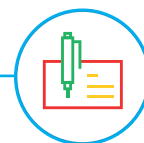


Active Corporate Bond- All Stocks- Fund



Unit-Linked Life Insurance Reported in GBP (Gross of charges)

FUND AIM

The fund aims to exceed the Markit iBoxx £ Non-Gilts Index by 0.75% p.a. (before fees) over a three year rolling period.

RISK AND REWARD PROFILE



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

For more information, please refer to the Key Risks section on page 3.

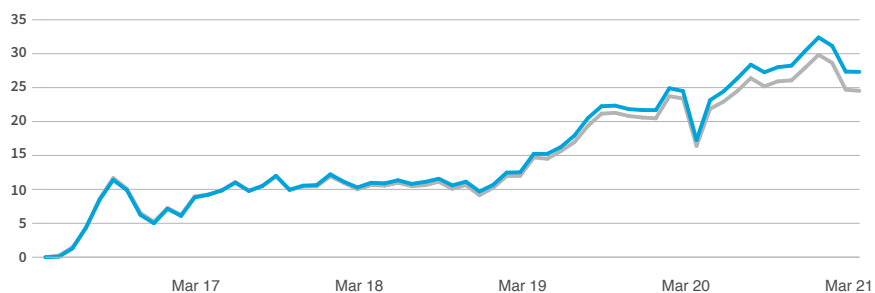
WHO IS THIS FUND FOR?

- The trustees of UK registered and certain non-UK registered defined benefit or defined contribution occupational pension schemes, which may be classified as either retail clients or professional clients.
- Although investors can take their money out at any time, the recommended minimum holding period is 5 years.
- Please refer to your professional advisor who should be able to advise you on the suitability of this fund for your scheme.

FUND FACTS

Fund size £2,820.2m	Base currency GBP	Benchmark Markit iBoxx £ Non-Gilts Index	
Launch date Jul 2002	Domicile United Kingdom	Gross redemption yield 2.11% (unhedged)	Modified duration 7.70 years

PERFORMANCE (%)



	YTD	3m	6m	1y	3y	5y
■ Fund	-3.85	-3.85	-0.55	8.57	4.68	4.94
■ Benchmark	-4.11	-4.11	-1.12	6.98	4.02	4.48
Relative	+0.26	+0.26	+0.57	+1.59	+0.66	+0.46

CALENDAR YEAR PERFORMANCE (%)

	2020	2019	2018	2017	2016
Fund	8.81	9.95	-1.40	4.76	10.44
Benchmark	7.80	9.27	-1.51	4.32	10.65
Relative	+1.01	+0.68	+0.11	+0.44	-0.21

All performance periods over a year will be annualised. Source: LGIM. Performance based on weekly mid-market prices before the deduction of fees. **Past performance is not a guide to the future.**

FUND CHARACTERISTICS

While the fund actively manages interest rate risk, it seeks to outperform the benchmark principally through active management of credit risk. The fund has a duration of up to +/-1 year relative to its benchmark and a tracking error range of up to 1.5% p.a. The fund primarily invests in corporate fixed interest securities denominated in sterling with credit ratings of BBB- (or equivalent) and above. The fund can also hold an exposure to UK government bonds and cash. In order to access greater investment opportunities, the fund is permitted to allocate a maximum of 20% of the portfolio to EUR and USD credit hedged back to sterling. The fund has the ability to use derivatives for more efficient portfolio management (Available from 1 December 2008).

PORTFOLIO BREAKDOWN

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



■ Top 10 issuers 27.4%
■ Rest of portfolio 72.7%

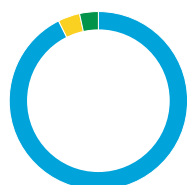
No. of issuers 336

TOP 10 ISSUERS (%)

United Kingdom	11.4
Wells Fargo & Company	2.4
HSBC Holdings plc	2.1
Lloyds Banking Group Plc	2.0
BP plc	1.9
General Electric Co	1.8
Athene Global Funding	1.5
EDF SA	1.5
Logicor 2019-1 UK Plc	1.4
Aviva plc	1.4

