

# Diversified Multi-Factor Equity Fund

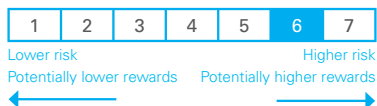
Unit-Linked Life Insurance Reported in GBP (Gross of charges)



## FUND AIM

The investment objective of the fund is to provide long-term investment growth through exposure to a diversified portfolio of global equities that exhibit factor characteristics.

## RISK AND REWARD PROFILE



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

For more information, please refer to the Key Risks section on page 3.

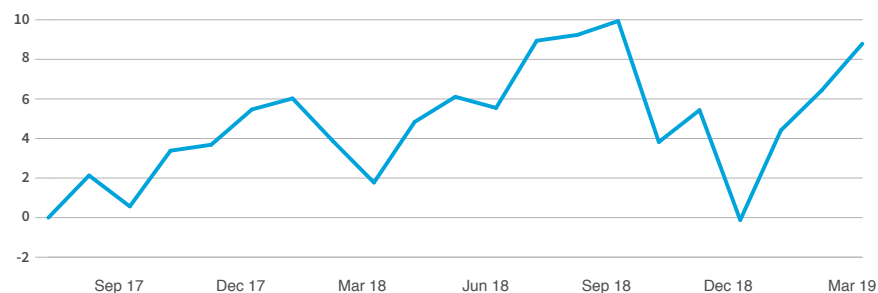
## WHO IS THIS FUND FOR?

- The trustees of UK registered defined benefit or defined contribution occupational pension schemes, which may be classified as either retail clients or professional clients.
- Although investors can take their money out at any time, the recommended minimum holding period is 5 years.
- Please refer to your professional advisor who should be able to advise you on the suitability of this fund for your scheme.

## FUND FACTS

Fund size	Base currency	Comparator
<b>£1,715.5m</b>	<b>GBP</b>	<b>Composite (see note)</b>
Launch date	Domicile	
<b>Jul 2017</b>	<b>United Kingdom</b>	

## PERFORMANCE (%)



	YTD	3m	6m	1y	3y	Launch
■ Fund	8.91	8.91	-1.04	6.90	-	5.40

## CALENDAR YEAR PERFORMANCE (%)

	2018	2017	2016	2015	2014
Fund	-5.28	-	-	-	-

All performance periods over a year will be annualised. Source: LGIM. Performance based on weekly mid-market prices before the deduction of fees. **Past performance is not a guide to the future.**

## FUND CHARACTERISTICS

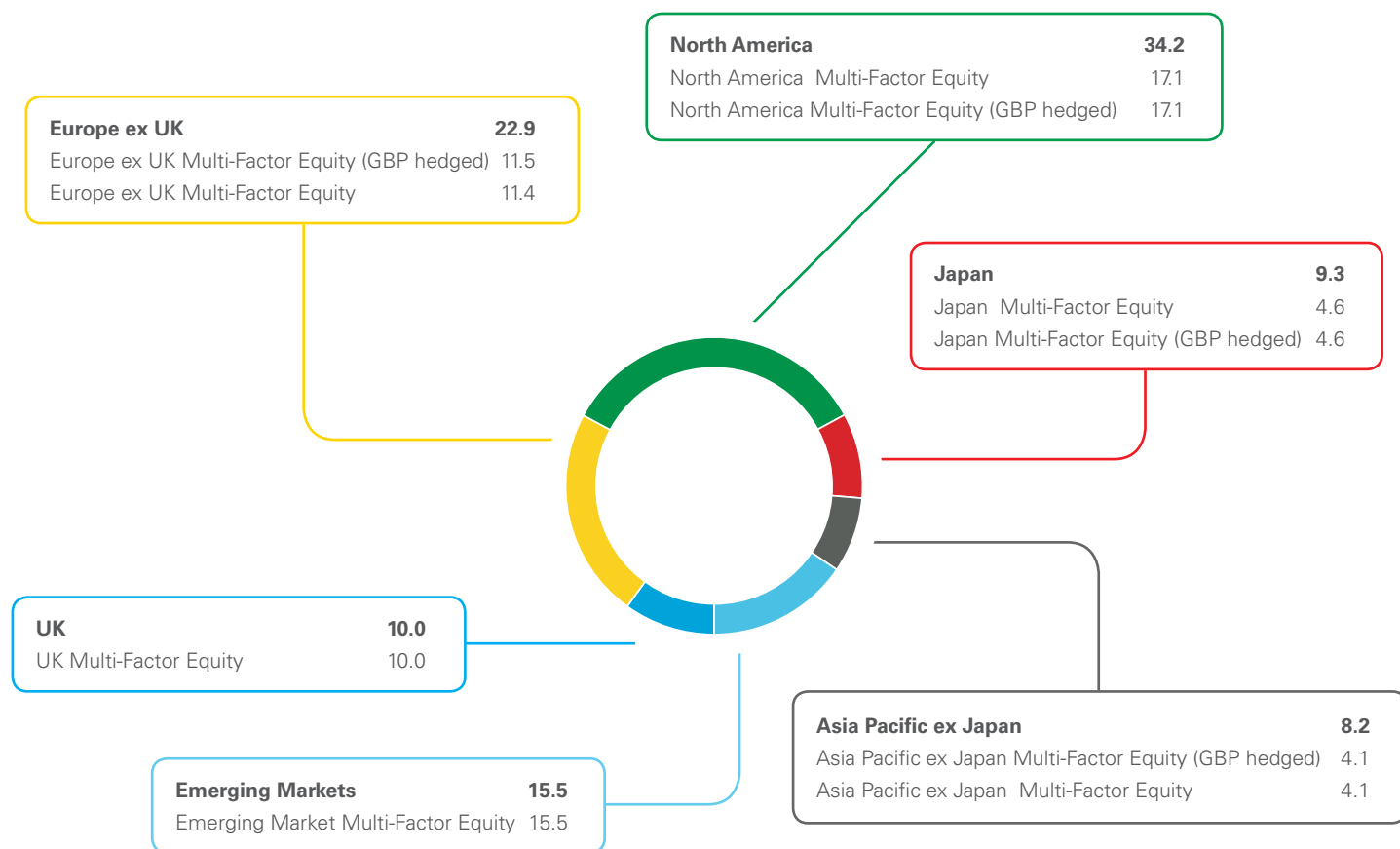
The fund will be fully invested in equities that exhibit the characteristics of certain equity risk factors that have been shown to be rewarded over the long term. The fund will gain exposure by investing in regional multi-factor building blocks. The regional allocation will be reviewed periodically (at least annually) and the fund will not take short term, tactical asset allocation positions. Derivatives may be used within the underlying funds for efficient portfolio management.

