

For professional clients only. Capital at risk.
This is a marketing communication. Please refer to the prospectus of the fund and to the key investor information document before making any final investment decisions. Unless otherwise stated all data is as at 29 March 2024.

Thematic ETFs performance

Q1 2024

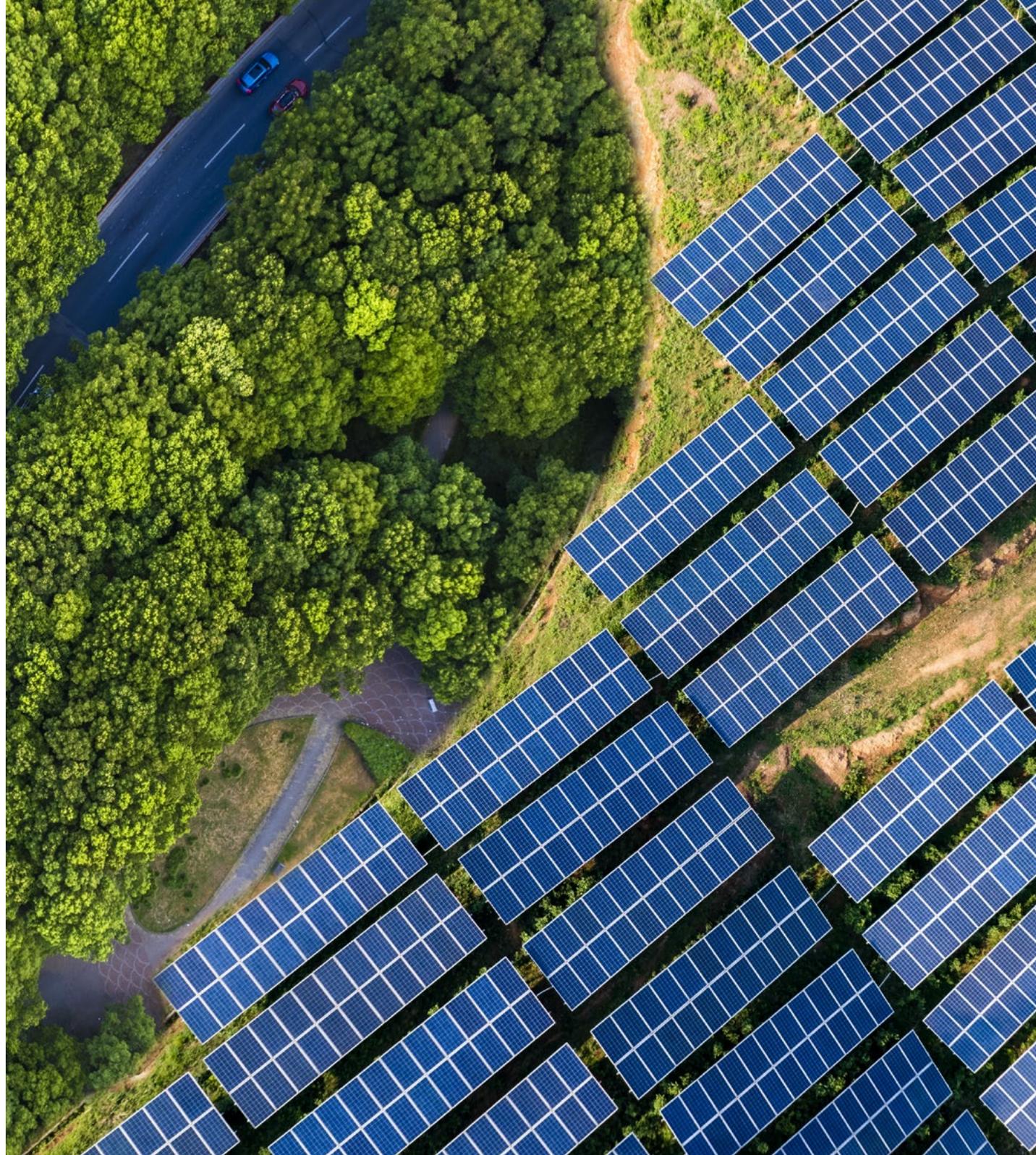
Key risk

The value of an investment and any income taken from it is not guaranteed and can go down as well as up; You may not get back the amount you originally invested. Simulated and past performance is not a guide to the future.



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L&G Thematic ETFs



Visit [lgim.com/uk-etf](https://www.lgim.com/uk-etf) for further information and latest updates.

Performance commentary

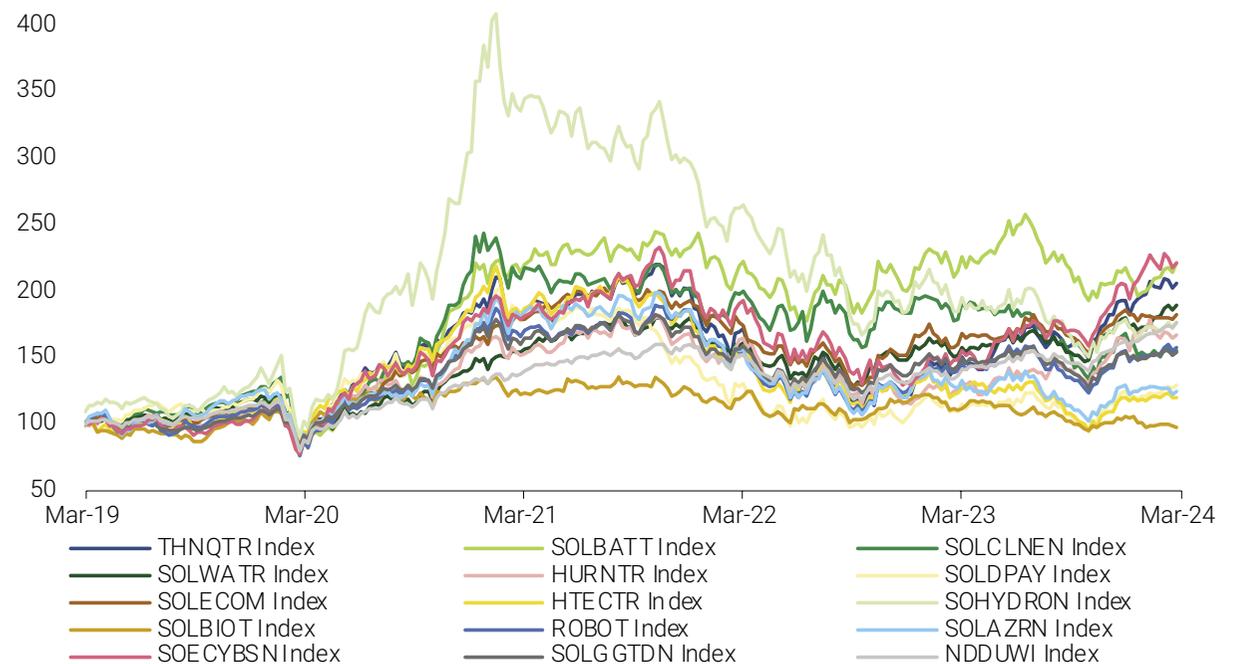
In the first quarter of 2024 thematic performance was volatile. Artificial intelligence adoption across the board remained a hot trend and drove performance, especially in technology-based themes such as Emerging Cyber Security and Artificial Intelligence. Digital Payments and Clean Water also performed strongly.

Clean Energy, Pharma Breakthrough and Optical Technology & Photonics lagged because of industry-specific developments and other idiosyncratic headwinds.

Key risk

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Historical and simulated index performance*



Source: Bloomberg, as of 29 March 2024, all values are based in USD.

*The back-tested index data have been sourced from the index providers; they are based on what they perceive to be reasonable assumptions and objective data.



L&G Thematic ETFs

Rolling 12 month performance to 29/03/2024

Index ticker	ETF ticker	2019	2020	2021	2022	2023	2024
THNQTR Index	AIAI	25.0%	-7.1%	94.9%	-5.7%	-11.8%	36.9%
SOLBATT Index	BATT	-10.7%	-11.3%	145.6%	2.1%	2.0%	-1.1%
SOLCLNEN Index	RENW	-2.0%	-4.5%	124.8%	-7.1%	-3.9%	-17.5%
SOLWATR Index	GLUG	7.4%	-8.2%	66.5%	4.3%	-1.1%	20.7%
HURNTR Index	USPY	18.0%	-5.7%	60.4%	8.8%	-19.5%	26.8%
SOLDPAY Index	DPAY	28.1%	-9.6%	93.9%	-25.8%	-11.8%	14.8%
SOLECOM Index	ECOM	-2.4%	-8.9%	94.0%	-1.3%	-4.6%	9.2%
HTECTR Index	DOCT	40.9%	-1.4%	88.2%	-16.1%	-17.8%	-4.4%
SOHYDRON Index	HTWO	-	-5.5%	232.8%	-22.3%	-27.0%	-9.4%
SOLBIOT Index	BIOT	8.7%	-7.2%	32.4%	-2.8%	-6.2%	-12.1%
ROBOT Index	ROBO	-7.0%	-11.8%	89.6%	-6.7%	-6.2%	8.1%
SOLAZRN Index	LAZR	-10.2%	-6.8%	93.6%	-12.7%	-15.6%	-6.1%
SOECYBSN Index	ESPY	36.7%	-9.2%	96.5%	8.0%	-19.0%	42.9%
SOLGGTDN Index	THMZ	-	-	73.0%	-1.8%	-5.6%	3.8%
NDDUWI Index	MSCI World	4.0%	-10.4%	54.0%	10.1%	-7.0%	25.1%

Source: Bloomberg, all values are based in USD; as at 29 March 2024. Performance based on index levels gross of fees but net of dividend withholding taxes, where applicable. The effect of fees and charges would reduce the returns shown.

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Macro update

Economy and policy

Global equity markets sustained strong momentum during the quarter, with developed markets leading the charge. The Federal Reserve, European Central Bank and Bank of England did not hike rates amid an environment of moderate inflation. Despite ongoing conflict in Ukraine and the Middle East, the VIX index was low throughout the quarter and gold remained broadly above the 2,000 \$/oz support given expectations around a weakening dollar with potentially lower rates in the US later this year.

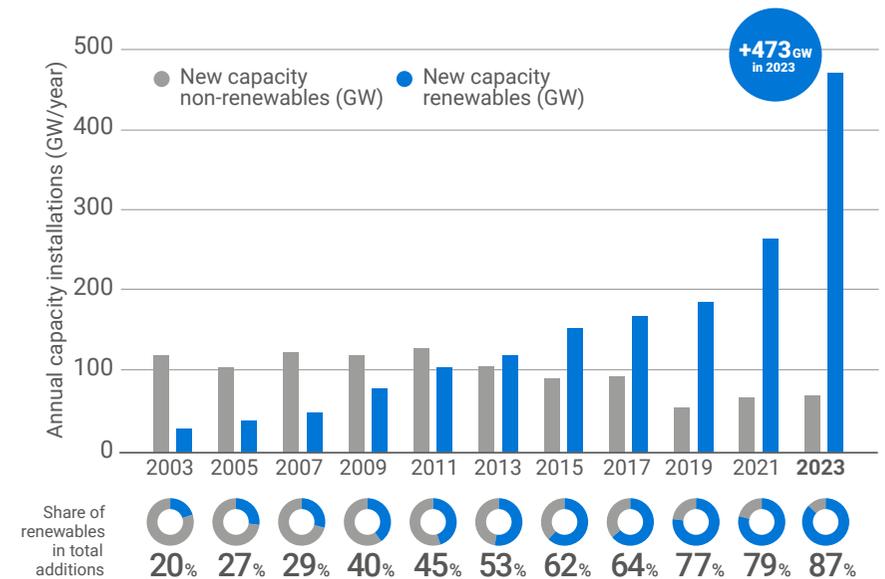
Source: LGIM, IRENA, March 2024

Climate news

Renewable power additions grew by a record amount in 2023, reaching 473 GW installed during the year and representing 87% of total newly installed capacity.

Source: IRENA, Tracking Cop28 outcomes, March 2024

Annual installed power capacity additions, 2003-2023



Source: IRENA, Tracking Cop28 outcomes, March 2024

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Macro update

Investment themes

Photonics

At the 2024 Consumer Electronics Show (CES) Intel's CEO announced the Intel Core Ultra processors, starting the AI PC generation. Intel aims to integrate AI everywhere through engineered platforms and secure solutions. AI-capable PC shipments are projected to surpass 100 million in 2025, 40% of all PC shipments, growing at a 44% CAGR between 2024 and 2028. It is estimated that by the end of 2025, over half of PCs priced at \$800 and above will be AI-capable, with this share increasing to over 80% by 2028.

Source: Canalys, March 2024.

Pharma breakthrough

Evaluate's latest report on financing showed biopharma dealmaking picked up in 2023 versus 2022, with further acceleration expected next year. It forecasts that 2024 will see acceleration in IPOs and venture capital, especially by large and well-supported offerings.

Source: Evaluate Pharma, February 2024.

Artificial Intelligence

According to CB Insights' State of Generative AI 2023 report, 2023 was a breakout year for investment in generative AI startups, with disclosed equity funding topping \$21.8 billion across 426 deals. ChatGPT maker OpenAI gained the largest amount of funding in 2023, followed by Inflection AI, Anthropic, Databricks and Aleph Alpha.

Source: [CB Insights Report The State of Generative AI](#), 2024.

Source: LGIM, Canalys, Evaluate Pharma, CB Insights, GWI, 2024.



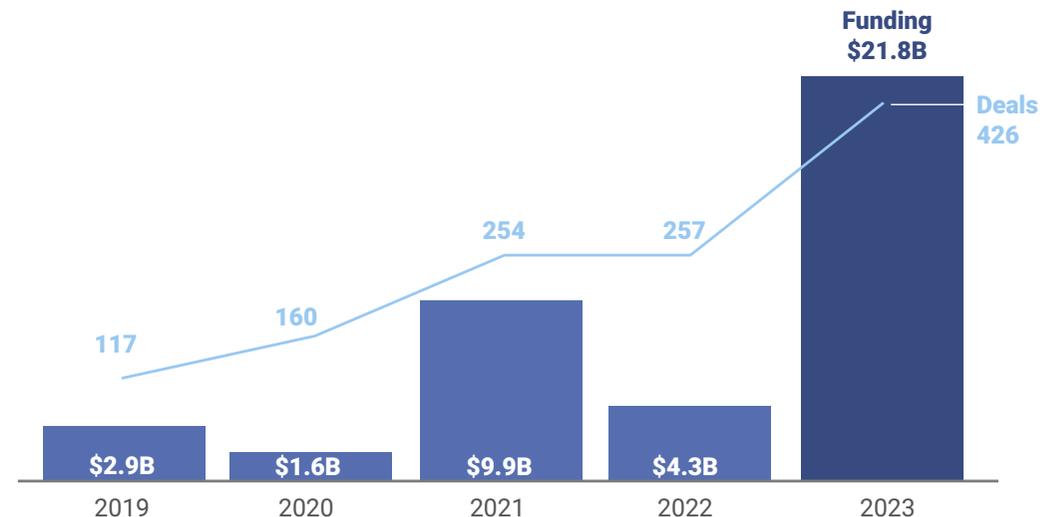
Did you know?

Water can be described as various colours depending on its source and characteristics:

- Green water: Water stored in soil available for evapotranspiration by plants
- Blue water: Rivers, lakes, wetlands, groundwater and water storage
- White water: Glaciers, snow and ice
- Grey water: Wastewater with contaminants, excluding human waste
- Black water: Wastewater exposed to human defecation and other contaminants

Source: LGIM, GWI, 2024

Generative AI investment explodes in 2023



Source: [CB Insights Report The State of Generative AI](#), 2024.

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ETF updates



Thematic investment insights

Want to stay ahead of the latest developments shaping the future of technology, energy and resources, and demographics? Our regular blogs and podcasts cover a wide range of key thematic investment topics.



Thematic investing blog:

The geopolitical ripple effect

[Read here](#)



Cyber Security blog:

Cyber security growth, AI and valuations: a story in three charts

[Read here](#)



Artificial Intelligence blog:

Identifying upstream enablers in the AI revolution

[Read here](#)



Investment strategy blog:

Threading the needle: finding balance in a concentrated investment world

[Read here](#)



Battery Value-Chain whitepaper:

The battery value-chain - How batteries and lithium are powering the energy transition

[Read here](#)



Battery Value-Chain blog part 2:

LGIM Blog: Could lithium supply constraints delay the energy transition?

[Read here](#)



Battery Value-Chain blog part 1:

What role will batteries and lithium play in the energy transition?

[Read here](#)



Battery Value-Chain podcast:

Positively charged: lithium and the electric vehicle revolution

[Listen here](#)



Thematic investing blog:

Technology overconcentration versus thematic diversification

[Read here](#)



Artificial Intelligence podcast:

Artificial Intelligence, investing, and you

[Listen here](#)



ETF overlaps

Overlap across our themes

The following chart shows the overlap across our thematic range of investment strategies. When we design an investment strategy, we aim to provide pure exposure to the theme, which results in our thematic ETFs usually having little to no overlap, where possible. This allows investors to allocate according to their preferences and aim to reduce concentration risks in a portfolio.



	Artificial Intelligence	Battery Value-Chain	Clean Energy	Clean Water	Cyber Security	Digital Payments	Ecommerce Logistics	Emerging Cyber Security	Global Thematic	Healthcare Breakthrough	Hydrogen Economy	Pharma Breakthrough	Optical Technology & Photonics
Battery Value-Chain	2% (1)												
Clean Energy	2% (1)	7% (3)											
Clean Water	0% (0)	0% (0)	0% (0)										
Cyber Security	9% (6)	0% (0)	0% (0)	0% (0)									
Digital Payments	5% (3)	0% (0)	0% (0)	0% (0)	2% (2)								
eCommerce Logistics	4% (2)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)							
Emerging Cyber Security	15% (8)	0% (0)	0% (0)	0% (0)	41% (23)	5% (2)	0% (0)						
Global Thematic	14% (57)	13% (27)	12% (26)	10% (46)	10% (24)	2% (5)	10% (36)	16% (37)					
Healthcare Breakthrough	5% (4)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	16% (64)				
Hydrogen Economy	0% (0)	0% (0)	5% (2)	1% (1)	0% (0)	0% (0)	0% (0)	0% (0)	1% (3)	0% (0)			
Pharma Breakthrough	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	13% (27)	6% (5)	0% (0)		
Photonics	2% (1)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	1% (10)	1% (1)	0% (0)	0% (0)	
Robotics and Automation	15% (11)	3% (2)	0% (0)	1% (1)	0% (0)	0% (0)	3% (3)	1% (1)	14% (69)	13% (9)	0% (0)	0% (0)	12% (8)

Source: LGIM, Bloomberg as at 29 March 2024. Figures represent % weight and number of stocks. Percentage overlap is calculated as the minimum of weight overlap between two portfolios.

