

This document has been produced for professional advisers for discussion with existing investors who are familiar with investment terminology.

Legal & General Multi-Index Income 6 Fund

Unit Trust (NURS non-complex) C-Class GBP Acc



WHAT'S THE STORY?

The first quarter was a weak one for risk assets with markets spooked by Russia's invasion of Ukraine amid continued rising inflation. The three months saw the biggest sell-off in risk assets since March 2020. The invasion of Ukraine led to unprecedented sanctions on Russia and has led to heightened concern over global energy supply, and other commodities, which served to increase already bubbling inflationary pressures. An assertive pivot towards tightening monetary policy from global central banks ensued.

Despite recovering towards the end of the quarter, equities were generally negative, with UK large-cap equities' relatively flat returns a notable exception given their commodity company bias. Russian and Ukrainian assets were understandably the hardest hit, with a knock-on effect for hard and local currency emerging market debt. It was also a very weak month for developed market sovereign bonds, given the rising yields caused by the change in tone from central banks. This, coupled with widening credit spreads, led to a fall in global investment grade bonds too. Commodities were the standout performers over the period.

PERFORMANCE (%)

12 months to 31 March	2022	2021	2020	2019	2018
Fund	5.77	28.37	-12.15	5.48	0.43

Source: Lipper, LGIM as at 31 March 2022. Total Return net of tax and charges. C-Class GBP Accumulation. Please remember, the value of investments and any income from them may fall as well as rise and you may get back less than you invest. **Past performance is not a guide to future performance.**

FUND REVIEW

The fund delivered a negative return over the quarter, with areas of weakness including emerging market debt in hard currency, European (ex-UK) equities and global high yield debt. The historical yield on this fund is 3.3%*.

We reduced our equity allocation following the news from Ukraine, amongst other factors. We believe the probability of an energy crisis-induced recession has increased and that the chances of the unintended consequences of the Ukraine conflict leading to further conflict remain high. Our view on equities, however, remains marginally positive.

Following Russia's invasion, we temporarily stopped allocating new flows to emerging market debt (EMD) across all funds while index providers decided on the treatment of Russian assets in their respective benchmarks. While our exposure is well diversified, Russia still made up a meaningful proportion of the EMD index funds in which we invest.

We started gradually topping up our EMD active exposure where we had an underweight due to market moves. In an environment of rapidly developing news and significant volatility within government bonds, commodities and emerging markets, we prefer to add to an active building block within EMD, managed by LGIM's Active Strategies team.

We reduced our view on emerging market equities, mainly due to our concern over the Chinese growth outlook and the worsening COVID situation in the country. Given this rationale, we chose to implement the view change with a reduction in our Chinese equity exposure whilst increasing our US equity exposure.

** Please note that as a result of the economic slowdown which has seen companies suspending or lowering their dividends, the realised 12-month distributions were lower than average distributions since inception in 2015. Though our more diversified approach to income generation across many different asset classes combined the income smoothing mechanism prevented any sharp decline in distributed income. Going forward we expect the distributions to recover back to pre-COVID trend.*

OUTLOOK

We recently downgraded our positive view on risk assets in the medium term but remain marginally positive, as explained below. We continue to monitor developments in the Ukraine conflict and maintain our approach to all such geopolitical risk events, summarised by the motto: "prepare, don't predict". This means we undertake scenario planning, rather than seek to forecast imponderable outcomes.

The main reason for the downgrade to our view is that the probability of an energy crisis-induced recession has increased in recent weeks. We also believe the chances of unintended consequences in the Ukraine conflict leading to further conflict remain high. Despite this, we think a significant amount of negative news has already been priced in. Additionally, relative valuations remain attractive whilst absolute valuations have improved, so we are still slightly positive. We still prefer equities to credit given the recent spike in credit spreads has been more than offset by equity market weakness. We continue to worry that central banks (especially the US Federal Reserve) will need to tighten policy faster and further than current market expectations to slow demand and control inflation in the medium term. The ongoing energy crisis only increases the potential that policymakers act sooner. We believe, however, that the potential impact from energy supply shortages is lower for the US than for European nations given it has its own reserves.

FUND MANAGERS



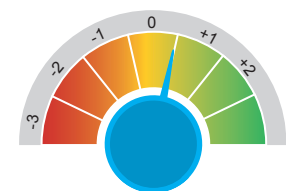
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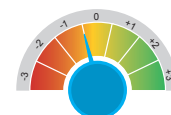
Andrzej Pioch



Francis Chua



CORE VIEW ON RISK ASSETS SLIGHTLY POSITIVE



Economic cycle

Risk of recession has increased with the energy crisis, particularly in Europe



Valuations

Relative valuations attractive and absolute valuations fair



Systemic risk

A significant amount of negative news has now been priced into markets

RISK PROFILE CONFIRMATION STATEMENT

The Risk Profile Volatility Band data is supplied by Dynamic Planner. Although this product has been designed with Dynamic Planner's model in mind – and these are the risk ratings we specifically target – the portfolios can be risk-mapped to different risk profilers. Dynamic Planner has assessed the Legal & General Multi-Index Income 6 Fund and their analysis has indicated that the fund has remained in line with the fund risk profile 6 (as at 31 December 2021). ^Expected volatility (as at 31 March 2022) as calculated by LGIM using data provided by Dynamic Planner.

