

# Legal & General UK Equity Income Fund



Unit Trust (UCITS compliant) I-Class GBP

## FUND AIM

The objective of this Fund is to provide an income and growth above that 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 income and 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

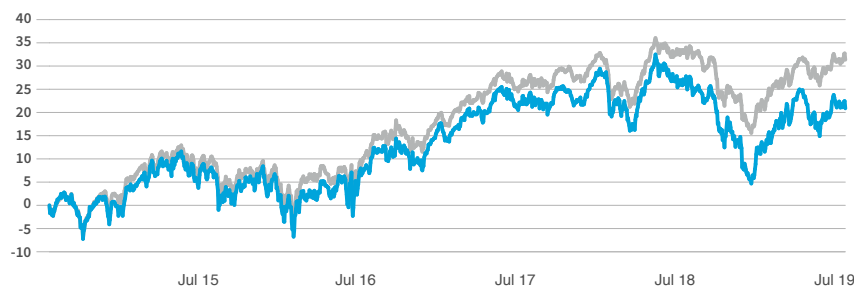
Fund size <b>£281.3m</b>	Base currency <b>GBP</b>	IA Sector <b>IA UK Equity Income</b>
Launch date <b>31 Mar 2011</b>	Domicile <b>UK</b>	Historical yield <b>4.8%</b>

## COSTS

Initial charge <b>0.00%</b>	Ongoing charge <b>0.78%</b>
Price basis <b>Dual</b>	Bid / Offer spread <b>0.68%</b>

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	0.32	-2.10	-5.45	11.75	20.79
■ IA Sector	1.26	-0.08	-2.03	18.02	31.26
Quartile ranking	4	4	4	4	4

## FUND SNAPSHOT

- Seeks to deliver consistent income and capital growth over the long term
- Equity income investing is an investment style which has historically proven to be successful over the long term
- When picking stocks, the fund manager seeks those with sustainable high yields, dividend growth prospects, or that are undervalued and have the potential for recovery



## 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
IA Sector	-2.72	6.17	19.37	-1.98	6.87
Quartile ranking	4	3	3	3	4

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.

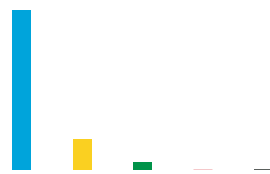


## PORTFOLIO BREAKDOWN

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	80.4
Mid	15.5
Small	3.7
Micro	0.0
Cash and Equivalents	0.4

Cash positions are held as collateral on futures



■ Top 10 holdings 35.8%  
■ Rest of portfolio 64.2%  
No. of holdings 44

### TOP 10 HOLDINGS (%)

BP	4.3
Royal Dutch Shell	4.1
Rio Tinto	4.0
BHP Group Plc	4.0
Next	3.4
Lloyds Banking Group	3.3
Tesco	3.3
Barclays	3.3
Prudential	3.2
Phoenix Group Holdings	2.9

### TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Consumer Services	20.1	8.5	
Financials	32.9	7.1	
Basic Materials	11.8	4.0	
Technology	2.9	1.7	
Industrials	12.5	1.0	
Utilities	0.0	-2.5	
Oil & Gas	9.6	-4.5	
Consumer Goods	7.2	-7.0	
Health Care	0.0	-9.0	

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

	Fund	Relative	
Next	3.4	3.1	
Phoenix Group Holdings	2.9	2.8	
Micro Focus International	2.9	2.6	
Smith (DS)	2.7	2.6	
Whitbread	2.7	2.4	
Diageo	0.0	-3.4	
GlaxoSmithKline	0.0	-3.6	
AstraZeneca	0.0	-3.9	
Royal Dutch Shell	4.1	-4.9	
HSBC Holdings	0.0	-5.7	

## FUND MANAGER COMMENTARY

While global equity markets delivered positive performance in July, a hawkish rate cut from the Federal Reserve and a feeling of déjà-vu around the latest escalation in trade tensions once more highlighted the disconnect between risk assets and the broader macro environment.

In the UK, sterling fell to its lowest level in over two years as market fears around a no-deal Brexit intensify. Even if we discount the currency impact, driven purely by economic and political headwinds, UK equity valuations are 19% below their long-term average.

Fundamentally, there has been plenty to digest in terms of corporate newsflow. Meanwhile, the fall in sterling has at least made the UK more attractive to potential acquirers. Bids for Just Eat and Cobham could prove to be just the start of the 'open season'.

Turning to equity market returns, the FTSE 100 was one of the best performers globally in GBP terms. Quality defensives and bond proxy sectors broadly found favour. Outperformers included large-cap pharmaceutical, telecoms, tobacco, aerospace and retail sectors.

For the portfolio, the L&G UK Equity Income reported a return of 0.3% in the period. Underperformance during the month can be attributed to weak returns from domestic value stocks as both stock selection and sector positioning was negative. Financials were the biggest drag on performance, while the underweight in healthcare was also detrimental.



### 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 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	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

<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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