**This document is intended for Investors and Investment Professionals**

SICAV | Active | Fixed income

# L&G Euro Corporate Bond Fund

SICAV (UCITS compliant) R-Class EUR Acc

## FUND AIM

The Fund aims to produce a return derived from capital growth and income by investing predominantly in Euro denominated fixed income securities.

## RISK AND REWARD PROFILE

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

Lower risk — Higher risk

Potentially lower rewards — Potentially higher rewards

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 | Base currency | Share class benchmark | |
|---|---|---|---|
| **€108.0m** | **EUR** | **Markit iBoxx Euro Corporates TR EUR** | |
| Launch date | Domicile | Modified duration | Gross redemption yield |
| **25 Nov 2013** | **Luxembourg** | **4.80 years** | **1.56% (unhedged)** |

## COSTS

| Initial charge | Ongoing charge |
|---|---|
| **0.00%** | **0.50%** |
| Price basis | Dilution adjustment |
| **Single - full swing** | **0.32% - round trip** |

## PERFORMANCE (%)


| | 1m | 3m | 1y | 3y | Launch |
|---|---|---|---|---|---|
| Fund | 0.87 | 2.03 | 1.33 | 2.40 | 2.23 |
| Benchmark | 0.71 | 2.00 | 0.80 | 2.18 | 2.09 |
| Relative | +0.16 | +0.03 | +0.53 | +0.22 | +0.14 |

## FUND SNAPSHOT

- Aims to produce a return derived from capital growth and income
- Invests predominantly in a variety of euro denominated fixed interest instruments
- May also invest in asset-backed securities such as mortgage-backed securities and consumer loans

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

| 12 months to 31 December | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Fund | -0.71 | 2.42 | 4.38 | 0.21 | - |
| Benchmark | -1.29 | 2.37 | 4.72 | -0.66 | - |
| Relative | +0.58 | +0.05 | -0.34 | +0.87 | - |

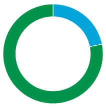
All performance periods over a year will be annualised. Performance for the R EUR Acc share class in EUR, launched on 25 July 2014. Source: Lipper. Performance assumes all fund charges have been taken and that all income generated by the investments, after deduction of tax, remains in the fund. This 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.**

Legal & General INVESTMENT MANAGEMENT

# PORTFOLIO BREAKDOWN

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



- Top 10 issuers **21.9%**
- Rest of portfolio **78.1%**

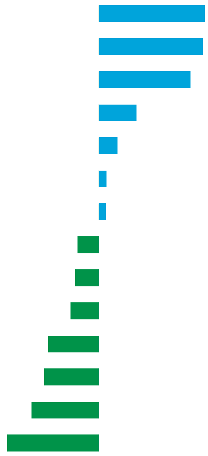
No. of issuers **128**

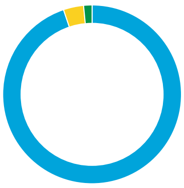
## TOP 10 ISSUERS (%)

| | |
|---|---|
| Bundesrepublik Deutschland | 5.8 |
| EDF SA | 2.2 |
| Caisse Nationale De Credit Agricole | 2.0 |
| Deutsche Bank AG | 1.9 |
| UBS AG London 1.25% 2020 | 1.8 |
| General Electric Co | 1.8 |
| Anheuser-Busch Inbev NV | 1.7 |
| SNS Bank Nederland | 1.6 |
| ABN Amro Bank NV | 1.6 |
| Citigroup Inc | 1.5 |

## TOP SECTOR OVER/UNDERWEIGHTS (%)

| | Fund | Benchmark | Relative |
|---|---|---|---|
| Sovereign | 6.4 | - | 6.4 |
| Cash and Equivalents | 6.3 | - | 6.3 |
| Banks | 33.9 | 28.4 | 5.5 |
| Utilities | 13.3 | 11.1 | 2.3 |
| Covered | 1.1 | - | 1.1 |
| Technology | 2.8 | 2.3 | 0.4 |
| Consumer Services | 3.8 | 3.4 | 0.4 |
| Insurance | 3.8 | 5.1 | -1.3 |
| Financial Services | 1.2 | 2.6 | -1.4 |
| Telecommunications | 5.6 | 7.3 | -1.7 |
| Industrials | 5.8 | 8.9 | -3.1 |
| Oil & Gas | 1.6 | 4.9 | -3.3 |
| Health Care | 1.2 | 5.2 | -4.1 |
| Consumer Goods | 8.2 | 13.8 | -5.6 |





## CURRENCY (%)

| | |
|---|---|
| EUR | 94.8 |
| USD | 3.7 |
| GBP | 1.5 |

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 |
|---|---|---|---|
| AAA | 6.9 | 0.5 | 6.4 |
| AA | 7.8 | 11.1 | -3.3 |
| A | 33.4 | 39.3 | -5.9 |
| BBB | 40.3 | 49.1 | -8.8 |
| BB | 4.6 | - | 4.6 |
| B | 0.6 | - | 0.6 |
| NR | 0.0 | - | - |
| Cash | 6.3 | - | 6.3 |

## FUND MANAGER COMMENTARY

Risky assets continued to rally in February, although not quite as much as they did during January. Throughout the month, the US/China trade talks resulted in a further delay to new tariffs; a bumper Chinese credit number promised an improvement in economic activity; and a no-deal Brexit appeared to become less likely.

Spreads tightened in February for second month in a row, though they are still above the levels they were at during the start of November last year. Fund performance more or less kept up with the rally due to a positive contribution from stock selection in the industrials goods and services and utilities sectors. Performance also benefited from exposure to a selected southern European government bond. On the negative side, our stock selection in the autos sector and overall underweight in cyclicals and overweight in defensive sectors such as utilities were negative for performance amid the market rally.

The dovish shift from Jerome Powell is clearly very important given the concerns we have about tightening liquidity conditions. Even though valuations have recovered significantly, they are still far from the very expensive levels we saw at the start of 2018. Therefore, tactically holding more credit risk makes sense to us. However, we retain our cautious longer-term outlook.

**Marc Rovers** **Matthew Rees**

## FUND MANAGERS

Marc joined LGIM in May 2012. Marc started in the industry in 1995 as a portfolio manager at ABP investments (now APG).He holds an MSc in economics and is a Certified European Financial Analyst (CEFA).

Matthew joined LGIM in March 2009. Matthew has more than 23 years' experience in financial services and graduated from the University of York with a BA (hons) in English.

## KEY RISKS

- This fund holds bonds that are traded through agents, brokers or investment banks matching buyers and sellers. This makes the bonds less easy to buy and sell than investments traded on an exchange. In exceptional circumstances the fund may not be able to sell bonds and may defer withdrawals, or suspend dealing. The Directors can only delay paying out if it is in the interests of all investors and with the permission of the fund 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 the 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. 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.
- 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. Such changes will affect the value of your investment.

For more information, please refer to the key investor information document on our website

## TO FIND OUT MORE

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Senningerberg Grand-Duché de Luxembourg

Visit **www.lgim.com**

Call **+352 276 222 514** We may record and monitor calls. Call charges will vary.

Email **LGIM-TALUX@ntrs.com**

Legal & General INVESTMENT MANAGEMENT

## 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 €1,113.61 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** | R EUR Acc | LU0984223825 |
| | R EUR Dist | LU0984224047 |
| **Bloomberg** | R EUR Acc | LGECREA LX |
| | R EUR Dist | LGECREI LX |

## COUNTRY REGISTRATION

Belgium
Luxembourg
Netherlands
Switzerland
United Kingdom