

Legal & General European Equity Income Fund

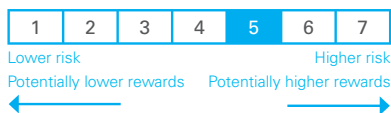
Unit Trust (UCITS compliant) C-Class GBP



FUND AIM

The objective of the fund is to generate income in excess of the FTSE Europe ex-UK Index over rolling 3 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 income and growth from an investment in European company shares (excluding UK companies).
- 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 £265.4m | Base currency GBP | Benchmark FTSE Europe ex UK Index |
| Launch date 12 Dec 2017 | Domicile UK | Historical yield 3.80% |

COSTS

| | |
|--------------------------------|------------------------------------|
| Initial charge 0.00% | Ongoing charge 0.60% |
| Price basis Dual | Bid / Offer spread 0.21% |

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

PERFORMANCE (%)



| | 1 month | 6 months | 1 year | 3 years | Launch |
|-------------|---------|----------|--------|---------|--------|
| ■ Fund | - | - | - | - | - |
| ■ Benchmark | - | - | - | - | - |

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

| 12 months to 31 March | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------------|------|------|------|------|------|
| Fund | - | - | - | - | - |
| Quartile ranking | - | - | - | - | - |

Performance for the C Inc unit class in GBP, launched on 19 December 2017. 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

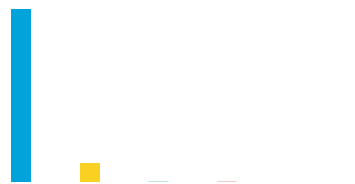
- Aims to generate attractive above-market income growth as part of a total return strategy
- We look for European-listed companies able to maintain growth earnings and free cashflow
- The fund is comprised of a concentrated selection of 50 stocks with an investment horizon of three to five years

PORTFOLIO BREAKDOWN

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

COUNTRY (%)

| | |
|--|------|
|  France | 27.2 |
|  Switzerland | 15.6 |
|  Germany | 12.0 |
|  Sweden | 11.4 |
|  Denmark | 8.3 |
|  Netherlands | 7.4 |
|  Norway | 7.2 |
|  Italy | 3.5 |
|  Spain | 3.1 |
|  Other | 4.2 |



MARKET CAPITALISATION (%)

| | |
|----------------------|------|
| Large | 86.9 |
| Mid | 9.5 |
| Small | 0.0 |
| Micro | 0.0 |
| Cash and Equivalents | 3.5 |













■ Top 10 holdings 33.3%
■ Rest of portfolio 66.7%
No. of holdings 49











TOP 10 HOLDINGS (%)

| | |
|------------------------|-----|
| Novo-Nordisk B | 4.0 |
| Roche Hldgs (Genus) | 4.0 |
| SAP | 3.7 |
| Daimler AG | 3.7 |
| ENI | 3.5 |
| AXA | 3.2 |
| UBS Group | 3.2 |
| Ing Group Cva | 2.8 |
| BNP Paribas | 2.7 |
| Zurich Insurance Group | 2.6 |

TOP SECTOR OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|--------------------|------|----------|---|
| Financials | 25.8 | 4.8 |  |
| Oil & Gas | 8.5 | 3.9 |  |
| Consumer Services | 7.8 | 3.0 |  |
| Telecommunications | 5.7 | 2.4 |  |
| Technology | 8.2 | 2.2 |  |
| Health Care | 10.3 | -0.9 |  |
| Basic Materials | 6.5 | -1.7 |  |
| Utilities | 0.8 | -3.2 |  |
| Industrials | 13.8 | -3.2 |  |
| Consumer Goods | 12.6 | -7.3 |  |

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|----------------|------|----------|---|
| ENI | 3.5 | 2.8 |  |
| Novo-Nordisk B | 4.0 | 2.8 |  |
| Daimler AG | 3.7 | 2.6 |  |
| AXA | 3.2 | 2.5 |  |
| Pandora | 2.6 | 2.5 |  |
| Bayer | 0.0 | -1.5 |  |
| Siemens AG | 0.0 | -1.5 |  |
| Nestle | 2.0 | -1.6 |  |
| Total | 0.0 | -2.1 |  |
| Novartis | 0.0 | -2.5 |  |

FUND MANAGER COMMENTARY

Global equity markets managed to overcome the well-known seasonal trading adage 'sell in May and go away', with strong returns seen across most regions last month. The outlier being European equities, which after a strong start to the period, finished May in negative territory as geopolitical events and a potential fallout from a crisis in Italy reared its head.

There were more signs of a slowdown in the economics of the Eurozone's core countries, which confirmed the region is losing momentum. On the positive side, the Q1 corporate reporting season saw a respectable level of sales and earnings beating expectations. Oil was the biggest outperformer in May, continuing the trend we have seen thus far this year. Amongst sectors, technology performed strongly, led by ASML and SAP. On the flipside, financials - notably Italian banks - significantly underperformed. From a style perspective, value lagged both growth and quality.

The L&G European Equity Income fund delivered a negative return of -1.9% in May, which meant 100bps relative underperformance. Stock selection was the key detractor of value, which was mostly due to weakness in Pandora. On the flipside, we continue to benefit from stock selection in the oil & gas sector, where we maintain an overweight position. This helped offset the drag from our overweight in European banks, which endured a tough month on the back of volatility in Italy and Spain. Despite this, stock selection within the sector helped mitigated this effect to a degree, largely thanks to our Scandinavian exposure.



ANDREW KOCH

Andrew joined LGIM in August 2014 and is a Fund Manager in the Global Income team. He joined from the in-house pension scheme at BAE Systems, where he was head of the European equities team, co-chair of the Global best ideas fund, and a member of the asset allocation committee. Previously, he managed European equities for institutional and retail funds at Henderson Global Investors and HSBC Asset Management. He started his career at Phillips & Drew in 1992. He has an MA from New College, Oxford, in philosophy, politics and economics. Andrew is a CFA charterholder and an ASIP.

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 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 [↗](#)



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

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

CODES

| | | |
|------------------|-------|--------------|
| ISIN | C Acc | GB00BF18CD42 |
| | C Inc | GB00BF18CC35 |
| SEDOL | C Acc | BF18CD4 |
| | C Inc | BF18CC3 |
| Bloomberg | C Acc | LGEECAG LN |
| | C Inc | LGEECIG LN |

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 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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