

SHINING A LIGHT ON THE.....
Legg Mason ClearBridge US Equity Sustainability Leaders Fund

AT A GLANCE

Investment Objective	
<p>The Fund's investment objective is to provide long term capital appreciation. The Fund invests at all times at least 85 per cent of its Net Asset Value in US equity securities that are listed or traded on Regulated Markets in the United States as set out in Schedule III of the Base Prospectus and that are issued by companies that meet the Sub-Investment Manager's financial criteria and its criteria for sustainability and environmental, social and governance ("ESG") policies. The Sub-Investment Manager uses an established proprietary research and engagement process to determine whether a company is a Sustainability Leader. This proprietary process of the Sub-Investment Manager includes generating an ESG ratings system based on the Sub-Investment Manager's long standing experience managing ESG investment strategies and identifying ESG best practices.</p>	

Inception Date	30 th September 2015
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000WH13

Management	
Manager Name	Start Date
Mary McQuillen	30 th September 2015
Derek Deutsch	30 th September 2015

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	41.22%
Large	33.85%
Medium	18.85%
Small	6.08%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	48	
Assets in Top 10 Holdings	32.15%	
Name	Sector	% of Assets
Microsoft Corp	Technology	5.65%
Apple Inc	Technology	5.58%
Alphabet Inc A	Technology	2.97%
Costco Wholesale Corp	Consumer Defensive	2.94%
Visa Inc	Financial Services	2.74%
Progressive Corp	Financial Services	2.57%
Bank of America Corp	Financial Services	2.55%
The Home Depot Inc	Consumer Cyclical	2.46%
Danaher Corp	Healthcare	2.45%
Unilever NV ADR	Consumer Defensive	2.38%

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Volatility Measurements	
3-Yr Std Dev (volatility)	12.97%
3-Yr Mean Return (average)	9.27%

FUND PERFORMANCE

Performance from 1st September 2015 to 31st March 2020:

	2015	2016	2017	2018	2019	2020
Legg Mason ClearBridge US Equity Sustainable Leaders Fund	7.09%	30.26%	10.76%	2.87%	32.05%	-9.33%
iShares MSCI North America ETF	10.89%	34.26%	10.18%	-1.16%	25.92%	-13.49%
Russell 3000 TR	11.16%	34.47%	10.64%	0.65%	25.96%	-15.49%

Performance over 12 months, 3 years, and since launch:

	1 year	3 years	Since launch
Legg Mason ClearBridge US Equity Sustainable Leaders Fund	7.76%	30.46%	90.28%
iShares MSCI North America ETF	-2.11%	14.47%	76.64%
Russell 3000 TR	-4.50%	13.45%	77.20%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

This was a brief update with the team covering both macro and fund positioning. In terms of the macro picture we have already had a more detailed update from the team. They believe economic activity will rebound but remain cautious. They think markets are pricing in a mild earnings downgrade and a v shape recovery. They do not think that we have necessarily reached the bottom of the market:- in other bear markets, the markets rally and then fall back, which we have not see this time around.

In terms of the fund one theme which they think will grow is sustainability and how employers treat employees. This is an important aspect of the fund and therefore they believe will benefit the performance moving forward.

The fund is coming up to its five-year anniversary and is focused on the long-term value of companies. This is an all cap strategy with the average holding period across the company, and other strategies, is over 7 years. They actively engage with company management to achieve positive change.

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Areas of focus include climate change, water security, financial inclusion, resource scarcity and utilisation, and improving health. They have their own proprietary ESG system where they rate companies and look to select between 30 to 50 of the best companies from the Russell 3000 index.

They are looking for those companies which have strong balance sheets, high return on capital and strong management teams. The fund is tilted towards IT, healthcare and financials. The team would expect to provide some downside protection which they have done in this current environment. They have added 6 new holdings in this current market and exited 3. The areas they have added to are consumer staples, consumer discretionary, healthcare and IT. The main area they have reduced exposure to is industrials.

In summary, the fund has delivered as it would have expected to in this environment. The team have been active in picking up opportunities and reducing exposure to those parts of the markets which are likely to take longer to recover.

The source of information in this note has been provided by Legg Mason and is correct as at April 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.