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Artificial Intelligence

Company spotlight

Pure Storage

Pure Storage, a leading provider of all-flash data storage solutions, enables enterprises to accelerate applications, reduce complexity and lower costs through its innovative technology. All-flash storage solutions generate less heat, use less power and require less maintenance than traditional systems such as hard-disk drives. The company's business model centers around its flash-optimised storage platforms, including FlashArray for block storage and FlashBlade for unstructured data, as well as its Evergreen subscription services and Pure as-a-Service offering.

Pure Storage has been expanding its portfolio to support AI and machine learning workloads, notably with its AI-Ready Infrastructure (AIRI) solution in partnership with NVIDIA, and offerings such as FlashStack for AI and support for NVIDIA DGX BasePOD, which are slated to be increasingly larger investment areas for generative AI data preparation, training and inference.

In Q3 fiscal 2024, Pure Storage's subscription annual recurring revenues reached \$1.3 billion, up 26% year-on-year, and remaining performance obligations grew 30% to \$2.0 billion, indicating strong future revenue growth. The company expects to return to

double-digit revenue growth in fiscal 2025, projecting revenue of around \$3.1 billion. Pure Storage maintains gross margins in the low 70s, demonstrating its ability to deliver high-value solutions. With its focus on innovation and ability to support data-storage-intensive multimodal AI applications, Pure Storage is well positioned to capitalise on growing demand for high-performance storage solutions as enterprises continue to adopt AI and machine learning technologies.

Last quarter performance commentary

The ROBO Global Artificial Intelligence Index returned +7.1% over the quarter.

The Semiconductor sector (returned +13.8%) continued to outshine, driven by unabated demand for AI chips. NVIDIA reignited performance boosters with +82.5% performance, driven by large upwards revisions and strong demand, followed by other key AI-semi enablers AMD, ASML, Lam Research and TSMC. At CES, companies like Ambarella unveiled groundbreaking chips capable of on-device large language models for computer vision applications, an area slated to see incredible growth as real-world use cases expand. Similarly, Qualcomm, an addition from the quarter prior, recently introduced its XR2 Gen 2 chip for augmented reality.

The Network & Security sector (+9.6%) was propelled by scalable data-storage pioneer Pure Storage, which is experiencing surging demand and heightened expectations for its crucial role in supporting AI and machine learning technologies across data preparation, training, and inference.

In the Business Process sector (+9.2%), Nice Limited, JFrog, and Fiserv led with robust fundamental performance. Adobe disappointed investors with its latest earnings and AI outlook. Adobe remains a frontrunner in the ever-expanding creative and digital economy. CoStar Group, a global real estate technology company leveraging AI for data analysis, is seeing positive tailwinds following the resolution of the lawsuit involving the National Association of Realtors (NAR) and their 6% fee practices eliminated.

The Big Data / Analytics sector (-4.3%) was the quarter's biggest underperformer, a stark contrast to its +70.0% gain in 2023.

In the Consumer subsector (+19.1%), Spotify surged +40.4% following a substantial win against Apple (not a THNQ constituent) with a €1.8 billion antitrust fine.

Source: LGIM, Bloomberg, VettaFi, as at 29 March 2024.

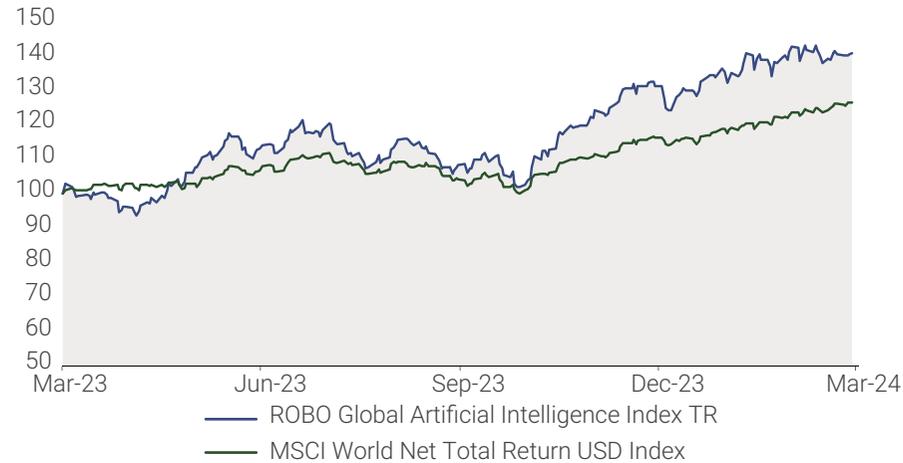
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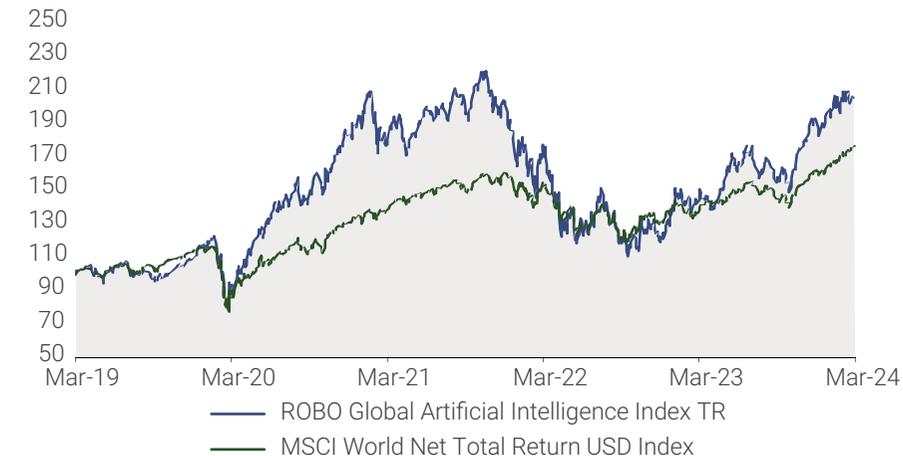
Artificial Intelligence

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	7.09%	36.90%	13.89%	106.19%
Annualized Return			4.44%	15.57%
Volatility	21.07%	20.19%	28.46%	28.87%
Sharpe Ratio	150.26%	183.55%	15.59%	53.91%
Max Drawdown	-5.39%	-15.99%	-50.09%	-50.09%

Index total return contribution (QtD)

Top 5		Bottom 5	
Nvidia Corp	▲ 1.82%	Global Unichip	▼ -0.62%
Pure Storage-A	▲ 0.84%	Tesla Inc	▼ -0.45%
Adv Micro Device	▲ 0.63%	Twilio Inc - A	▼ -0.38%
Asml Holding-Ny	▲ 0.57%	Ambarella Inc	▼ -0.35%
Crowdstrike Ho-A	▲ 0.51%	Snowflake Inc-A	▼ -0.28%

Portfolio composition

Latest additions	Latest deletions
Ginkgo Bioworks Holdings	Alteryx
	Twilio
	Atlassian
	Iflytech

Fund information

Ticker	AIAI LN	ISIN	IE00BK5BCD43
TER	0.49%	Inception date	02/07/2019
Currency	USD	Index inception date	14-Dec-18
Securities lending	No	Replication method	Physical

Key risk

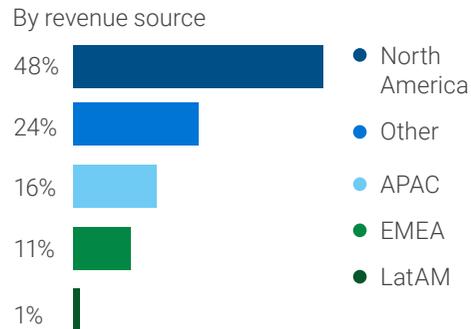
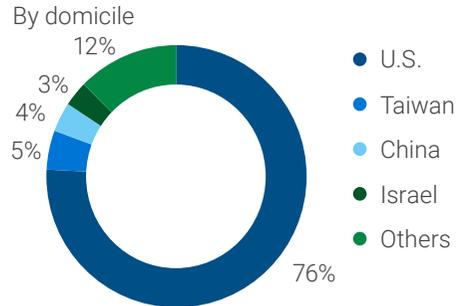
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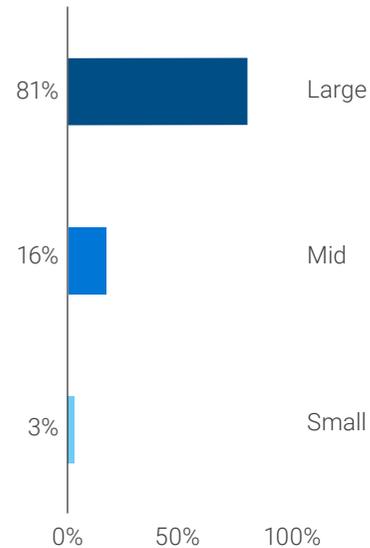
Artificial Intelligence

Characteristics

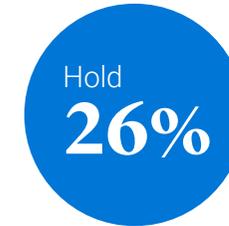
Geographical breakdown



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	2.29	1.32
Price/Sales	8.63	6.44
BPS	14.70	14.26
P/E Positive	48.46	39.04
ROE	10.73	8.10
Price/Book	8.33	7.36
P/E (1y fwd)	76.10	62.34
P/E (3y fwd)	52.07	40.79
Sales (1y fwd)	23,983	20,944
Sales (3y fwd)	32,381	28,581

Constituents overlap

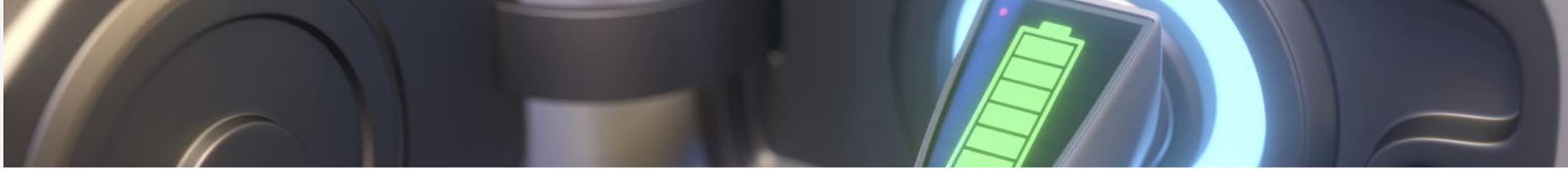
S&P 500	15.7%
MSCI World	13.6%
Nasdaq 100	22.8%
Total stocks = 58	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

Consensus ratings do not constitute a recommendation to buy or sell any security. The consensus ratings presented in this chart are not in relation to the L&G Thematic ETFs.

Key risk

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Battery Value-Chain

Company spotlight

HD Hyundai Electric

HD Hyundai Electric (HD) is a South Korean manufacturer and supplier of electronic equipment and energy solutions. As well as the Power, Medium and Low Voltage and Marine Solutions business, the company has an Energy Solutions business, in which it develops energy storage systems, building energy management systems, factory energy management systems and microgrid solutions that promote the efficiency of energy management, storage and distribution.

The company has developed INTEGRICT, an information and communication technology platform that enables efficient use of electric power through the integrated management of energy production, consumption, sales and operation. INTEGRICT gathers and analyses data from various devices and power facilities to draw insights, forecast product lifecycle, predict malfunctions and manage operational performance. The growing demand for distributed energy generation systems driven by the increased adoption of renewable energy and need for energy efficiency can be a catalyst for the development of such digital smart solutions designed to reduce power losses along transmission and distribution lines and supply more reliable clean power to end users. The company also produces lithium-ion battery systems

that are deployed in industrial and commercial applications to integrate renewable energy systems and reduce electricity bills.

The company has consistently been at the forefront of battery technologies. Towards the end of 2023, HD announced its plans to enter the electric commercial vehicle market through the development of truck batteries for the vehicle manufacturer Tata Daewoo ([source](#)). HD will develop lightweight vehicle battery packs with high energy density based on its proprietary technology, to be used in Tata Daewoo's trucks starting in H1 2025.

Last quarter performance commentary

The Solactive Battery Value-Chain Index returned +2.4% over the quarter.

Geopolitical developments will be in focus for the rest of the year as elections take place in the US and other lithium-producing countries. LatAm remains a region of strategic importance. Argentina estimated to become the third-largest producer by 2031 despite its economic uncertainty ([source](#)).

Following a steep decline from unsustainably high prices, lithium prices reached two-year lows although they started rising again slightly in March. Some

producers have reduced capex or halted expansion. Core Lithium suspended some mining operations and Pilbara Minerals decided to halt dividend payments in 2024. That said, there still is conviction in the lithium production that will be needed for energy storage to get us to net zero.

According to BNEF's Electrified Transport Market Outlook, EV sales are expected to grow by 22% from 2023 to 2024, slowing from the 30% growth figure achieved in the previous year, with EV sales representing 17.7% of all passenger car sales. Most sales are expected to take place in the Chinese and European market, followed by the US.

The main contributors to performance were HD Hyundai Electric (returned +107.5%), Sumitomo Electric Industries (+23.4%) and Renault (+23.7%). The main detractors were Arcadium Lithium (-36.7%), Tesla (-29.3%) and SolarEdge Technologies (-24.2%). Renault surged after it sold 2.5% of its stake of its Japanese partner Nissan. Arcadium Lithium, the combination of former Livent and Allkem, completed the acquisition, creating a major lithium producer with potential output of 248,000 tons by 2027. Despite slowing expansion plans due to low lithium prices, its three- to five-year EPS growth is +38%.

Source: LGIM, Bloomberg, BNEF, FastMarkets, as at 29 March 2024.

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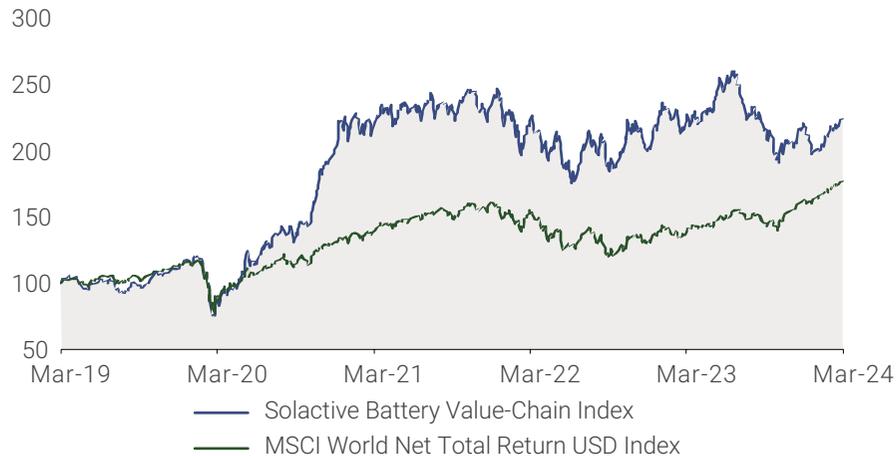
Battery Value-Chain

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	2.44%	-1.14%	2.94%	124.41%
Annualized Return			0.97%	17.54%
Volatility	14.07%	16.65%	19.28%	21.17%
Sharpe Ratio	72.12%	-6.89%	5.04%	82.86%
Max Drawdown	-10.00%	-26.53%	-29.07%	-37.30%

Index total return contribution (QtD)

Top 5		Bottom 5	
Hd Hyundai Elect	▲ 4.29%	Arcadium Lit-Cdi	▼ -1.90%
Sumitomo Elec In	▲ 1.01%	Arcadium Lithium	▼ -1.45%
Renault Sa	▲ 0.91%	Tesla Inc	▼ -1.19%
Gs Yuasa Corp	▲ 0.79%	Solaredge Techno	▼ -1.06%
Honda Motor Co	▲ 0.79%	Lg Energy Soluti	▼ -0.44%

Portfolio composition

Latest additions	Latest deletions
no rebalance in Q1	no rebalance in Q1

Fund information

Ticker	BATT LN	ISIN	IE00BF0M2Z96
TER	0.49%	Inception date	23/01/2018
Currency	USD	Index inception date	03-Jan-18
Securities lending	No	Replication method	Physical

Key risk

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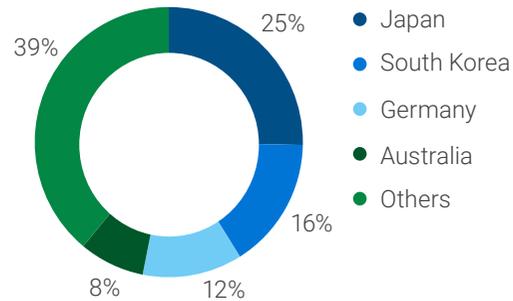


Battery Value-Chain

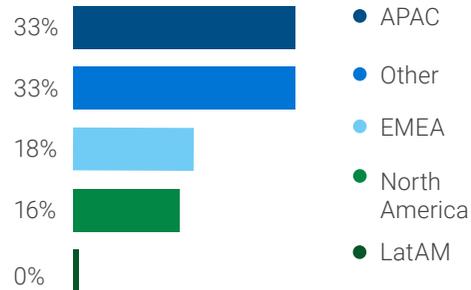
Characteristics

Geographical breakdown

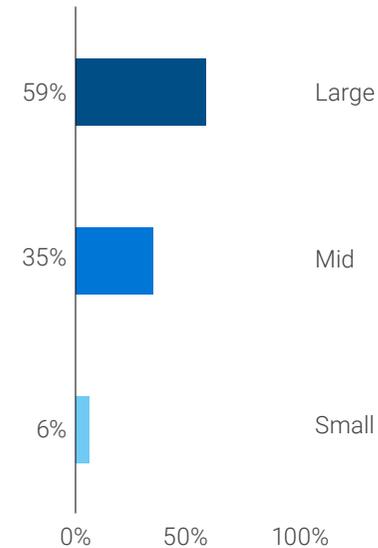
By domicile



By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	1.53	1.36
Price/Sales	1.31	0.92
BPS	17.55	15.51
P/E Positive	14.24	14.65
ROE	9.78	11.42
Price/Book	1.32	1.97
P/E (1y fwd)	24.05	15.32
P/E (3y fwd)	19.53	21.24
Sales (1y fwd)	44,626	47,477
Sales (3y fwd)	42,880	42,873

Constituents overlap

S&P 500	1.1%
MSCI World	1.3%
Nasdaq 100	2.4%
Total stocks = 31	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Clean Energy

Company spotlight

Hitachi Zosen

Hitachi Zosen (Hitz) is a Japanese industrial and engineering corporation. It produces waste treatment plants, industrial plants, precision machinery, steel mill process equipment, construction machinery and power plants.