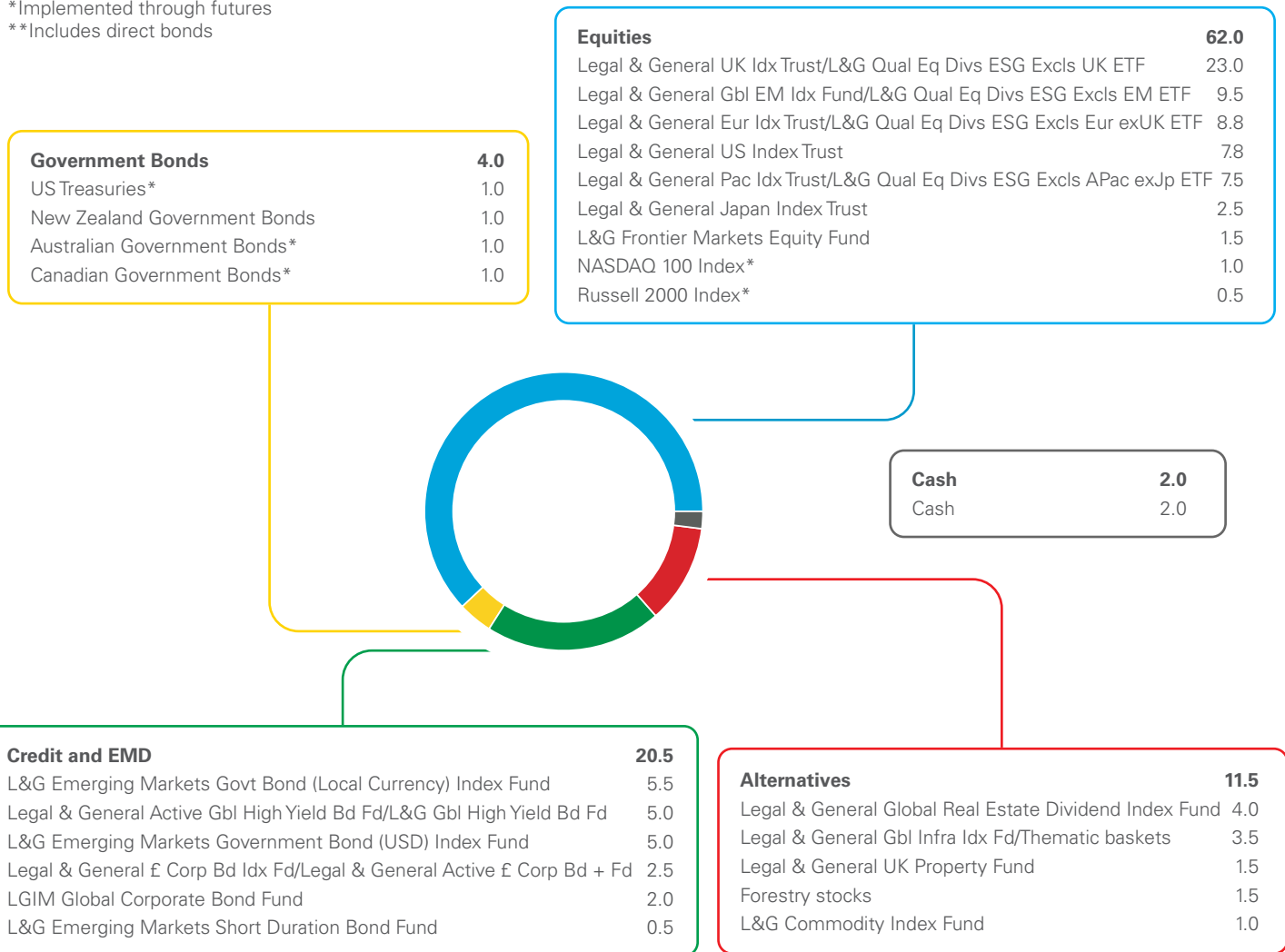
Multi-Index Fund range	DP risk profile volatility band	Expected volatility^	
6	10.5 – 12.6	12.0	Higher risk ↑
5	8.4 – 10.5	10.2	
4	6.3 – 8.4	7.7	

TARGET ASSET ALLOCATION BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding. As at 31 March 2022.

*Implemented through futures

**Includes direct bonds



TO FIND OUT MORE

Call **0345 070 8584**
Charges may vary

Email **fundsales@lgim.com**

Visit **www.lgim.com/multi-index**

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