

Active Global Corporate Bond Fund

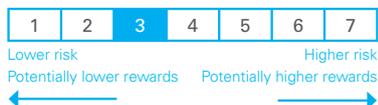
Unit-Linked Life Insurance Reported in GBP (Gross of charges)



FUND AIM

The investment objective of the fund is to exceed the Bloomberg Barclays USD/EUR/GBP Corporate 1% Issuer-Capped Index by 1.25% p.a. over a rolling 3 years basis (before fees).

RISK AND REWARD PROFILE



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

The risk indicator assumes you keep the product for 1 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

For more information, please refer to the Key Risks section on page 3.

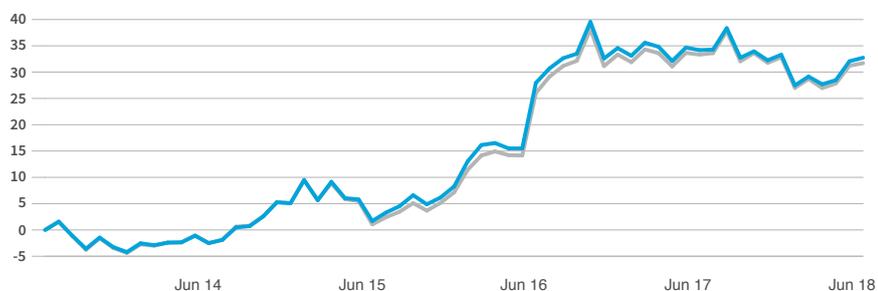
WHO IS THIS FUND FOR?

- The trustees of UK registered and certain non-UK registered defined benefit or defined contribution occupational pension schemes, which may be classified as either retail clients or professional clients.
- Although investors can take their money out at any time, the recommended minimum holding period is 1 year.
- Please refer to your professional advisor who should be able to advise you on the suitability of this fund for your scheme.

FUND FACTS

Fund size £13.5m	Base currency GBP	Benchmark USD/EUR/GBP Corporate 1% Issuer-Capped Idx	
Launch date Mar 2012	Domicile United Kingdom	Gross redemption yield 2.89%	Modified duration 6.25 years

PERFORMANCE (%)



	YTD	3m	6m	1y	3y	5y
■ Fund	-0.42	3.95	-0.42	-1.07	9.28	5.82
■ Benchmark	-0.85	3.73	-0.85	-1.21	9.24	5.67
Relative	+0.43	+0.22	+0.43	+0.14	+0.04	+0.15

CALENDAR YEAR PERFORMANCE (%)

	2017	2016	2015	2014	2013
Fund	-0.94	24.28	3.02	9.69	-0.57
Benchmark	-0.37	24.43	1.99	9.88	-0.78
Relative	-0.57	-0.15	+1.03	-0.19	+0.21

All performance periods over a year will be annualised. Source: LGIM. Performance based on weekly mid-market prices before the deduction of fees. **Past performance is not a guide to future performance and the value of investments can go down as well as up.**

FUND CHARACTERISTICS

The fund may achieve all or a significant amount of its exposure by purchasing shares in the LGIM Global Corporate Bond Fund which is a UCITS Compliant OEIC sub-fund. The underlying fund will principally invest in a variety of fixed, floating, index-linked and zero coupon government bonds and corporate bonds, other fixed or floating debt securities that may include Asset-Backed Securities (ABS), hybrid bonds, shares in the sub-funds of LGIM Liquidity Funds Plc. and other cash and money market instruments.

Benchmark note

A Bloomberg Barclays Index

PORTFOLIO BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding.



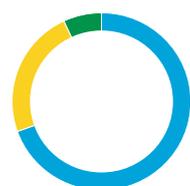
■ Top 10 issuers 39.2%
■ Rest of portfolio 60.8%
No. of issuers 293

TOP 10 ISSUERS (%)

Bundesrepublik Deutschland	15.9
United States of America	11.6
United Kingdom	3.8
Goldman Sachs Group Inc	1.2
Jpmorgan Chase & Co.	1.2
Wal-Mart Stores Inc	1.2
General Electric Co	1.2
Caisse Nationale De Credit Agricole	1.1
United Healthcare Corp	1.0
Citigroup Inc	1.0

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Benchmark	Relative
Treasuries	31.3	-	31.3
Cash	3.1	-	3.1
Agencies	1.6	-	1.6
Sovereign	0.1	-	0.1
ABS	0.1	-	0.1
Supranational	0.0	-	0.0
Utilities	3.3	5.9	-2.6
Financials	26.7	35.7	-8.9
Industrials	33.7	58.4	-24.7



CURRENCY (%)

■ USD	69.5
■ EUR	23.6
■ GBP	6.9

This is the currency breakdown before allowing for any hedging the fund may use.

