

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.

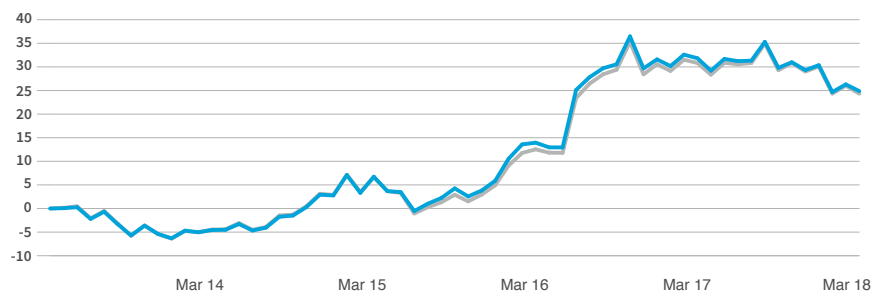
WHO IS THIS FUND FOR?

- 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 £13.0m	Base currency GBP	Benchmark USD/EUR/GBP Corporate 1% Issuer-Capped Idx	
Launch date Mar 2012	Domicile United Kingdom	Gross redemption yield 2.78%	Modified duration 6.33 years

PERFORMANCE (%)



	YTD	3m	6m	1y	3y	5y
■ Fund	-4.21	-4.21	-3.80	-5.28	5.37	4.54
■ Benchmark	-4.42	-4.42	-3.85	-4.96	5.27	4.45
Relative	+0.21	+0.21	+0.05	-0.32	+0.10	+0.09

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.

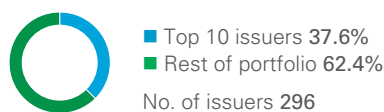
Benchmark note

A Bloomberg Barclays Index

Please note that there is a performance differential for end of March 2018, please see page 3 for further information.

PORTFOLIO BREAKDOWN

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

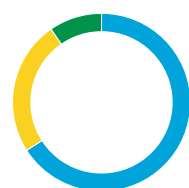


TOP 10 ISSUERS (%)

Bundesrepublik Deutschland	15.4
United States Of America	8.9
United Kingdom	3.9
AT&T Inc	2.2
Hsbc Holdings plc	1.7
Caremark Corp	1.2
Goldman Sachs Group Inc	1.2
Comcast Corporation	1.1
Bank Of America Corporation	1.0
General Electric Co	1.0

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Benchmark	Relative
Treasuries	28.2	-	28.2
Cash	3.9	-	3.9
Agencies	1.4	-	1.4
ABS	0.1	-	0.1
Sovereign	0.1	-	0.1
Local Authorities	0.1	-	0.1
Supranational	0.0	-	0.0
Utilities	3.4	6.0	-2.6
Financials	28.7	36.0	-7.3
Industrials	34.2	58.1	-23.9



CURRENCY (%)

■ USD	65.9
■ EUR	24.5
■ GBP	9.6

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

CREDIT RATING (%)

	Fund	Benchmark	Relative
AAA	25.0	1.7	23.3
AA	7.2	9.8	-2.5
A	23.6	39.6	-16.0
BBB	36.4	48.9	-12.5
BB	3.4	0.1	3.4
B	0.4	-	0.4
Cash	3.9	-	3.9

FUND MANAGER COMMENTARY

Global corporate bond markets had a weak quarter, with the rise in underlying US government yields weighing on returns from the asset class. In addition, credit spreads widened notably as risk aversion returned to markets amid fears of rising US inflation and growing international trade disputes. Pan-European credit markets outperformed in relative terms, with investors encouraged by the combination of the ongoing regional economic recovery and continued supportive monetary policy.

The fund outperformed the benchmark in the first quarter, with our underweight credit risk position proving positive for performance as credit spreads widened. However, our regional allocation contributed negatively to performance, as euro credit outperformed. Our short bond position also detracted from performance over the quarter, as core European yields moved lower on balance. In terms of sectors, our overweight to telecoms, media and technology was positive for performance. However, our emerging market (EM) exposure – notably in Argentina – detracted from performance amid the broader EM sell-off and with growth stalling in Argentina. Our exposure to subordinated financials was also negative, with higher beta asset classes suffering from broader macro moves.

Looking ahead, markets are sensitive to negative headlines, and volatility has increased significantly. This is likely due to the gradual removal of central bank support, which leaves investors facing low yields and higher volatility. The first quarter earnings season in April could afford some respite, but the underlying market backdrop appears to be weaker.



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 deminimus 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 [↗](#)

Please note that fund and client performance numbers for any investment periods up to the end of March 2018 are based on FX rates as at 30 March 2018. Due to the public holiday in the UK and some international markets on 30 March 2018, the end of March 2018 index performance numbers are based on FX rates as at 29 March 2018. The performance differential attributable to this timing discrepancy is expected to reverse in April. Should you require more information please contact clientreportingteam@lgim.com.



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 includes 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