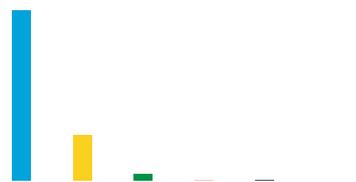


PORTFOLIO BREAKDOWN

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

COUNTRY (%)



MARKET CAPITALISATION (%)

Large	76.5
Mid	20.3
Small	2.7
Micro	0.0
Cash and Equivalents	0.4



■ Top 10 holdings 35.1%
■ Rest of portfolio 64.9%
No. of holdings 45

TOP 10 HOLDINGS (%)

Rio Tinto	4.5
Lloyds Banking Group	4.2
BP	3.9
Royal Dutch Shell	3.5
Prudential	3.5
BHP Billiton	3.2
Barclays	3.2
Aviva	3.1
GVC Holdings	3.0
Imperial Brands	2.9

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Financials	34.8	9.3	
Consumer Services	20.2	9.1	
Basic Materials	12.0	4.4	
Technology	2.3	1.4	
Telecommunications	3.0	0.3	
Industrials	9.8	-1.0	
Utilities	0.0	-2.7	
Oil & Gas	9.6	-5.2	
Consumer Goods	8.2	-5.9	
Health Care	0.0	-9.6	

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
GVC Holdings	3.0	2.8	
Direct Line Insurance	2.8	2.6	
Rio Tinto	4.5	2.6	
Phoenix Group Holdings	2.6	2.4	
Lloyds Banking Group	4.2	2.4	
Diageo	0.0	-2.9	
GlaxoSmithKline	0.0	-3.2	
AstraZeneca	0.0	-3.3	
HSBC Holdings	1.1	-4.6	
Royal Dutch Shell	3.5	-5.7	

FUND MANAGER COMMENTARY

October was a very tough month for equity markets, as fears regarding the longevity of the bull market have been exacerbated by higher macro volatility. Concerns about trade wars, a sharp slowdown in China, Brexit negotiations, US midterm elections, European political woes, rising inflation and rates were on everyone's mind. Meanwhile, a subdued start to the third quarter earnings season has only added to uncertainty. As equity markets have fallen sharply, the reaction to earnings disappointment has seen stocks being punished more than usual. Not even valuations have provided much of a cushion, as short-term market conditions put our faith to the test. As the market rout intensified through the period, defensive equities and value stocks broadly outperformed mid-caps and growth names.

On performance, the L&G UK Equity Income fund returned -6.0% in the period. Sector positioning and stock selection were both small negatives, led by our underweight in healthcare and utility sectors. In terms of selection, industrials (auto and defence), life insurers and resources underperformed. On individual names, Johnson Matthey, Chemring, Micro Focus and Aviva all detracted value. TP ICAP, GVC Holdings GRIT Real Estate and BT Group all performed well. GoCompare was a new position on the fund, while Smith & Nephew was sold.



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 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). Any such investments will be impacted by exchange rate fluctuations and this may affect the value of your investment and any income from it. Currency hedging techniques may be applied to reduce the impact of exchange rate fluctuations 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 18	24 Sep 18	0.58p
Interim	25 Apr 18	22 Jun 18	0.56p



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

ISIN	C Acc	GB00BF5DVC72
	C Inc	GB00BF5DVD89
SEDOL	C Acc	BF5DVC7
	C Inc	BF5DVD8
Bloomberg	C Acc	LGUEQCA LN
	C Inc	LGUEQCI LN

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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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