CREDIT RATING (%)

	Fund	Benchmark	Relative
AAA	28.2	1.7	26.5
AA	8.3	9.7	-1.4
A	24.7	39.8	-15.1
BBB	32.4	48.8	-16.4
BB	3.4	0.0	3.4
B	-0.1	-	-0.1
Cash	3.1	-	3.1

FUND MANAGER COMMENTARY

Credit spreads widened notably across the board as risk aversion continued in markets amid fears over international trade disputes, rising corporate leverage, and political unease in Europe. US dollar investment grade and European high yield bonds led the declines. However, US dollar high yield bonds delivered positive returns over US treasuries, outperforming their pan-European counterparts, while emerging market bonds fell sharply.

The fund outperformed the benchmark in the second quarter of the year, with our underweight credit risk position proving positive for performance as credit spreads widened over the period amid a flare-up in trade tariff concerns and political uncertainty in Europe. However our short bund position contributed negatively as bunds rallied with a flight to quality amidst the European market turmoil. Synthetic short positions via emerging markets and investment grade CDS indices were positive contributors over the quarter. Emerging markets in particular came under pressure, notably Argentina and Turkey. The allocation to our US credit specialists was cautiously positioned and contributed positively to performance. Exposure to the pipeline company Kinder Morgan, General Electric and a short position in metals and mining were the largest contributors.

Tightening liquidity conditions have been driving market weakness, and we expect this to continue for the next few months. Valuations have corrected across many credit markets, and are no longer obviously expensive in our view. But we don't think they represent good value yet given this tightening.



Colin Reedie



Julien Houdain

FUND MANAGERS

Colin joined LGIM in 2005 from Henderson Global Investors where he was Head of Investment Grade Credit Fund Management. He has 25 years' experience in bond markets, specialising in non-government debt.

Julien joined LGIM in September 2007 from Fortis Investments, where he was a quantitative strategist. Julien has a PhD in financial modelling from the Ecole Normale Supérieure, France.

KEY RISKS

- The value of an investment and any income taken from it is not guaranteed and can go down as well as up. You may get back less than the amount you originally invested.
- The return from your investment is not guaranteed and therefore you may receive a lower or higher return than you anticipated. There will be a variation in performance between funds with similar objectives due to the different assets selected.
- PMC's charges and associated transaction costs are subject to change, with notice for the former and without notice for the latter. Charges and transactions costs deducted from the policy reduce your potential for capital growth in the future.
- Tax rules and the treatment of income and capital gains could change in the future and may be applied retrospectively.
- Inflation reduces the purchasing power of money over time as the cost of purchasing goods and services increases. If the rate of inflation exceeds the rate of return on your portfolio, it will erode the value of your portfolio and its investments in real terms.
- In extreme market conditions it may be difficult to realise assets held for a fund and it may not be possible to redeem units at short notice. We may have to delay acting on your instructions to sell or the price at which you cancel the units may be lower than you anticipated.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.
- PMC seeks to mitigate counterparty risk wherever possible on behalf of its policyholders through a variety of measures which include: each fund's non-cash assets being held with independent custodians, sweeping cash (where appropriate) overnight into the LGIM's range of Liquidity funds (above a de minimus level), using the delivery versus payment system when settling transactions and the use of central clearing for exchange traded derivatives and forward foreign exchange transactions. However, in the event of the failure of a counterparty, custodian or issuer there is a residual risk that a fund may suffer asset losses which are unrecoverable.

For more information, please refer to the Description of Funds [↗](#)



SPOTLIGHT ON LEGAL & GENERAL INVESTMENT MANAGEMENT

We are one of Europe's largest asset managers and a major global investor, with assets under management of £983.3 billion (as at 31 December 2017). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Assets under management include derivative positions and assets managed by LGIMA, an SEC Registered Investment Advisor.

DEALING INFORMATION

Units can be purchased, sold or switched on a designated dealing day. Funds are offered on a weekly or daily basis as below:

Weekly close	Yes
Daily close	No
Daily midday	No

Further information is available in the relevant operational procedures sheet and the Description of Funds [↗](#)

TO FIND OUT MORE

 Visit www.lgim.com

 Call **+44 (0) 20 3124 3277**

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Internal Fund Code: CSAF