

# L&G Absolute Return Bond Plus Fund

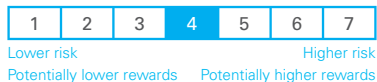


SICAV (UCITS compliant) Z-Class USD Dist

## FUND AIM

The Fund aims to generate positive returns in all market conditions. The Fund has a higher performance target than that of the L&G Absolute Return Bond Fund. The Fund aims to meet its performance objectives over a rolling three year period. There can be no assurance that the Fund will achieve its investment objective.

## 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 4 because it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to fluctuate.

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 or growth from an investment in fixed income securities
- 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

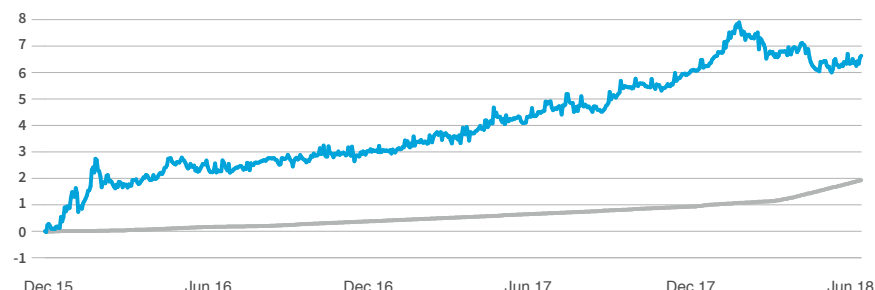
## FUND FACTS

Fund size <b>\$286.3m</b>	Base currency <b>USD</b>	Benchmark <b>ICE BofAML USD LIBOR 3m Cons Maturity TR</b>
Launch date <b>29 Nov 2013</b>	Domicile <b>Luxembourg</b>	Modified duration <b>-0.04 years</b>

## COSTS

Initial charge <b>0.00%</b>	Ongoing charge <b>0.05%</b>
Price basis <b>Single- full swing</b>	Dilution adjustment <b>0.57% - round trip</b>

## PERFORMANCE (%)



	1m	6m	1y	3y	Launch
■ Fund	0.12	0.15	2.07	-	2.56
■ Benchmark	0.18	0.92	1.52	-	1.06
Relative	-0.06	-0.77	+0.55	-	+1.50

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

12 months to 30 June	2018	2017	2016	2015	2014
Fund	2.07	2.16	-	-	-
Benchmark	1.52	0.85	-	-	-
Relative	+0.55	+1.31	-	-	-

All performance periods over a year will be annualised. Performance for the Z USD Dist share class in USD, launched on 16 December 2015. 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. This fund has adopted a single swinging price, this means that on any given day the single dealing price will be set at either bid, offer or somewhere in between, based on whether there was a net inflow or outflow into or out of the Fund. The past performance depicted in this factsheet is based on that dealing price and therefore may appear more volatile than it would otherwise be if we were to show the notional bid or offer performance, this is as a result of the daily swing.

**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.**

The eligibility for the Z share class is restricted and may require a separate fee agreement with LGIM. Please contact us to discuss share class eligibility.

## FUND SNAPSHOT

- Aims to generate positive returns in all market conditions
- Invests in a broad range of fixed income asset classes
- Seeks alpha via a range of additional investments including CDS, rates and global currencies



## PORTFOLIO BREAKDOWN

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

### CURRENCY (%)

USD	101.3	
EUR	2.9	
SEK	0.1	
AUD	0.1	
JPY	0.1	
HKD	-0.1	
GBP	-2.2	
ZAR	-2.3	
Other	0.1	

This is the currency breakdown before allowing for any hedging the fund may use.

### CREDIT EXPOSURE (NET %)

<b>Credit Long/Short</b>	
Investment Grade	0.10
EM Debt	0.08
High Yield	-0.02
<b>Total Net Exposure 0.16</b>	
Long Exposure	Short Exposure
Net Exposure	

Total net credit exposure is the impact on profit/loss to the portfolio calculated as the impact of a 5% move tighter in credit spreads based on a reference level of 100% Itraxx Eur Main (with 4yr CS01 Duration Equivalent).

### CREDIT RATING (%)

AAA	12.5	
AA	19.1	
A	14.2	
BBB	21.7	
BB	8.4	
B	5.9	
CCC	1.2	
NR	7.0	
Cash	9.9	

### SECTOR (%)

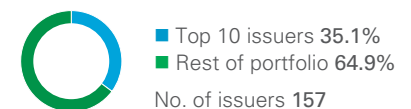
Sovereign	30.8	
ABS	10.4	
Cash and Equivalents	9.8	
Banks	9.8	
Industrials	6.2	
Financial Services	5.5	
Utilities	5.4	
Equity Index	5.1	
Real Estate	5.1	
Consumer Services	3.8	
Consumer Goods	2.4	
Oil & Gas	2.1	
Basic Materials	1.5	
Technology	1.0	
Other	1.0	

