

Active Global Corporate Bond Fund - GBP Currency Hedged

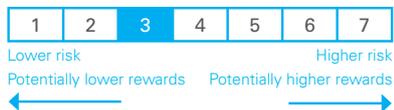


Unit-Linked Life Insurance Reported in GBP (Gross of charges)

FUND AIM

The investment objective of the fund is to exceed the Bloomberg Barclays USD/EUR/GBP Corporate 1% Issuer-Capped Index - GBP Hedged by 1.25% p.a. over a rolling 3 years basis (before fees).

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.

We have classified this product as class 3 out of 7, which is a medium-low class. This summary risk indicator is based on historical data which may not be a reliable indication of the fund's risk category in the future.

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

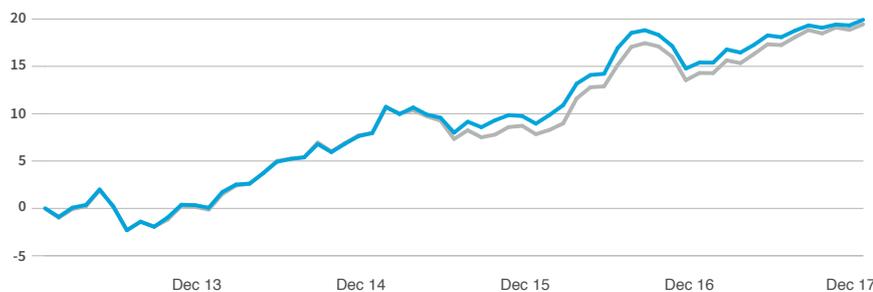
WHO IS THIS FUND FOR?

- 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 1 year.
- 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	Base currency	Benchmark
£1,522.7m	GBP	USD/EUR/GBP Corp 1% Issuer-Capped Idx - GBP
Launch date	Domicile	Gross redemption yield
Mar 2012	United Kingdom	2.42%

PERFORMANCE (%)



Fund	YTD	3m	6m	1y	3y	5y
Fund	3.93	0.71	1.56	3.93	3.57	3.69
Benchmark	4.50	0.81	1.87	4.50	3.43	3.61
Relative	-0.57	-0.10	-0.31	-0.57	+0.14	+0.08

CALENDAR YEAR PERFORMANCE (%)

	2017	2016	2015	2014	2013
Fund	3.93	5.92	0.92	7.87	0.05
Benchmark	4.50	5.99	-0.10	8.07	-0.14
Relative	-0.57	-0.07	+1.02	-0.20	+0.19

All performance periods over a year will be annualised. Performance based on weekly mid-market prices before the deduction of fees. **Past performance is not a guide to future performance and the value of investments can go down as well as up.**

FUND CHARACTERISTICS

The fund may achieve all or a significant amount of its exposure by purchasing shares in the LGIM Global Corporate Bond Fund which is a UCITS Compliant OEIC sub-fund. The underlying fund will principally invest in a variety of fixed, floating, index-linked and zero coupon government bonds and corporate bonds, other fixed or floating debt securities that may include Asset-Backed Securities (ABS), hybrid bonds, shares in the sub-funds of LGIM Liquidity Funds Plc. and other cash and money market instruments. Currency hedging is achieved by selling forward for approximately one month the relevant currency exposure of the Fund.

Benchmark note

A Bloomberg Barclays Index



PORTFOLIO BREAKDOWN

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



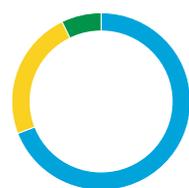
■ Top 10 issuers 40.9%
■ Rest of portfolio 59.1%
No. of issuers 297

TOP 10 ISSUERS (%)

BUNDESREPUBLIK DEUTSCHLAND	16.0
UNITED STATES OF AMERICA	11.0
UNITED KINGDOM	4.2
AT&T INC	2.1
DELL COMPUTER CORPORATION	1.4
MICROSOFT CORP	1.3
ORACLE CORP	1.3
GOLDMAN SACHS GROUP INC/THE	1.2
BANK OF AMERICA CORPORATION	1.2
ALIBABA GROUP HOLDING LTD	1.2

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Benchmark	Relative
Treasuries	31.2	-	31.2
Cash	1.8	-	1.8
Agencies	1.4	0.0	1.3
Sovereign	0.5	-	0.5
Local Authorities	0.0	-	0.0
ABS	0.0	-	0.0
Utilities	3.3	6.0	-2.6
Financials	24.8	35.4	-10.7
Industrials	37.0	58.6	-21.6



CURRENCY (%)

■ USD	69.1
■ EUR	23.7
■ GBP	7.2

CREDIT RATING (%)

	Fund	Benchmark	Relative
AAA	29.0	1.7	27.3
AA	7.4	9.8	-2.4
A	26.3	39.7	-13.4
BBB	33.1	48.8	-15.7
BB	2.3	0.0	2.2
B	0.1	-	0.1
CCC	0.0	0.0	0.0
Cash	1.8	-	1.8

FUND MANAGER COMMENTARY

Global corporate bond markets had a positive quarter against a backdrop of synchronised global economic growth. Credit spreads continued to fall steadily across major developed markets despite volatility in underlying government bond yields. All major regional credit markets performed well, with investors encouraged by the combination of the global economic recovery and a continuation in the supportive monetary policy from the European Central Bank.

The fund underperformed the benchmark in the fourth quarter of the year, with our underweight credit risk position proving negative for performance as credit spreads tightened over the period. Our regional allocation contributed negatively to performance, particularly in October as euro credit outperformed on the back of dovish comments from the European Central Bank (ECB) regarding the unwinding of the corporate bond buying programme. Our short bond position detracted from performance over the quarter, notably following the October ECB meeting given the markets' slightly dovish interpretation. This position recovered somewhat in December. Meanwhile, our tactical trading in gilts and treasuries was positive for performance over the quarter overall. Stock and sector selection was negative for performance. Our exposure to peripheral financials, sterling sub-insurance paper and large overweight to telecoms, media and technology (TMT) sectors were all positive for performance. However, our overweights in Mexico City Airport and EDF as well as an underweight in commodities / cyclicals were negative for performance.



FUND MANAGERS

Colin joined LGIM in 2005 from Henderson Global Investors where he was Head of Investment Grade Credit Fund Management. He has 25 years' experience in bond markets, specialising in non-government debt.

Julien joined LGIM in September 2007 from Fortis Investments, where he was a quantitative strategist. Julien has a PhD in financial modelling from the Ecole Normale Supérieure, France.

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 get back less than 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 £983.3 billion (as at 31 December 2017). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Assets under management includes derivative positions and assets managed by LGIMA, an SEC Registered Investment Advisor.

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	No
Daily midday	No

Further information is available in the relevant operational procedures sheet and the Description of Funds [↗](#)

TO FIND OUT MORE

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Internal Fund Code: CSAG