### Comparator note

We show the Fund's performance against a comparator of 33% FTSE North America Index (50% GBP hedged), 52% FTSE Developed ex North America Index (50% GBP hedged) and 15% FTSE Emerging Index, which broadly reflects the regional allocation and hedging of the fund as the fund targets multiple factors with the aim of improving returns versus similar regionally-weighted market- capitalisation indices while reducing stock-level concentration.

PORTFOLIO BREAKDOWN

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



FUND MANAGER COMMENTARY

Investor confidence returned in the first quarter of 2019, with asset prices rising across the board. Higher-risk assets were particularly strong in January and February and were joined by government bonds and credit in March. Both developed and emerging market equities performed strongly, with North American and Chinese indices leading the pack. Listed real estate and infrastructure also performed well. The US Federal Reserve signalled that rate rises are off the table, while the European Central Bank pushed out rate rises until at least next year.

The fund generated positive returns over the period. Market-cap equities rallied considerably during the quarter, so the fund's lower market beta detracted. As sterling appreciated on beliefs of a softer Brexit outcome, our hedging policy added to performance, softening the impact of the relative depreciation of the overseas currencies. After adjusting for the lower beta of the fund, in aggregate the returns from factors were positive for performance. Quality stocks rallied strongly during the quarter, with highly profitable European stocks being the standout performers. Additionally, exposure to smaller companies benefited fund performance. Given the strong market rally, low volatility stocks underperformed; this was particularly pronounced in emerging markets and Asia Pacific.

The fund invests in equities across developed and emerging markets while targeting factor characteristics that we believe to be rewarded over the long term. The fund is positioned to provide a balanced exposure to four factors: value, quality, low volatility and size.

FUND MANAGERS

The Fund is managed by LGIM's Asset Allocation team. The team has a wealth of experience in fund management, investment strategy and economics. They are responsible for a wide range of multi-asset funds and investment strategies across LGIM's client base. The Fund allows a broad range of pension fund investors to access this expertise.

The day-to-day implementation of the allocation of the fund is managed by the Allocation Strategy Management team.

## 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 get back less than the amount you originally invested.
- The return from your investment is not guaranteed and therefore you may receive a lower or higher return than you anticipated. There will be a variation in performance between funds with similar objectives due to the different assets selected.
- PMC's charges and associated transaction costs are subject to change, with notice for the former and without notice for the latter. Charges and transactions costs deducted from the policy reduce your potential for capital growth in the future.
- Tax rules and the treatment of income and capital gains could change in the future and may be applied retrospectively.
- Inflation reduces the purchasing power of money over time as the cost of purchasing goods and services increases. If the rate of inflation exceeds the rate of return on your portfolio, it will erode the value of your portfolio and its investments in real terms.
- In extreme market conditions it may be difficult to realise assets held for a fund and it may not be possible to redeem units at short notice. We may have to delay acting on your instructions to sell or the price at which you cancel the units may be lower than you anticipated.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.
- PMC seeks to mitigate counterparty risk wherever possible on behalf of its policyholders through a variety of measures which include: each fund's non-cash assets being held with independent custodians, sweeping cash (where appropriate) overnight into the LGIM's range of Liquidity funds (above a deminimus level), using the delivery versus payment system when settling transactions and the use of central clearing for exchange traded derivatives and forward foreign exchange transactions. However, in the event of the failure of a counterparty, custodian or issuer there is a residual risk that a fund may suffer asset losses which are unrecoverable.

For more information, please refer to the Description of Funds [↗](#)



### 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

Units can be purchased, sold or switched on a designated dealing day. Funds are offered on a weekly or daily basis as below:

Weekly close	Yes
Daily close	Yes
Daily midday	Yes

Further information is available in the relevant operational procedures sheet and the Description of Funds [↗](#)

## TO FIND OUT MORE

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

 Call **+44 (0) 20 3124 3277**

We may record and monitor calls. Call charges will vary.

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**Internal Fund Code: MPAD**