This document has been produced for professional advisers for discussion with existing investors who are familiar with investment terminology.

Legal & General Multi-Index Income 4 Fund

Unit Trust (NURS non-complex) C-Class GBP Acc

WHAT'S THE STORY?

On balance, the third quarter was a positive one for risk assets. However, the quarter ended with an equity market correction following the news of alarming debt levels at China's largest property developer, Evergrande, and growing concerns worldwide that inflation might be more persistent than previously anticipated. Meanwhile, in the US, talks stalled in Congress over President Biden's infrastructure bill and budget plan, both seen to be crucial to his administration's agenda.

Japanese equities enjoyed strong performance in local currency terms as new Liberal Democratic Party leadership and a looming general election raised the prospect of a stronger mandate for the new government. Emerging market equities, by contrast, were the weakest performers and were down over the quarter, particularly impacted by the weakness in Chinese equities following the Evergrande debacle and widespread regulatory intervention from the government in several areas of Chinese commerce. Developed market sovereign and investment-grade corporate bonds were broadly flat with yields falling towards the start of the quarter but rising towards the end given the aforementioned inflation concerns.

FUND MANAGERS


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PERFORMANCE (%)

12 months to 30 September	2021	2020	2019	2018	2017
Fund	10.34	-1.94	8.45	1.85	4.42

Source: Lipper, LGIM as at 30 September 2021. Total Return net of tax and charges. C-Class GBP Accumulation. Please remember, the value of investments and any income from them may fall as well as rise and you may get back less than you invest. **Past performance is not a guide to future performance.**

FUND REVIEW

The fund delivered a positive return over the quarter, with the key positive contributions to performance coming from Japanese and UK equities and emerging market US dollar-denominated debt. There were no significant detractors from performance. The underlying yield on this fund is 2.1%*.

We tweaked our exposure to government bonds during the quarter. This was driven in large part by our view on UK government bonds (gilts). We initially increased exposure to gilts relative to US and Australian bonds because gilts had weakened after UK policymakers discussed tightening measures earlier than the market had anticipated; we believed such a pivot remained some way off, and that gilts had been disproportionately hurt.

However, we later slightly reversed some of this increase (whilst increasing exposure to US and European bonds) following the surge in natural gas prices in the UK. We believe this could lead to a market narrative of more persistent inflation, which could prompt the Bank of England to raise rates earlier than previously anticipated.

We added the new L&G Emerging Markets Quality Dividend ETF to the fund. This is in addition to the regional developed market L&G Quality Dividend ETFs we added to the portfolio recently. As a reminder, these ETFs follow indices designed in partnership with FTSE Russell that rely on the quality of the underlying companies, looking for those with strong dividend characteristics while excluding those facing significant ESG risks.

Turning to our alternative investment allocation, we replaced some of our listed infrastructure exposure with a renewable infrastructure trust investing in solar and wind initiatives. This holding aims to provide a steady stream of sustainable income over the long term.

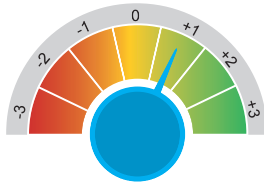
** Please note that as a result of the economic slowdown which has seen companies suspending or lowering their dividends the realised 12-month distributions were lower than average distributions since inception in 2015. Though our more diversified approach to income generation across many different asset classes combined the income smoothing mechanism prevented any sharp decline in distributed income. Going forward, as economies re-open, we expect the distributions to gradually return to pre-COVID levels.*

OUTLOOK

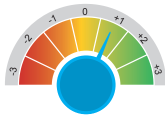
In the medium term, we expect the economic recovery to continue, with the near-term range of outcomes narrowing as the vaccine rollout continues apace worldwide. We remain positive on risk assets, but retain a degree of caution. We still prefer equities to credit given current historically low credit spreads. We had previously reduced our view on risk slightly downwards due to concerns (now lessened due to the effectiveness of the Chinese response) over the spread of the Delta COVID-19 variant in China and the associated growth slowdown. Add to this the regulatory pressure from the Chinese government on certain corporate sectors and concerns over its real estate market and there is plenty for us to monitor.