Through its subsidiary Hitachi Zosen Inova (HZI), the company has a strong focus on renewable energy.

HZI is a global greentech company operating in waste to energy (WtE) and renewable gas. HZI's WtE is an innovative approach to the treatment of municipal solid waste, which also includes the effective incineration of waste, a powerful waste gas purification system, and the recovery of valuable materials from the residual materials. The company also offers technologies for producing renewable gases and providing solutions enabling the efficient use of resources and sustainable energy generation.

In March 2024, HZI partnered with UK-based WtE operator Enfinium to build and operate UK's first carbon capture pilot plant at a WtE facility. Once operational in July 2024, the containerised and mobile plant will enable Enfinium for the first time to capture up to 1 tonne of carbon dioxide daily ([source](#)).

Source: LGIM, IEA, BNEF, Bloomberg, as at 29 March 2024.

For illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security. Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass. Past performance is not a guide to the future.

During the quarter, HZI has also extended its European biogas and biomethane plant production and distribution footprint into northern Italy with the acquisition of a majority interest in Schmack Biogas ([source](#)). Schmack Biogas has successfully built ~70 biogas/biomethane plants across Italy and internationally. Schmack Biogas brings not only additional EPC and O&M service capacities to HZI's portfolio, but also strong project development prospects, enabling the further development of the business and wider biomethane plant sector in the coming years.

Last quarter performance commentary

The Solactive Clean Energy Index NTR returned -5.9% over the quarter.

The International Energy Agency (IEA) reported that from 2019 to 2023 clean energy growth doubled that of fossil fuels, and without clean energy technologies, the global increase in CO2 emissions in the last five years would have been three times larger ([source](#)). The road to net zero, though, is not straightforward, as only solar PV is estimated to be on track, while wind, hydro, geothermal, solar thermal and ocean energy need further expansion. Overall, annual renewable energy use should increase twice as much as the average over the past five years ([source](#)).

Corporate Power Purchase Agreements (PPA) reached a record 46GW of solar and wind energy in 2023, led by the US, which announced over 17GW, and Europe, which doubled its activity to over 15GW. The EU Commission released a new Industrial Carbon Management Strategy, in which it recommended a 2040 target to cut net greenhouse emissions by 90% compared with 1990. A theme to watch in the coming months will be how the European Parliament elections unfold.

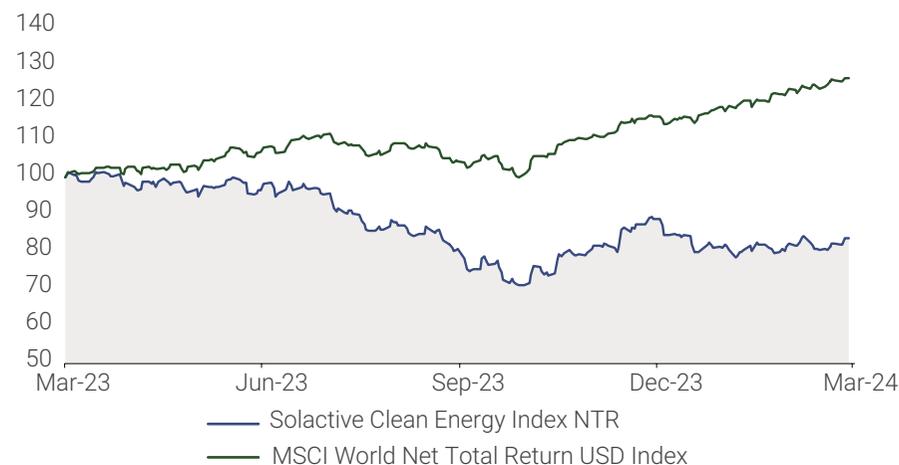
The main contributors to performance were Mitsubishi Corp (returned +45.2%), Hitachi Zosen (+32.7%) and Siemens Energy (+38.3%). The main detractors were Solaria Energia y Medio Ambiente (-47.0%), EDP Renovaveis (-33.9%) and Hanwha Solutions (-30.0%). Pure-play companies in the solar energy space had negative performance over the quarter. Hanwha Solutions had disappointing earnings results and provided weak guidance for 2024 on the back of weak demand and supply chain issues weighing on profitability.



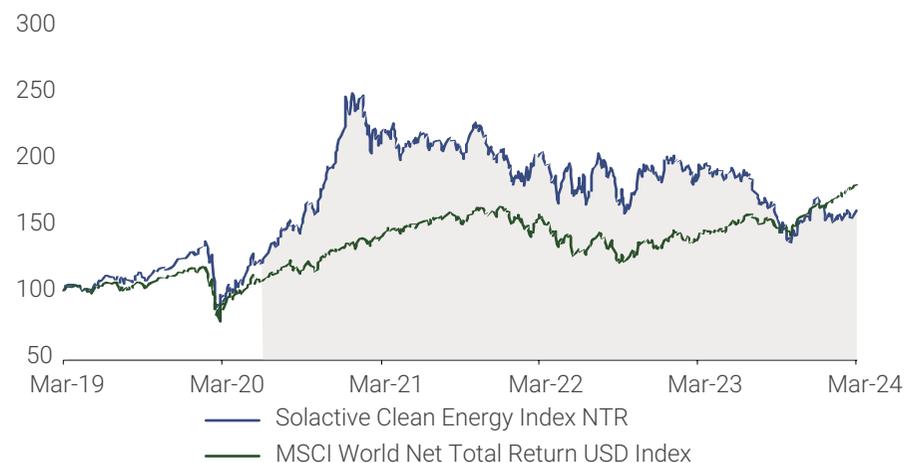
Clean Energy

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	-5.90%	-17.46%	-26.33%	58.20%
Annualized Return			-9.70%	9.60%
Volatility	17.74%	19.30%	21.34%	23.28%
Sharpe Ratio	-122.14%	-90.75%	-45.44%	41.25%
Max Drawdown	-11.82%	-30.04%	-39.86%	-44.82%

Index total return contribution (QtD)

Top 5		Bottom 5	
Mitsubishi Corp	▲ 1.16%	Solaria Energia	▼ -1.82%
Hitachi Zosen	▲ 0.95%	Edp Renovaveis S	▼ -1.06%
Siemens Energy A	▲ 0.91%	Hanwha Solutions	▼ -0.96%
Fugro Nv	▲ 0.83%	Tesla Inc	▼ -0.80%
Sumitomo Elec In	▲ 0.66%	Erg Spa	▼ -0.67%

Portfolio composition

Latest additions	Latest deletions
Encavis	Solaria Energia y Medio Ambiente
Renova	Mitsubishi Electric
NEXTracker	Emeren Group
Centrica	Babcock & Wilcox
Grenergy	
Voltaia	

Fund information

Ticker	RENW LN	ISIN	IE00BK5BCH80
TER	0.49%	Inception date	11/11/2020
Currency	USD	Index inception date	26-Jun-20
Securities lending	No	Replication method	Physical

Key risk

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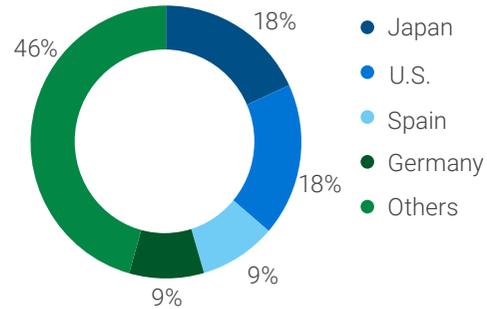


Clean Energy

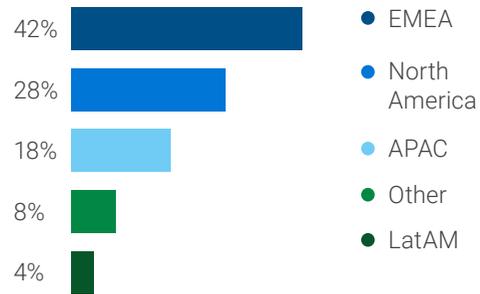
Characteristics

Geographical breakdown

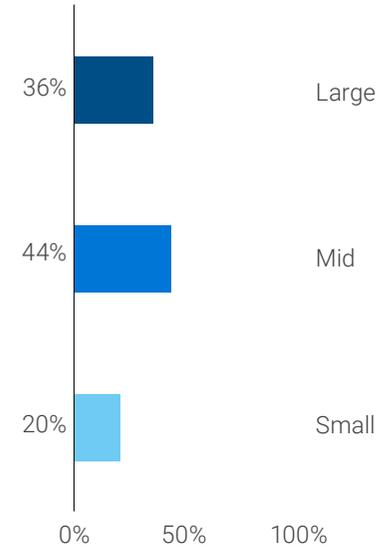
By domicile



By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	1.20	0.98
Price/Sales	1.38	1.86
BPS	13.58	13.23
P/E Positive	18.64	24.47
ROE	11.07	10.01
Price/Book	1.68	2.30
P/E (1y fwd)	28.14	36.52
P/E (3y fwd)	18.20	32.86
Sales (1y fwd)	15,911	16,057
Sales (3y fwd)	16,867	15,274

Constituents overlap

S&P 500	1.5%
MSCI World	1.5%
Nasdaq 100	2.2%
Total stocks = 40	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Clean Water

Company spotlight

Core & Main

Core & Main is a US-based specialised distributor with a focus on water, wastewater, storm drainage and fire protection products, and related services, providing solutions to municipalities, private water companies and professional contractors across municipal, nonresidential and residential end markets. The company's products are used in the maintenance, repair, replacement and new construction of water, wastewater, storm drainage and fire protection infrastructure.

Mergers and acquisitions have been a key growth strategy for the company, given that it operates in the highly fragmented US waterworks market consisting of hundreds of local, regional and specialty niche distributors. Since 2017, the company has deployed ~\$1.6bn of capital on 30+ acquisitions ([source](#)), with 10 of those acquisitions closing in FY2023 alone.

Core & Main is committed to delivering solutions that drive sustainability, improve water management and conservation, and address critical issues such as drought and flooding. The company plays a major role in repairing and replacing aging pipes and outdated systems in an effort to ensure communities have access to clean, safe drinking water.

Source: LGIM, Bloomberg, Global Water Intelligence, as at 29 March 2024.

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US utilities lose nearly 2 trillion gallons of water – 15% of the total drinking water treated – to leaks annually. Core & Main CORE+ Smart Utility is a technologically advanced solution with leak detection, water loss analysis and water meter health applications to ensure utilities operate efficiently with the smallest amount of water loss. Additionally, the company's Advanced Metering Infrastructure optimises wastewater collection through a network of sensors and meters allowing utilities to mitigate pollution in waterways and hazardous waste overflows.

Last quarter performance commentary

The Solactive Clean Water Index NTR returned +6.0% over the quarter.

The theme of 2024 World Water Day was prosperity and peace, highlighting the prosperity paradox. Lower-income countries need water to develop, but often pay much more than richer countries for an unreliable and unsafe supply, while in richer countries water supply and sanitation are accessibly priced. Equitable and secure access to water is essential for nations to avoid conflict. More than 3 billion people worldwide depend on water that crosses national borders. Yet only 24 countries have cooperation agreements for all their shared water ([source](#)).

Engineering and digital solutions companies offer a wide range of solutions to conserve water. Advanced Drainage Systems is building its Engineering and Technology Centre, the world's most advanced stormwater engineering and R&D facility, and Ferguson has designed solutions such as low-flow taps and smart meters to conserve water in a domestic environment.

United Utilities announced a record £13.7 billion investment in the biggest water infrastructure improvement programme of the past century, Graphene Green Concrete, which plans to use 100% recycled concrete developed at the University of Manchester in the water sector and could be revolutionary for the whole utilities industry.

Despite these exciting technological developments in the sector, water-related investments represent only a small share of the total stock of institutional investment holdings in infrastructure.

The main contributors to performance were Nomura Micro Science (retuned +32.5%), Core & Main (+41.7%) and Organo (+19.7%). The main detractors were Consolidated Water (-17.4%), Middlesex Water (-19.5%) and Pennon Group (-13.0%).



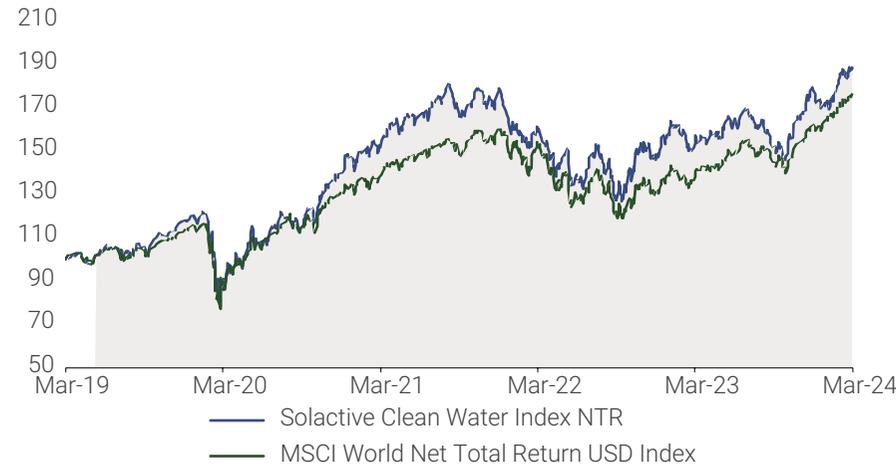
Clean Water

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	6.04%	20.67%	24.42%	90.07%
Annualized Return			7.57%	13.70%
Volatility	13.52%	13.52%	16.20%	19.95%
Sharpe Ratio	196.34%	153.45%	46.71%	68.67%
Max Drawdown	-5.30%	-14.26%	-29.87%	-36.00%

Index total return contribution (QtD)

Top 5		Bottom 5	
Nomura Micro Sci	▲ 1.23%	Cons Water Co-Or	▼ -0.47%
Core & Main In-A	▲ 0.92%	Middlesex Water	▼ -0.36%
Organo Corp	▲ 0.57%	Pennon Grp Plc	▼ -0.32%
Advanced Drainag	▲ 0.48%	Sjw Group	▼ -0.27%
Itron Inc	▲ 0.47%	Industrie De Nor	▼ -0.25%

Portfolio composition

Latest Additions	Latest Deletions
China Water Affairs Kuraray	Cadiz

Fund information

Ticker	GLUG LN	ISIN	IE00BK5BC891
TER	0.49%	Inception date	02/07/2019
Currency	USD	Index inception date	07-Jun-19
Securities lending	No	Replication method	Physical

Key risk

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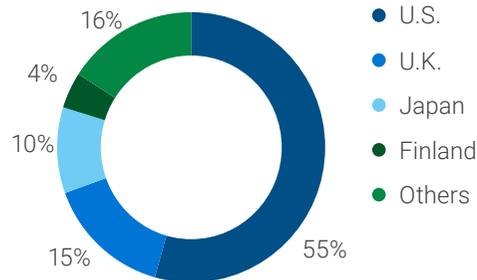


Clean Water

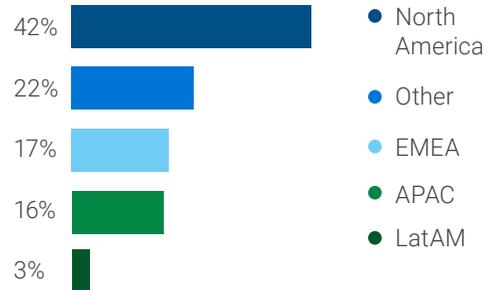
Characteristics

Geographical breakdown

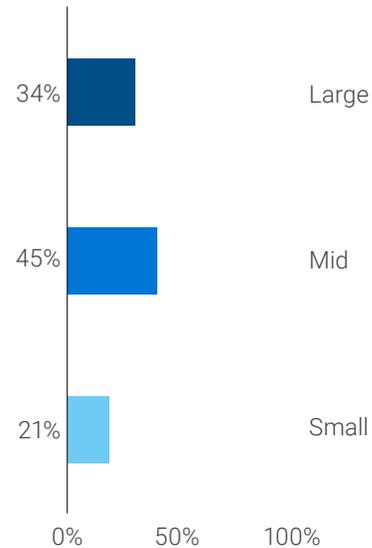
By domicile



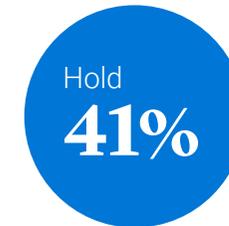
By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	1.77	1.67
Price/Sales	2.88	2.57
BPS	14.86	14.11
P/E Positive	25.02	26.73
ROE	12.51	13.06
Price/Book	3.35	3.11
P/E (1y fwd)	33.51	28.25
P/E (3y fwd)	26.72	27.59
Sales (1y fwd)	2,558	2,652
Sales (3y fwd)	2,875	2,291

Constituents overlap

S&P 500	0.6%
MSCI World	0.5%
Nasdaq 100	0.4%
Total stocks = 54	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Cyber Security

Company spotlight

Juniper Networks

Juniper Networks enables customers to build scalable, reliable, secure and cost-effective networks for their businesses through automation. It sells three types of products: AI-driven cloud-based software and services, which use AI, ML and data science techniques to optimise user experiences and simplify operations; next-generation automated WAN solutions, which let users manage data centre capacity; and cloud-ready data centre software and hardware, which power public and private data centres and other high-performance infrastructure.

