

Legal & General UK Special Situations Trust



Unit Trust (UCITS compliant) R-Class GBP

FUND AIM

The objective of this Fund is to provide growth above that of the FTSE All Share Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 5% 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 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 £239.5m	Base currency GBP	IA Sector IA UK All Companies
Launch date 10 Nov 2008	Domicile UK	Historical yield 1.3%

COSTS

Initial charge 0.00%	Ongoing charge 1.54%
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	1.71	-1.46	-8.34	9.49	38.46
■ Benchmark	2.00	2.57	1.27	27.01	38.95
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	-10.92	5.69	21.44	5.53	13.71
Benchmark	0.57	9.02	18.12	2.21	2.60
Quartile ranking	4	4	2	1	1

Performance for the R 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

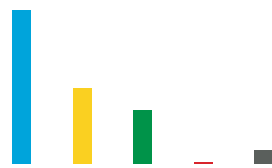
- Aims to provide long-term capital growth through stocks with unrecognised market potential
- The portfolio invests in stocks with strong economic moats and attractive cash generation, which we consider to be either underappreciated or undervalued by the market
- Legal & General has a significant presence 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	51.5
Mid	25.3
Small	18.0
Micro	0.6
Cash and Equivalents	4.7

Cash positions are held as collateral on futures



■ Top 10 holdings 40.9%
■ Rest of portfolio 59.1%
No. of holdings 42

TOP 10 HOLDINGS (%)

BP	6.2
Energean Oil & Gas	4.8
Prudential	4.3
Ferguson	4.2
Smith (DS)	4.0
Tesco	3.7
Carnival	3.6
Reckitt Benckiser Group	3.5
Taylor Wimpey	3.3
St. James's Place	3.3

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Consumer Services	20.8	9.2	■
Technology	4.3	3.2	■
Unclassified	3.0	3.0	■
Industrials	13.5	2.1	■
Oil & Gas	15.2	1.1	■
Financials	25.2	-0.6	■
Utilities	0.0	-2.5	■
Basic Materials	4.6	-3.2	■
Health Care	3.3	-5.7	■
Consumer Goods	7.9	-6.3	■

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Energean Oil & Gas	4.8	4.8	■
Smith (DS)	4.0	3.8	■
Ferguson	4.2	3.6	■
Carnival	3.6	3.4	■
St. James's Place	3.3	3.1	■
Diageo	0.0	-3.4	■
GlaxoSmithKline	0.0	-3.6	■
AstraZeneca	0.0	-3.9	■
HSBC Holdings	1.6	-4.0	■
Royal Dutch Shell	0.0	-9.0	■

FUND MANAGER COMMENTARY

While Global equity markets delivered positive performance in July, a hawkish rate cut from the Fed and a feeling of Deja-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.

The FTSE 100 was one of the best performers globally in GBP terms as defensive sectors broadly found favour. Outperformers included large-cap Pharma, Telecoms, Tobacco and Retail. Resources were the worst performer, while trade sensitive industries found life tougher going. Unsurprisingly, domestic-exposed companies underperformed UK exporters, while Quality saw outperformance over Value.

The UK Special Situations fund reported a return of 1.8%. However, intraday performance continues to frustrate as fundamentals are not driving returns. Market moves suggests that investors are focused on an increasingly narrow list of staple-like, bond proxy companies. The zero weight in Healthcare was detrimental, while selection in Financials was a big drag following soggy performance from St James's Place and Jupiter. Elsewhere, Micro Focus, Vivo Energy and Consort Medical also underperformed. On the flipside, M&A was helpful for EI Group, while Energean Oil & Gas and Ferguson.

On trading activity, the portfolio introduced a position in Bellway, the UK housebuilder. The company has strong net cash, conservative balance sheet, broad UK exposure, margins of 20% and is growing volumes. We also reduced the holding in Melrose on the back of lower trade volumes.



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	0.55p
Final	17 Sep 18	14 Nov 18	0.70p
Interim	15 Mar 18	14 May 18	0.00p
Final	15 Sep 17	14 Nov 17	0.47p



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	R Acc	GB00B3DMXT38
	R Inc	GB00B3DMXD77
SEDOL	R Acc	B3DMXT3
	R Inc	B3DMXD7
Bloomberg	R Acc	LGUKSSA
	R Inc	LGUKSSI

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.

Important information

Copyright © 2019 Legal & General. This document is subject to copyright. Any unauthorised use is strictly prohibited. All rights are reserved.

Issued by Legal & General (Unit Trust Managers) Limited as management company for this fund. Registered in England and Wales No. 01009418. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised and Regulated by the Financial Conduct Authority No. 119273. We are members of the Investment Association. All features described in this fact sheet are those current at the time of publication and may be changed in the future. Nothing in this fact sheet should be construed as advice and it is therefore not a recommendation to buy or sell investments. If in doubt about the suitability of this product, you should seek professional advice. No investment decisions should be made without first reviewing the key investor information document of the Fund ("KIID") which can be obtained from www.legalandgeneral.com. This fact sheet is only directed at investors resident in jurisdictions where this fund is registered for sale. It is not an offer or invitation to persons outside of those jurisdictions. We reserve the right to reject any applications from outside of such jurisdictions.

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). ©LSE Group 2019. FTSE Russell is a trading name of certain of the LSE Group companies. FTSE® is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.