

# Legal & General UK Equity Income Fund

Unit Trust (UCITS compliant) I-Class GBP

Base currency: **GBP**

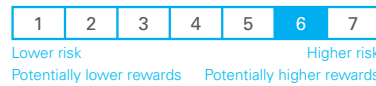
Domicile: **UK**



## 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 6 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 <b>£199.1m</b>	Fund launch date <b>31 Mar 2011</b>
Historical yield <b>5.5%</b>	

## COSTS

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

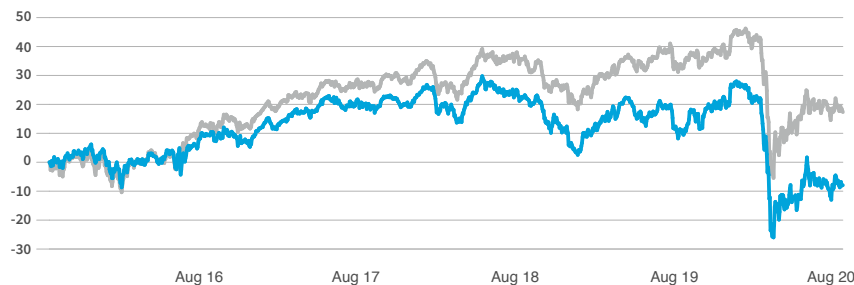
## BENCHMARKS

Benchmark  
**FTSE All Share TR Net Index**

Performance objective  
**FTSE All Share TR Net Index +2%**

Comparator benchmark  
**IA Sector: UK Equity Income**

## PERFORMANCE (%)



	1 month	3 months	1 year	3 years	5 years
Fund	4.14	0.46	-16.89	-23.09	-7.99
Benchmark	2.42	0.27	-12.65	-8.16	17.32
Performance objective	-	-	-	-2.60	28.85
Comparator	2.13	-0.01	-12.43	-12.45	6.24

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

12 months to 30 June	2020	2019	2018	2017	2016
Fund	-20.88	-6.12	5.28	18.66	-2.42
Benchmark	-12.99	0.57	9.02	18.12	2.21
Comparator	-13.58	-2.73	6.17	19.37	-1.98

For annual performance against the performance objective please see the Key Investor Information Document (KIID). 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.

Due to UK bank holiday on 31 August 2020, fund returns shown are based on prices at 28 August 2020 (last fund trading day for August 2020). This may impact relative performance to any benchmarks which priced on 31 August 2020.

## 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.

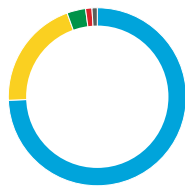


## PORTFOLIO BREAKDOWN

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

### COUNTRY (%)

	United Kingdom	100.0
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### MARKET CAPITALISATION (%)

Large	74.4
Mid	20.1
Small	3.4
Micro	1.2
Cash and Equivalents	1.0












■ Top 10 holdings 34.5%  
■ Rest of portfolio 65.5%  
No. of holdings 46











### TOP 10 HOLDINGS (%)

Rio Tinto	4.1
BHP Group Plc	3.9
Direct Line Insurance	3.7
Phoenix Group Holdings	3.6
Prudential	3.5
Next	3.3
Imperial Brands	3.3
British American Tobacco	3.2
GlaxoSmithKline	3.1
Goco Group	3.0

### TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Financials	35.2	9.9	
Consumer Services	19.5	7.2	
Telecommunications	3.2	1.0	
Basic Materials	9.7	0.9	
Oil & Gas	6.4	-1.0	
Industrials	10.4	-2.4	
Utilities	0.0	-3.4	
Consumer Goods	11.9	-3.6	
Health Care	3.1	-8.0	
Other	0.6	-	

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

	Fund	Relative	
Direct Line Insurance	3.7	3.4	
Phoenix Group Holdings	3.6	3.4	
Goco Group	3.0	3.0	
Next	3.3	2.9	
Imperial Brands	3.3	2.6	
Royal Dutch Shell	2.5	-2.0	
Reckitt Benckiser Group	0.0	-2.4	
Diageo	0.0	-3.1	
HSBC Holdings	0.0	-3.5	
AstraZeneca	0.0	-5.7	