With a presence in over 50 countries and diversified revenues derived from North America, EMEA and Asia, Juniper serves customers under three verticals: cloud service providers that rely on public infrastructures; service providers that need high-performance networks and cloud computing environments; and enterprise companies including healthcare, retail, financial services, research, education companies and governments, which are using AI-driven architectures and contributed to almost half of total revenues in 2023.

Hewlett Packard (HPE) is acquiring Juniper at a 32% premium for \$14 billion, to add higher-growth solutions and a double high-margin networking business to its

portfolio, and enhance its edge-to-cloud strategy, which is expected to contribute to over half of HPE operating income post-acquisition.

In 2024 Gartner named Juniper a leader in the Magic Quadrant for Enterprise Wired and Wireless LAN Infrastructure category for the fourth time in a row, for Indoor Location Services for the third year in a row. Juniper Network's strong understanding of high-performance networking technology and cloud architecture positions the company well to capitalise on the industry transition to more automated, cost-efficient and scalable networks.

Last quarter performance commentary

The ISE Cyber Security UCITS NTR Index returned +2.2% over the quarter.

Cyber security revenue is expected to rise 10.2% in 2024, receiving an approximately equal contribution from solutions and services. Between 2024 and 2028 it is then expected to grow by 10.6% annually, led by solutions ([source](#)).

During the quarter US and partner international government agencies published the Joint Cybersecurity Advisory on managing threats from the Chinese state-sponsored Volt Typhoon. The US also

published an Executive Order for maritime port cybersecurity dedicating \$20 billion to infrastructure improvements over next five years. The EU Cybersecurity Regulations came into force and agencies are expected to conform by September. The government of the UK, the third most cyber-attacked nation in the world, was warned that it might be sleepwalking towards a catastrophic ransomware incident, following a report by the Joint Committee on the National Security Strategy.

In Q1, 11 email accounts of the International Monetary Fund were hacked, an attack on the French unemployment agency affected 43 million people; Thyssenkrupp had to halt production following an attack; and the UnitedHealth subsidiary Change Healthcare found disruption on its claims and payment infrastructure and had to pay a \$22 million ransom along with \$2 billion to help affected health care providers including pharmacies, hospitals, laboratories and physicians.

The main contributors to performance were CrowdStrike (returned +25.6%), Juniper Networks (+26.5%) and CyberArk (+21.3%). The main detractors were Fastly (-27.1%), SentinelOne (-15.1%) and BlackBerry (-22.0%).

Source: LGIM, Bloomberg, Nasdaq, as at 29 March 2024.

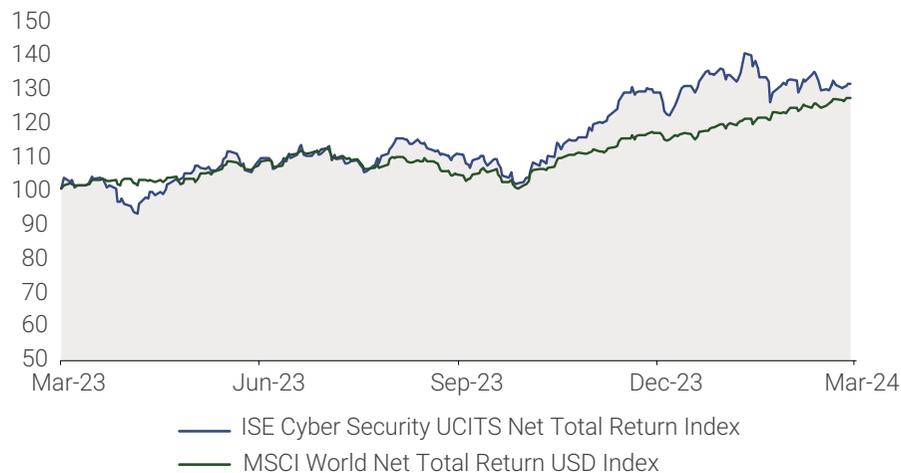
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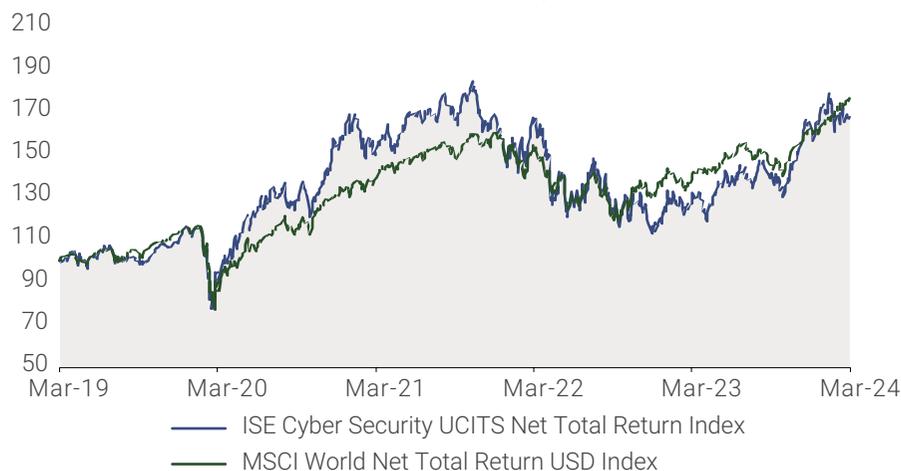
Cyber Security

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	2.18%	26.82%	11.02%	67.99%
Annualized Return			3.55%	10.93%
Volatility	21.95%	19.72%	24.53%	24.90%
Sharpe Ratio	41.22%	136.51%	14.48%	43.89%
Max Drawdown	-10.20%	-11.65%	-38.67%	-38.67%

Index total return contribution (QtD)

Top 5		Bottom 5	
Crowdstrike Ho-A	▲ 1.36%	Fastly Inc -CI A	▼ -1.17%
Juniper Networks	▲ 1.11%	Sentinelone In-A	▼ -0.88%
Cyberark Softwar	▲ 1.00%	Blackberry Ltd	▼ -0.88%
Broadcom Inc	▲ 0.93%	Qualys Inc	▼ -0.68%
Darktrace Plc	▲ 0.86%	Atos Se	▼ -0.42%

Portfolio composition

Latest additions	Latest deletions
no additions in Q1	Cognyte

Fund information

Ticker	USPY LN	ISIN	IE00BYPLS672
TER	0.69%	Inception date	28/09/2015
Currency	USD	Index inception date	31-Aug-15
Securities lending	No	Replication method	Physical

Key risk

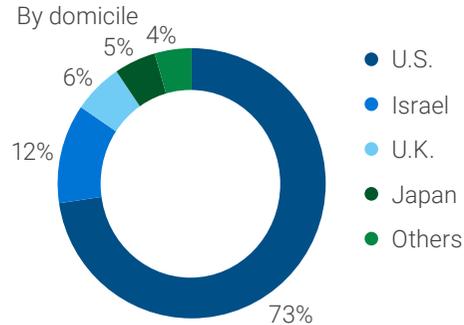
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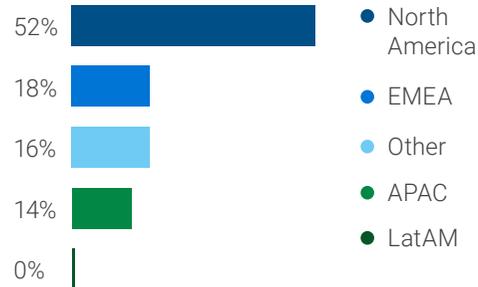
Cyber Security

Characteristics

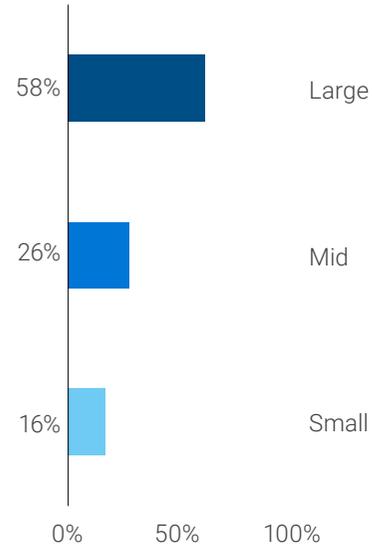
Geographical breakdown



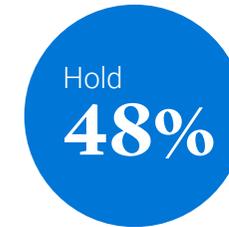
By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	0.56	0.37
Price/Sales	4.04	4.04
BPS	7.24	7.37
P/E Positive	30.15	25.64
ROE	4.27	2.74
Price/Book	4.35	3.56
P/E (1y fwd)	32.83	24.44
P/E (3y fwd)	30.13	25.16
Sales (1y fwd)	3,815	4,130
Sales (3y fwd)	4,092	3,818

Constituents overlap

S&P 500	2.2%
MSCI World	1.8%
Nasdaq 100	7.7%
Total stocks = 40	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Digital Payments

Company spotlight

Zip

Founded in Australia in 2013, Zip is a 'buy now pay later (BNPL)' digital financial services company. BNPL services have rapidly increased since entering the Australian market in 2015; however, growth has further accelerated during the pandemic due to BNPL's flexibility and convenience of an interest-free payment plan option - an attractive and progressive alternative to a credit card.

Zip operates in two core markets – Australia and New Zealand (ANZ) and the United States and Canada (Americas). The company offers consumer financing via a line of credit (via Zip Pay and Zip Money) and instalment-based finance (via QuadPay, Spotii, Twisto and PayFlex); as well as lending to small to midsize enterprises (via Zip Business). In 2021 the company also launched the Zip Card, which gives consumers Zip's buy now, pay later flexible payment convenience in a physical card.

Throughout FY2023, Zip forged partnerships with key enterprise merchants such as Asics, eBay AU, Hoyts, Peloton and Webjet in ANZ and Barnes & Noble College, Fevo, Hanesbrands, Pet Supermarket and World Wrestling Entertainment (WWE) in the US

([source](#)). Additionally, in Australia the company has gained a significant foothold in the Travel vertical capitalising on the industry's recovery. The company has launched its buy now pay later offering for Webjet (Australia's leading online travel agency), Jetstar Airways and Qantas Airways.

In December 2023 the company hit a key milestone after partnering with Google Pay ([source](#)). Merchants who accept Google Pay online now have the option to offer Zip's Pay-In-4 at checkout, further enhancing customers' ability to manage their expenses with flexible payments.

Last quarter performance commentary

The Solactive Digital Payments Index NTR returned +5.5% over the quarter.

Non-cash transaction volumes are set to increase at a 15% CAGR from 2023 to 2027, with 30% of these made via instant payments, account-to-account and QR-code payments ([source](#)), which is spurring banks to modernise their back-office systems and create better user experiences.

Visa's Payment trends to watch in 2024 include small and medium businesses benefitting from digitisation

to expand further on a global basis, more collaboration between different payment ecosystems to bring more accessibility, interoperability and cross-system compatibility of different payment ecosystems.

AI cannot be underestimated: it has strong potential to distinguish real payments fraud from legitimate transactions, yet at the same time it can help create more realistic scams, to which payments firms will need to adapt.

The main contributors to performance were Zip (returned +108.8%), Adyen (+31.2%) and Repay Holdings (+28.8%). The main detractors were Lightspeed Commerce (-33.0%), Worldline (-28.5%) and KakaoPay (-21.9%). Zip reported strong transaction volume growth at the beginning of the year due to strong Black Friday and Christmas shopping. Despite still tough macroeconomic conditions, Zip is emerging as a competitor to Afterpay, Affirm and Klarna, other BNPL platforms. It's also seeking to increase market share in the US, a still underpenetrated market that still managed to offset weaker volumes from Australia in the second part of 2023. Following some headcount cuts, sell-side analysts believe the company could become profitable in 2024.

Source: LGIM, Bloomberg, Payments Cards and Mobile, Visa, as at 29 March 2024.

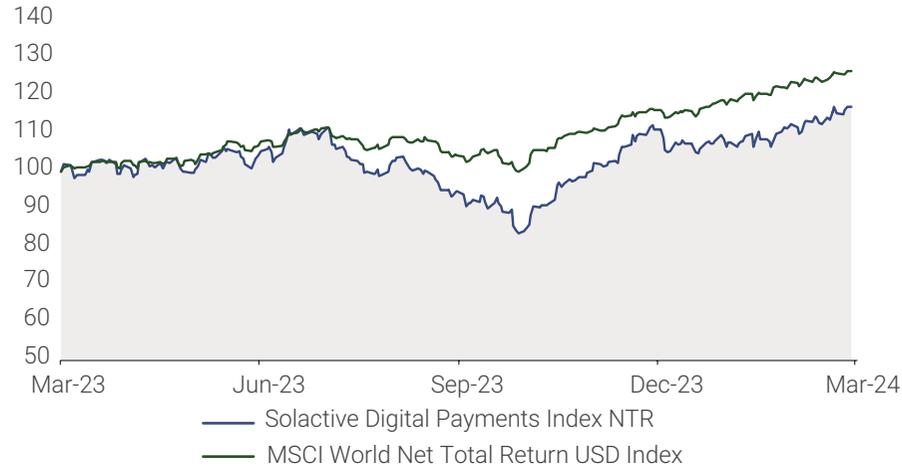
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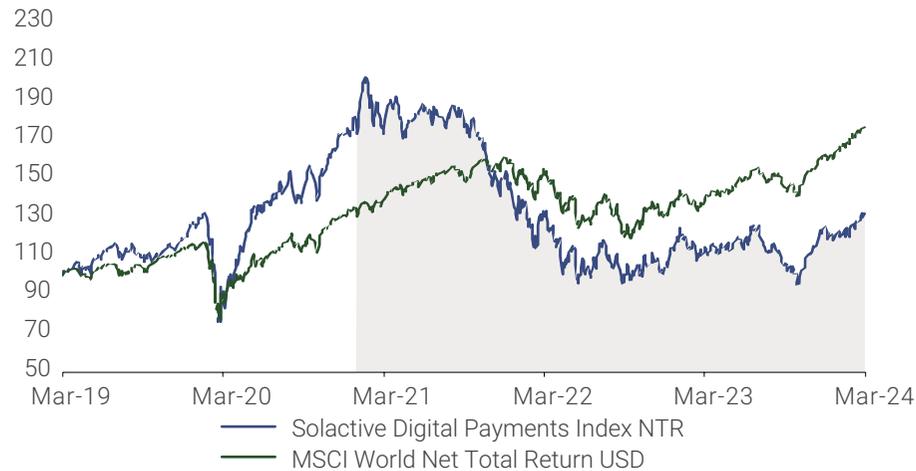
Digital Payments

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QTD	1 year	3 years	5 years
Cumulative Return	5.48%	14.81%	-24.80%	31.80%
Annualized Return			-9.08%	5.68%
Volatility	18.65%	19.54%	25.80%	27.15%
Sharpe Ratio	128.03%	76.07%	-35.18%	20.90%
Max Drawdown	-5.66%	-25.25%	-51.00%	-53.56%

Index total return contribution (QTD)

Top 5		Bottom 5	
Zip Co Ltd	▲ 1.80%	Lightspeed Comme	▼ -1.05%
Adyen Nv	▲ 0.83%	Worldline	▼ -0.82%
Repay Holdings C	▲ 0.79%	Kakaopay Corp	▼ -0.68%
Q2 Holdings Inc	▲ 0.62%	Dlocal Ltd	▼ -0.40%
Fidelity Nationa	▲ 0.62%	Marqeta Inc-A	▼ -0.39%

Portfolio composition

Latest additions	Latest deletions
no rebalance in Q1	no rebalance in Q1

Fund information

Ticker	DPAY LN	ISIN	IE00BF92J153
TER	0.49%	Inception date	27/05/2021
Currency	USD	Index inception date	26-Jan-21
Securities lending	No	Replication method	Physical

Key risk

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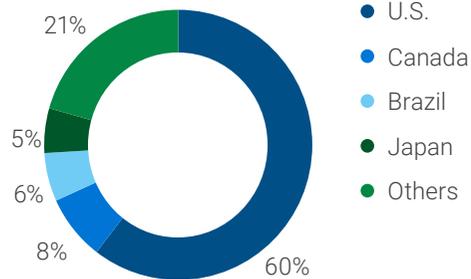


Digital Payments

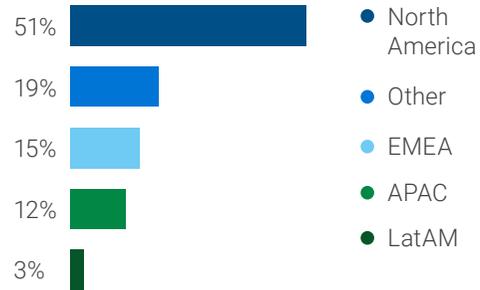
Characteristics

Geographical breakdown

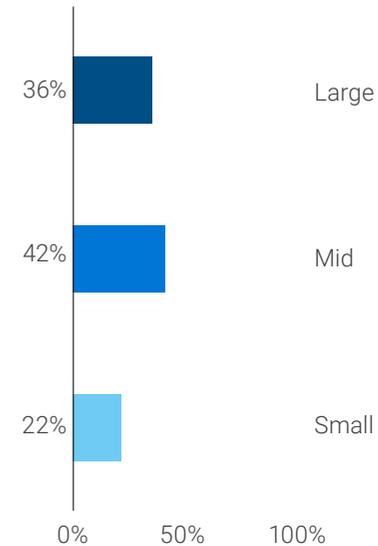
By domicile



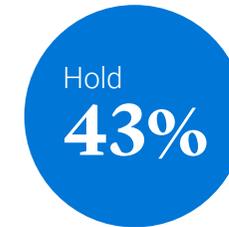
By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	0.30	0.61
Price/Sales	2.88	3.03
BPS	8.13	7.26
P/E Positive	33.16	32.51
ROE	2.90	2.97
Price/Book	2.76	3.28
P/E (1y fwd)	41.05	23.64
P/E (3y fwd)	25.37	25.11
Sales (1y fwd)	4,925	5,046
Sales (3y fwd)	5,612	4,938

Constituents overlap

S&P 500	2.7%
MSCI World	2.0%
Nasdaq 100	0.5%
Total stocks = 40	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Ecommerce Logistics

Company spotlight

eBay

eBay operates one of the largest ecommerce marketplaces in the world, with \$73bn in 2023 gross merchandise volume (GMV) rendering the firm a top 10 global ecommerce company. eBay operates primarily across the fulfilment part of the ecommerce value-chain. The company generates revenue from listing fees, advertising, revenue-sharing arrangements with service providers, and managed payments, with its platform connecting more than 130 million buyers and 20 million sellers across 190+ global markets at the end of 2023. eBay derives the majority of its GMV from the following product categories – parts & accessories, collectibles, electronics, fashion, and home & garden.

