

# Legal & General European Equity Income Fund

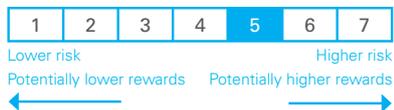


Unit Trust (UCITS compliant) C-Class GBP

## FUND AIM

The objective of the Fund is to provide income and growth above that of the FTSE Europe ex-UK Index (the "Benchmark Index"). The Fund aims to outperform the Benchmark Index by 2% per annum. This objective is before the deduction of any charges and measured over rolling three year periods.

## 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 5 because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time.

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 and growth from an investment in European company shares (excluding UK companies).
- 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.

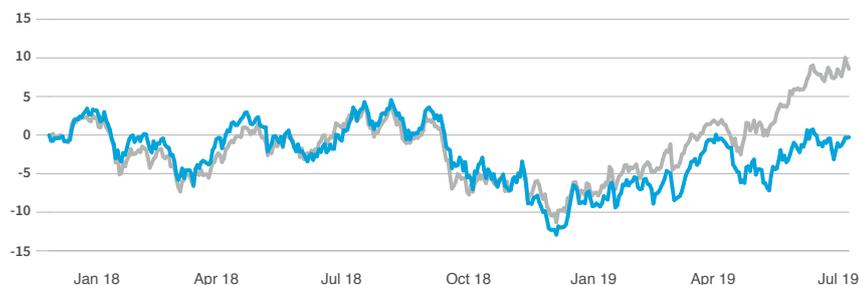
## FUND FACTS

Fund size <b>£282.1m</b>	Base currency <b>GBP</b>	Benchmark <b>FTSE Europe ex-UK Index</b>
Launch date <b>12 Dec 2017</b>	Domicile <b>UK</b>	Historical yield <b>3.5%</b>

## COSTS

Initial charge <b>0.00%</b>	Ongoing charge <b>0.60%</b>
Price basis <b>Dual</b>	Bid / Offer spread <b>0.22%</b>

## PERFORMANCE (%)



	1 month	3 months	1 year	3 years	Launch
■ Fund	0.49	0.46	-3.65	-	-1.56
■ Benchmark	2.05	7.08	5.49	-	8.58
Quartile ranking	4	4	4	-	4

For detail on price basis methodologies please refer to the 'Guide to Investing With Us' found on our website. [↗](#)

## FUND SNAPSHOT

- Aims to generate attractive above-market income as part of a total return strategy
- We look for European-listed companies able to grow earnings and free cashflow
- The fund is comprised of a concentrated selection of around 50 stocks with an investment horizon of three to five years

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

12 months to 30 June	2019	2018	2017	2016	2015
Fund	0.38	-	-	-	-
Benchmark	8.61	-	-	-	-
Quartile ranking	3	-	-	-	-

Performance for the C Inc unit class in GBP, launched on 19 December 2017. 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.

Past performance is not a guide to the future.



## PORTFOLIO BREAKDOWN

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

### COUNTRY (%)

 France	26.7
 Switzerland	15.4
 Germany	13.7
 Sweden	11.4
 Denmark	9.1
 Norway	6.1
 Netherlands	6.1
 Spain	4.2
 Italy	3.3
 Other	4.2



### MARKET CAPITALISATION (%)

Large	84.2
Mid	12.2
Small	2.0
Micro	0.0
Cash and Equivalents	1.7

Cash positions are held as collateral on futures



■ Top 10 holdings 31.8%  
■ Rest of portfolio 68.2%  
No. of holdings 50

### TOP 10 HOLDINGS (%)

Novo Nordisk	4.2
AXA	3.6
SAP	3.5
Zurich Insurance Group	3.3
ENI	3.3
Nestle	3.1
Adecco Group	2.9
Daimler AG	2.8
BNP Paribas	2.7
UBS Group	2.6

### TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Financials	24.4	5.1	
Oil & Gas	8.2	3.7	
Basic Materials	8.8	2.8	
Consumer Services	7.1	2.7	
Telecommunications	5.0	1.7	
Health Care	10.8	-2.9	
Utilities	1.2	-3.7	
Consumer Goods	10.8	-10.2	

### TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Novo Nordisk	4.2	2.9	
AXA	3.6	2.8	
Adecco Group	2.9	2.8	
ENI	3.3	2.7	
Zurich Insurance Group	3.3	2.5	
Allianz SE	0.0	-1.5	
LVMH	0.0	-1.6	
Nestle	3.1	-1.9	
Total	0.0	-2.0	
Novartis	0.0	-3.1	

## FUND MANAGER COMMENTARY

While global equity markets delivered positive performance in July, a hawkish rate cut from the Federal Reserve and a feeling of déjà-vu around the latest escalation in trade tensions once more highlighted the disconnect between risk assets and the broader macro environment. Equity momentum appears to be turning more cautious, as the 'hawkish' Fed cut, ongoing political challenges and soft economic data (global PMIs) continues to hamper investor risk appetite. Meanwhile, the "no deal" Brexit probability has significantly increased.

As expected, Eurozone growth decelerated in the Q2 period amid further weakening in activity. New order growth stalled in July's flash PMI reading, while business sentiment continues to fall. The divergence between the manufacturing and services sector is at the widest point since April 2009. The July ECB meeting gave a clear signal that further stimulus is imminent, while the core inflation number appears stuck below target over the forecast time horizon.

Fundamentally, there has been plenty to digest in terms of corporate newsflow. The picture for corporate earnings has been a little uninspiring; with a distinctly mixed reporting season, lower beat rate and more cautious tone to the outlook as cyclical indicators turn weaker.

For performance, the L&G European Equity Income fund delivered a return of 0.5%. Stock selection and sector allocation were both negative in the period. Underperformance can be attributed to weak selection in industrials, healthcare and technology, alongside a detrimental impact from the underweight positioning in consumer goods.



### ANDREW KOCH

Andrew joined LGIM in August 2014 and is a Fund Manager in the Global Income team. He joined from the in-house pension scheme at BAE Systems, where he was head of the European equities team, and a member of the asset allocation committee. Previously, he managed European equities for institutional and retail funds at Henderson Global Investors and HSBC Asset Management. He started his career at Phillips & Drew in 1992, where he spent 10 years investing in UK, European and Japanese Equities. He has an MA in PPE from New College, Oxford. Andrew is a CFA charterholder (since 1998) and an ASIP.

## 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 not get back the amount you originally invested.
- 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 sterling (British pounds). 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.

For more information, please refer to the key investor information document on our website [↗](#)

## LATEST DISTRIBUTION INFORMATION

For distributing unit classes, the latest payments are shown below. Please note that these payments are not guaranteed, are at the discretion of the manager and may be paid out of capital.

Type	Ex-div date	Pay date	Pence per unit
Final	01 May 19	30 Jun 19	0.64p
Interim	01 Feb 19	29 Mar 19	0.06p
Interim	01 Nov 18	31 Dec 18	0.21p
Interim	01 Aug 18	30 Sep 18	0.73p



### 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 £1,134.5 billion (as at 30 June 2019). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong. The AUM includes the value of securities and derivatives positions.

## DEALING INFORMATION

Valuation frequency	Daily, 12pm (UK time)
Dealing frequency	Daily
Settlement period	T+4

## CODES

<b>ISIN</b>	C Acc	GB00BF18CD42
	C Inc	GB00BF18CC35
<b>SEDOL</b>	C Acc	BF18CD4
	C Inc	BF18CC3
<b>Bloomberg</b>	C Acc	LGEECAG LN
	C Inc	LGEECIG LN

## TO FIND OUT MORE

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

 Call **0370 050 0955**

 Email [investments@landg.com](mailto:investments@landg.com)

Lines are open Monday to Friday 8.30am to 6.00pm. We may record and monitor calls. Call charges will vary.

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