

Legal & General UK Equity Income Fund



Unit Trust (UK UCITS compliant) I-Class GBP

Base currency: **GBP**

Domicile: **UK**

FUND AIM

The objective of the Fund is to provide income and growth above those 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 6 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 4.

WHO IS THIS FUND FOR?

- This fund is designed for investors looking for a more specialist investment providing income and growth from an investment in UK company shares with recovery prospects.
- 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 £234.8m | Fund launch date 31 Mar 2011 |
| Historical yield 3.0% | |

COSTS

| | |
|------------------------------------|---|
| Initial charge 0.00% | Ongoing charge 0.78% |
| Price basis Single swing | Dilution adjustment 0.68%- round trip |

BENCHMARKS

Benchmark
FTSE All Share TR Net Index

Performance objective
FTSE All Share TR Net Index +2%

Comparator benchmark
IA Sector: UK Equity Income

PERFORMANCE (%)



| | 1 month | 3 months | 1 year | 3 years | 5 years |
|-----------------------|---------|----------|--------|---------|---------|
| ■ Fund | 0.57 | 0.09 | 34.89 | -4.75 | 12.58 |
| ■ Benchmark | 0.53 | 1.79 | 26.58 | 5.34 | 32.02 |
| Performance objective | - | - | - | 11.81 | 45.13 |
| Comparator | 0.98 | 2.55 | 30.64 | 5.93 | 27.62 |

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

| 12 months to 30 June | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------------------|-------|--------|-------|------|-------|
| Fund | 27.00 | -20.88 | -6.12 | 5.28 | 18.66 |
| Benchmark | 21.40 | -13.03 | 0.52 | 8.98 | 18.08 |
| Comparator | 25.48 | -13.58 | -2.73 | 6.17 | 19.37 |

For annual performance against the performance objective please see the Key Investor Information Document (KIID). 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.

FUND SNAPSHOT

- **What does it invest in?** Invests at least 80% in the shares of UK companies.
- **How does it invest?** Actively managed, with holdings in between 40 and 60 companies on average over a typical market cycle of 3-5 years.

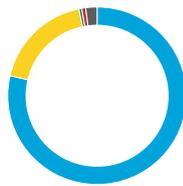


PORTFOLIO BREAKDOWN

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

COUNTRY (%)

| | | |
|--|----------------|-------|
|  | United Kingdom | 100.0 |
|--|----------------|-------|



MARKET CAPITALISATION (%)

| | |
|----------------------|------|
| Large | 78.6 |
| Mid | 18.1 |
| Small | 0.5 |
| Micro | 0.7 |
| Cash and Equivalents | 2.0 |



■ Top 10 holdings 32.9%
■ Rest of portfolio 67.1%
No. of holdings 45

TOP 10 HOLDINGS (%)

| | |
|-------------------|-----|
| BHP Group Plc | 4.0 |
| Rio Tinto | 3.8 |
| BP | 3.7 |
| Unilever | 3.5 |
| Imperial Brands | 3.3 |
| BAE Systems | 3.0 |
| Next | 3.0 |
| GlaxoSmithKline | 2.9 |
| Barclays | 2.8 |
| Royal Dutch Shell | 2.8 |

TOP SECTOR OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|------------------------|------|----------|---|
| Consumer Discretionary | 15.5 | 3.3 |  |
| Telecommunications | 5.4 | 3.2 |  |
| Financials | 23.4 | 1.2 |  |
| Real Estate | 4.2 | 1.0 |  |
| Energy | 7.8 | 0.6 |  |
| Utilities | 1.7 | -1.2 |  |
| Technology | 0.0 | -2.0 |  |
| Health Care | 2.9 | -6.9 |  |

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|------------------------|------|----------|---|
| Imperial Brands | 3.3 | 2.7 |  |
| Next | 3.0 | 2.6 |  |
| Phoenix Group Holdings | 2.8 | 2.6 |  |
| Direct Line Insurance | 2.7 | 2.5 |  |
| BAE Systems | 3.0 | 2.3 |  |
| RELX Group | 0.0 | -1.6 |  |
| Royal Dutch Shell | 2.8 | -1.8 |  |
| HSBC Holdings | 0.0 | -3.4 |  |
| Diageo | 0.0 | -3.4 |  |
| AstraZeneca | 0.0 | -5.3 |  |