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Benchmark	Relative	
Cash and Equivalents	6.2	-	6.2	
Financial Services	6.2	2.8	3.5	
Consumer Services	5.8	4.2	1.6	
Utilities	14.9	13.6	1.3	
Industrials	5.3	4.2	1.1	
Consumer Goods	5.5	4.6	0.9	
Oil & Gas	2.7	1.8	0.9	
Insurance	6.6	6.0	0.6	
Real Estate	3.4	3.0	0.4	
Banks	15.0	15.2	-0.2	
Technology	0.4	0.7	-0.3	
Telecommunications	4.1	4.8	-0.7	
Covered	1.4	2.1	-0.7	
Basic Materials	0.0	0.9	-0.8	
Health Care	0.8	2.0	-1.2	
ABS	9.1	10.6	-1.5	
Sovereign	12.6	23.6	-11.0	



CURRENCY (%)

■ GBP	92.5
■ EUR	4.0
■ USD	3.4

CREDIT RATING (%)

	Fund	Benchmark	Relative	
AAA	2.2	18.4	-16.2	
AA	15.7	10.5	5.2	
A	17.2	23.5	-6.3	
BBB	52.7	46.8	5.9	
BB	5.5	0.8	4.7	
B	0.6	-	0.6	
Cash	6.2	-	6.2	

FUND MANAGER COMMENTARY

During the quarter, the fund delivered strong outperformance versus the benchmark driven by positive outcomes from credit selection and rates strategies.

Key positive contributors included the moderate credit overweight; at the sector level, positive contributions came from the overweights to utilities, travel & leisure, and to oil & gas. At the single name level, the top performers (all overweight) were General Electric, EDF and BP. The fund's outright short duration was also beneficial. Key negative contributors included the underweight to the sub-sovereigns sector, although this was more than offset by the top performing sectors. The most significant single-name detractors were the overweights to Experian and Heathrow.

We continued to favour reopening and vaccine trades, with focus on Covid-exposed names in retail real estate, airlines, and travel & leisure. We also looked for opportunities in the shorted end of the curve, where carry looks more attractive via sub-bank paper, hybrids (DB AT1) and short dated BBB names. To fund these, we have been reducing our longer-dated, low-spread issuers and sectors. We positioned the portfolio with an outright short duration which was increased in February and we also neutralised some of the curve positioning. With rates volatility lower and government yields more stable, we bought back our tactical short to bring it to neutral towards the end of Q1. We hold cash and gilts holding at around 10. % to keep some powder dry.



IAN HUTCHINSON

Ian leads our UK Active Credit team and lead manages our flagship all-stock and over 10 year strategies. He joined LGIM in 2004 as a product specialist on the fixed income desk, and in 2006 became a trainee fund manager role working on UK investment grade credit portfolios. He started his career in 1998 at Standard & Poor's MMS as a Eurobond analyst. Ian is IMC qualified and a CFA charterholder. He holds a degree in international relations from the University of Sussex.

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 your investment is not guaranteed and therefore you may receive a lower or higher return than you anticipated. There will be a variation in performance between funds with similar objectives due to the different assets selected.
- PMC's charges and associated transaction costs are subject to change, with notice for the former and without notice for the latter. Charges and transactions costs deducted from the policy reduce your potential for capital growth in the future.
- Tax rules and the treatment of income and capital gains could change in the future and may be applied retrospectively.
- Inflation reduces the purchasing power of money over time as the cost of purchasing goods and services increases. If the rate of inflation exceeds the rate of return on your portfolio, it will erode the value of your portfolio and its investments in real terms.
- In extreme market conditions it may be difficult to realise assets held for a fund and it may not be possible to redeem units at short notice. We may have to delay acting on your instructions to sell or the price at which you cancel the units may be lower than you anticipated.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.
- PMC seeks to mitigate counterparty risk wherever possible on behalf of its policyholders through a variety of measures which include: each fund's non-cash assets being held with independent custodians, sweeping cash (where appropriate) overnight into the LGIM's range of Liquidity funds (above a deminimus level), using the delivery versus payment system when settling transactions and the use of central clearing for exchange traded derivatives and forward foreign exchange transactions. However, in the event of the failure of a counterparty, custodian or issuer there is a residual risk that a fund may suffer asset losses which are unrecoverable.

For more information, please refer to the Description of Funds [↗](#)



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 £1,278.9 billion (as at 31 December 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 31 December 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

Units can be purchased, sold or switched on a designated dealing day. Funds are offered on a weekly or daily basis as below:

Weekly close	Yes
Daily close	Yes
Daily midday	Yes
NIS available	Yes

The Notional Income Service (NIS) is available from the weekly dealt version where indicated. Further information is available in the relevant operational procedures sheet and the Description of Funds [↗](#)

TO FIND OUT MORE



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We may record and monitor calls. Call charges will vary.

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Internal Fund Code: DC