

Legal & General UK Special Situations Trust



Unit Trust (UCITS compliant) I-Class GBP

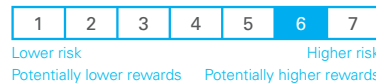
Base currency: **GBP**

Domicile: **UK**

FUND AIM

The objective of the Fund is to provide growth above that of the FTSE All Share TR Net Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 5% 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.

This fund is in category 6 because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.

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 a more specialist investment providing growth from an investment in shares of UK companies which are considered undervalued due to their special situation.
- 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 £157.9m | Fund launch date 10 Nov 2008 |
| Historical yield 3.6% | |

COSTS

| | |
|--------------------------------|------------------------------------|
| Initial charge 0.00% | Ongoing charge 0.79% |
| Price basis Dual | Bid / Offer spread 0.78% |

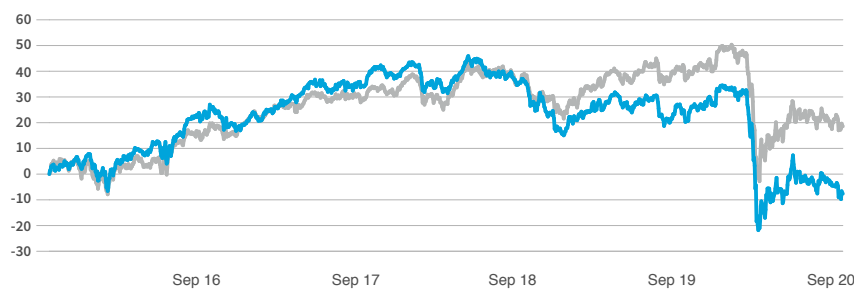
BENCHMARKS

Benchmark
FTSE All Share TR Net Index

Performance objective
FTSE All Share TR Net Index +5%

Comparator benchmark
IA Sector: UK All Companies

PERFORMANCE (%)



| | 1 month | 3 months | 1 year | 3 years | 5 years |
|-----------------------|---------|----------|--------|---------|---------|
| ■ Fund | -5.29 | -6.56 | -26.26 | -32.71 | -7.92 |
| ■ Benchmark | -1.69 | -2.92 | -16.59 | -9.33 | 18.57 |
| Performance objective | - | - | - | 5.19 | 49.91 |
| Comparator | -1.79 | -1.08 | -13.15 | -8.18 | 17.04 |

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

| 12 months to 30 September | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------------------|--------|-------|-------|-------|-------|
| Fund | -26.26 | -7.98 | -0.84 | 11.93 | 22.27 |
| Benchmark | -16.59 | 2.68 | 5.87 | 11.94 | 16.82 |
| Comparator | -13.15 | 0.08 | 5.63 | 13.84 | 11.98 |

For annual performance against the performance objective please see the Key Investor Information Document (KIID). Performance for the I Inc unit class in GBP, launched on 10 November 2008. 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.

FUND SNAPSHOT

- **What does it invest in?** Invests at least 80% in shares of UK companies which are considered to be undervalued by the market, where the Manager believes there to be a catalyst (a feature or market event) which should increase the value of the company.
- **How does it invest?** Actively managed, with holdings in between 30 and 60 companies on average over a typical market cycle of 3-5 years, which means the fund may be concentrated at times.

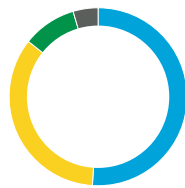


PORTFOLIO BREAKDOWN

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

COUNTRY (%)

| | | |
|--|----------------|-------|
|  | United Kingdom | 100.0 |
|--|----------------|-------|



MARKET CAPITALISATION (%)

| | |
|----------------------|------|
| Large | 51.0 |
| Mid | 34.7 |
| Small | 9.8 |
| Micro | 0.0 |
| Cash and Equivalents | 4.5 |













■ Top 10 holdings 36.3%
■ Rest of portfolio 63.7%
No. of holdings 43











TOP 10 HOLDINGS (%)

| | |
|-------------------|-----|
| Prudential | 4.2 |
| St. James's Place | 4.1 |
| Tesco | 4.1 |
| BP | 3.8 |
| Ashtead Group | 3.8 |
| Energiean | 3.5 |
| Ferguson | 3.5 |
| Smith (DS) | 3.3 |
| Taylor Wimpey | 3.1 |
| GlaxoSmithKline | 3.1 |

TOP SECTOR OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|--------------------|------|----------|---|
| Industrials | 22.7 | 9.6 |  |
| Oil & Gas | 9.2 | 2.6 |  |
| Unclassified | 2.5 | 2.5 |  |
| Technology | 3.0 | 1.8 |  |
| Financials | 26.1 | 1.3 |  |
| Utilities | 1.9 | -1.5 |  |
| Telecommunications | 0.0 | -2.1 |  |
| Consumer Goods | 11.7 | -4.3 |  |
| Basic Materials | 4.1 | -4.9 |  |
| Health Care | 5.2 | -6.1 |  |
| Other | 13.6 | - | |

