

Legal & General UK Special Situations Trust



Unit Trust (UCITS compliant) I-Class GBP

FUND AIM

The objective of this fund is to provide growth. The fund will typically invest between 80% and 100% in UK company shares. The fund may also invest in company shares from Europe on an ancillary basis. The fund will invest in companies considered, in the manager's view, to be undervalued by the market.

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 growth from an investment in UK company shares.
- 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

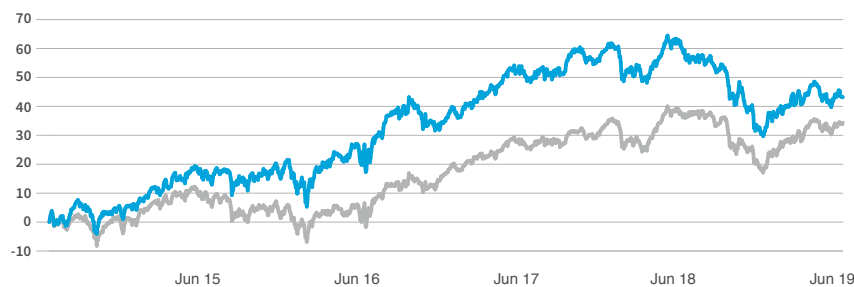
Fund size £237.4m	Base currency GBP	IA Sector IA UK All Companies
Launch date 10 Nov 2008	Domicile UK	Historical yield 2.2%

COSTS

Initial charge 0.00%	Ongoing charge 0.79%
Price basis Dual	Bid / Offer spread 0.68%

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	2.10	1.09	-10.18	17.17	43.17
■ IA Sector	2.55	3.80	-2.12	31.06	34.47
Quartile ranking	3	4	4	4	2

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 30 June	2019	2018	2017	2016	2015
Fund	-10.18	6.47	22.53	6.49	14.74
IA Sector	-2.12	9.11	22.72	-3.98	6.86
Quartile ranking	4	4	2	1	1

Performance for the I Inc unit class in GBP, launched on 10 November 2008. 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

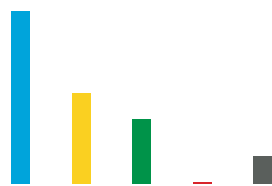
- Aims to provide long-term capital growth through stocks with unrecognised market potential
- The portfolio invests in stocks with strong economic moats and attractive cash generation, which we consider to be either underappreciated or undervalued by the market
- Legal & General has a significant presence in the UK stock market so our fund managers often have the chance to meet a company's management team before we invest



PORTFOLIO BREAKDOWN

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

COUNTRY (%)



MARKET CAPITALISATION (%)

Large	48.3
Mid	25.3
Small	18.1
Micro	0.5
Cash and Equivalents	7.7

Cash positions are held as collateral on futures



■ Top 10 holdings 40.9%
■ Rest of portfolio 59.2%
No. of holdings 40

TOP 10 HOLDINGS (%)

BP	6.1
Energean Oil & Gas	4.6
Prudential	4.2
Melrose Industries Plc	4.1
Smith (DS)	4.0
Ferguson	3.7
Tesco	3.7
St. James's Place	3.7
Carnival	3.4
Reckitt Benckiser Group	3.3

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Consumer Services	21.6	10.1	
Industrials	14.4	3.0	
Unclassified	2.9	2.9	
Technology	4.1	2.9	
Oil & Gas	15.0	0.7	
Financials	25.1	-1.1	
Utilities	0.0	-2.6	
Basic Materials	4.6	-3.6	
Health Care	3.6	-4.8	
Consumer Goods	6.5	-7.4	

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Energean Oil & Gas	4.6	4.5	
Smith (DS)	4.0	3.8	
Melrose Industries Plc	4.1	3.7	
St. James's Place	3.7	3.4	
VIVO Energy	3.3	3.3	
GlaxoSmithKline	0.0	-3.4	
Diageo	0.0	-3.4	
AstraZeneca	0.0	-3.7	
HSBC Holdings	1.6	-4.2	
Royal Dutch Shell	0.0	-9.1	

FUND MANAGER COMMENTARY

Investors may have been awaiting further guidance from the G20 summit, but they were clearly in the mood to accentuate any potential positive outcome. Having closed June with pre-G20 optimism, there was great hope of positive progress in bilateral discussions between Presidents Trump and Xi on US-China trade relations. Meanwhile, the growth-policy trade-off remains supportive of equities, mostly driven by dovish central bank messaging from the ECB and the Fed.

Dovish messages from central bankers are helping to mitigate gloomy economic readings. On the data front, there are concerns that the uptick in momentum from Q1 is unlikely to be sustained. More recent global activity appears to be characterised by weakness in manufacturing, but fairly robust signals from the consumer side amid robust labour market dynamics.

Turning to equity markets, most of the main regional indices and asset classes had positive one-month returns. Sector leadership rotated back towards Miners and Industrials, while Healthcare also performed well. Conversely, some of the perceived defensive sectors and bond proxies underperformed, alongside Retailers and Banks. At the size level, large-caps were firmly in favour at the expense of small-caps. Meanwhile, the Growth and Value polarisation gap remains at extremes.

For the UK Special Situations fund, we were disappointed with the underperformance against the benchmark in the period. Sector allocation and selection were both negative. The underweight in mega-cap Miners and Healthcare stocks detracted value, while we saw stock specific weakness from Carnival and Blue Prism. Conversely DS Smith, Melrose and Ferguson all outperformed.



ROBERT WHITE

Robert joined LGIM in 2018 as a Fund Manager for the UK Special Situations Trust. Prior to this Robert worked at Mirabaud Asset Management where he was an Assistant Fund Manager (2013 to 2018) on the UK Equities Core product. Before that he worked at PWC in their Transaction Services division. In total he has over 10 years experience working within financial services. He read Philosophy, Politics and Economics at Pembroke College, Oxford and is a member of the Institute of Chartered Accountants in England and Wales.

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 return from this fund is dependent on relatively few individual investments. This means that a fall in the value of an individual investment can have a major impact on the overall performance of the fund.
- 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). 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.

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	15 Mar 19	14 May 19	0.92p
Final	17 Sep 18	14 Nov 18	1.31p
Interim	15 Mar 18	14 May 18	0.26p
Final	15 Sep 17	14 Nov 17	0.96p



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 £1,015.50 billion (as at 31 December 2018). 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	GB00B3DMY345
	I Inc	GB00B3DMY121
SEDOL	I Acc	B3DMY34
	I Inc	B3DMY12
Bloomberg	I Acc	LGUKSIA
	I Inc	LGUKSII

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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