

Legal & General UK Equity Income Fund

Unit Trust (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 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 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	Launch date
£271.6m	31 Mar 2011
Historical yield	
5.1%	

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

COSTS

Initial charge	Ongoing charge
0.00%	0.78%
Price basis	Bid / Offer spread
Dual	0.82%

BENCHMARKS

Target benchmark
FTSE All-Share TR Net Index

Comparator benchmark
IA Sector: UK Equity Income

PERFORMANCE (%)



	1 month	3 months	1 year	3 years	5 years
■ Fund	0.79	-0.65	3.35	7.77	20.39
■ Index	-1.40	-2.11	6.79	19.31	37.89
Relative to Index	2.19	1.46	-3.44	-11.54	-17.50
Comparator	0.06	-0.10	5.45	14.38	31.79

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 30 September	2019	2018	2017	2016	2015
Fund	-3.65	0.18	11.47	9.18	1.73
Index	2.68	5.87	11.94	16.82	-2.30
Relative to Index	-6.33	-5.69	-0.47	-7.64	4.03
Comparator	-0.37	3.54	10.66	11.25	3.36

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.

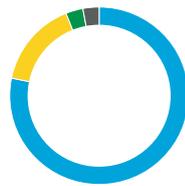


PORTFOLIO BREAKDOWN

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

COUNTRY (%)

	United Kingdom	100.0
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MARKET CAPITALISATION (%)

Large	78.2
Mid	15.8
Small	3.1
Micro	0.0
Cash and Equivalents	2.9



■ Top 10 holdings 33.3%
■ Rest of portfolio 66.7%
No. of holdings 45

TOP 10 HOLDINGS (%)

BP	3.9
Royal Dutch Shell	3.6
Tesco	3.5
BHP Group Plc	3.5
Rio Tinto	3.4
Phoenix Group Holdings	3.1
Next	3.1
Barclays	3.1
Lloyds Banking Group	3.0
Prudential	3.0

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Financials	35.3	9.1	
Consumer Services	21.0	9.1	
Basic Materials	11.1	3.8	
Telecommunications	4.1	1.3	
Technology	1.7	0.5	
Industrials	11.6	-0.2	
Utilities	0.0	-2.9	
Oil & Gas	8.4	-4.3	
Consumer Goods	6.8	-6.9	
Health Care	0.0	-9.5	

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Phoenix Group Holdings	3.1	3.0	
Next	3.1	2.7	
Tesco	3.5	2.5	
Whitbread	2.6	2.3	
Royal Bank of Scotland Gr	2.7	2.3	
Diageo	0.0	-3.3	
GlaxoSmithKline	0.0	-3.8	
Royal Dutch Shell	3.6	-4.3	
AstraZeneca	0.0	-4.3	
HSBC Holdings	0.0	-5.2	

FUND MANAGER COMMENTARY

Another month passes with little concrete development around US-China trade developments, though there is growing optimism for a deal. In UK politics, Brexit-related risk has now moved onto worries over the outcome of a December general election. Meanwhile, the Q3 reporting season has been better than expected for most sectors. Globally, share price reaction has generally been skewed to the upside, though there have been some industry specific pockets of weakness.

The removal of an immediate threat of disruption from a 'no deal' Brexit was helpful to UK market performance. We saw the Brexit discount close slightly amid some recognition of the valuation merits, albeit aided by a bounce in sterling. This helped UK small and mid-caps outperform the overseas-focused FTSE 100. There was a continuation of style rotation as Value saw outperformance, though the sector picture was more mixed. In general, Cyclical outperformed Defensives. Staples were generally weak on the back of a lacklustre earnings season. Energy and Resources were also out of favour.

The fund reported a positive return of 0.8%, comparing favourably against its benchmark. The combination of UK domestic and cyclical exposure led returns. Stock selection was strong, driven by gains in Banks, Consumer Services and Industrials. On allocation, the underweight positioning in Consumer Goods and Oils added relative value. For activity, we added a position in WPP as we introduce more non-GBP exposure. The company pays an attractive dividend and its valuation remains at historically depressed levels.



STEPHEN MESSAGE

Stephen joined LGIM in 2017 as a Fund Manager for the UK Equity Income portfolios. He has been managing the UK Equity Income Trust since November 2017. Stephen joined from Old Mutual where he was responsible for the management of the Old Mutual UK Equity Income fund from 2009 until 2016. Prior to that, he was a Fund Manager at Bessemer Trust from 2006 until 2008. Stephen graduated from Imperial College London with a MEng in Aeronautical Engineering. He is also a CFA charterholder.

KEY RISKS

- The value of your investment and any income you take from it may fall as well as rise and is not guaranteed. You might get back less than you invest.
- 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	25 Jul 19	24 Sep 19	0.55p
Interim	25 Apr 19	24 Jun 19	0.96p
Final	25 Jan 19	22 Mar 19	0.55p
Interim	25 Oct 18	24 Dec 18	0.79p



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 £1,134.5 billion (as at 30 June 2019). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

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.

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