FUND MANAGER COMMENTARY

The UK equity market delivered a positive return in July, continuing its upward trajectory year-to-date. Positive earnings delivery, guidance upgrades and analyst revisions have been a key feature of the latest corporate reporting season, supporting the strong market performance. That said, commentary from management teams point to continued headwinds from supply disruption, rising freight and distribution costs, and increasing labour shortages. This continues to be a key talking point as part of our engagement with companies. Aside from earnings, M&A activity is continuing, with high profile movement in food and defence sectors highlighting once again the relative valuation merits of UK assets. On Covid-19, most remaining restrictions in the UK economy were lifted in July, although this was accompanied by more cautious rhetoric from government officials as cases of the delta variant rose sharply. While this poses a potential concern for the full reopening of economies, the increasing number of cases has so far not led to significantly higher hospital admissions in the UK due to the effective roll out of the vaccine.

The L&G UK Equity Income Fund outperformed against its benchmark in July. Stock selection accounted for the outperformance, driven by our names in Consumer Staples and Basic Materials. Sector allocation was broadly neutral. By stock, top positive contributions came from our holding in BAE Systems and not owning AstraZeneca and Reckitt Benckiser. The largest negative contributions to relative returns came from our holding in BT Group and not owning RELX and Experian.

There were no notable portfolio changes in the period.



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.

ENVIRONMENTAL PERFORMANCE

Carbon dioxide (CO₂) is the most significant contributor to greenhouse gas emissions which are driving climate change.



5,815
Tonnes

CO₂eⁱ per \$1 million EVIC

CARBON RESERVES

Carbon reserves are fossil fuels (coal, oil and gas) which, if burnt, will become the carbon emissions of the future. To meet global climate change targets, the unabated use of fossil fuels is expected to decline over time.

The figure is a measure of the size of carbon reserves held by the fund's underlying companies.



113
Tonnes

CO₂e per \$1 million of revenues

CARBON EMISSIONS

Following the global Paris Agreement on climate change, companies in all sectors are expected to reduce their emissions to prepare and adapt for a low-carbon economy.

Carbon emissions intensity describes the relationship between the carbon emissions of a company and its salesⁱⁱ.

NOTES

ⁱ Carbon dioxide equivalent (CO₂e) is a standard unit to compare the emissions of different greenhouse gases.

ⁱⁱ The choice of this metric follows best practice recommendations from the **Task Force on Climate-related Financial Disclosures**.

Trucost: Source: S&P Trucost Limited © Trucost 2019. All rights in the Trucost Data and Reports vest in Trucost and/or its licensors. Neither Trucost, nor its affiliates, nor its licensors accept any liability for any errors, omissions or interruptions in the Trucost Data and/or Reports. No further distribution of the Data and/or Reports is permitted without Trucost's express written consent.

The calculations above rely on third party data provided at a point in time that may not cover the entirety of the fund's investments or the fund's benchmark (against which the fund's performance is measured). As a result, what we may report may change as third party data changes and may also differ from other third party calculations.

Refinitiv: Source: Refinitiv ESG

 For further information please go to www.lgim.com/esginfo

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 | 26 Apr 21 | 24 Jun 21 | 0.55p |
| Final | 25 Jan 21 | 24 Mar 21 | 0.28p |
| Interim | 26 Oct 20 | 24 Dec 20 | 0.49p |
| Interim | 27 Jul 20 | 24 Sep 20 | 0.31p |



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

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

CODES

| | | |
|------------------|-------|--------------|
| ISIN | I Acc | GB00B6HBD759 |
| | I Inc | GB00B56B1J72 |
| SEDOL | I Acc | B6HBD75 |
| | I Inc | B56B1J7 |
| Bloomberg | I Acc | LGUEIIA |
| | I Inc | LGUEIII |

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 © 2021 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 2021. 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.