

Source LGIM Commodity Composite UCITS ETF

Investment objective

The Source LGIM Commodity Composite UCITS ETF (the “Fund”) aims to provide the performance of the LGIM Commodity Composite Index (the “Reference Index”) after fees.

Investment risks

- Commodity prices can be volatile
- The performance of commodity indices may differ significantly from spot commodity prices
- An investor may not get back the amount invested

About the Reference Index

The LGIM Commodity Composite Index is designed to offer high quality, diversified and tradable exposure to the global commodity market. It comprises a minimum of three constituent indices, selected from a universe of broad commodity indices. The universe includes both established “first generation” benchmarks and “second generation” indices.

The selection process, developed by Legal & General Investment Management Limited (LGIM), aims to identify indices with the following characteristics:

- Representative of the broad commodity market
- Liquid
- Robust with a well-defined methodology
- Accessible at reasonable cost

The selected indices are equally weighted with quarterly rebalancing. The index composition is reviewed at least once a year. A full description of the index methodology can be found at www.lgim.com/LGCCIndex.

Source ETF structure

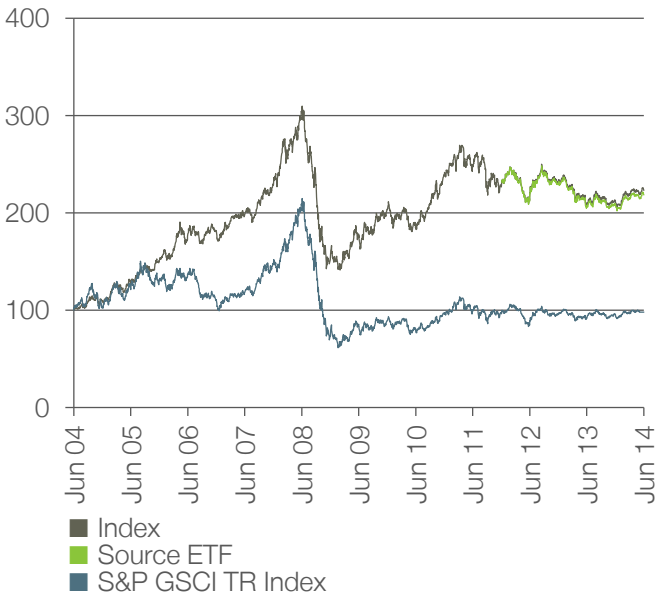
Source’s market leading ETF structure allows efficient tracking of the Reference Index, while minimising counterparty risk. The Fund is fully invested in high quality securities, typically US Treasury Bills. It also enters into total return swaps to deliver the Reference Index performance. Using multiple counterparties diversifies the risk. In addition, any positive performance above a set threshold is collateralised on a daily basis¹ and swaps are reset weekly, thus minimising exposure to any counterparty. Investors should note that, whilst the structure seeks to reduce counterparty exposure, the Fund is exposed to a counterparty default.

Top index holdings

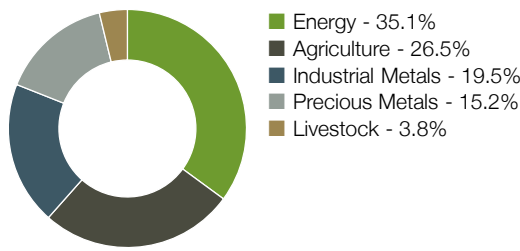
Company	Weighting
BARCAP Commodity Index Pure Beta TR	20.07%
JP Morgan JPMCCI Ex Front Month Energy Light TR	20.07%
Citi Cubes (DJUBS wtd) TR Index	19.96%
DBLCI-OY Balanced Total Return Index	19.96%
UBS Bloomberg CMCI Composite USD TR	19.94%

LGIM Commodity Composite Index (USD) (Data as of 30 June 2014)

10 year performance



Benchmark composition



Risk/return profile

Year	Index performance	Volatility ²	Sharpe ratio ³
2014 YTD	5.65%	6.70%	-
2013	-9.00%	9.91%	-0.92
2012	2.00%	13.10%	0.15
2011	-5.80%	18.07%	-0.34

Source: Bloomberg

Past performance is not a reliable indicator of future returns. As this performance is of the Reference Index and not the Fund, it does not include any costs.

Trading activity

Source ETFs have multiple dealers and market makers, encouraging tight bid offer spreads and enhanced liquidity.

