

# Legal & General UK Equity Income Fund

Unit Trust (UCITS compliant) I-Class GBP



## FUND AIM

The objective of this fund is to provide an income in excess of the yield represented by the performance of the FTSE All-Share Index, and long-term growth. The fund will typically invest between 80% and 100% in UK company shares, or in shares of overseas companies which have a significant part of their activities in the UK or whose shares are traded on UK stock markets.

## RISK AND REWARD PROFILE



The synthetic risk and reward indicator (SRRI) is based on the historic volatility of the fund's value and it may change in the future.

The fund is in category 5 because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time.

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

## WHO IS THIS FUND FOR?

- This fund is designed for investors looking for income and growth from an investment in UK company shares.
- Although investors can take their money out at any time, this fund may not be appropriate for those who plan to withdraw their money within five years.
- This fund is not designed for investors who cannot afford more than a minimal loss of their investment.
- If you do not understand this document we recommend you seek additional information to help you decide if this fund is right for you.

## FUND FACTS

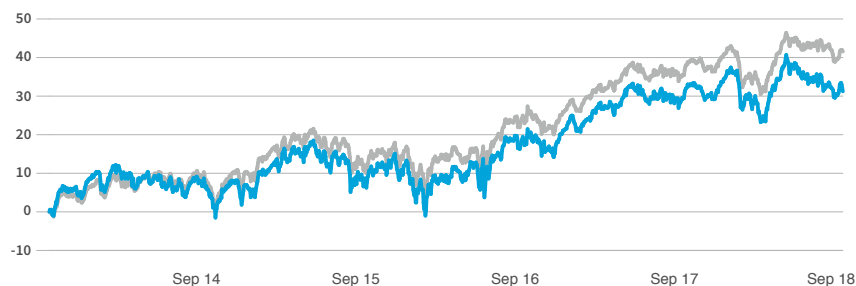
Fund size <b>£255.4m</b>	Base currency <b>GBP</b>	IA Sector <b>IA UK Equity Income</b>
Launch date <b>31 Mar 2011</b>	Domicile <b>UK</b>	Historical yield <b>4.70%</b>

## COSTS

Initial charge <b>0.00%</b>	Ongoing charge <b>0.78%</b>
Price basis <b>Dual</b>	Bid / Offer spread <b>0.58%</b>

For detail on price basis methodologies please refer to the 'Guide to Investing With Us' found on our website. [↗](#)

## PERFORMANCE (%)



	1 month	3 months	1 year	3 years	5 years
■ Fund	-0.90	-3.65	0.18	21.92	31.21
■ IA Sector	-0.35	-1.30	3.54	27.46	41.56
Quartile ranking	4	4	4	4	4

## 12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 30 September	2018	2017	2016	2015	2014
Fund	0.18	11.47	9.18	1.73	5.79
IA Sector	3.54	10.66	11.25	3.36	7.45
Quartile ranking	4	2	3	3	4

Performance for the I Inc unit class in GBP launched on 31 March 2011. Source: Lipper. Performance assumes all fund charges have been taken and that all income generated by the investments, after deduction of tax, remains in the fund.

**Past performance is not a guide to future returns. The value of your investment and any income taken from it is not guaranteed and may go up and down.**

## FUND SNAPSHOT

- Seeks to deliver consistent income and capital growth over the long term
- Equity income investing is an investment style which has historically proven to be successful over the long term
- When picking stocks, the fund manager seeks those with sustainable high yields, dividend growth prospects, or that are undervalued and have the potential for recovery

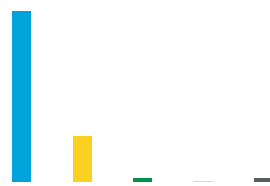


## PORTFOLIO BREAKDOWN

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

### COUNTRY (%)

	United Kingdom	100.0
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### MARKET CAPITALISATION (%)

Large	76.3
Mid	20.3
Small	1.7
Micro	0.0
Cash and Equivalents	1.7



■ Top 10 holdings 36.0%  
■ Rest of portfolio 64.0%  
No. of holdings 46

### TOP 10 HOLDINGS (%)

Royal Dutch Shell	4.4
Rio Tinto	4.4
BP	4.4
Lloyds Banking Group	4.1
Prudential	3.5
Aviva	3.3
BHP Billiton	3.3
Tesco	2.9
Barclays	2.9
Whitbread	2.8

### TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Financials	34.1	8.6	
Consumer Services	19.0	7.0	
Basic Materials	12.0	4.6	
Technology	2.6	1.6	
Telecommunications	3.4	0.7	
Industrials	9.7	-1.7	
Utilities	0.0	-2.5	
Oil & Gas	10.6	-3.9	
Consumer Goods	7.5	-6.3	
Health Care	1.2	-8.0	

### TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Phoenix Group Holdings	2.8	2.6	
Chemring Group	2.6	2.6	
GVC Holdings	2.8	2.6	
Aviva	3.3	2.5	
Rio Tinto	4.4	2.5	
Diageo	0.0	-2.7	
GlaxoSmithKline	0.0	-3.1	
AstraZeneca	0.0	-3.1	
HSBC Holdings	1.1	-4.4	
Royal Dutch Shell	4.4	-4.7	

## FUND MANAGER COMMENTARY

September proved to be a testing month for investor resolve. The overhang of key uncertainties hanging over global equity markets proved challenging, though we started to see signs of value beginning to outperform. In particular, the deteriorating relationship between China and the US appeared the most important narrative for risk assets. Markets have begun to treat this as much more than just a short-term nuisance, as positions appear to harden on both sides. Elsewhere, there were more headlines over Italy's fiscal intentions, which is a clear headache for its European partners. Meanwhile, the ECB's conviction that a "vigorous" pickup in inflation is imminent has yet to be supported by the data. Finally, Oil extended its gains, having seen the largest quarterly rally in a decade. Much of this is driven by concerns over supply risk following the looming sanctions on Iran and continued decline from Venezuela.

For performance, the fund underperformed its benchmark in September. Stock selection and sector allocation were both negatives during the period. Our underweight in Oil & Gas and overweight in Consumer Services was detrimental to returns. Selection in Financials and Healthcare disappointed. Key detractors were Indivior, after a profit warning, and gaming company GVC, which reported a decent set of results though the market was clearly disappointed by the lack of upgrades. In terms of positives, stand-out names were Chemring and Micro Focus. In activity, we exited our small position in AstraZeneca.



### STEPHEN MESSAGE

Stephen joined LGIM in 2017 as a Fund Manager for the UK Equity Income portfolios. He has been managing the UK Equity Income Trust since November 2017. Stephen joined from Old Mutual where he was responsible for the management of the Old Mutual UK Equity Income fund from 2009 until 2016. Prior to that, he was a Fund Manager at Bessemer Trust from 2006 until 2008. Stephen graduated from Imperial College London with a MEng in Aeronautical Engineering. He is also a CFA charterholder.

## KEY RISKS

- The fund could lose money if any institution providing services such as acting as counterparty to derivatives or other instruments, becomes unwilling or unable to meet its obligations to the fund.
- Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains. The impact to the fund can be greater where derivatives are used in an extensive or complex way.
- The fund may have underlying investments that are valued in currencies that are different from sterling (British pounds). Any such investments will be impacted by exchange rate fluctuations and this may affect the value of your investment and any income from it. Currency hedging techniques may be applied to reduce the impact of exchange rate fluctuations but may not entirely eliminate it.
- We may take some or all of the ongoing charges from the fund's capital rather than the fund's income. This increases the amount of income, but it reduces the growth potential and may lead to a fall in the value of the fund.

For more information, please refer to the key investor information document on our website [↗](#)

## LATEST DISTRIBUTION INFORMATION

For distributing unit classes, the latest payments are shown below. Please note that these payments are not guaranteed, are at the discretion of the manager and may be paid out of capital.

Type	Ex-div date	Pay date	Pence per unit
Interim	25 Jul 18	24 Sep 18	0.79p
Interim	25 Apr 18	22 Jun 18	0.90p
Final	25 Jan 18	23 Mar 18	0.44p
Interim	25 Oct 17	22 Dec 17	0.87p



### 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 £984.8 billion (as at 30 June 2018). 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

Valuation frequency	Daily, 12pm (UK time)
Dealing frequency	Daily
Settlement period	T+4

## CODES

<b>ISIN</b>	I Acc	GB00B6HBD759
	I Inc	GB00B56B1J72
<b>SEDOL</b>	I Acc	B6HBD75
	I Inc	B56B1J7
<b>Bloomberg</b>	I Acc	LGUEIIA
	I Inc	LGUEIII

## TO FIND OUT MORE

 Visit [www.legalandgeneral.com](http://www.legalandgeneral.com)

 Call **0370 050 0955**

 Email [investments@landg.com](mailto:investments@landg.com)

Lines are open Monday to Friday 8.30am to 6.00pm. We may record and monitor calls. Call charges will vary.

## Important information

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