One of the company's key focuses has been deploying innovative technologies across its marketplace platforms. In H2 2023, eBay acquired the Italian-based Certilogo, a provider of AI-powered apparel and fashion goods digital IDs and authentication ([source](#)). This deal brings new, 'Secure by Design' digital ID technology, authentication to eBay fashion category. Brands will also be able to protect their customers from counterfeits and engage in recommerce through counterfeit-proof digital product passports. Additionally in 2023, eBay acquired 3PM Shield, a provider of advanced AI-based

marketplace compliance solutions ([source](#)). The acquisition further enhances eBay's monitoring solutions with new technologies designed to prevent the sale of counterfeit items, unsafe products and illegal goods.

As well as integrating AI innovation to improve its services, eBay's commitment to the advancement of the ecommerce sector is also apparent through its accelerator program with the pre-seed investor Techstars ([source](#)). The new accelerator program will invest in and support startups working on innovative technologies that will help shape the future of ecommerce.

Last quarter performance commentary

The Solactive eCommerce Logistics Index returned -1.2% over the quarter.

According to Transport Intelligence, the global e-commerce logistics market will grow 10.5% in 2024. The largest regional market is expected to be North America, and the largest segment last-mile logistics. A trend that is emerging is social commerce, which is ecommerce that leverages social media to promote and sell products. AI innovation is also taking hold in tracking, where real-time decision making and predictive capabilities can be used to identify

bottlenecks. Other themes to watch in 2024 are automated order fulfilment to manage complexities of multiple sales channels, outsourcing of logistics functions by online retailers, optimisation of route efficiency, better information around freight lanes achieving best service levels, and costs to identify price discrepancies across logistics providers and save costs.

Over the quarter the Red Sea crisis continued to unfold, with ships re-routing around Cape of Good Hope. Transport Intelligence interviewed service providers, and almost two-thirds of respondents switched a proportion of their shipments from sea to air or to cheaper combinations with air and land. The US East Coast also saw trade disruption as terminal workers threatened to strike to negotiate a wage increase.

The main contributors to performance were SAP (returned +26.3%), Rakuten (+26.0%) and Amazon (+18.7%). The main detractors were Ocado (-40.6%), Concentrix (-32.3%) and Kuehne + Nagel (-19.4%). Amazon has benefitted from the deployment of localised fulfilment network, with shorter delivery times and lower costs. As recently reported, internet retail volumes grew profitably despite softer volumes elsewhere.

Source: LGIM, Bloomberg, Transport Intelligence Logistics, as at 29 March 2024.

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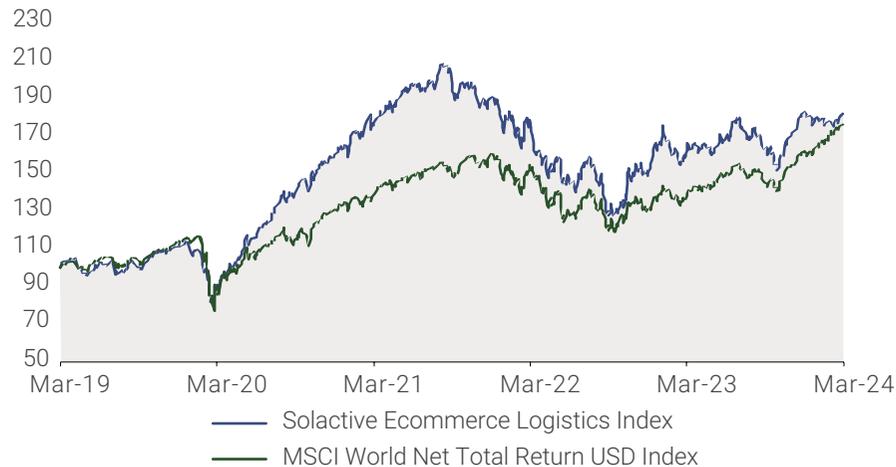
Ecommerce Logistics

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	Qtd	1 year	3 years	5 years
Cumulative Return	-1.21%	9.22%	2.85%	81.86%
Annualized Return			0.94%	12.70%
Volatility	10.96%	13.39%	16.97%	17.39%
Sharpe Ratio	-43.64%	69.12%	5.55%	73.02%
Max Drawdown	-4.90%	-16.67%	-39.20%	-39.20%

Index total return contribution (QtD)

Top 5		Bottom 5	
Sap Se	▲ 0.81%	Ocado Group Plc	▼ -1.45%
Rakuten Group In	▲ 0.79%	Concentrix Corp	▼ -1.01%
Amazon.Com Inc	▲ 0.57%	Kuehne & Nagel-R	▼ -0.59%
Ebay Inc	▲ 0.57%	Ap Moller-B	▼ -0.59%
Zalando Se	▲ 0.55%	Cj Logistics	▼ -0.53%

Portfolio composition

Latest additions	Latest deletions
no rebalance in Q1	no rebalance in Q1

Fund information

Ticker	ECOM LN	ISIN	IE00BF0M6N54
TER	0.49%	Inception date	23/01/2018
Currency	USD	Index inception date	03-Jan-18
Securities lending	No	Replication method	Physical

Key risk

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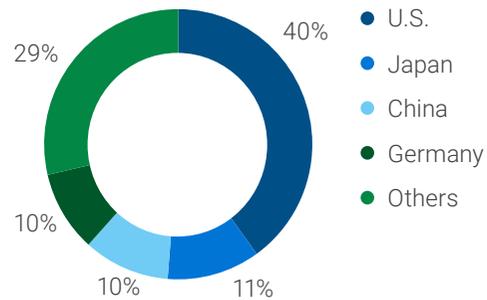


Ecommerce Logistics

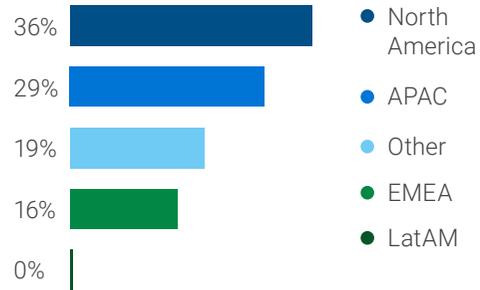
Characteristics

Geographical breakdown

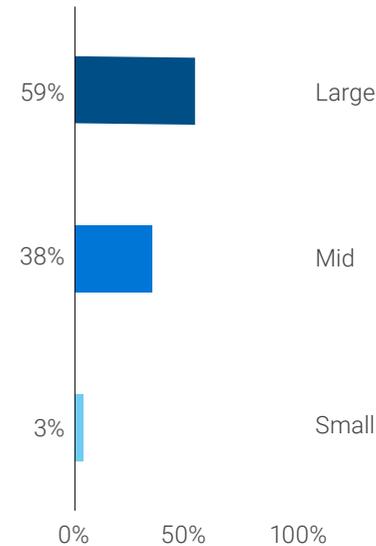
By domicile



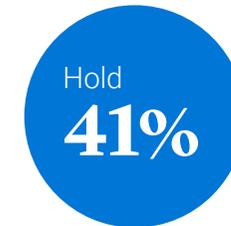
By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	2.62	2.64
Price/Sales	0.80	0.95
BPS	16.62	13.61
P/E Positive	19.11	14.52
ROE	9.92	11.38
Price/Book	2.45	2.26
P/E (1y fwd)	29.82	30.56
P/E (3y fwd)	12.92	17.94
Sales (1y fwd)	48,020	43,110
Sales (3y fwd)	56,211	51,913

Constituents overlap

S&P 500	5.4%
MSCI World	4.6%
Nasdaq 100	3.6%
Total stocks = 37	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Emerging Cyber Security

Company spotlight

Egis Technology

Founded in Taiwan in 2007, Egis Technology (Egis) is a hardware security company specialising in capacitive and lens type fingerprint sensors. The former type measures electrical charge and the latter type analyses images through light. Egis's products include its under-display fingerprint solution designed with unique optical mechanisms under an OLED display panel, providing state-of-the-art fingerprint authentication and verification. Egis's side-mount fingerprint sensor is the smallest sensor with passive captive-type authentication available globally.

The company is a board member of the FIDO Alliance (Fast Identity Online), an industry consortium promoting compliance with standards for authentication and device attestation. Egis's technology is FIDO compliant, offering users easy-to-use, strongly secure, open-standards-based second-factor devices for authentication. Egis authentication also uses FIDO Certified Universal Authentication Framework (UAF) server and client to provide end-to-end authentication for payment with high security. Additionally, the company has developed wearable devices implementing FIDO specifications to combat security issues.

Source: LGIM, Gartner, Bloomberg, as at 29 March 2024.

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Egis has built many key strategic partnerships to maintain its industry leading position. For example, Egis was the first-ever fingerprint sensor supplier for the two major car manufacturers in South Korea, Hyundai and KIA ([source](#)), being one of the first suppliers to expand into the auto market.

Continuing to strengthen its security offering, in February 2024 Egis acquired Thailand-based InPsytech for \$150.5m ([source](#)). Established in 2019, InPsytech focuses on the design and development of key silicon intellectual property technologies in the integrated circuit design industry. The acquisition is expected to further grow Egis's customer base across semiconductor manufacturers and chip design companies.

Last quarter performance commentary

The Solactive Emerging Cyber Security Index NTR returned +8.6% over the quarter.

The latest developments in generative AI have resulted in one of the largest business disruptions in decades. Businesses need to bridge the gap of security talent scarcity, adjust to cloud adoption that is reshaping digital ecosystems, and evolve in the face of increasing regulatory scrutiny. The top trends for 2024 are

resilience and performance optimisation. AI systems require multiple chipsets and storage components, and having data security features can only be a plus. According to the Gartner 2024 outlook, through 2025, generative AI will cause a spike in the cybersecurity resources required to secure it, causing a more than 15% incremental spend on application and data security. By 2026, organisations prioritising their security investments based on a continuous threat exposure management programme will realise a two-thirds reduction in breaches.

At CES 2024, cybersecurity in the automobile industry was a key topic. Auto manufacturers have realised that they need to invest more in cybersecurity. Data released from London's Met Police showed that 60-65% of cars stolen in 2023 were keyless, highlighting the need to do more to protect owners from technical vulnerabilities. New EU Cyber Security regulations will force models to be updated to the latest security standards or taken off the market from July to reduce the risks of cyber hacks and unauthorised access to connected EVs.

The main contributors to performance were Egis Technology (returned +103.9%), Dell (+49.8%) and CrowdStrike (+25.6%). The main detractors were Fastly (-27.1%), Infineon (-17.8%) and Qualys (-15.0%).



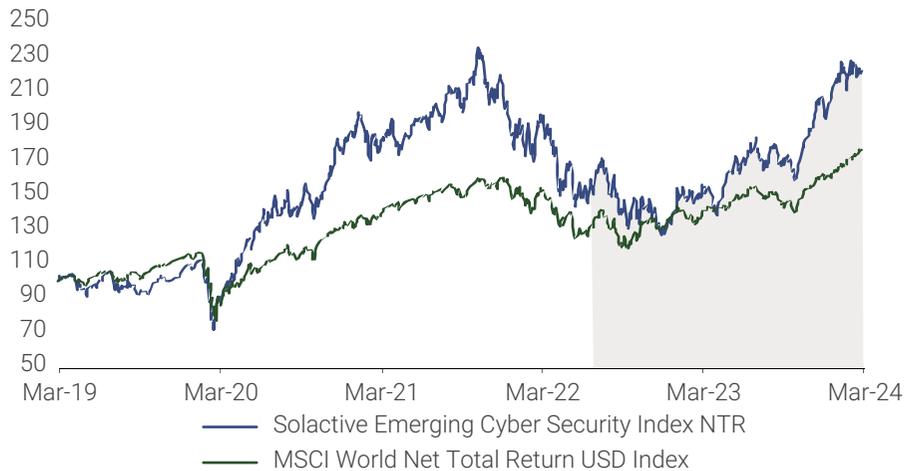
Emerging Cyber Security

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	8.62%	42.91%	25.06%	123.22%
Annualized Return			7.75%	17.41%
Volatility	21.53%	20.51%	26.93%	28.16%
Sharpe Ratio	182.90%	210.12%	28.78%	61.85%
Max Drawdown	-7.39%	-13.90%	-46.08%	-46.08%

Index total return contribution (QtD)

Top 5		Bottom 5	
Egis Tech	▲ 3.95%	Fastly Inc -CI A	▼ -0.56%
Dell Techn-C	▲ 1.31%	Infineon Tech	▼ -0.50%
Crowdstrike Ho-A	▲ 1.04%	Qualys Inc	▼ -0.49%
Adv Micro Device	▲ 0.68%	Ionq Inc	▼ -0.42%
Cyberark Softwar	▲ 0.67%	Rapid7 Inc	▼ -0.39%

Portfolio composition

Latest additions	Latest deletions
Telos Corporation	no deletions in Q1

Fund information

Ticker	ESPY LN	ISIN	IE000ST40PX8
TER	0.49%	Inception date	07/09/2022
Currency	USD	Index inception date	20-Jul-22
Securities lending	No	Replication method	Physical

Key risk

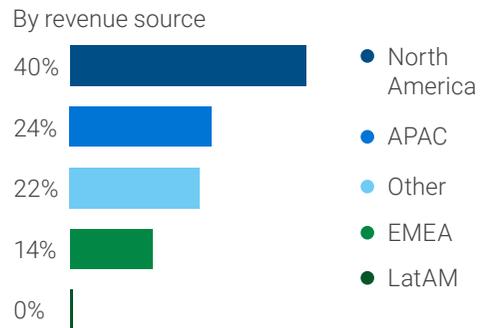
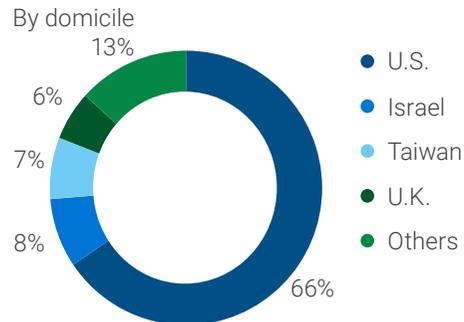
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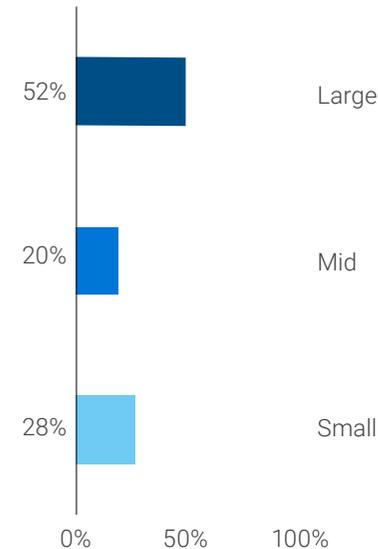
Emerging Cyber Security

Characteristics

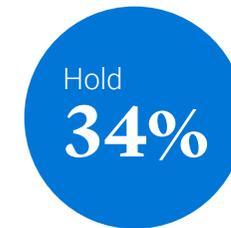
Geographical breakdown



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	0.56	0.19
Price/Sales	5.64	4.53
BPS	7.09	5.99
P/E Positive	33.62	27.75
ROE	4.74	2.74
Price/Book	5.03	3.77
P/E (1y fwd)	40.79	31.22
P/E (3y fwd)	30.66	25.71
Sales (1y fwd)	5,559	5,752
Sales (3y fwd)	6,670	5,775

Constituents overlap

S&P 500	2.7%
MSCI World	2.3%
Nasdaq 100	7.6%
Total stocks = 38	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Global Thematic

Last quarter performance commentary

The Solactive L&G Global Thematic Index NTR returned +0.2% over the quarter. The Index returned -3.4% in January, +2.7% in February and +1.0% in March.

Over the quarter, the Federal Reserve, European Central Bank and Bank of England all left rates unchanged, as inflation continued to moderate or increase marginally. The VIX Index remained low while gold remained broadly above the 2,000 \$/oz support given expectations around a weakening dollar.

Companies reported on Q4 2023 earnings. Companies in the technology sector performed strongly following strong earnings results, while yield-sensitive sectors lagged. The Q4 2023 earnings season for MSCI World companies concluded with +0.69% average sales surprise, +6.48% average earnings surprise, +0.69% average sales growth and +5.37% average earnings growth, the strongest growth over 2024. Surprises were even stronger for constituents of the Global Thematic basket, with +1.66% average sales surprise, +10.31% average earnings surprise, +5.03% average sales growth and +18.30% average earnings growth, with growth also continuing along the positive trajectory from previous reports in 2023.

In January, the positive contributors to performance were Emerging Cyber Security and Artificial Intelligence.

Source: LGIM, Bloomberg, as at 29 March 2024.