### COUNTRY (PV %)

United States	53.2	
United Kingdom	11.2	
Multiple Countries	4.8	
France	2.9	
Argentina	2.2	
China	2.0	
Mexico	1.9	
Nigeria	1.6	
Spain	1.6	
Other	18.6	

### TOP 10 ISSUERS (%)

United States of America	21.1
Deere & Co	3.4
Cabela's Credit Card Mstr Note Trst	1.7
Wal-Mart Stores Inc	1.6
Morgan Stanley	1.3
Republic of Iraq	1.3
Cleco Corporation	1.2
Trinity Rail Leasing	1.2
Sierra Timeshare	1.2
Mexico City Airport Trust	1.2



## FUND MANAGER COMMENTARY

June was another weak month for risk markets, particularly across credit. There were pockets of resilience, notably US high yield credit and US equity markets, but other areas suffered large losses. While the Italian political volatility of May calmed, it was replaced with a focus on trade tariffs and associated political tension.

The fund delivered positive returns in June. Although our holdings in investment grade bonds generated negative returns, our short CDS position in investment grade credit helped to protect the portfolio. We also entered short CDS positions in a basket of commodity and automobile companies. The market exposure of those positions is hedged by long positions in CDS indices. These pair trades performed well and we continue to hold them. In currency markets, we added to our long US dollar position versus Asian currencies. Our overall long US dollar exposure (which we increased over the month) performed well in June. Our equity tail hedges on European banks and emerging markets also performed well and we took partial profits. We are currently running a defensive credit portfolio with equity tail risk hedges and no active duration positions.

Tightening liquidity conditions have been driving market weakness, and we expect this to continue for the next few months. Valuations have corrected across many credit markets, and are no longer obviously expensive in our view. But we don't think they represent good value yet given this tightening.



### JULIEN HOUDAIN

Julien is a portfolio manager in the Multi-Strategy Fixed Income team where he is responsible for global credit and absolute return mandates. He joined LGIM in September 2007 from Fortis Investments, where he was a quantitative strategist in the structured finance team and developed market standard and proprietary models for the pricing and risk management of credit derivatives as well as trading and hedging strategies. Julien has a PhD in financial modelling from the Ecole Normale Supérieure, Paris, France.

## KEY RISKS

- This fund holds bonds that, rather than being traded on an exchange, are traded through agents, brokers or investment banks matching buyers and sellers. This makes the bonds less easy to buy and sell than investments that are traded on an exchange and on any particular day there may not be a buyer or a seller for the bonds. In times of market uncertainty or if an exceptional amount of withdrawals are requested it may become less easy for your fund to sell investments and the Manager may defer withdrawals, or suspend dealing. The Manager can only delay paying out if it is in the interests of all investors and with the permission of the fund trustee or depositary.
- The fund invests directly or indirectly in bonds which are issued by companies or governments. If these companies or governments experience financial difficulty, they may be unable to pay back some or all of the interest, original investment or other payments that they owe. If this happens, the value of your fund may fall.
- 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 the currency of this share class. 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.
- Investment returns on bonds are sensitive to trends in interest rate movements. Their values are likely to fall when interest rates rise. Such falls may be more pronounced in a low interest rate environment. Bonds with a short time to go before their maturity date will fall by less than bonds with a longer time to their maturity date.

For more information, please refer to the key investor information document on our website [↗](#)

## COUNTRY REGISTRATION

 Luxembourg  Switzerland  United Kingdom

## Important information

Issued by LGIM Corporate Director Limited as management company for this fund. Registered in England and Wales No. 07105051. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised and Regulated by the Financial Conduct Authority No. 518241. Legal & General Investment Management Limited has been appointed as the discretionary investment manager for this Fund, it is authorised and regulated by the Financial Conduct Authority No. 119272. All features described in this factsheet are those current at the time of publication and may be changed in the future. Nothing in this factsheet should be construed as advice and it is therefore not a recommendation to buy or sell securities. 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.lgim.com](http://www.lgim.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 ICE BofAML, used with permission. ICE BofAML is licensing the ICE BofAML indices "as is", makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom, assumes no liability in connection with their use, and does not sponsor, endorse, or recommend Legal & General Investment Management or its affiliates, or any of its products or services.

## Internal Fund Code:



## 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 £983.3 billion (as at 31 December 2017). 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, 16:00 CET
Dealing frequency	Each Business Day
Settlement period	T+3
Administrator/Custodian	Northern Trust

## CODES

ISIN	Z USD Acc	LU0989305403
	Z USD Dist	LU0989305585
Bloomberg	Z USD Acc	LGLHAZA LX
	Z USD Dist	LGLHAZI LX

## TO FIND OUT MORE

Legal & General SICAV C/O Northern Trust  
Luxembourg Management Company S.A.  
6 rue Lou Hemmer L-1748  
Senningerberg Grand-Duché de Luxembourg

 Visit [www.lgim.com](http://www.lgim.com)

 Call **+352 276 222 514**

 Email [LGIM-TALUX@ntrs.com](mailto:LGIM-TALUX@ntrs.com)

We may record and monitor calls. Call charges will vary.