Trading information

Exchange listing: LSE
Trading currency: USD
Trading times: 08:00 - 16:30 London time
ISIN: IE00B4TXPP71
Bloomberg: LGCU LN
Reuters: LGCU.L

Exchange listing: LSE
Trading currency: GBP
Trading times: 08:00 - 16:30 London time
ISIN: IE00B4TXPP71
Bloomberg: LGCF LN
Reuters: LGCF.L

Benchmark information

Index: LGIM Commodity Composite Index (USD)
Currency: USD
Bloomberg: TGPLGCC
Reuters: .FTLGCC
Index sponsor: Legal & General Investment Management (LGIM)
Calculation agent: FTSE International Limited (FTSE)

Security information

Replication method: US T-Bills with swap overlay
Issuer: Source Markets plc
Trustee: Deutsche Trustee Company Limited
Custodian: Northern Trust Fiduciary Services (Ireland) Limited
Portfolio administrator: Northern Trust Securities Services (Ireland) Limited
Fund inception date: 16 December 2011
Fixed fee: 0.40% p.a.
Swap fee: 0.45% p.a.
Domicile: Ireland
UK reporting status: Yes

Available on www.source.info:

Assets under Management
NAV & iNAV
Prospectus & KIID

For more information

Call us on +44 (0)20 3370 1100
Email us at invest@source.info

¹ With cash, US T-Bills, UK gilts or German bunds

² Annualised volatility based on daily log returns

³ Sharpe ratio is adjusted for risk free rate, taken as the yield on 12 month US Treasuries

Key disclaimer information

This factsheet contains a summary description of the LGIM Commodity Composite Source UCITS ETF (the “Fund”) and is for discussion purposes only. This factsheet is not for distribution to, or for the attention of, US or Canadian persons. The prospectus, supplement and simplified prospectus (the “Offering Documents”) documenting the issue of shares by the Fund can be downloaded from www.source.info

Without limitation, this factsheet does not constitute an offer or a recommendation to enter into any transaction. When making an investment decision, investors should rely solely on the final documentation and Offering Documents relating to the transaction and not this summary. Investment strategies involve numerous risks. Unsophisticated investors should not invest in this product without consulting their own business, tax, legal and accounting advisors with respect to a purchase of shares and should refrain from entering into a transaction unless they have fully understood the associated risks and have independently determined that the transaction is appropriate for them. In no way should either of Source UK Services Limited (“Source”) or Legal & General Investment Management (“LGIM”) be deemed to be holding themselves out as a financial adviser or a fiduciary of the recipient hereof.

Risk factors: The investments of the Fund in the underlying indices and referenced commodities are subject to risks inherent in investing in such instruments. The value of shares relating to each Fund can go down as well as up and an investor may not get back the amount invested. Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. There is no assurance that the Fund will achieve its investment objective. As the Fund, whose target performance is linked to the LGIM Commodity Composite Index (the “Reference Index”), will often be invested in securities which differ from the constituents of the Reference Index, derivative techniques will be used to achieve the performance of such index. While the prudent use of such derivatives can be beneficial, derivatives also involve risks which, in certain cases, can be greater than the risks presented by investing directly in the constituents of the Reference Index.

Counterparty risk: Through the Fund, investors are exposed to counterparty risk resulting from the use of derivatives to provide exposure to the index. In line with UCITS guidelines and Source policies, the exposure to any derivative counterparty is tightly controlled but the default of a derivative counterparty may cause a loss to the Fund. It is recommended that potential investors study the Fund prospectus before investing.

Lack of track record: Neither the Fund nor the Reference Index have a material track record.

Risks related to commodity indices: The Fund is an index-linked fund and the amount payable in respect of the Fund depends upon, among other things, the performance of the Reference Index. Through its exposure to the commodity indices, the Reference Index is calculated by

reference to the prices of certain commodity contracts and is therefore subject to many of the risks of direct investment in commodities. In addition to general economic and other factors, the commodity markets are subject to temporary distortions or other disruptions due to various factors, including changes in supply and demand, the lack of liquidity in those markets, speculation and government regulation and intervention, any of which may increase the risk of price volatility. Commodity futures markets are subject to regulations that limit the amount of fluctuation in prices that may occur during a single business day. Commodities are also subject to changes in regulation that may affect their price or liquidity, reduced liquidity of underlying contracts may affect the level of the Reference Index or require changes to their components of methodology.

The Reference Index replicates an actual investment in futures contracts, where futures contracts that are nearing expiration are sold and longer-dated contracts are bought. This process is known as “rolling” and has an impact on the performance of the Reference Index. When the price of the futures contract in the first delivery month (which is sold) is greater than the price of the futures contract in the second delivery month (which is bought), the market for such contracts is referred to as being in “backwardation”. A period of backwardation will have a positive impact on the performance of the Reference Index. When the price of the futures contract in the first delivery is lower than the price of the futures contract in the second delivery month, the market for such contracts is referred to as being in “contango”. There have been periods of time when there has been consistent and/or significant contango, and the process of rolling futures has had a strongly negative impact on the performance of the Reference Index.

Past performance: The performance of the Reference Index is simulated based on composition of the Reference Index as at 10 November 2011. Past performance (actual or simulated) is not necessarily indicative of future performance. Simulated performance results have many inherent limitations, some of which are described below. No representation is being made that the Index will achieve a performance record similar to that shown. In fact, there are frequent sharp differences between a simulated performance record and the actual record of the combination of those underlying elements subsequently achieved. Source UK Services Limited expressly disclaims any responsibility for (i) the accuracy or completeness of the models, assumptions, estimates and data used in deriving the “back testing” information, (ii) any errors or omissions in computing or disseminating the “back testing” information, and (iii) any uses to which the “back testing” information may be put by any recipient of such information.

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