## FUND MANAGER COMMENTARY

The steady march higher for equity markets continued in August despite government bond yields grinding higher. Policy support remains favourable for equity investors, though economic recovery momentum appears to have stalled and COVID-19 cases continue to intermittently spike and decline around the world. From a bottom-up perspective, encouragingly we've started to see a gradual stream of companies begin to recommence dividend payments, which suggests some improvement in underlying business confidence.

The FTSE All Share Index reported a gain of +2.4%, which reflected relative underperformance against global indices. UK equity valuations are undemanding, though Brexit worries persist and market bias towards value sectors has not been helpful year-to-date (YTD). For sector performance, consumer services, industrials and technology led returns. Utilities, healthcare and energy industries were all weak in the period.

The L&G UK Equity Income fund delivered a positive return of +4.1% in August. Stock selection and sector allocation made positive contributions to performance. The portfolio benefitted from its overweight allocation to consumer services and its underweight positioning to healthcare and utilities. For stock selection, our holdings within industrials and consumer goods added most value. At a stock level, a number of our UK-domestic focused consumer companies performed strongly, including Dixons Carphone, SSP Group, GoCo, Next and Whitbread. GVC and John Wood Group also performed well. On the flipside, TP ICAP and Brewin Dolphin were the most notable underperformers within our active exposure. For trading activity, we have maintained our leisure exposure, but switched our position of Carnival into EasyJet.

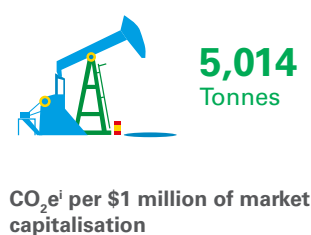


### STEPHEN MESSAGE

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.

## ENVIRONMENTAL PERFORMANCE

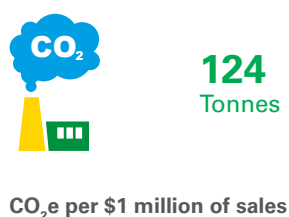
Carbon dioxide (CO<sub>2</sub>) is the most significant contributor to greenhouse gas emissions which are driving climate change.



### CARBON RESERVES

Carbon reserves are fossil fuels (coal, oil and gas) which, if burnt, will become the carbon emissions of the future. To meet global climate change targets, the unabated use of fossil fuels is expected to decline over time.

The figure is a measure of the size of carbon reserves held by the fund's underlying companies.



### CARBON EMISSIONS

Following the global Paris Agreement on climate change, companies in all sectors are expected to reduce their emissions to prepare and adapt for a low-carbon economy.

Carbon emissions intensity describes the relationship between the carbon emissions of a company and its sales<sup>ii</sup>.

## NOTES


<sup>i</sup> Carbon dioxide equivalent (CO<sub>2</sub>e) is a standard unit to compare the emissions of different greenhouse gases.

<sup>ii</sup> The choice of this metric follows best practice recommendations from the **Task Force on Climate-related Financial Disclosures**.

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The calculations above rely on third party data provided at a point in time that may not cover the entirety of the fund's investments or the fund's benchmark (against which the fund's performance is measured). As a result, what we may report may change as third party data changes and may also differ from other third party calculations.

**Refinitiv:** Source: Refinitiv ESG

 For further information please go to [www.lgim.com/esginfo](http://www.lgim.com/esginfo)

## 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 not get back the amount you originally invested.
- 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	27 Apr 20	24 Jun 20	0.55p
Final	27 Jan 20	24 Mar 20	0.63p
Interim	25 Oct 19	24 Dec 19	0.95p
Interim	25 Jul 19	24 Sep 19	0.55p



## 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 £1,240.6 billion (as at 30 June 2020). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Source: LGIM internal data as at 30 June 2020. 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

<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.

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