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In the Emerging Cyber Security theme, fingerprint biometrics and data encryption solutions company Egis Technology led performance, returning +122% in USD in just one month. The performance followed the Taiwanese company announcing its acquisition of InPsytech, a Taiwanese chip designer for \$150.5 million. In the Artificial Intelligence theme, performance was led by Nvidia, the leader in GPU and AI computing, reflecting the market's general interest in the application of AI across business processes. The main detractors from performance were Clean Energy and L&G Battery Value-Chain. Tesla disappointed with weaker earnings than expected for Q4. Spanish-based solar power generation solutions company Solaria Energia y Medio Ambiente led underperformance in the Clean Energy theme, as high exposure to power prices and power purchase agreements resulted in a downgrade in its analyst research ratings. In the Battery Value-Chain theme, the newly formed lithium chemicals producer Arcadium Lithium led underperformance, having announced the completion of the all-stock merger of equals between the lithium producers Allkem and Livent.

In February, Battery Value-Chain and Clean Water were among the top contributing themes. In the Battery Value-Chain theme, electrical equipment manufacturer and energy solutions provider HD Hyundai Electric led performance on the back of strong earnings growth compared with peers. In the Clean Water theme,

Japanese water treatment equipment company Nomura Micro Science led performance after increasing its full fiscal year earnings expectations. Clean Energy and Pharma Breakthrough detracted from performance. In the Pharma theme, Spanish company PharmaMar, which focuses on marine-derived novel cancer medicines, led underperformance as its wholly owned subsidiary Sylentis announced that the primary endpoint of its phase III clinical trial for the treatment of dry-eye was not met.

In March, the main contributors to performance were Battery Value Chain, in which Hyundai Electric led performance, Clean Energy and Clean Water, while Pharma Breakthrough, Emerging Cyber Security – in which Egis Technology gave back some of the outperformance from previous months – and Healthcare Breakthrough detracted from performance.

The themes that contributed the most to performance over the quarter were Emerging Cyber Security (returned +8.6%), Artificial Intelligence (+7.1%) and Clean Water (+6.0%). The main detractors were Clean Energy (-5.9%), Pharma Breakthrough (-6.4%) and Ecommerce Logistics (-1.2%). On a stock-level basis, the main contributors to performance were HD Hyundai Electric (returned +107.5%), Egis Technology (+103.9%) and Sumitomo Electric Industries (+23.4%). The main detractors were Tesla (-29.3%), Solaria Energia y Medio Ambiente (-47.0%) and Zai Lab (-41.4%).



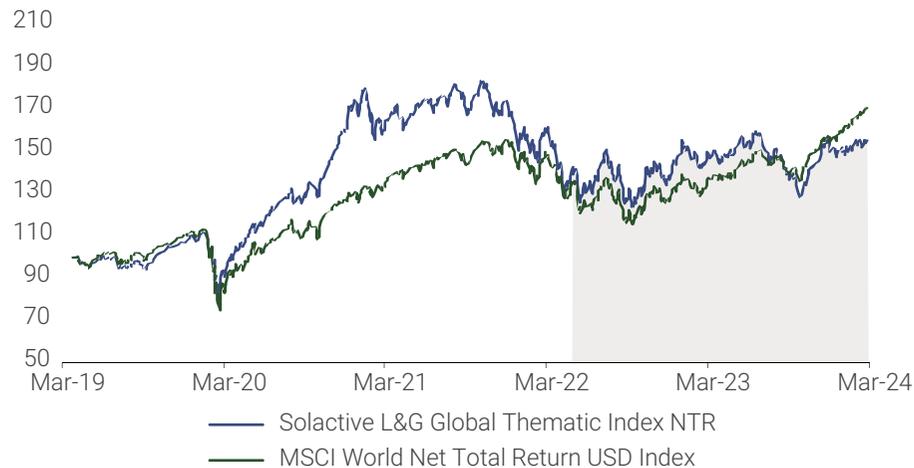
Global Thematic

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years
Cumulative Return	0.20%	3.77%	-3.85%
Annualized Return			-1.30%
Volatility	12.98%	14.06%	17.59%
Sharpe Ratio	6.19%	26.89%	-7.41%
Max Drawdown	-5.02%	-20.01%	-32.55%

Index total return contribution (QtD)

Top 5		Bottom 5	
Hd Hyundai Elect	▲ 0.61%	Tesla Inc	▼ -0.38%
Egis Tech	▲ 0.48%	Solaria Energia	▼ -0.29%
Sumitomo Elec In	▲ 0.23%	Zai Lab Ltd-Adr	▼ -0.22%
Dell Techn-C	▲ 0.23%	Arcadium Lit-Cdi	▼ -0.22%
Nvidia Corp	▲ 0.21%	Ocado Group Plc	▼ -0.20%

Portfolio composition

Latest additions	Latest deletions
no rebalance in Q1	no rebalance in Q1

Fund information

Ticker	THMZ LN	ISIN	IE000VTOHNZ0
TER	0.6%	Inception date	07/09/2022
Currency	USD	Index inception date	30-May-22
Securities lending	No	Replication method	Physical

Key risk

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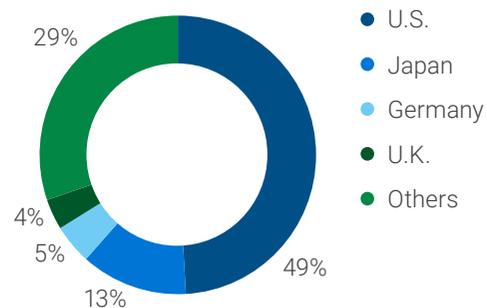


Global Thematic

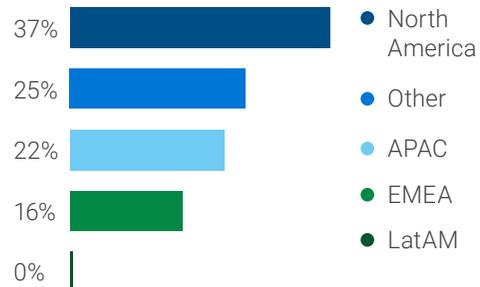
Characteristics

Geographical breakdown

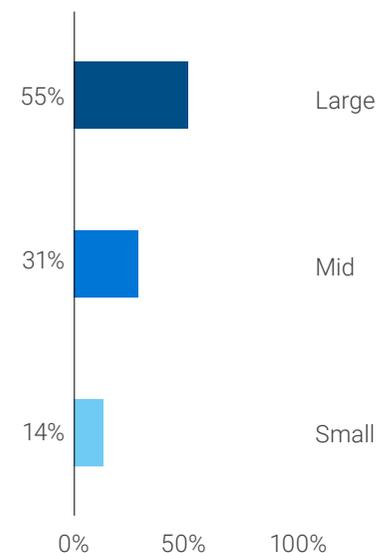
By domicile



By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	1.48	1.44
Price/Sales	3.30	3.42
BPS	15.02	14.30
P/E Positive	27.01	25.22
ROE	10.09	10.87
Price/Book	3.28	3.49
P/E (1y fwd)	37.49	33.80
P/E (3y fwd)	24.87	26.82
Sales (1y fwd)	13,995	13,562
Sales (3y fwd)	16,398	15,255

Constituents overlap

S&P 500	11.8%
MSCI World	13.0%
Nasdaq 100	10.8%
Total stocks = 360	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Healthcare Technology

Company spotlight

Medpace Holdings

Medpace, a leading global clinical contract research organisation (CRO), operates across 42 countries, providing a comprehensive suite of services for emerging players in the biotechnology, pharmaceutical and medical device industries. Their services include clinical trial design, study management, execution, lab services, imaging services and regulatory consulting. The company's focus on small and mid-sized (SMID) companies, which account for 78% of its clients, has been proven to generate substantial margins (19.2% in 2023) while supporting innovative drug makers that drive a growing majority of drug innovation and intellectual property.

Medpace's well-diversified client and service portfolio, with the top five clients accounting for 23% of revenue and oncology representing 31% of revenue, helps mitigate risks and ensure a stable revenue stream. For the fiscal year ended 31 December 2023, Medpace saw year-on-year net revenue growth of 29.2%, taking total revenue to \$1.9 billion; net new business awarded increased by 28.8% to \$2.4 billion and Medpace ended the year with a backlog of \$2.8 billion of which they

expect to convert \$1.5 billion in 2024. As demand for innovative drug development continues to rise, particularly from smaller biotech and pharmaceutical companies, Medpace is well positioned to capitalise on this trend and maintain its strong growth trajectory in the coming years.

Last quarter performance commentary

The ROBO Global Healthcare Technology and Innovation Index returned +1.2% over the quarter.

The healthcare industry kicked off 2024 with its premier event, the J.P. Morgan Healthcare Conference, in which the biggest buzz surrounded AI in healthcare. Overall, the sentiment leaned towards a year of greater stability. With fewer unknowns, the industry seems poised to experience some relief from budgetary and logistical pressures.

66.7% of the companies in the index beat earnings per share (EPS) expectations, with a weighted average surprise of 4.5%. The index is trading 4.35x enterprise value-to-sales, tracking close to the bottom of the COVID pandemic's 4.37x and below the historical average of 5.9x, offering a compelling valuation.

Intuitive Surgical, from the Robotics subsegment, was granted FDA approval for the fifth generation of its multiport da Vinci robot, marking the culmination of over a decade of research.

Within Process Automation (+8.7%), Lonza Group announced their acquisition of one of the world's largest biologics manufacturing sites in California from Roche for \$1.2 billion. Another deal in the subsector was the announced acquisition of Catalent for \$16.5 billion by Ozempic maker Novo Nordisk.

Genomics saw Natera continue its impressive growth trajectory with their Signatera technology, a blood test for cancer cells, gaining momentum in US cancer centres, paving the way for liquid biopsies to become a standard part of cancer diagnosis.

Regenerative Medicine (+17.6%) welcomed United Therapeutic as the newest addition to join the ranks of Artivion and Axogen. The company founded by its CEO to find a cure for her daughter's then untreatable disease, is now setting its sights on a groundbreaking goal: lab-grown organs.

Source: LGIM, Bloomberg, VettaFi, as at 29 March 2024.

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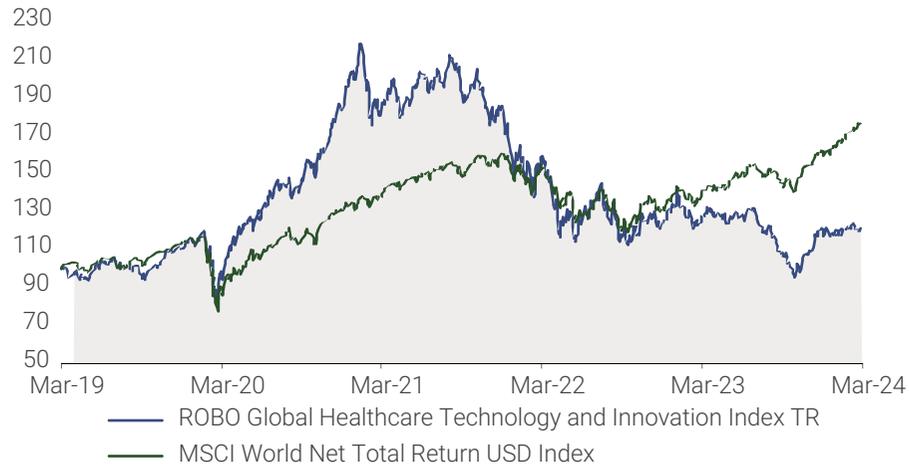
Healthcare Technology

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	1.24%	-4.38%	-34.06%	22.39%
Annualized Return			-12.98%	4.12%
Volatility	17.02%	18.66%	24.84%	25.45%
Sharpe Ratio	29.75%	-23.55%	-52.25%	16.20%
Max Drawdown	-3.86%	-28.50%	-55.45%	-56.67%

Index total return contribution (QtD)

Top 5		Bottom 5	
Natera Inc	▲ 0.76%	Quidelortho Corp	▼ -0.50%
Lonza Group -Reg	▲ 0.62%	Insulet Corp	▼ -0.44%
Medpace Holdings	▲ 0.45%	Jd Health	▼ -0.44%
Catalent Inc	▲ 0.44%	Fulgent Genetics	▼ -0.40%
Edwards Life	▲ 0.39%	Omniceil Inc	▼ -0.34%

Portfolio composition

Latest additions	Latest deletions
CRISPR Therapeutics	Insulet Corp
United Therapeutics	Avanos Medical

Fund information

Ticker	DOCT LN	ISIN	IE00BK5BC677
TER	0.49%	Inception date	02/07/2019
Currency	USD	Index inception date	01-May-19
Securities lending	No	Replication method	Physical

Key risk

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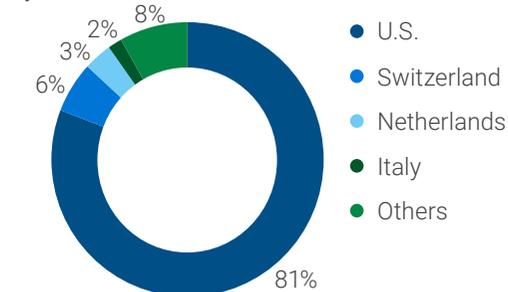


Healthcare Technology

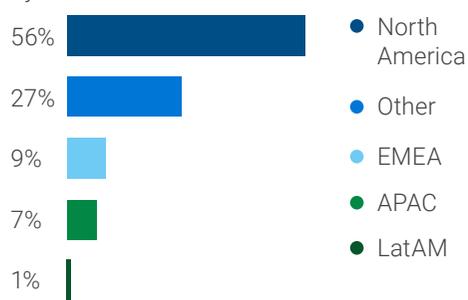
Characteristics

Geographical breakdown

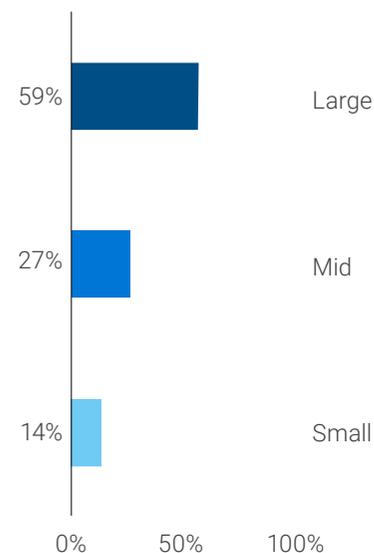
By domicile



By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	1.51	2.10
Price/Sales	4.63	4.66
BPS	20.74	20.62
P/E Positive	37.01	29.13
ROE	6.52	9.93
Price/Book	3.55	3.81
P/E (1y fwd)	37.04	34.81
P/E (3y fwd)	25.07	23.83
Sales (1y fwd)	6,250	5,562
Sales (3y fwd)	7,824	7,348

Constituents overlap

S&P 500	4.0%
MSCI World	3.3%
Nasdaq 100	3.7%
Total stocks = 68	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

Consensus ratings do not constitute a recommendation to buy or sell any security. The consensus ratings presented in this chart are not in relation to the L&G Thematic ETFs.

Key risk

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Hydrogen Economy

Company spotlight

Hyundai Motor

South Korea-based Hyundai Motor (Hyundai) produces compact and luxury cars, SUVs, minivans, trucks, buses and other commercial vehicles. Its cars are sold in 200 countries and it produces more than 4.4 million units annually. The company also manufactures and distributes motor vehicles and parts and trains.

Hyundai became a global first-mover in hydrogen fuel cell technology with the launch of the ix35 Fuel Cell Electric Vehicle (FCEV) in 2013, the world's first mass-produced car powered by hydrogen. The 100kW fuel cell system has a 594km range.

In 2018 the company launched NEXO, the only fuel cell SUV globally, with a 25% faster acceleration rate and 40% more range than the ix35 Fuel Cell ([source](#)). Subsequently in 2019, Hyundai Hydrogen Mobility was formed, a joint venture between Hyundai Motor and the Swiss innovator H2 Energy ([source](#)). The joint venture plans to deliver 1,600 units of XCIENT, Hyundai's fuel cell heavy-duty commercial truck, from 2019 through 2025. XCIENT features a new 190 kW hydrogen fuel cell system, delivering a single-fueling travel range of 400+ km.

To continue innovating across hydrogen technology, Hyundai has launched 'HTWO', a dedicated fuel cell system brand ([source](#)). HTWO is focused on the development of a next-generation hydrogen fuel cell system that can be applied to various forms of mobility such as UAM, automobiles, vessels and trains. In January 2024 HTWO also announced its initiative for resource circulation hydrogen production technology that aims to transform environmental pollutants into clean hydrogen. This will begin with two approaches: Waste-to-Hydrogen (W2H) and Plastic-to-Hydrogen (P2H) ([source](#)).

Last quarter performance commentary

The Solactive Hydrogen Economy Index NTR returned -1.5% over the quarter.

BNEF reported that 50 countries now have a hydrogen strategy; global investment rose by +146% from 2022 to 2023; and public investments rose by +46% since September 2022, reaching \$351 billion. National targets reach up to 200GW electrolyser capacity, but global installed capacity reached 1GW in 2023, that's compared with 56GW for solar and 16GW of wind installed only in 2023 in Europe. That said, capacity is set to double in 2024, supported by manufacturing

capacity increases despite a slowdown in shipments. While refining and industrial sectors are the main demand drivers, it will be key to stimulate demand from other applications such as transport, power and buildings.

Performance was hurt by struggles in getting some projects up and running using a still-nascent technology. Costs are still high, especially in Europe and the US, where components cost three to five times more than in China, where deployment is relatively more mature.

The main contributors to performance were Siemens Energy (returned +38.3%), whose Sustainable Energy System segment that includes hydrogen and "power to X" is well positioned for long-term organic growth prospects; Toyota Motor (+36.2%), which is advancing towards carbon neutrality with electric, hybrid and fuel-cell motors and hydrogen and carbon-neutral fuels; and Cummins (+23.8%), whose latest earnings disappointed but sales were strong as the company benefits from a robust balance sheet and resilient demand for heavy duty truck engines. The main detractors were FuelCell Energy (-25.6%), Bloom Energy (-24.1%) and Ballard Power Systems (-24.9%), whose latest earnings came out below consensus.

Source: LGIM, IEA, Bloomberg, as at 29 March 2024.

