

Legal & General UK Select Equity Fund



Unit Trust (UCITS compliant) I-Class GBP

Base currency: **GBP**

Domicile: **UK**

FUND AIM

The objective of this Fund is to provide growth above that of the FTSE All Share TR Net Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 3% per annum before charges, 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.

This fund is in category 6 because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.

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 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 £315.5m	Fund launch date 2 Jan 1996
Historical yield 2.4%	

COSTS

Initial charge 0.00%	Ongoing charge 0.78%
Price basis Single - dilution levy	Dilution levy 1.22%- round trip

BENCHMARKS

Benchmark

FTSE All Share TR Net Index

Performance objective

FTSE All Share TR Net Index +3%

Comparator benchmark

IA Sector: UK All Companies

PERFORMANCE (%)



	1 month	3 months	1 year	3 years	5 years
■ Fund	-2.41	2.86	-6.92	-7.58	21.85
■ Benchmark	-1.69	-2.92	-16.59	-9.33	18.57
Performance objective	-	-	-	-0.84	36.57
Comparator	-1.79	-1.08	-13.15	-8.18	17.04

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 30 September	2020	2019	2018	2017	2016
Fund	-6.92	-3.27	2.64	11.81	17.92
Benchmark	-16.59	2.68	5.87	11.94	16.82
Comparator	-13.15	0.08	5.63	13.84	11.98

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 October 2012. 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 90% in shares of UK companies. The proportion of the fund invested in a company can vary between -10% and +5% of the weighting of that company in the Index.
- **How does it invest?** Actively managed, with holdings in between 30 and 60 companies on average over a typical market cycle of 3-5 years, which means the fund may be concentrated at times.



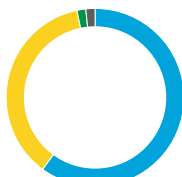
PORTFOLIO BREAKDOWN

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



SECTOR (%)

Consumer Services	23.4
Industrials	19.1
Financials	17.2
Consumer Goods	15.0
Health Care	9.4
Technology	3.9
Basic Materials	3.3
Telecommunications	3.2
Oil & Gas	2.9
Other	2.4



MARKET CAPITALISATION (%)

Large	60.0
Mid	36.7
Small	1.6
Micro	0.0
Cash and Equivalents	1.7



■ Top 10 holdings 37.2%
 ■ Rest of portfolio 62.8%
 No. of holdings 35

TOP 10 HOLDINGS (%)

AstraZeneca	4.6
3i Group	4.0
HG Capital Trust	3.8
Rentokil Initial	3.7
Just Eat Takeaway.Com	3.7
Aveva Group	3.6
Experian	3.6
Croda International	3.5
Coca-Cola HBC AG	3.4
B&M European Value Retail	3.4

COUNTRY (%)

United Kingdom	98.4
Ireland	1.6

FUND MANAGER COMMENTARY

September was mostly unfavourable for risk assets as the market rally faltered on second wave virus concerns and unhelpful political developments. Meanwhile, US elections and Brexit represent sizeable headwinds to market momentum in the short term. A period of investor caution and market consolidation seems logical following the summer rally, possibly until elections are out of the way. Much of equity market momentum will likely hinge on progress of a vaccine as the main positive market catalyst. On the ground, corporate earnings are rebounding, visibility has improved and animal spirits (M&A) have returned.

The L&G UK Select Equity fund delivered a negative return of -2.4% in the period, against a benchmark return of -1.7%. Stock selection was a drag on relative performance owed to weakness within our consumer goods and industrials exposure. Sector allocation made a positive contribution which derived from the underweight to oil & gas and financials which continues to be beneficial. At the stock level the top performers included FeverTree Drinks, JD Sports, Ocado Group, 3i Group and Croda. Turning to detractors, Network International, Wizz Air, SSP Group and Dalata Hotel all underperformed.

We initiated a new position in home repairs and improvements company Homeserve. We like the compounding growth within the Membership business, which is highly cash generative. Importantly, this is helping to fund growth of its Home Experts business. On the flipside, we exited our holdings of Melrose and Vivo Energy, which proved to be a disappointing investment.



GAVIN LAUNDER

Gavin joined LGIM in 2007 and has been the Fund Manager for the UK Select Equity Fund since June 2018. Previously, he was a Global Equities Analyst at BlueBay Asset Management. Gavin spent the majority of his buy-side career as a Portfolio Manager with UBS O'Connor. Prior to this, he was a top-rated, sell-side analyst covering the Autos, Capital Goods and Conglomerates sectors at investment banks including SG Warburg (now part of UBS) and Goldman Sachs. Gavin holds a degree in Philosophy and Economics from University College, London.

ENVIRONMENTAL PERFORMANCE

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



868
Tonnes

CO₂eⁱ per \$1 million of market capitalisation

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.



118
Tonnes

CO₂e per \$1 million of sales

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**.

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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 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	01 Apr 20	31 May 20	1.85p
Final	01 Oct 19	29 Nov 19	4.86p
Interim	01 Apr 19	31 May 19	3.90p
Final	01 Oct 18	30 Nov 18	5.93p



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 £1,240.6 billion (as at 30 June 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 30 June 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	GB00B8F72V68
	I Inc	GB00B887M570
SEDOL	I Acc	B8F72V6
	I Inc	B887M57
Bloomberg	I Acc	LGUSEIA LN
	I Inc	LGUSEII LN

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.

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