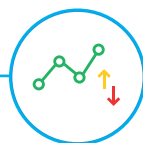


# Legal & General UK Special Situations Trust



Unit Trust (UCITS compliant) I-Class GBP

## FUND AIM

The objective of this Fund is to provide growth above that of the FTSE All Share Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 5% 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 growth from an investment in UK company 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<br><b>£239.5m</b>       | Base currency<br><b>GBP</b> | IA Sector<br><b>IA UK All Companies</b> |
| Launch date<br><b>10 Nov 2008</b> | Domicile<br><b>UK</b>       | Historical yield<br><b>2.1%</b>         |

## COSTS

|                                |                                    |
|--------------------------------|------------------------------------|
| Initial charge<br><b>0.00%</b> | Ongoing charge<br><b>0.79%</b>     |
| Price basis<br><b>Dual</b>     | Bid / Offer spread<br><b>0.68%</b> |

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

## PERFORMANCE (%)



|                  | 1 month | 3 months | 1 year | 3 years | 5 years |
|------------------|---------|----------|--------|---------|---------|
| ■ Fund           | 1.82    | -1.26    | -7.57  | 12.26   | 44.53   |
| ■ Benchmark      | 2.00    | 2.57     | 1.27   | 27.01   | 38.95   |
| Quartile ranking | 3       | 4        | 4      | 4       | 2       |

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

| 12 months to 30 June | 2019   | 2018 | 2017  | 2016 | 2015  |
|----------------------|--------|------|-------|------|-------|
| Fund                 | -10.18 | 6.47 | 22.53 | 6.49 | 14.74 |
| Benchmark            | 0.57   | 9.02 | 18.12 | 2.21 | 2.60  |
| Quartile ranking     | 4      | 4    | 2     | 1    | 1     |

Performance for the I Inc unit class in GBP, launched on 10 November 2008. 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

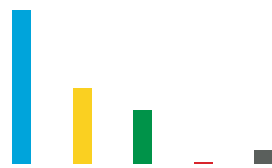
- Aims to provide long-term capital growth through stocks with unrecognised market potential
- The portfolio invests in stocks with strong economic moats and attractive cash generation, which we consider to be either underappreciated or undervalued by the market
- Legal & General has a significant presence in the UK stock market so our fund managers often have the chance to meet a company's management team before we invest



## PORTFOLIO BREAKDOWN

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

### COUNTRY (%)



### MARKET CAPITALISATION (%)

|                      |      |
|----------------------|------|
| Large                | 51.5 |
| Mid                  | 25.3 |
| Small                | 18.0 |
| Micro                | 0.6  |
| Cash and Equivalents | 4.7  |

Cash positions are held as collateral on futures



■ Top 10 holdings 40.9%  
■ Rest of portfolio 59.1%  
No. of holdings 42

### TOP 10 HOLDINGS (%)

|                         |     |
|-------------------------|-----|
| BP                      | 6.2 |
| Energean Oil & Gas      | 4.8 |
| Prudential              | 4.3 |
| Ferguson                | 4.2 |
| Smith (DS)              | 4.0 |
| Tesco                   | 3.7 |
| Carnival                | 3.6 |
| Reckitt Benckiser Group | 3.5 |
| Taylor Wimpey           | 3.3 |
| St. James's Place       | 3.3 |

### TOP SECTOR OVER/UNDERWEIGHTS (%)

|                   | Fund | Relative |   |
|-------------------|------|----------|---|
| Consumer Services | 20.8 | 9.2      | ■ |
| Technology        | 4.3  | 3.2      | ■ |
| Unclassified      | 3.0  | 3.0      | ■ |
| Industrials       | 13.5 | 2.1      | ■ |
| Oil & Gas         | 15.2 | 1.1      | ■ |
| Financials        | 25.2 | -0.6     | ■ |
| Utilities         | 0.0  | -2.5     | ■ |
| Basic Materials   | 4.6  | -3.2     | ■ |
| Health Care       | 3.3  | -5.7     | ■ |
| Consumer Goods    | 7.9  | -6.3     | ■ |

### TOP 5 STOCK OVER/UNDERWEIGHTS (%)

|                    | Fund | Relative |   |
|--------------------|------|----------|---|
| Energean Oil & Gas | 4.8  | 4.8      | ■ |
| Smith (DS)         | 4.0  | 3.8      | ■ |
| Ferguson           | 4.2  | 3.6      | ■ |
| Carnival           | 3.6  | 3.4      | ■ |
| St. James's Place  | 3.3  | 3.1      | ■ |
| Diageo             | 0.0  | -3.4     | ■ |
| GlaxoSmithKline    | 0.0  | -3.6     | ■ |
| AstraZeneca        | 0.0  | -3.9     | ■ |
| HSBC Holdings      | 1.6  | -4.0     | ■ |
| Royal Dutch Shell  | 0.0  | -9.0     | ■ |

## FUND MANAGER COMMENTARY

While Global equity markets delivered positive performance in July, a hawkish rate cut from the Fed and a feeling of Deja-vu around the latest escalation in trade tensions once more highlighted the disconnect between risk assets and the broader macro environment. In the UK, Sterling fell to its lowest level in over two years as market fears around a no-deal Brexit intensify.

The FTSE 100 was one of the best performers globally in GBP terms as defensive sectors broadly found favour. Outperformers included large-cap Pharma, Telecoms, Tobacco and Retail. Resources were the worst performer, while trade sensitive industries found life tougher going. Unsurprisingly, domestic-exposed companies underperformed UK exporters, while Quality saw outperformance over Value.

The UK Special Situations fund reported a return of 1.8%. However, intraday performance continues to frustrate as fundamentals are not driving returns. Market moves suggests that investors are focused on an increasingly narrow list of staple-like, bond proxy companies. The zero weight in Healthcare was detrimental, while selection in Financials was a big drag following soggy performance from St James's Place and Jupiter. Elsewhere, Micro Focus, Vivo Energy and Consort Medical also underperformed. On the flipside, M&A was helpful for EI Group, while Energean Oil & Gas and Ferguson.

On trading activity, the portfolio introduced a position in Bellway, the UK housebuilder. The company has strong net cash, conservative balance sheet, broad UK exposure, margins of 20% and is growing volumes. We also reduced the holding in Melrose on the back of lower trade volumes.



### ROBERT WHITE

Robert joined LGIM in 2018 as a Fund Manager for the UK Special Situations Trust. Prior to this Robert worked at Mirabaud Asset Management where he was an Assistant Fund Manager (2013 to 2018) on the UK Equities Core product. Before that he worked at PWC in their Transaction Services division. In total he has over 10 years experience working within financial services. He read Philosophy, Politics and Economics at Pembroke College, Oxford and is a member of the Institute of Chartered Accountants in England and Wales.

**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 | 15 Mar 19   | 14 May 19 | 0.92p          |
| Final   | 17 Sep 18   | 14 Nov 18 | 1.31p          |
| Interim | 15 Mar 18   | 14 May 18 | 0.26p          |
| Final   | 15 Sep 17   | 14 Nov 17 | 0.96p          |



**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**

|                  |       |              |
|------------------|-------|--------------|
| <b>ISIN</b>      | I Acc | GB00B3DMY345 |
|                  | I Inc | GB00B3DMY121 |
| <b>SEDOL</b>     | I Acc | B3DMY34      |
|                  | I Inc | B3DMY12      |
| <b>Bloomberg</b> | I Acc | LGUKSIA      |
|                  | I Inc | LGUKSII      |

**TO FIND OUT MORE**

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

 Call **0370 050 0955**

 Email [investments@landg.com](mailto: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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