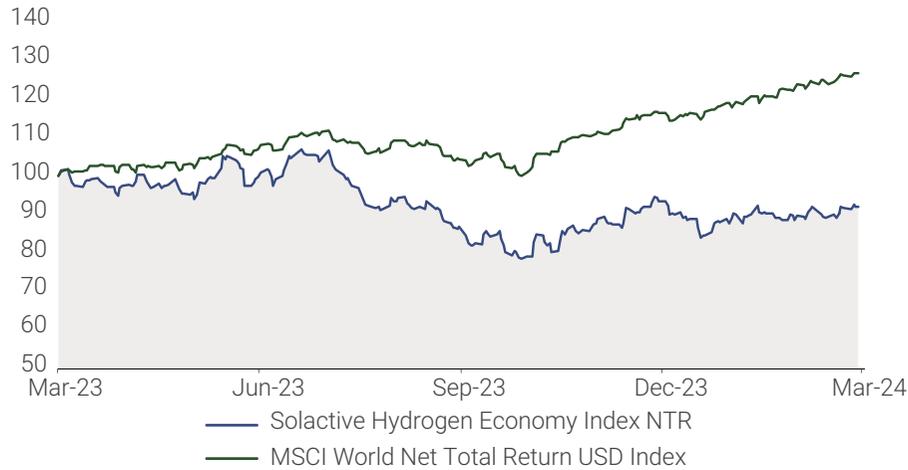
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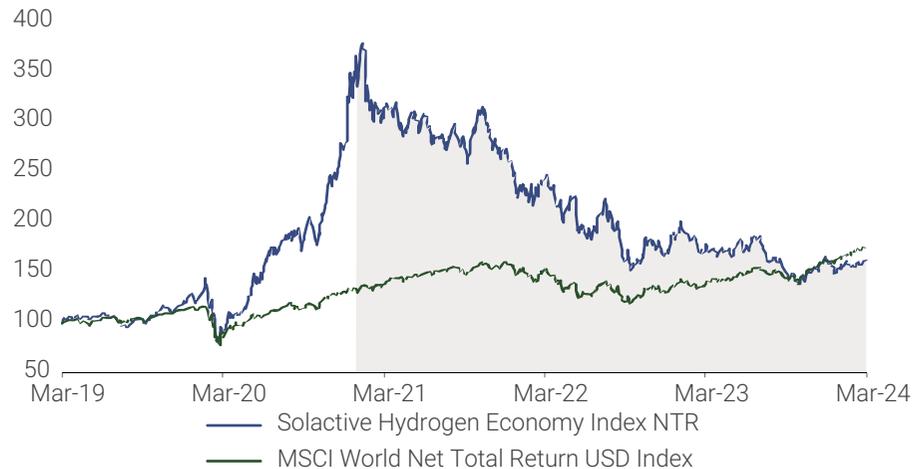
Hydrogen Economy

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	-1.46%	-9.38%	-48.59%	61.75%
Annualized Return			-19.92%	10.09%
Volatility	18.06%	20.33%	24.72%	29.29%
Sharpe Ratio	-31.77%	-46.30%	-80.58%	34.45%
Max Drawdown	-10.00%	-26.54%	-56.96%	-63.62%

Index total return contribution (QtD)

Top 5		Bottom 5	
Siemens Energy A	▲ 2.51%	Fuelcell Energy	▼ -1.57%
Toyota Motor	▲ 1.69%	Bloom Energy C-A	▼ -1.53%
Cummins Inc	▲ 1.19%	Ballard Power	▼ -1.19%
Hyundai Motor	▲ 0.83%	Chemours Co	▼ -0.95%
Nippon Sanso Hol	▲ 0.79%	Nel Asa	▼ -0.88%

Portfolio composition

Latest additions	Latest deletions
no rebalance in Q1	no rebalance in Q1

Fund information

Ticker	HTWO LN	ISIN	IE00BMYDM794
TER	0.49%	Inception date	10/02/2021
Currency	USD	Index inception date	26-Jan-21
Securities lending	No	Replication method	Physical

Key risk

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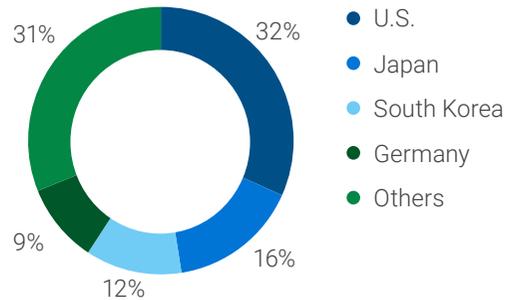


Hydrogen Economy

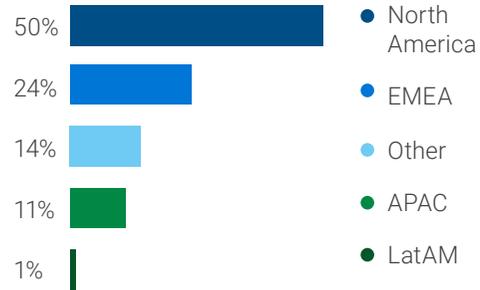
Characteristics

Geographical breakdown

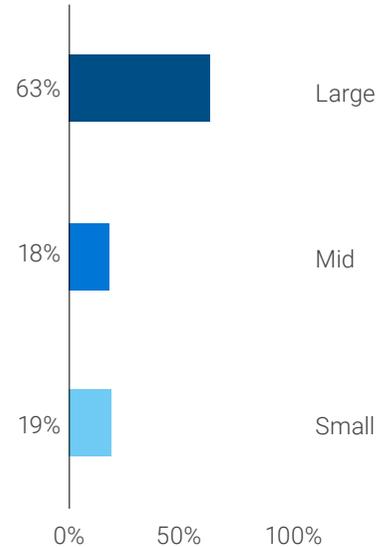
By domicile



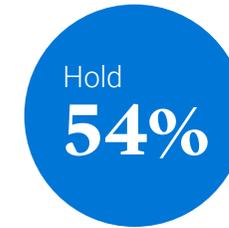
By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	0.19	0.29
Price/Sales	2.16	2.66
BPS	6.72	7.17
P/E Positive	21.25	16.67
ROE	0.00	5.25
Price/Book	1.58	1.70
P/E (1y fwd)	25.21	15.27
P/E (3y fwd)	19.70	20.99
Sales (1y fwd)	26,684	26,417
Sales (3y fwd)	23,776	22,875

Constituents overlap

S&P 500	0.7%
MSCI World	1.1%
Nasdaq 100	1.6%
Total stocks = 26	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Optical Technology & Photonics

Company spotlight

ASML

Founded in the Netherlands in 1984, ASML is a global innovation leader in the chip industry that provides chipmakers with hardware, software and services to mass produce patterns on silicon through lithography. ASML's products include EUV (extreme ultraviolet) lithography systems, DUV (deep ultraviolet) lithography systems, refurbished systems, and metrology and inspection systems. The company has eight manufacturing sites in the EU, US and Asia that provide high-precision, highly controlled environments for assembly, testing and delivering complex lithography and metrology.

Using EUV light at a wavelength of 13.5 nm, ASML's EUV lithography systems can print the smallest features on microchips at the highest density. EUV systems are used for highly intricate, critical layers on the most advanced microchips. ASML is currently the world's only manufacturer of EUV lithography systems. DUV lithography systems produce the majority of layers in microchips. The dry and immersion DUV systems in ASML's portfolio are used for high-volume manufacturing of the most advanced logic and memory chips.

In February 2024 ASML announced that it was beginning production of its first of a kind \$350 million 'High Numerical Aperture EUV' machine ([source](#)). The machine is capable of etching lines just 8nm wide on semiconductors. This is a significant reduction from the previous generation, allowing for more transistors to be packed onto a chip, leading to faster processing and higher storage capacity, critical for AI applications. Intel has already received the first machine and plans to commence production using the system by the end of 2025.

Last quarter performance commentary

The Solactive EPIC Optical Technology & Photonics Index NTR returned -3.7% over the quarter.

In San Francisco over 20,000 people attended Photonics West, the world's premier event for lasers, optics and optoelectronics. Optical technologies can complement neural networks, especially in biosciences, laser processing and material sciences. AI is thought to have a potentially significant impact in the imaging domain. Areas of growth are quantum applications such as bio-sensing, as well as photonics integrated circuits and meta optics in the semiconductor industry.

Dutch PM Rutte visited China to cover the licensing policy of ASML, which announced that from 2024 it would no longer be licensed to ship advanced deep-ultra violet lithography tools to China, fearing that they could be used by the military.

On the M&A side, Gentex, a supplier of electro-optical products for the global automotive, aerospace and fire-protection industries, acquired eSight, a wearable assistive technology that allows people living with visual impairments to stay on the go while performing the tasks of daily living; Stratasys, a 3D printing solutions leader, acquired Arevo's technology portfolio, including its Intellectual Property (IP) and patents on carbon fiber printing, AI build monitoring and hardware design, to extend its addressable manufacturing solutions; Novanta acquired Motion Solutions, a precision engineering partner to market-leading original equipment manufacturers (OEMs) in medical, life sciences, and advanced industrial applications; and Nikon acquired RED to expand the fast-growing professional digital cinema camera market.

The main contributors to performance were Horiba (returned +35.3%), ASML (+27.9%) and MKS Instruments (+29.5%). The main detractors were Luna Innovations (-51.8%), ams-OSRAM (-53.0%) and Sunny Optical Technology (-43.7%).

Source: LGIM, European Photonics Industry Consortium, Bloomberg, as at 29 March 2024.

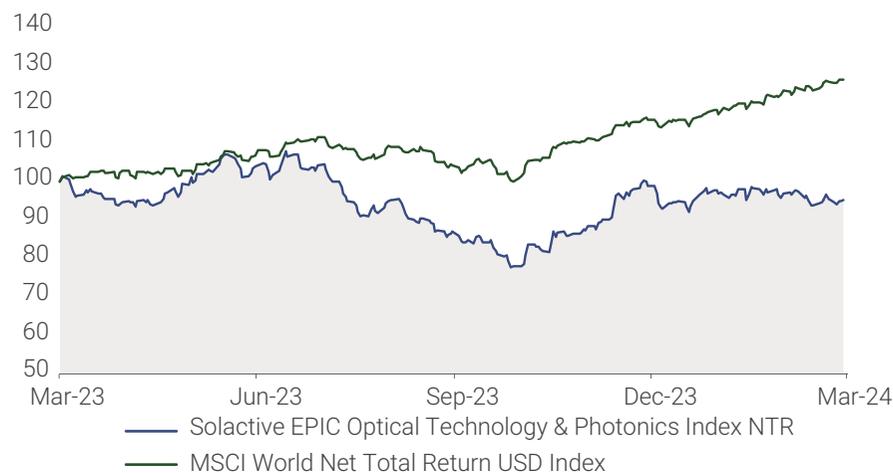
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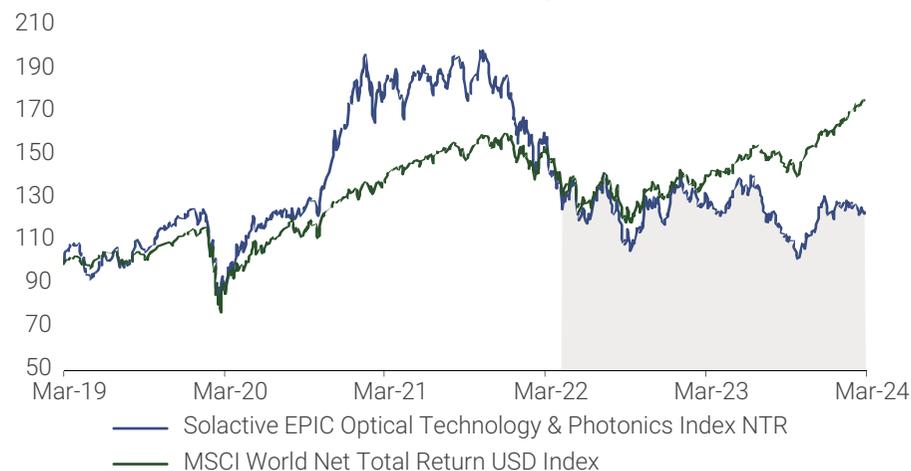
Optical Technology & Photonics

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	-3.66%	-6.07%	-30.75%	24.91%
Annualized Return			-11.55%	4.55%
Volatility	16.78%	18.05%	22.18%	23.17%
Sharpe Ratio	-82.81%	-33.75%	-52.05%	19.63%
Max Drawdown	-6.78%	-27.81%	-48.94%	-48.94%

Index total return contribution (QtD)

Top 5		Bottom 5	
Horiba Ltd	▲ 1.32%	Luna Innovations	▼ -1.68%
Asml Holding Nv	▲ 0.92%	Ams-Osram Ag	▼ -1.68%
Mks Instruments	▲ 0.89%	Sunny Optical	▼ -1.52%
El.En. Spa	▲ 0.88%	Aixtron Se	▼ -1.27%
Renishaw Plc	▲ 0.52%	Luminar Technolo	▼ -0.91%

Portfolio composition

Latest additions	Latest deletions
El.En. Spa	Vuzix
Luna Innovations	Desktop Metal

Fund information

Ticker	LAZR LN	ISIN	IE000QNJAOX1
TER	0.49%	Inception date	07/09/2022
Currency	USD	Index inception date	09-May-22
Securities lending	No	Replication method	Physical

Key risk

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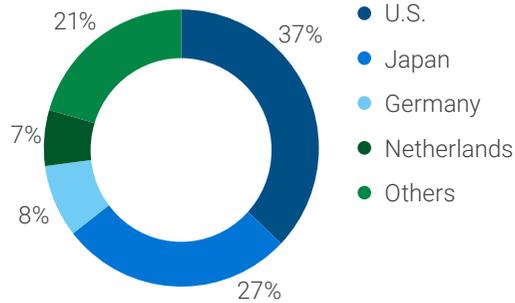


Optical Technology & Photonics

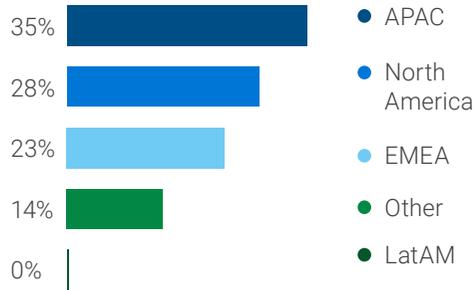
Characteristics

Geographical breakdown

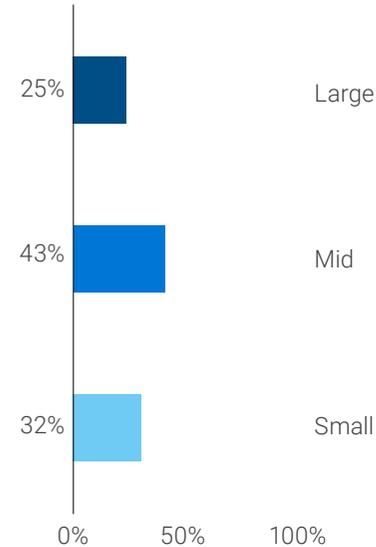
By domicile



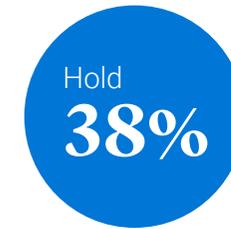
By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	0.70	1.25
Price/Sales	2.67	2.07
BPS	13.74	14.06
P/E Positive	31.13	25.85
ROE	8.38	13.48
Price/Book	2.54	2.84
P/E (1y fwd)	43.63	30.72
P/E (3y fwd)	23.84	30.65
Sales (1y fwd)	2,759	2,762
Sales (3y fwd)	3,296	3,196

Constituents overlap

S&P 500	0.1%
MSCI World	1.0%
Nasdaq 100	0.0%
Total stocks = 34	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

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Key risk

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Pharma Breakthrough

Company spotlight

Kyowa Kirin

Kyowa Kirin is a Japan-based global specialty pharmaceutical company. The company conducts research and development as well as production of pharmaceuticals targeting cancer, kidney disease, and immune system disorders. Its main products include those for therapeutic areas of oncology, nephrology, central nervous system and immunology. The company currently has 11 approved products and a further 23 pharmaceutical candidates in its pipeline, across various phases of clinical trials ([source](#)).

One of the company's key areas of focus is the next generation of therapeutic antibodies. Kyowa Kirin has already established its product POTELLIGENT and human-antibody producing mice which contribute to efficient production of therapeutic antibodies. The company is now actively engaged in the research and development of the next generation of such antibodies (including immune-activating antibodies and tissue-homing antibodies), in collaboration with external research institutes. Kyowa Kirin has over 60 established strategic collaborations with pharmaceuticals, biotech and academia partners, including Amgen, AstraZeneca, GSK, Pfizer and Novartis.

Source: LGIM, Bloomberg, Evaluate Pharma, as at 29 March 2024.

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Kyowa Kirin is also innovating across nascent therapies including a new type of small-molecule drugs, nucleic acid drugs (drug targets that are difficult to target with therapeutic antibodies or small-molecule drugs) and regenerative medicine.

To continue strengthening its industry-leading position and innovative therapies, Kyowa Kirin acquired Japan-based Orchard Therapeutics in January 2024 for \$477.6m ([source](#)). Orchard is a developer of hematopoietic stem cell gene therapies. The acquisition will enrich Kyowa Kirin's portfolio, including its flagship product Libmeldy, an innovative therapy for patients with early-onset metachromatic leukodystrophy (MLD), a rare and life-threatening inherited disease of the body's metabolic system.

Last quarter performance commentary

The Solactive Pharma Breakthrough Value Index returned -6.4% over the quarter.

Manufacturers and regulators have been experiencing tensions around reimbursements for drugs with multimillion-dollar costs, finding resistance especially over therapies costing more than \$1 million. BlueBird decided to withdraw marketing authorisation in Europe for two approved gene therapies. The European market has a more convoluted process as reimbursement takes up to two years, while in the US they take on

average three weeks. Themes to watch in 2024 will be major pharma companies acquiring small- and mid-cap biotech players, and the quantitative impact on Medicare from the Inflation Reduction Act in the US.

