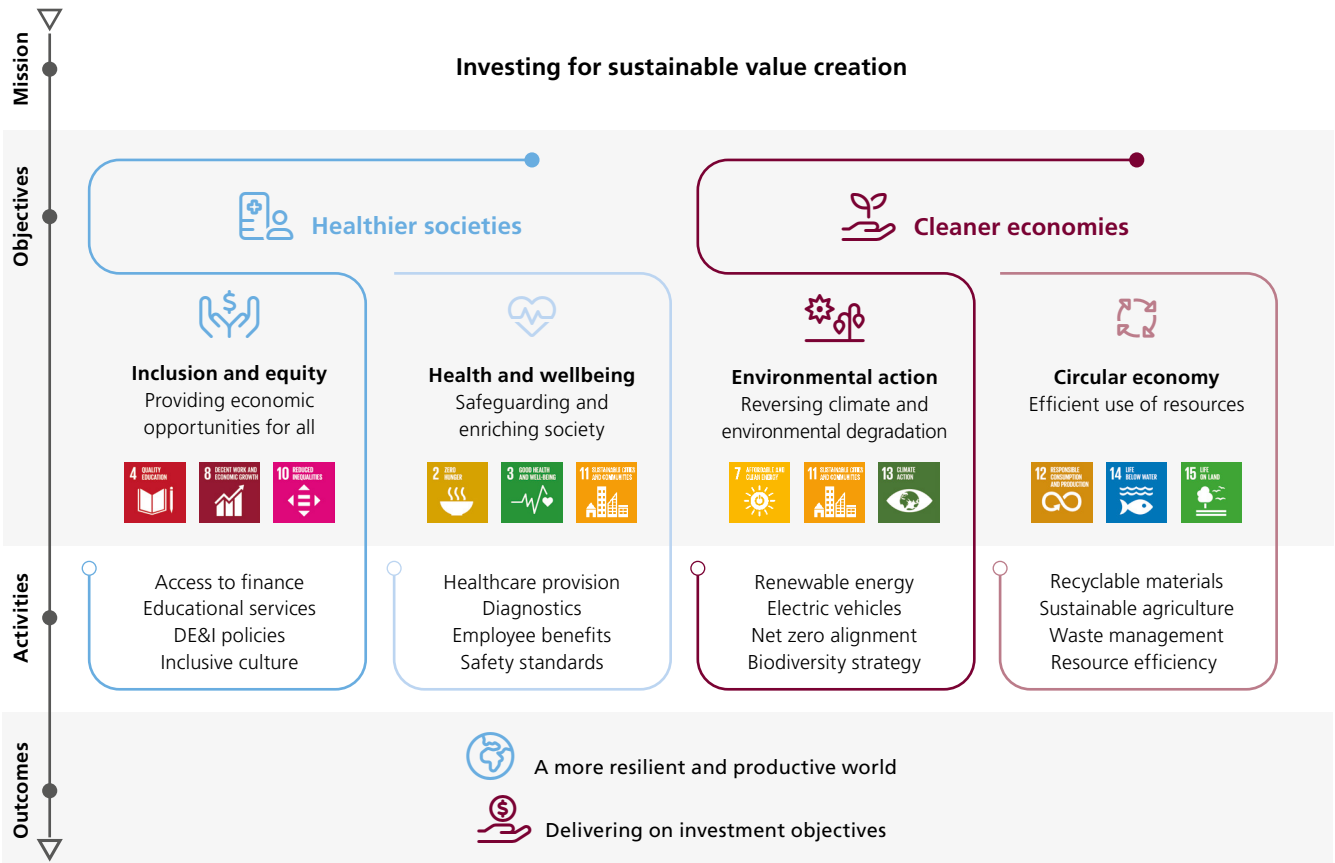
We focus on two structural mega-trends that we believe are paramount in delivering a transition to a more sustainable global system: 'Healthier societies' and 'Cleaner economies'. Beneath these two mega-trends, we have identified four investment pillars. These help us to identify the attractive attributes of potential investments when considering both 'what' they do and 'how' they do it. To help create a healthier society we focus on 'Inclusion and equity' and 'Health and wellbeing', and to build a Cleaner econ-

omy we have identified 'Environmental action' and 'Circular economy' as the two key drivers. Through utilising this framework we aim to build portfolios of investments that are helping to contribute to a more resilient and productive world, whilst delivering strong investment returns.

