

Legal & General UK Equity Income Fund



Unit Trust (UCITS compliant) I-Class GBP

Base currency: **GBP**

Domicile: **UK**

FUND AIM

The objective of the Fund is to provide income and growth above those of the FTSE All Share TR Net Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 2% per annum. This objective is before the deduction of any charges and measured over rolling three year periods.

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 a more specialist investment providing income and growth from an investment in UK company shares with recovery prospects.
- 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 £262.4m | Launch date 31 Mar 2011 |
| Historical yield 5.2% | |

COSTS

| | |
|--------------------------------|------------------------------------|
| Initial charge 0.00% | Ongoing charge 0.78% |
| Price basis Dual | Bid / Offer spread 0.82% |

BENCHMARKS

- Target benchmark
FTSE All-Share TR Net Index
- Comparator benchmark
IA Sector: UK Equity Income

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 | -6.42 | -2.43 | -9.35 | 1.27 | 10.89 |
| ■ Index | -3.57 | 1.96 | 0.39 | 20.06 | 30.96 |
| Relative to Index | -2.85 | -4.39 | -9.74 | -18.79 | -20.07 |
| Comparator | -3.45 | 0.20 | -3.99 | 10.77 | 24.38 |

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

| 12 months to 30 June | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------|-------|-------|-------|-------|------|
| Fund | -6.12 | 5.28 | 18.66 | -2.42 | 4.82 |
| Index | 0.52 | 8.98 | 18.08 | 2.18 | 2.58 |
| Relative to Index | -6.64 | -3.70 | 0.58 | -4.60 | 2.24 |
| Comparator | -2.73 | 6.17 | 19.37 | -1.98 | 6.87 |

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 the future.

FUND SNAPSHOT

- **What does it invest in?** Invests at least 80% in the shares of UK companies.
- **How does it invest?** Actively managed, with holdings in between 40 and 60 companies on average over a typical market cycle of 3-5 years.

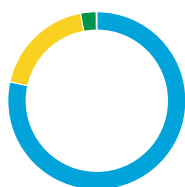


PORTFOLIO BREAKDOWN

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

COUNTRY (%)

| | | |
|--|----------------|-------|
|  | United Kingdom | 100.0 |
|--|----------------|-------|



MARKET CAPITALISATION (%)

| | |
|------------------------|------|
| ■ Large | 78.4 |
| ■ Mid | 18.7 |
| ■ Small | 2.8 |
| ■ Micro | 0.0 |
| ■ Cash and Equivalents | 0.1 |












■ Top 10 holdings 35.2%
■ Rest of portfolio 64.8%
No. of holdings 43











TOP 10 HOLDINGS (%)

| | |
|----------------------|-----|
| BP | 4.0 |
| BHP Group Plc | 3.9 |
| Royal Dutch Shell | 3.9 |
| Rio Tinto | 3.8 |
| Tesco | 3.6 |
| Lloyds Banking Group | 3.4 |
| Next | 3.3 |
| Imperial Brands | 3.1 |
| Prudential | 3.1 |
| Barclays | 3.1 |

TOP SECTOR OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|--------------------|------|----------|---|
| Financials | 34.3 | 9.3 |  |
| Consumer Services | 19.3 | 7.3 |  |
| Basic Materials | 11.7 | 4.3 |  |
| Technology | 2.4 | 1.4 |  |
| Telecommunications | 3.4 | 0.7 |  |
| Utilities | 0.0 | -2.7 |  |
| Oil & Gas | 8.8 | -4.3 |  |
| Consumer Goods | 7.7 | -7.2 |  |
| Health Care | 0.0 | -9.5 |  |

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|------------------------|------|----------|---|
| Next | 3.3 | 2.9 |  |
| Phoenix Group Holdings | 3.0 | 2.8 |  |
| Smith (DS) | 2.8 | 2.7 |  |
| Tesco | 3.6 | 2.6 |  |
| Whitbread | 2.8 | 2.6 |  |
| Diageo | 0.0 | -3.7 |  |
| GlaxoSmithKline | 0.0 | -3.7 |  |
| AstraZeneca | 0.0 | -4.3 |  |
| Royal Dutch Shell | 3.9 | -4.4 |  |
| HSBC Holdings | 0.0 | -5.3 |  |

FUND MANAGER COMMENTARY

It was a gloomy month for equity markets as risk appetite remains highly sensitive to news regarding global trade negotiations. Uncertainty continues to weigh on economic data, while central banks continue to review policy and decisions about asset purchases. Meanwhile, in UK politics, Prime Minister Boris Johnson requested for Parliament to be suspended, as more MPs attempt to make a move to block a hard Brexit.

UK equity market performance suggests the region remains unloved and relatively undervalued. M&A activity featured once more, with Greene King and Entertainment One the latest companies to be acquired by opportunistic buyers. By sector, it was a better month for defensives. Healthcare and Utilities led across the board, while Oils, Materials and Financials underperformed. At the style level, Value continues to lag Quality and Growth, as we saw structural quality and low beta remain in favour at the expense of more cyclical names.

For the fund, it was a disappointing month for returns, with the portfolio not helped by relative outperformance of Quality vs. Value, and the underperformance of some domestically-focused names. Sector allocation and stock selection were both negative. The underweight positioning in Healthcare and Consumer Goods hurt, while the profit warning from Micro Focus was the biggest drag. Elsewhere, Wood Group and Direct Line made a negative contribution, while not owning Astrazeneca, Unilever and Diageo was unhelpful on a relative level. On the flipside, top performers were Greene King and GVC Holdings.



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 value of your investment and any income you take from it may fall as well as rise and is not guaranteed. You might get back less than you invest.
- 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). Exchange rate fluctuations will impact the value of your investment. Currency hedging techniques may be applied to reduce this impact 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 Apr 19 | 24 Jun 19 | 0.96p |
| Final | 25 Jan 19 | 22 Mar 19 | 0.55p |
| Interim | 25 Oct 18 | 24 Dec 18 | 0.79p |
| Interim | 25 Jul 18 | 24 Sep 18 | 0.79p |



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 £1,134.5 billion (as at 30 June 2019). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong. The AUM includes the value of securities and derivatives positions.

DEALING INFORMATION

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

CODES

| | | |
|------------------|-------|--------------|
| ISIN | I Acc | GB00B6HBD759 |
| | I Inc | GB00B56B1J72 |
| SEDOL | I Acc | B6HBD75 |
| | I Inc | B56B1J7 |
| Bloomberg | I Acc | LGUEIIA |
| | I Inc | LGUEIII |

TO FIND OUT MORE

 Visit www.legalandgeneral.com

 Call **0370 050 0955**

 Email investments@landg.com

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

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