

Legal & General UK Special Situations Trust



Unit Trust (UCITS compliant) F-Class GBP

Base currency: **GBP**

Domicile: **UK**

FUND AIM

The objective of the 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 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 a more specialist investment providing growth from an investment in shares of UK companies which are considered undervalued due to their special situation.
- 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 £226.5m | Launch date 10 Nov 2008 |
| Historical yield 2.5% | |

COSTS

| | |
|--------------------------------|------------------------------------|
| Initial charge 0.00% | Ongoing charge 1.04% |
| Price basis Dual | Bid / Offer spread 0.68% |

BENCHMARKS

- Target benchmark
FTSE All Share TR Net Index
- Comparator benchmark
IA Sector: UK All Companies

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 | 3.09 | -1.78 | -8.21 | 1.12 | 32.61 |
| ■ Index | 2.95 | 1.27 | 2.68 | 21.69 | 38.89 |
| Relative to Index | 0.14 | -3.05 | -10.89 | -20.57 | -6.28 |
| Comparator | 2.70 | 1.08 | 0.03 | 20.29 | 36.99 |

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

| 12 months to 30 September | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------|--------|-------|-------|-------|-------|
| Fund | -8.21 | -1.13 | 11.43 | 21.87 | 7.61 |
| Index | 2.68 | 5.87 | 11.94 | 16.82 | -2.30 |
| Relative to Index | -10.89 | -7.00 | -0.51 | 5.05 | 9.91 |
| Comparator | 0.03 | 5.63 | 13.84 | 11.98 | 1.70 |

Performance for the F Inc unit class in GBP, launched on 20 December 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 80% in shares of UK companies which are considered to be undervalued by the market, where the Manager believes there to be a catalyst (a feature or market event) which should increase the value of the company.
- **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.

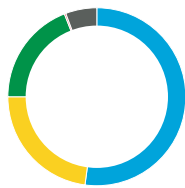


PORTFOLIO BREAKDOWN

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

COUNTRY (%)

| | | |
|----------------------------------------------------------------------------------|----------------|-------|
|  | United Kingdom | 100.0 |
|----------------------------------------------------------------------------------|----------------|-------|



MARKET CAPITALISATION (%)

| | |
|----------------------|------|
| Large | 52.1 |
| Mid | 22.9 |
| Small | 19.1 |
| Micro | 0.3 |
| Cash and Equivalents | 5.7 |













■ Top 10 holdings 41.2%
■ Rest of portfolio 58.8%
No. of holdings 40











TOP 10 HOLDINGS (%)

| | |
|-------------------------|-----|
| BP | 6.1 |
| Energean Oil & Gas | 4.4 |
| Smith (DS) | 4.2 |
| Ferguson | 4.2 |
| Tesco | 4.1 |
| St. James's Place | 3.9 |
| Prudential | 3.8 |
| Reckitt Benckiser Group | 3.6 |
| Carnival | 3.4 |
| Taylor Wimpey | 3.4 |

TOP SECTOR OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|--------------------|------|----------|-------------------------------------------------------------------------------------|
| Consumer Services | 21.5 | 9.6 |  |
| Unclassified | 3.1 | 3.1 |  |
| Technology | 3.1 | 2.1 |  |
| Oil & Gas | 15.0 | 1.8 |  |
| Financials | 26.5 | 0.7 |  |
| Telecommunications | 2.2 | -0.5 |  |
| Utilities | 0.0 | -2.7 |  |
| Basic Materials | 4.4 | -3.0 |  |
| Health Care | 3.4 | -5.8 |  |
| Consumer Goods | 8.3 | -5.9 |  |

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|--------------------|------|----------|---------------------------------------------------------------------------------------|
| Energean Oil & Gas | 4.4 | 4.4 |  |
| Smith (DS) | 4.2 | 4.0 |  |
| St. James's Place | 3.9 | 3.7 |  |
| Ferguson | 4.2 | 3.6 |  |
| VIVO Energy | 3.3 | 3.3 |  |
| Diageo | 0.0 | -3.4 |  |
| GlaxoSmithKline | 0.0 | -3.7 |  |
| HSBC Holdings | 1.6 | -3.9 |  |
| AstraZeneca | 0.0 | -4.1 |  |
| Royal Dutch Shell | 0.0 | -8.3 |  |

FUND MANAGER COMMENTARY

September was a positive month for equities despite ongoing political and growth concerns. We saw a reversal of August trends as real rates backed up, equities rose and gold posted its weakest month of the year. However, arguably the biggest event in the period was the style factor rotation out of growth and momentum towards value.

In politics, the US presidential impeachment inquiry and the UK Supreme Court verdict against UK Prime Minister Boris Johnson has added to the medley of macro challenges. Meanwhile, the back and forth in the trade tariff news flow shows no sign of abating. Central banks announced more monetary easing in response to inflation and economic worries.

UK equities outperformed as the potential 'no deal' Brexit risks fade. Increasingly, Brexit developments and the response of sterling remain a key driver of UK market performance. Crowded positioning and stretched valuations inevitably made growth names vulnerable to a broadening of the macro slowdown. This helped fuel a rotation into cyclical value stocks. In terms of sectors, the best performers were financials, telecoms and energy. The laggards came from consumer goods and healthcare.

The UK Special Situations fund delivered a positive return of 3.2% in the period. Sector allocation has the biggest impact, with the underweight in Consumer Goods and Healthcare making a meaningful positive contribution. Stock selection was more mixed, though top performers were GVC Holdings, Cairn Energy, Taylor Wimpey and RBS Group. For activity, we exited positions in EI Group and Hays.



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 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 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 | 0.80p |
| Final | 17 Sep 18 | 14 Nov 18 | 1.17p |
| Interim | 15 Mar 18 | 14 May 18 | 0.06p |
| Final | 15 Sep 17 | 14 Nov 17 | 0.75p |



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 | F Acc | GB00B8B8MQ85 |
| | F Inc | GB00B8B8RZ22 |
| SEDOL | F Acc | B8B8MQ8 |
| | F Inc | B8B8RZ2 |
| Bloomberg | F Acc | LGUSSFA LN |
| | F Inc | LGUSSFI 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.

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