Aligned with the United Nations Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are a global framework designed to influence positive economic development and improve the world by encouraging collaboration and innovation. Whilst we do not use the SDGs as our primary framework, we do believe that our investment pillars are closely aligned to several of the SDGs.

UN SDGs in action: our sustainable investment framework



Pillar one: Inclusion and equity

Inclusion and equity is the first pillar within the sustainable investment framework. This pillar incorporates UN SDGs four, eight and ten.



UN definition: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal four seeks to ensure that all children and a substantial proportion of adults receive quality education. In order to achieve this, gender, ethnicity and religious disparities must be accepted and everyone needs to have equal access to education at all stages. Increasing the number of qualified teachers and providing more funding to developing countries will result in greater literacy.



UN definition: Promote inclusive and sustainable economic growth, employment and decent work for all.

Goal eight seeks to achieve productive employment for all, as well as generating economic growth in a sustainable manner. Increased investment in education and infrastructure targeted at high-value, labour intensive industries, specifically in developing nations, will provide populations with the opportunities to obtain decent work and allow local economies to thrive.



UN definition: Reduce inequality within and among countries..

Goal ten seeks to reduce economic and social disparities within and between countries across the world, with a particular focus on developing nations. Eradicating economic and social inequalities will require increased equality of opportunity and equality of outcome, by favouring exports from developing countries, encouraging duty-free tariffs and creating education and health equality.

Investment theme: Education and training

Research estimates that, if every child learned to read, around 170 million fewer people would live in poverty.

Education is fundamental for achieving the UN SDGs by 2030. Goal four aims to ensure that all young people and a significant number of adults globally have achieved recognised proficiency levels in functional literacy and numeracy. Our society today is information and knowledge-based, with the widespread use of digital technology cutting across all sectors and industries. Digital technology has the ability to transform education, particularly in terms of how students learn and how teachers teach, enhancing efficiency and effectiveness.

The UN has estimated that global expenditure on education needs to rise to \$3 trillion by 2030. However, even with this price tag, major progress has been made in the past decade. This includes increasing access to education at all levels and increasing enrolment rates in schools, particularly for women and girls. Whilst literacy skills are vastly improving, greater efforts are required to achieve universal education goals.

Affordable, reliable and content-sensitive digital technologies can enable access to education. Education no longer needs to be carried out in a physical space, but is a continuous process that can occur anytime and anywhere. Converting the educational system to a learner-focused environment can be achieved through the use of technology, which in turn lowers the cost of education and barriers to access. However, for developing countries and marginalised communities, tremendous investment is required to implement this technology.



Literacy skills



753
million adults with no literacy skills¹

Population displacement



400 - 800
million could be displaced and need to find new jobs by 2030²



Investment opportunities



Informa

Sector: Research and intelligence
Headquarters: London

Informa is a leading intelligence and scholarly research group, working with businesses and professionals in specialist markets to make better, more informed decisions. The company has established a Developing Countries Working Group which includes an initiative to provide researchers in low-income countries with free access to leading journals.



Strategic Education, Inc.

Sector: Education services
Headquarters: United States

Strategic Education is dedicated to driving economic mobility through education. The company focuses on improving student engagement, workforce readiness and college affordability. Offerings include degree programmes, such as courses focused on business administration, IT, education, health services administration and criminal justice. Strategic Education owns physical campuses, such as Strayer University, but operates predominantly through online platforms to improve access to education and reach a wider variety of working adults.



Thera Trust

Sector: Social Enterprise
Headquarters: Grantham, United Kingdom

Thera Trust is a social enterprise supporting people with learning disabilities to become leaders in society. The Trust has ten social enterprises, which provide accredited paid apprenticeships to help create training and job opportunities for people with learning disabilities. The apprenticeships enable people to gain experience in sectors including customer service, hospitality, horticulture, and warehouse and distribution.



SAP

Sector: Technology solutions
Headquarters: Germany

SAP is a global leader in enterprise application software, databases, analytics and intelligent technologies, with more than 200 million users worldwide. SAP offers a suite of training courses, enablement solutions and certification programmes to help to tackle this issue and promote inclusivity. A key example of the company's work is in India where SAP is helping to accelerate Digital India's plan of enabling 60 million citizens with digital technologies through a multi-year digital literacy and skills programme.

