

# Legal & General European Equity Income Fund

Unit Trust (UCITS compliant) I-Class GBP



## FUND AIM

The objective of the fund is to generate income in excess of the FTSE Europe ex-UK Index over rolling 3 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 European company shares (excluding UK companies).
- 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.

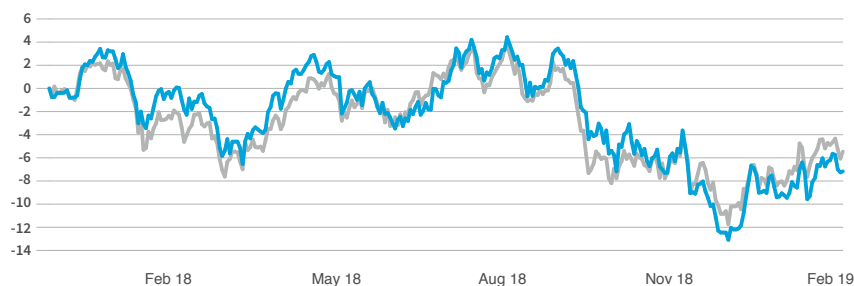
## FUND FACTS

Fund size <b>£270.5m</b>	Base currency <b>GBP</b>	Benchmark <b>FTSE World Europe ex UK Index</b>
Launch date <b>12 Dec 2017</b>	Domicile <b>UK</b>	Historical yield <b>3.8%</b>

## COSTS

Initial charge <b>0.00%</b>	Ongoing charge <b>0.80%</b>
Price basis <b>Dual</b>	Bid / Offer spread <b>0.27%</b>

## PERFORMANCE (%)



	1 month	3 months	1 year	3 years	Launch
■ Fund	1.01	-1.72	-8.34	-	-8.30
■ Benchmark	2.07	0.40	-3.27	-	-5.46
Quartile ranking	3	4	3	-	2

## 12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 31 December	2018	2017	2016	2015	2014
Fund	-12.55	-	-	-	-
Benchmark	-9.45	-	-	-	-
Quartile ranking	3	-	-	-	-

Performance for the I Inc unit class in GBP, launched on 19 December 2017. 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 future returns. The value of your investment and any income taken from it is not guaranteed and may go up and down.**

For detail on price basis methodologies please refer to the 'Guide to Investing With Us' found on our website. [↗](#)

## FUND SNAPSHOT











- Aims to generate attractive above-market income as part of a total return strategy
- We look for European-listed companies able to grow earnings and free cashflow
- The fund is comprised of a concentrated selection of around 50 stocks with an investment horizon of three to five years

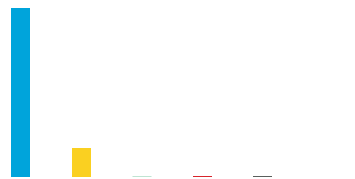


## PORTFOLIO BREAKDOWN

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

### COUNTRY (%)

 France	27.8
 Germany	16.1
 Switzerland	13.8
 Sweden	11.0
 Denmark	8.8
 Netherlands	6.6
 Spain	4.4
 Norway	4.2
 Italy	3.4
 Other	4.0



### MARKET CAPITALISATION (%)

Large	85.2
Mid	14.3
Small	0.0
Micro	0.0
Cash and Equivalents	0.5












■ Top 10 holdings 31.8%  
■ Rest of portfolio 68.2%  
No. of holdings 50











### TOP 10 HOLDINGS (%)

Novo Nordisk	3.5
ENI	3.4
SAP	3.4
Societe Generale	3.3
AXA	3.3
UBS Group	3.2
Daimler AG	3.2
BNP Paribas	3.2
BASF	2.7
Ing Group Cva	2.6

### TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Financials	26.4	4.9	
Oil & Gas	8.4	3.5	
Consumer Services	6.7	2.4	
Basic Materials	9.9	2.0	
Telecommunications	4.4	1.3	
Industrials	16.8	-0.2	
Health Care	8.6	-3.3	
Utilities	0.8	-3.4	
Consumer Goods	11.4	-7.8	

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

	Fund	Relative	
Societe Generale	3.3	2.8	
ENI	3.4	2.7	
AXA	3.3	2.5	
Pandora	2.6	2.5	
UBS Group	3.2	2.3	
Allianz SE	0.0	-1.5	
Siemens AG	0.0	-1.5	
Nestle	2.1	-1.7	
Total	0.0	-2.4	
Novartis	0.0	-2.7	

## FUND MANAGER COMMENTARY

Following the sharp Q4 sell-off last year, European equity markets continue to recover well from the low point. The more globally exposed nature of cyclical sectors has led to another month of positive returns for equity markets, driven primarily by early signs of a renormalisation of risk.

In Europe, the ECB is considering additional measures to maintain the flow of credit in a subdued Eurozone economy. Data indicators would suggest Eurozone growth appears muted, largely due to a loss in momentum in manufacturing industries and decline in business sentiment. Brexit induced fatigue also appear to be showing for both sides. Prodeal MPs have started to show more coordination and UK Prime Minister Theresa May has come under pressure to agree to an extension of Article 50.

Turning to equity markets, cyclicals largely outperformed this month. Electronics, retailers, construction, software, insurance and banks were the strongest performing areas of the market. All sectors apart from utilities and telecom saw positive returns. Value stocks saw small underperformance against other style tilts, with domestic focused companies also out of favour.

For performance, the L&G European Equity Income fund delivered a net return of 1.1% in the period, against the benchmark return of 2.1%. Stock selection was a drag on attribution, with our holdings in financials and consumer services both underperforming. This was partially offset by good gains in technology and healthcare. Sector positioning was a small positive, with our overweight in banks adding value.



### ANDREW KOCH

Andrew joined LGIM in August 2014 and is a Fund Manager in the Global Income team. He joined from the in-house pension scheme at BAE Systems, where he was head of the European equities team, and a member of the asset allocation committee. Previously, he managed European equities for institutional and retail funds at Henderson Global Investors and HSBC Asset Management. He started his career at Phillips & Drew in 1992, where he spent 10 years investing in UK, European and Japanese Equities. He has an MA in PPE from New College, Oxford. Andrew is a CFA charterholder (since 1998) and an ASIP.

**KEY RISKS**

- 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.
- 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	01 Nov 18	31 Dec 18	0.20p
Interim	01 Aug 18	30 Sep 18	0.73p
Final	01 May 18	30 Jun 18	0.69p



**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 £984.8 billion (as at 30 June 2018). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

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

**DEALING INFORMATION**

Valuation frequency	Daily, 12pm (UK time)
Dealing frequency	Daily
Settlement period	T+4

**CODES**

<b>ISIN</b>	I Acc	GB00BF18C898
	I Inc	GB00BF18C781
<b>SEDOL</b>	I Acc	BF18C89
	I Inc	BF18C78
<b>Bloomberg</b>	I Acc	LGEEIAG LN
	I Inc	LGEEIIG LN

**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.

**Important information**

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