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

| | Fund | Relative | |
|--------------------------|------|----------|---|
| St. James's Place | 4.1 | 3.9 |  |
| Energiean | 3.5 | 3.5 |  |
| Smith (DS) | 3.3 | 3.1 |  |
| Ashtead Group | 3.8 | 3.1 |  |
| Blue Prism Group | 3.0 | 3.0 |  |
| Diageo | 0.0 | -3.2 |  |
| HSBC Holdings | 0.0 | -3.3 |  |
| British American Tobacco | 0.0 | -3.4 |  |
| Royal Dutch Shell | 0.0 | -4.0 |  |
| AstraZeneca | 0.0 | -5.9 |  |

FUND MANAGER COMMENTARY

It was a difficult month for investors as rising coronavirus cases increased the potential of a second nationwide lockdown in the UK. Concerns over the likely impact on economic recovery and the ongoing Brexit discussions further impacted sentiment. Elsewhere, US politics has been another factor behind recent volatility.

In terms of equity markets, the wide performance disparity between winners and loser continues. UK valuations reflect the degree to which risks are being reflected in asset prices, with the UK looking unloved compared to other markets. At the style level, value underperformed growth. By sector, we saw oil & gas, telecoms and financial industries underperform. Consumer goods, utilities and industrials fared strongest.

The fund delivered a disappointing return of -5.3% which underperformed the FTSE All Share Index. Stock selection in consumer services and consumer goods made a negative contribution. On allocation our underweight exposure to the consumer goods sector detracted from returns. At the stock level, the biggest detractors in the period were leisure caterer outlet SSP Group, technology company Blue Prism, housebuilder Taylor Wimpey, private equity investment manager Intermediate Capital Group, fitness outlet Gym Group and property play Grit Real Estate. The outperformers were packaging manufacturer DS Smith and rental equipment provider Ashtead.

For activity, we deployed cash to introduce new positions in Glaxosmithkline, National Grid, Rio Tinto, John Laing Group, Smith & Nephew and UDG Healthcare. We also exited Glencore, Hollywood Bowl, Micro Focus International and HSBC.



ROBERT WHITE

Robert joined LGIM in 2018 as a Fund Manager for the UK Special Situations Trust. Prior to this Robert worked at Mirabaud Asset Management where he was an Assistant Fund Manager (2013 to 2018) on the UK Equities Core product. Before that he worked at PWC in their Transaction Services division. In total he has over 10 years experience working within financial services. He read Philosophy, Politics and Economics at Pembroke College, Oxford and is a member of the Institute of Chartered Accountants in England and Wales.

ENVIRONMENTAL PERFORMANCE

Carbon dioxide (CO₂) is the most significant contributor to greenhouse gas emissions which are driving climate change.



1,826
Tonnes

CO₂eⁱ per \$1 million of market capitalisation

CARBON RESERVES

Carbon reserves are fossil fuels (coal, oil and gas) which, if burnt, will become the carbon emissions of the future. To meet global climate change targets, the unabated use of fossil fuels is expected to decline over time.

The figure is a measure of the size of carbon reserves held by the fund's underlying companies.



91
Tonnes

CO₂e per \$1 million of sales

CARBON EMISSIONS

Following the global Paris Agreement on climate change, companies in all sectors are expected to reduce their emissions to prepare and adapt for a low-carbon economy.

Carbon emissions intensity describes the relationship between the carbon emissions of a company and its salesⁱⁱ.

NOTES

ⁱ Carbon dioxide equivalent (CO₂e) is a standard unit to compare the emissions of different greenhouse gases.

ⁱⁱ The choice of this metric follows best practice recommendations from the **Task Force on Climate-related Financial Disclosures**.

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The calculations above rely on third party data provided at a point in time that may not cover the entirety of the fund's investments or the fund's benchmark (against which the fund's performance is measured). As a result, what we may report may change as third party data changes and may also differ from other third party calculations.

Refinitiv: Source: Refinitiv ESG

 For further information please go to www.lgim.com/esginfo

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 return from this fund is dependent on relatively few individual investments. This means that a fall in the value of an individual investment can have a major impact on the overall performance of the fund.
- 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.

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 |
|---------|-------------|-----------|----------------|
| Interim | 16 Mar 20 | 14 May 20 | 0.72p |
| Final | 16 Sep 19 | 14 Nov 19 | 1.84p |
| Interim | 15 Mar 19 | 14 May 19 | 0.92p |
| Final | 17 Sep 18 | 14 Nov 18 | 1.31p |



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 £1,240.6 billion (as at 30 June 2020). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Source: LGIM internal data as at 30 June 2020. 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

| | | |
|------------------|-------|--------------|
| ISIN | I Acc | GB00B3DMY345 |
| | I Inc | GB00B3DMY121 |
| SEDOL | I Acc | B3DMY34 |
| | I Inc | B3DMY12 |
| Bloomberg | I Acc | LGUKSIA |
| | I Inc | LGUKSII |

TO FIND OUT MORE

 Visit www.legalandgeneral.com

 Call **0370 050 0955**

 Email 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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