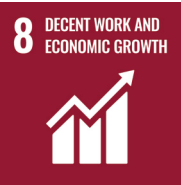
¹ www.sdg4education2030.org/financing-sdg4-making-global-education-reality-sdg-ed2030-sc-november-2017
² McKinsey Global Institute, 'Jobs lost, jobs gained: What the future of work will mean for jobs, skills and wages', November 2017

Investment theme: Financial literacy

Improvements in levels of financial literacy help bridge remaining socioeconomic gaps and inequalities across and within countries, leading to more inclusive societies and opportunities. It is an essential life skill and lays the groundwork for many life-changing decisions, from evaluating job contracts to managing retirement savings.

In 2018, a G20 report of adult financial literacy found that only half of adults in G20 countries achieved the minimum target score of at least six out of nine financial behaviours required to improve financial wellbeing. The study also found that some of the weakest areas of financial literacy and behaviour are related to choosing financial products, with only 15% of people seeking independent financial advice or information to make an informed decision.³ There is a critical link between financial literacy and financial stability, with widespread over-reliance on credit, high indebtedness and a lack of understanding about the implications of changes in economic policy as just some of the issues that could lead to significant financial and economic difficulties.

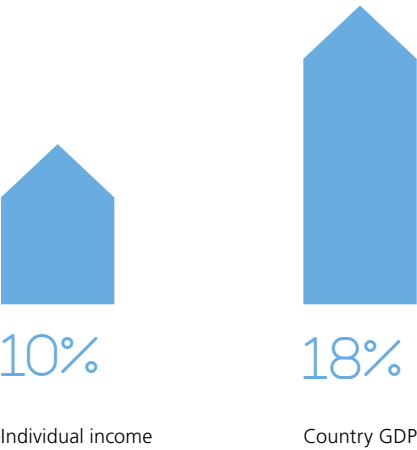
Economic growth and sustainability is rooted in the financial literacy of individuals. The global financial crisis was a sobering example of the correlation between these factors. Evidence from a 2015 UNICEF report, 'The Investment Case for Education and Equity', shows that, on average, each additional year of education boosts an individual's income by 10% and increases a country's GDP by 18%.



UK banking and saving



Each additional year of education



³ OECD, Effective financial education for sustainable and inclusive growth, 2018
⁴ www.sustainabilityexchange.ac.uk/green_gown_awards_2019_the_london_institute_of_1
⁵ The London Institute of Banking and Finance



Investment opportunities

Various institutions have begun to deal with this issue and have introduced educational programmes so that individuals receive appropriate economic and financial knowledge and skills. Local retail banks are increasingly building partnerships with the communities in which they operate to increase financial literacy and access to capital. This is showcased by an initiative in Colombia, Fundacion Capital's LIFT project, which has developed tablet-based education systems. These systems provide low-income individuals with personalised tools to help them increase their financial capabilities and escape the poverty line.



Kotak Mahindra Bak
 Sector: Financial Services
 Headquarters: Denmark Mumbai, India

Kotak Mahindra Bank (KMB) is an Indian private bank. The formal banking system in India is yet to fully encompass the unbanked rural population. The Bank has reached out to some of the most disadvantaged, vulnerable and marginalised sections of society. It participates in a number of schemes, including a scheme launched by the Ministry of Finance to promote social security. The scheme provides crucial financial support to the families of deceased customers. KMB believes that financial literacy is a major step towards educating society about the availability of financial tools and banking services. To combat

this, the Bank hosts over 340 financial literacy camps in unbanked and rural communities per year. The Bank offers various financial tools and products for female borrowers. These women-only loans are provided for activities in which women comprise most of the workforce – such as agriculture, poultry, animal husbandry, tailoring and carpentry.



Pearson
 Sector: Education
 Headquarters: United Kingdom

Pearson is a British-owned education company providing content, assessment and digital services to a range of customers including learners, governments and educational institutions across the world. Pearson have recently issued an Education-linked Social Bond. The proceeds of this bond are to supply learners and communities from low-income backgrounds, those with disabilities and the unemployed. The goal of the bond is to provide greater access to education and socioeconomic advancement and empowerment, with a focus on increasing levels of financial literacy and attainment.

Investment theme: Micro and digital finance

Microfinance is a way to provide small business owners, entrepreneurs and unbanked individuals with access to capital. These borrowers often do not have access to traditional methods from institutions, making it harder to access loans, insurance and investments. Financial inclusion and microfinance play vitally important roles in reducing poverty. They are also critical for ensuring our world's economic and social development, which includes access to financial services within several targets. The importance of women's access to financial opportunities is particularly emphasised.

