

PORTFOLIO BREAKDOWN

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

CURRENCY (%)

USD	96.3	
EUR	1.8	
GBP	1.7	
AUD	0.1	
NZD	0.1	
SGD	0.1	
JPY	0.1	
HKD	-0.2	
Other	0.1	

This is the currency breakdown before allowing for any hedging the fund may use.

CREDIT EXPOSURE (NET %)

Credit Long/Short

Investment Grade	0.14	
High Yield	0.1	
EM Debt	0.09	

Total Net Exposure 0.33

■ Long Exposure ■ Short Exposure
◆ Net Exposure

Total net credit exposure is the impact on profit/loss to the portfolio calculated as the impact of a 5% move tighter in credit spreads based on a reference level of 100% Itraxx Eur Main (with 4yr CS01 Duration Equivalent).

CREDIT RATING (%)

AAA	15.4	
AA	10.9	
A	12.0	
BBB	30.0	
BB	9.3	
B	9.9	
CCC	1.8	
NR	2.0	
Cash	8.8	
Other	0.0	

SECTOR (%)

Sovereign	20.4	
ABS	15.6	
Banks	14.6	
Cash and Equivalents	8.6	
Consumer Services	7.9	
Utilities	5.6	
Financial Services	5.2	
Real Estate	4.4	
Consumer Goods	4.4	
Telecommunications	3.5	
Oil & Gas	3.3	
Basic Materials	2.8	
Industrials	1.6	
Technology	1.1	
Other	1.0	

COUNTRY (PV %)

United States	47.8	
United Kingdom	13.4	
Germany	2.6	
China	2.6	
Argentina	2.0	
India	1.9	
Canada	1.9	
Ireland	1.8	
Netherlands	1.8	
Other	24.1	

TOP 10 ISSUERS (%)

United States of America	8.9
Wal-Mart Stores Inc	4.0
Barclays Bank plc	3.2
AT&T Inc	2.0
Cabela's Credit Card Mstr Note Trst	1.8
Republic of Iraq	1.5
Morgan Stanley	1.4
Du Pont De Nemours	1.4
Cleco Corporation	1.3
Navigent Student Loan Trust	1.3



■ Top 10 issuers 26.7%
■ Rest of portfolio 73.3%
No. of issuers 584

FUND MANAGER COMMENTARY

November was another weak month for risk assets, with some particularly large moves across corporate credit markets. Government bond yields ended November lower and yield curves flattened, reflecting mounting growth concerns. That said, only certain areas of economic data weakened, notably the US housing market, Italian activity and Chinese credit creation. Away from this, global economic growth remains reasonably robust.

The fund delivered negative returns in November. Our holdings in investment grade bonds generated negative returns, however our short CDS positions contributed positively to performance. In currencies, we took profit on our short euro, long US dollar position, while our equity tail risk hedges detracted marginally from performance. Overall, we are currently running a defensive credit portfolio, preferring investment grade credit over emerging market and commodity names. In terms of currencies, we are long the US dollar, and we also established a long Europe versus short US duration position.

Looking ahead, we believe that tightening liquidity is likely to remain a major driver of markets, suggesting that the general trend will be for further weakness. The key question is whether central banks, particularly the US Federal Reserve, will reverse course and add back much-needed liquidity. Absent a significant market fall, this seems unlikely in the near term given mounting inflation pressure.



JULIEN HOUDAIN

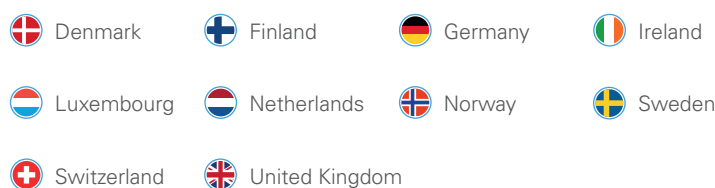
Julien is a portfolio manager in the Multi-Strategy Fixed Income team where he is responsible for global credit and absolute return mandates. He joined LGIM in September 2007 from Fortis Investments, where he was a quantitative strategist in the structured finance team and developed market standard and proprietary models for the pricing and risk management of credit derivatives as well as trading and hedging strategies. Julien has a PhD in financial modelling from the Ecole Normale Supérieure, Paris, France.

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 impact to the fund can be greater where derivatives are used in an extensive or complex way.
- 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



Important information

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Internal Fund Code: 5401



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 LU0989307870

Bloomberg LGAPEHD LX

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