

SICAV

Active

Fixed income

L&G Global High Yield Bond Fund

SICAV (UCITS compliant) I-Class USD Dist



FUND AIM

The Fund aims to provide investors with a combination of growth and income.

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 3 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

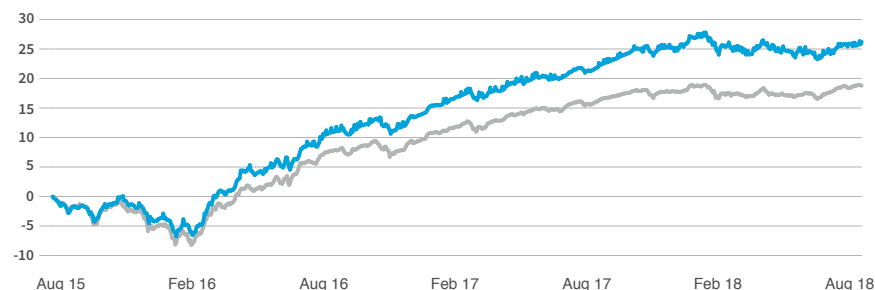
FUND FACTS

Fund size \$813.6m	Base currency USD	Benchmark ICE BofAML BB-B GIB HY exFN Constr TR USDH	
Launch date 11 May 2015	Domicile Luxembourg	Modified duration 3.99 years	Gross redemption yield 6.62% (unhedged)

COSTS

Initial charge 0.00%	Ongoing charge 0.55%
Price basis Single- full swing	Dilution adjustment 0.82% - round trip

PERFORMANCE (%)



	1m	3m	1y	3y	Launch
■ Fund	0.29	2.14	2.92	8.70	7.85
■ Benchmark	0.27	1.55	2.07	6.49	5.75
Relative	+0.02	+0.59	+0.85	+2.21	+2.10

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 30 June	2018	2017	2016	2015	2014
Fund	2.41	14.08	-	-	-
Benchmark	1.82	11.12	-	-	-
Relative	+0.59	+2.96	-	-	-

All performance periods over a year will be annualised. Performance for the I USD Dist share class in USD, launched on 03 August 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.

FUND SNAPSHOT

- Aims to produce high income and capital growth over the long term
- Searches the globe for leading credit opportunities
- Has a novel, macro-thematic approach, supported by focused credit research and a keen awareness of behavioural finance



PORTFOLIO BREAKDOWN

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



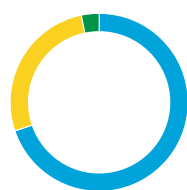
■ Top 10 issuers 14.3%
■ Rest of portfolio 85.7%
No. of issuers 308

TOP 10 ISSUERS (%)

Teva Pharm Finance Llc	2.1
Petroleo Brasileiro SA	1.8
Valeant Pharmaceuticals International	1.7
Corral Finans AB	1.3
Iceland Topco Ltd	1.3
Nidda Topco Sarl	1.3
Superior Industries International Inc	1.2
Navios Maritime Acquisition Corp	1.2
Nyrstar	1.2
IMS Health Inc	1.2

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Benchmark	Relative	
Retailers	10.2	3.8	6.4	
Cash	4.4	-	4.4	
Gaming	6.6	2.4	4.3	
Manufacturing	5.0	1.4	3.6	
Food / Drink	5.5	2.5	3.0	
Transportation	4.4	1.8	2.5	
Metals / Mining	6.4	4.5	1.9	
Utilities	2.2	3.6	-1.5	
Other	44.8	47.3	-2.5	
Technology	1.3	4.1	-2.8	
Paper / Forest / Pack	0.0	3.3	-3.3	
Services	1.5	4.9	-3.4	
Telecommunications	6.0	9.8	-3.8	
Cable / Satellite TV	1.8	6.4	-4.6	



CURRENCY (%)

■ USD	70.0
■ EUR	27.1
■ GBP	3.2

This is the currency breakdown before allowing for any hedging the fund may use. We aim to hedge the portfolio 100% back to the base currency.

CREDIT RATING (%)

	Fund	Benchmark	Relative	
BBB	0.9	-	0.9	
BB	30.1	56.8	-26.7	
B	58.1	43.2	14.9	
CCC	0.0	-	0.0	
NR	1.3	-	1.3	
Cash	4.4	-	4.4	
Split rated	5.2	-	5.2	

FUND MANAGER COMMENTARY

The high yield market continued to trend higher over August. Positive global high yield returns were largely driven by the developed high yield markets, where economic data and the technical backdrop remained supportive. Emerging markets (EM) had a difficult time over the month, centred on events in Argentina and Turkey, although there was also broader weakness impacting countries such as Brazil and South Africa.

The portfolio continues to be positioned with a higher yield than the index, with an overweight in single B rated bonds, particularly in Europe, to take advantage of supportive macroeconomic conditions. Single B bonds have outperformed BB bonds in 2018 so far. Regionally the fund is overweight in Europe and emerging markets where credit quality is improving alongside strong macro conditions. The marginal overweight in emerging market did not help performance in August, but has benefitted it over the last twelve months. We see the fundamental improvements in the credit quality of EM corporates and the higher yield as continuing to compensate for the perceived risks. As a result, we maintain our underweight stance in North American high yield bonds.

Looking ahead, we believe that the economic environment is supportive for low default rates in high yield companies. Growth remains good across all regions, while financing costs are low and credit quality improving. However, we continue to view sectors such as telecommunications, cable TV and technology as being vulnerable to disruptive technology.



MARTIN REEVES

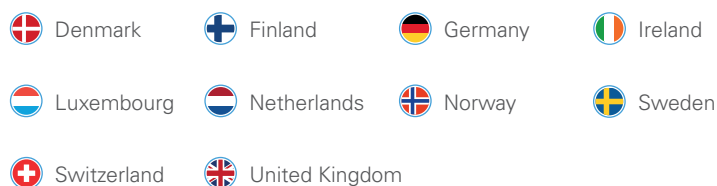
Martin Reeves is Head of Global High Yield. Prior to joining LGIM in 2011, Martin ran Credit Research at AllianceBernstein where he had worked since 1998. Prior to Alliance Bernstein Martin was Head of US High Yield Research at UBK Asset Management and a Chartered Accountant with Ernst & Young. Martin holds an MA in Economics from Cambridge University, St Catharine's College.

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 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



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, 16:00 CET
Dealing frequency	Each Business Day
Settlement period	T+3
Administrator/Custodian	Northern Trust

CODES

ISIN	I USD Acc	LU1003759070
	I USD Dist	LU1003759153
Bloomberg	I USD Acc	LGGHYIA LX
	I USD Dist	LGGHYIU LX

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Important information

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Internal Fund Code: 5422