There are currently 1.7 billion people and 65 million micro, small and medium-sized businesses that have no or limited access to finance.⁶ Most of these people live in developing countries and more than half of them are women. Microfinance provides capital and protects against currency fluctuations. It extends to areas such as agriculture, housing and education and creates opportunities for financial inclusion for women and people with disabilities.

When poor families have access to financial services, they can earn more, build assets and protect themselves against external shocks such as the pandemic. Take agricultural workers in Malawi as an example: when these farmers can access financial services, they often produce more abundant harvest, contributing to UN SDG two zero hunger. When the farmers deposited their earnings directly into a bank account, they subsequently spent 13% more of their money on equipment and, on average, increased the value of their crop output by 21%. In addition, women in developing countries are more likely than men to be self-employed and therefore are in greater need of access to financial services.⁷

The expanding use of new technologies such as mobile payment services can create more efficient and

effective operating models for new markets and aid financial inclusion, thus helping to reduce inequalities within a country. Mobile money services are known to improve money resilience, but a recent study by the Massachusetts Institute of Technology has demonstrated its link with longterm poverty reduction. The study concluded that the introduction of a mobile-money services in Kenya had a significant effect on the overall Kenyan economy and lifted many households out of poverty. Interestingly, it also had the added effect of moving approximately 185 000 women from farming to business occupations.⁸



Financial access



1.7
billion people



65
million businesses

no or limited access to finance



Investment opportunities

The investment opportunities are vast, ranging from expanding microfinance for small businesses to leveraging new business models and technologies to raising diversified sources of capital, including crowd-funding, impact investing and peer-to-peer lending. Local banks more frequently provide debt capital to specialised small and medium-sized enterprises in frontier and emerging markets to foster economic development, create jobs and alleviate poverty. In the same vein, microfinancing projects are becoming more common. Investment in the proliferation of digitisation of the financial services will only aid the spread of microfinancing and financial inclusion. Digitising payments could bring millions of adults into the financial system for the first time, strengthening the digital financial infrastructure and facilitating the accessibility for those at the lowest levels of income.



African Development Bank

Sector: Microfinance

Headquarters: Abidjan, Ivory Coast

The objective of the African Development Bank (ADB) is to spur sustainable economic development and social progress in its regional member countries. The ADB finances projects in affordable basic infrastructure, access to essential services, access to financing and financial services, affordable housing, employment generation, food security and socioeconomic advancement and empowerment. In February 2021, ADB launched its programme for Rwandan women to support gender equality. Most women in Rwanda depend on environmentally harmful and health-damaging firewood for their energy source.

ADB's microfinance project helps women to join the energy sector and train them to engage in small-scale electricity production. By involving women in the decision-making process and creating opportunities for them in the energy sector, ADB not only supports the implementation of clean energy sources, but also provides finance and business opportunities for women. ADB are looking at rolling this project out across other countries including Uganda, Tanzania and Kenya.



Vodafone

Sector: Digital finance

Headquarters: United Kingdom

In March 2007, Vodafone launched M-Pesa, a mobile money service, through its African associate Safaricom. M-Pesa has become Africa's most successful money transfer service and provides access to financial services to millions of people who have a mobile phone but do not have access, or have limited access, to a bank account. M-Pesa currently has more than 430,000 active agents operating across the Democratic Republic of the Congo, Egypt, Ghana, Kenya, Lesotho, Mozambique and Tanzania. Customers register for the service at authorised agents, usually small phone stores or other retailers such as butchers or bakers. According to Vodafone, in 2019/2020, 42.5 million M-Pesa users carried out over 12 billion transactions, reaching 15.2 billion transactions in the financial year ending 31 March 2021.

⁶ World Bank: www.worldbank.org/en/topic/sme/finance; globalindex.worldbank.org/sites/globalindex/files/chapters/2017%20Index%20full%20report_chapter2.pdf

⁷ GlobalDev, Digging Deeper: financial inclusion and the Sustainable Development Goals, 2020

⁸ Tavneet Suri & William Jack, 'The long-run poverty and gender impact of mobile money', Science 9 December 2016

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Our sustainable investment
pillars help us to identify which
investments are contributing to
building a more sustainable
global system.

Phoebe Stone, Partner and Head of Sustainable Investing

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