US Federal Reserve (Fed) Chair Powell has now confirmed that, providing there are no major shocks, the US will announce tapering of its asset purchases at its next meeting and complete it by mid 2022. Attention now turns to when the US might increase interest rates. An area that will have a large bearing on this is whether inflation is more persistent than previously feared. We anticipate inflation might prove more persistent than the Fed view, before coming back in line with the Fed's forecast in late 2022 as we see some of the price increases caused by supply bottlenecks reverse.

The end of the third quarter saw risk assets negatively impacted but we believe much of the bad news has now been priced in. With this in mind, we will look to buy the dip and cautiously increase our allocation to risk assets.

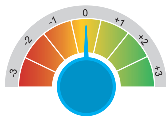


CORE VIEW ON RISK ASSETS POSITIVE



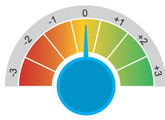
Economic cycle

Above trend growth backed by broadly accommodative policy



Valuations

Overall neutral but relative valuations backdrop has improved slightly



Systemic risk

Political and financial system resilient through Covid, but new risks are emerging

Legal & General INVESTMENT MANAGEMENT

RISK PROFILE CONFIRMATION STATEMENT

The Risk Profile Volatility Band data is supplied by Dynamic Planner. Although this product has been designed with Dynamic Planner's model in mind – and these are the risk ratings we specifically target – the portfolios can be risk-mapped to different risk profilers. Dynamic Planner has assessed the Legal & General Multi-Index Income 4 Fund and their analysis has indicated that the fund has remained in line with the fund risk profile 4 (as at 30 June 2021). ^Expected volatility (as at 30 September 2021) as calculated by LGIM using data provided by Dynamic Planner.

Multi-Index Fund range	DP risk profile volatility band	Expected volatility^	
6	10.5 – 12.6	12.1	Higher risk
5	8.4 – 10.5	10.1	
4	6.3 – 8.4	8.0	Lower risk

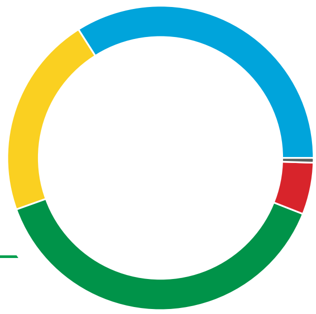
TARGET ASSET ALLOCATION BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding. As at 30 September 2021.

*Implemented through futures
**Includes direct bonds
***The Renewable Infrastructure Group

Equities	**34.0**
L&G Quality Equity Dividends ESG Exclusions UK ETF	9.5
Legal & General UK Index Trust	5.0
L&G Quality Equity Divds ESG Excls Europe ex-UK ETF	4.0
Legal & General US Index Trust	2.8
Legal & General Japan Index Trust	2.5
L&G Quality Equity Divds ESG Excls Asia Pac ex Jap ETF	2.5
Legal & General Global Emerging Markets Index Fund	2.0
Legal & General European Index Trust	1.8
Legal & General Pacific Index Trust	1.5
L&G Frontier Markets Equity Fund	1.0
Stoxx Europe 600 Telecommunications*	0.8
NASDAQ 100 Index*	0.8

Government Bonds	**21.5**
US Treasuries*	8.0
Legal & General All Stocks Gilts Index Trust	5.0
Korean Government Bonds*	2.5
New Zealand Government Bonds	2.5
Australian Government Bonds*	2.5
Legal & General Global Inflation Linked Bond Index Fund**	1.0



Cash	**0.5**
Cash	0.5

Credit and EMD	**38.5**
L&G Emerging Markets Government Bond (USD) Index Fund	7.5
Legal & General Sterling Corporate Bond Index Fund	7.0
Legal & General High Income Trust/L&G Global High Yield Bond Fund	6.5
L&G Emerging Markets Govt Bond (Local Currency) Index Fund	6.5
LGIM Global Corporate Bond Fund	5.0
Legal & General Managed Monthly Income Trust	3.5
Legal & General Short Duration Corporate Bond Fund	2.5

Alternatives	**5.5**
Legal & General Gbl Infra Idx Fd/Jpn rail stocks/TRIG***	2.0
Legal & General Global Real Estate Dividend Index Fund	1.5
Legal & General UK Property Fund	1.0
Forestry stocks	1.0

TO FIND OUT MORE

Call **0345 070 8584**
Charges may vary

Email **fundsales@lgim.com**

Visit **www.lgim.com/multi-index**

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