Over the quarter an investigation against Alnylam was launched with regards to a possible violation of federal securities laws. On a more positive note, the MedTech arm of Johnson & Johnson announced a collaboration with Nvidia and General Electric Healthcare to integrate AI into surgery and medical imaging. On the drug-development side, JCR Pharmaceuticals and Alexion hit a milestone to use JCR's proprietary blood-brain barrier penetration technology for neurodegenerative disease, which triggered a payment to JCR; Kyowa Kirin received a juvenile metachromatic leukodystrophy drug approval and positive test phases for other drugs, and initiated a share buyback to support its share price; Chugai faced a disappointing trial phase for one of its drug but got involved in treatments for obesity, which along Alzheimer and cardiovascular diseases is taking the spotlight; Eisai had an early Alzheimer's disease drug approval delayed for procedural reasons at EMA. United Therapeutics also initiated a share buyback worth \$1 billion.

The main contributors to performance were Idorsia (returned +19.3%), Sarepta (+34.3%) and Sciclone Pharmaceuticals (+15.0%). The main detractors were Pharma Mar (-31.7%), Zai Lab (-41.4%) and Innocare Pharma (-32.7%).



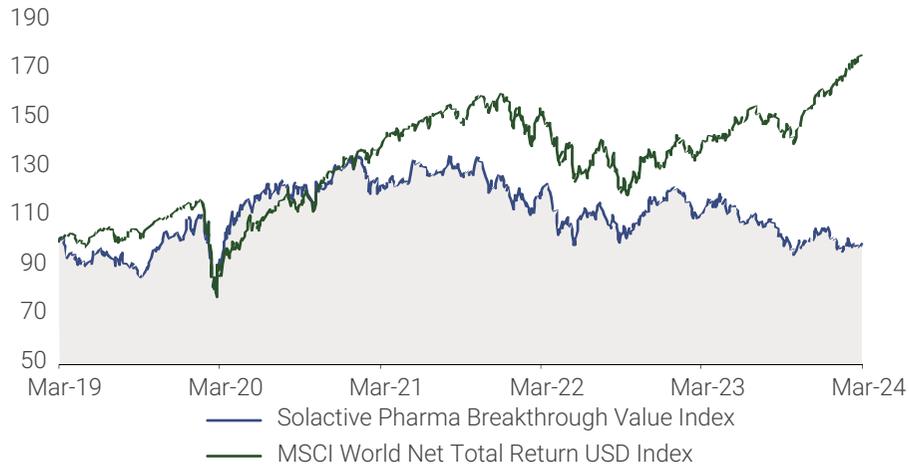
Pharma Breakthrough

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	-6.38%	-12.10%	-19.86%	-1.56%
Annualized Return			-7.12%	-0.31%
Volatility	14.63%	14.91%	16.18%	19.08%
Sharpe Ratio	-158.82%	-81.45%	-44.04%	-1.65%
Max Drawdown	-10.28%	-21.14%	-30.02%	-30.32%

Index total return contribution (QtD)

Top 5		Bottom 5	
Idorsia Ltd	▲ 1.09%	Pharma Mar Sa	▼ -1.23%
Sarepta Therapeu	▲ 0.80%	Zai Lab Ltd-Adr	▼ -1.10%
Sciclone Pharmac	▲ 0.34%	Innocare Pharma	▼ -1.08%
Halozyme Therape	▲ 0.31%	Jcr Pharmaceutic	▼ -0.98%
Kyowa Kirin Co L	▲ 0.27%	Alnylam Pharmace	▼ -0.69%

Portfolio composition

Latest additions		Latest deletions	
Apellis	Grifols	Sciclone	Zai Lab
Bavarian	J&J	Ultragenyx	Pharming Group
Nordic	Kissei	Xencor	Bristol-Myers Squibb
Bluebird Bio	Merck	Zeria	PTC Therapeutics
CSL Ltd	Novartis	Idorsia	Travere Therapeutics
Daiichi Sankyo	Recordati		

Fund information

Ticker	BIOT LN	ISIN	IE00BF0H7608
TER	0.49%	Inception date	23/01/2018
Currency	USD	Index inception date	03-Jan-18
Securities lending	No	Replication method	Physical

Key risk

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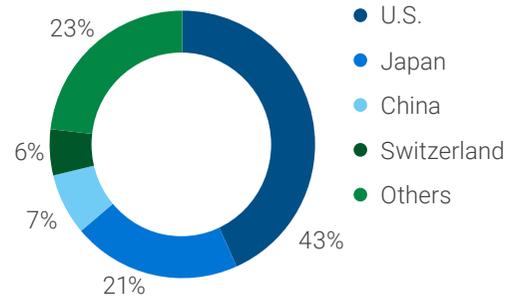


Pharma Breakthrough

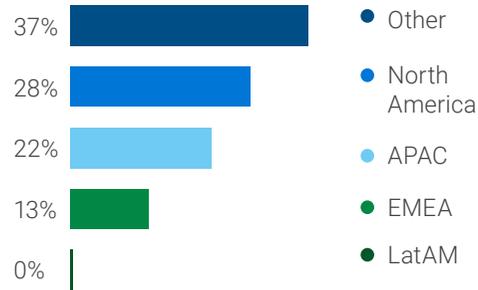
Characteristics

Geographical breakdown

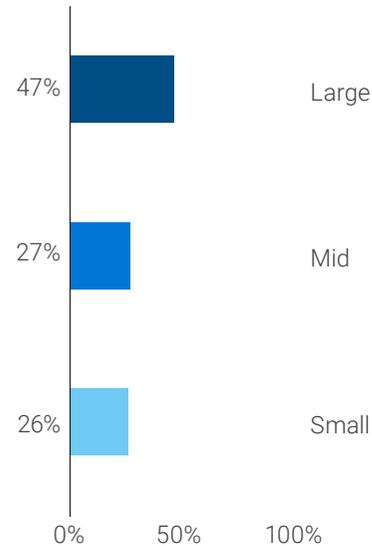
By domicile



By revenue source



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	0.91	0.74
Price/Sales	4.71	5.02
BPS	10.92	10.26
P/E Positive	24.16	24.40
ROE	9.96	8.42
Price/Book	2.58	3.62
P/E (1y fwd)	21.83	24.61
P/E (3y fwd)	19.91	19.52
Sales (1y fwd)	7,772	7,273
Sales (3y fwd)	8,729	8,243

Constituents overlap

S&P 500	2.0%
MSCI World	1.8%
Nasdaq 100	1.3%
Total stocks = 43	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

Consensus ratings do not constitute a recommendation to buy or sell any security. The consensus ratings presented in this chart are not in relation to the L&G Thematic ETFs.

Key risk

The value of an investment and any income taken from it is not guaranteed and can go down as well as up; You may not get back the amount you originally invested.



Robotics & Automation

Company spotlight

Toyota Industries Corp

Toyota Industries Corporation, founded in 1926 as Toyoda Automatic Loom Works, is a Japanese industrial giant and the parent company of the Toyota Group. As a global leader in material handling equipment and automotive components, Toyota Industries has established itself as a key player in the industrial landscape. The company's diverse portfolio includes lift trucks, automated warehouse solutions and car air-conditioning compressors, with a strong focus on innovation and growth in areas such as logistics automation, electrification and autonomous mobility. Additionally, the company is focusing more on advanced energy solutions.

Toyota Industries ranks number one globally in industrial trucks and equipment, controlling 40% of the market, and is the largest manufacturer of car air-conditioning compressors worldwide. The company has benefited from strong product and service businesses in logistics, as well as recent BOJ policies. In Q3 FY2024, Toyota Industries reported a 15% rise in net sales to 2,827.5 billion yen and operating profit growing 45% to 200.9 billion yen.

Source: LGIM, Bloomberg, VettaFi, as at 29 March 2024.

For illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security. Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass. Past performance is not a guide to the future.

Last quarter performance commentary

The ROBO Global Robotics and Automation UCITS Index returned +2.0% over the quarter.

Computing and artificial intelligence (AI), which posted returns of +9.9%, led subsector performance. The Integration subsector (with a weighting of 6%) saw a +5.8% gain, led by Mitsubishi Electric and Schneider Electric, both seeing gains from electrification. Additionally, Rockwell Automation saw NVIDIA join their Rockwell Automation Partner Network.

Overall, fundamentals are still tracking in the same direction as the last quarter, with an expected recovery in core markets during the second half of 2024. Earnings from the final quarter of 2023 saw a rare decline in sales (-0.35%) and EPS (-2.0%) which slightly beat expectations. We are in the "eye-of-the-robot-storm", right before key industries recover and the new appears. Most recently, indicators are beginning to pivot favourably, as evidenced by the latest Purchasing Manager's Index (PMI) data.

Manufacturing and Industrial Automation (16% weighting) saw modest 3% gains led by Daihen, Yokogawa and Emerson Electric, which all saw significant revenue and net income beats vs. FactSet Estimates. The former two are also experiencing positive uplift from a robust Japanese market.

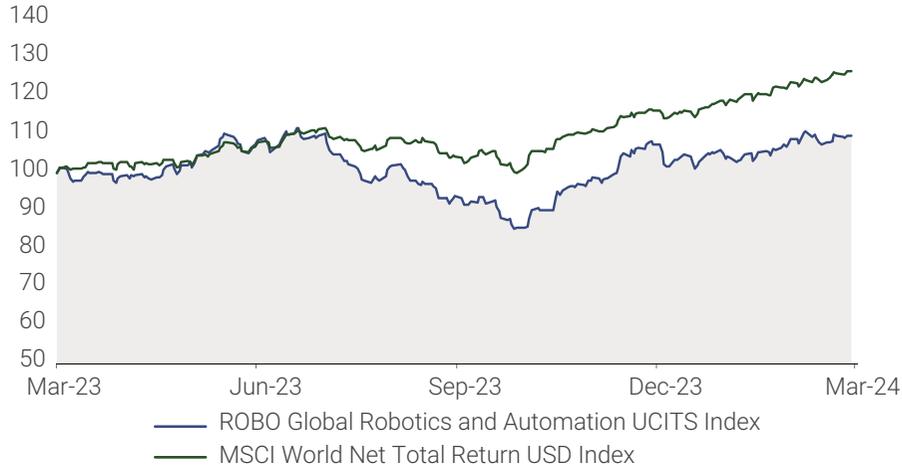
As we shift our focus to the mid and long-term horizon, it becomes increasingly evident that the traditional perspective of analysing robot density solely through the lens of manufacturing will become an outdated perspective and will shift towards a perspective encompassing a percentage of all sectors with physical labour and of global GDP. ROBO Global's projections indicate that the total addressable market for Robotics has the potential to grow more than fivefold by 2033, underscoring the vast opportunities arising from surging demand in various sectors, including services, construction, warehousing, autonomous transportation, healthcare, and even household applications.



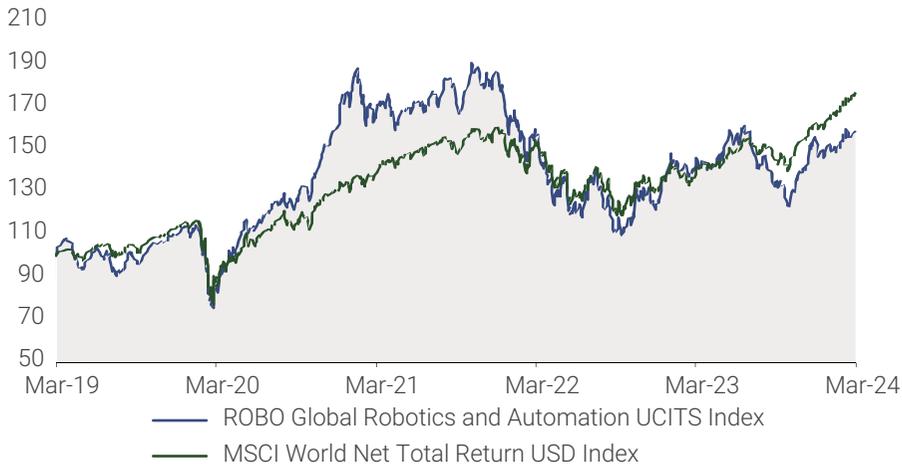
Robotics & Automation

Performance

Historical and simulated performance (1y)



Historical and simulated performance (5y)



*Source: Bloomberg as at 29 March 2024, all values are based in USD. The backtested index data has been sourced from the index provider and is based on what they perceive to be reasonable assumptions and objective data; The index data is gross of fees/costs but is net of withholding taxes. The effect of fees and charges would reduce the returns shown. Shaded area indicates live period of the index.

Index performance*

Index performance*	QtD	1 year	3 years	5 years
Cumulative Return	2.03%	8.15%	-5.34%	58.35%
Annualized Return			-1.81%	9.62%
Volatility	14.72%	15.24%	19.78%	21.04%
Sharpe Ratio	57.11%	53.65%	-9.18%	45.74%
Max Drawdown	-5.80%	-23.54%	-42.65%	-42.65%

Index total return contribution (QtD)

Top 5		Bottom 5	
Nvidia Corp	▲ 1.13%	Luminar Technolo	▼ -0.63%
Daihen Corp	▲ 0.40%	Ocado Group Plc	▼ -0.59%
Intuitive Surgic	▲ 0.33%	3D Systems Corp	▼ -0.36%
Toyota Industrie	▲ 0.33%	Omron Corp	▼ -0.34%
Yokogawa Elec	▲ 0.28%	Ats Corp	▼ -0.34%

Portfolio composition

Latest additions	Latest deletions
Joby Aviation	Luminar Technologies
Shenzhen Inovance Technology	Faro Technologies

Fund information

Ticker	ROBO LN	ISIN	IE00BMW3QX54
TER	0.8%	Inception date	27/10/2014
Currency	USD	Index inception date	17-Jun-14
Securities lending	No	Replication method	Physical

Key risk

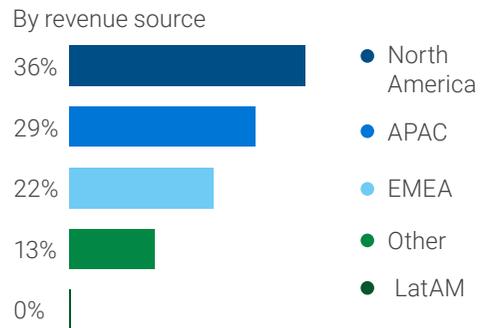
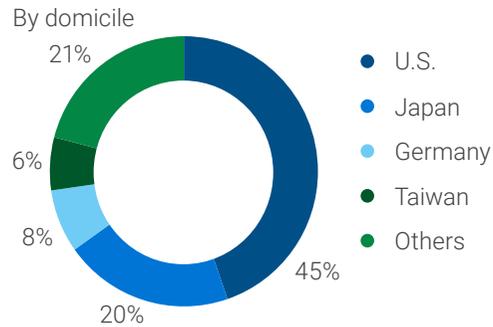
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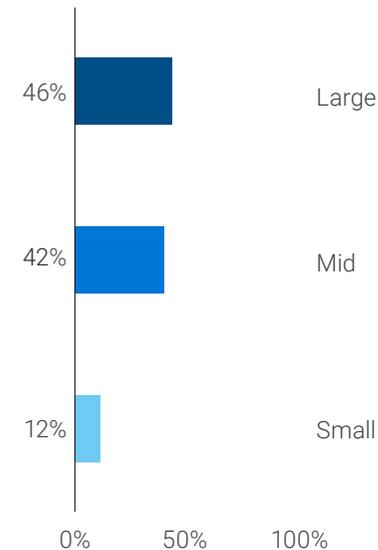
Robotics & Automation

Characteristics

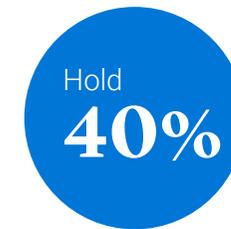
Geographical breakdown



Market cap breakdown



Third party analyst stock consensus ratings**



Key ratios

	Current	Q1 2023
EPS	1.78	1.44
Price/Sales	3.75	3.47
BPS	17.08	15.63
P/E Positive	29.47	28.56
ROE	10.97	12.28
Price/Book	3.48	3.60
P/E (1y fwd)	45.43	33.78
P/E (3y fwd)	28.00	27.62
Sales (1y fwd)	6,152	6,515
Sales (3y fwd)	7,216	6,740

Constituents overlap

S&P 500	3.8%
MSCI World	4.1%
Nasdaq 100	5.3%
Total stocks = 77	

Source: Bloomberg, LGIM; All values are based in USD; As close of 29 March 2024. Please refer to end of this report for all definitions. **Consensus ratings are based on the average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months.

Consensus ratings do not constitute a recommendation to buy or sell any security. The consensus ratings presented in this chart are not in relation to the L&G Thematic ETFs.

Key risk

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Glossary

Calculation methodology for performance statistics:

Cumulative return: Total return of the index net of withholding taxes over the given period.

Annualized return: Annualized total return of the index net of withholding taxes over the given period.

Volatility: Annualized standard deviation of daily returns over the given period.

Max drawdown: Maximum % loss from the peak to the trough in the given period.

Large cap: Companies whose market cap is larger than \$5bn.

Mid cap: Companies whose market cap is comprised between \$2bn and \$5bn.

Sharpe ratio: Annualised excess return divided by annualised volatility.

Small cap: Companies whose market cap is lower than \$2bn.

Third party analyst stock consensus ratings: Average of recommendations for each underlying stock made by analysts on Bloomberg within the last 12 months. Consensus ratings do not constitute a recommendation to buy or sell any security. The consensus ratings presented in this chart are not in relation to the L&G Thematic ETFs.

Calculation methodology for key ratios statistics:

EPS: Median of last 12 months earnings per share for each index component.

Price/sales: Median of stock prices divided by sales per share of all index components.

BPS: Median of total equity divided by the number of shares of all index components.

P/E positive: Median of stock price divided by positive earnings per share for each index components.

ROE: Median of net income divided by the average total common equity for each index component.

Price/book: Median of stock prices divided by the total equity per share for each index component.

P/E (1y fwd): Median of stock price divided by index estimated earnings next year for each index component.

P/E(3y fwd): Median of stock price divided by index estimated earning in three years for each index component.

Sales (1y fwd): Average of estimated sales next year for each index component.

Sales (3y fwd): Average of estimated sales in three years for each index component.

Contact us:

For any questions on this report, please contact your usual LGIM representative or email fundsales@lgim.com. All calls are recorded. Call charges will vary.



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Key risks

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