Legal & General UK Equity Income Fund

Unit Trust (UCITS compliant) I-Class GBP   Base currency: **GBP**   Domicile: **UK**

FUND AIM

The objective of the Fund is to provide income and growth above those of the FTSE All Share TR Net 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

1	2	3	4	**5**	6	7

Lower risk / Potentially lower rewards — Higher risk / Potentially higher rewards

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 a more specialist investment providing income and growth from an investment in UK company shares with recovery prospects.
- 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	Launch date
£233.6m	**31 Mar 2011**
Historical yield	
5.6%	

COSTS

Initial charge	Ongoing charge
0.00%	**0.78%**
Price basis	Bid / Offer spread
Dual	**0.76%**

For detail on price basis methodologies please refer to the 'Guide to Investing With Us' found on our website.

BENCHMARKS

Target benchmark

FTSE All Share TR Net Index +2%

Comparator benchmark

IA Sector: UK Equity Income

PERFORMANCE (%)

	1 month	3 months	1 year	3 years	5 years
Fund	-12.03	-13.10	-6.86	-7.25	2.36
Benchmark	-8.71	-8.50	0.25	10.62	30.54
Relative to Benchmark	-3.32	-4.60	-7.11	-17.87	-28.18
Comparator	-9.65	-8.52	-1.28	2.38	14.12

FUND SNAPSHOT

- **What does it invest in?** Invests at least 80% in the shares of UK companies.
- **How does it invest?** Actively managed, with holdings in between 40 and 60 companies on average over a typical market cycle of 3-5 years.

MORNINGSTAR ★★

FE CROWN FUND RATING

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 31 December	2019	2018	2017	2016	2015
Fund	21.24	-16.02	10.71	7.88	6.35
Benchmark	21.11	-7.51	15.06	18.72	2.96
Relative to Benchmark	0.13	-8.51	-4.35	-10.84	3.39
Comparator	19.90	-10.50	11.39	8.78	5.95

Performance for the I Inc unit class in GBP, launched on 31 March 2011. 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.

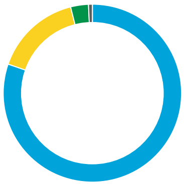
Past performance is not a guide to the future.

PORTFOLIO BREAKDOWN

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

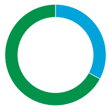
COUNTRY (%)

United Kingdom	100.0



MARKET CAPITALISATION (%)

Large	80.3
Mid	15.8
Small	3.2
Micro	0.0
Cash and Equivalents	0.7



Top 10 holdings **32.9%**

Rest of portfolio **67.2%**

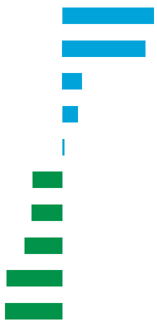
No. of holdings **42**

TOP 10 HOLDINGS (%)

Tesco	3.8
Phoenix Group Holdings	3.4
Rio Tinto	3.4
BHP Group Plc	3.3
Lloyds Banking Group	3.3
Imperial Brands	3.3
Next	3.1
British American Tobacco	3.1
Prudential	3.1
Carnival	3.1

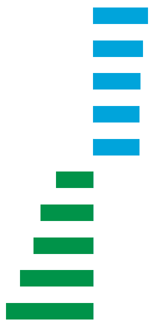
TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative
Financials	37.6	10.7
Consumer Services	21.6	9.7
Telecommunications	4.8	2.3
Basic Materials	8.9	1.8
Technology	1.3	0.2
Utilities	0.0	-3.5
Oil & Gas	6.9	-3.6
Industrials	8.0	-4.4
Consumer Goods	8.3	-6.5
Health Care	2.7	-6.7



TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative
Phoenix Group Holdings	3.4	3.2
Carnival	3.1	2.9
Next	3.1	2.8
Direct Line Insurance	2.9	2.7
Tesco	3.8	2.7
Unilever	0.0	-2.2
Diageo	0.0	-3.1
Royal Dutch Shell	2.9	-3.5
AstraZeneca	0.0	-4.3
HSBC Holdings	0.0	-5.1



FUND MANAGER COMMENTARY

February saw coronavirus (Covid-19) once more dominate the narrative, as worsening newsflow prompted alarm. The geographic spread of the infection resulted in a much more severe and broader market reaction than the move following China's initial outbreak. Both financial markets and central banks have become increasingly unanchored. For equities, the sharp fall of global markets is remarkable in terms of the speed of the drawdown witnessed in February.

The latest consensus view is that markets will remain under pressure for longer, as news related to the virus suggest that the economic impact may be greater than prior assumptions, with higher uncertainty around how growth will unfold over the next few months. Within equity markets, the latest down-leg in share prices was more indiscriminate, as we saw broader style, sector and stock participation. On a sector basis, industries that are most exposed to any short-term impact on supply chains or a slowdown in global economic activity, as well as those companies with high fixed costs were hit hard.

Turning to performance, weakness from value sectors hurt UK Equity Income, with the fund down c300bps relative. Stock selection detracted value, with Financials and Tobacco names most out of favour. On positioning, this was a small negative, led by the portfolio underweight in Utilities. At the stock level, Carnival, Micro Focus, RBS Group, Imperial Brands and Jupiter were the biggest detractors. On activity, we exited the position in transport business Go-Ahead Group.

STEPHEN MESSAGE

Stephen joined LGIM in 2017 as a Fund Manager for the UK Equity Income portfolios. He has been managing the UK Equity Income Trust since November 2017. Stephen joined from Old Mutual where he was responsible for the management of the Old Mutual UK Equity Income fund from 2009 until 2016. Prior to that, he was a Fund Manager at Bessemer Trust from 2006 until 2008. Stephen graduated from Imperial College London with a MEng in Aeronautical Engineering. He is also a CFA charterholder.

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 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 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
Interim	25 Oct 19	24 Dec 19	0.95p
Interim	25 Jul 19	24 Sep 19	0.55p
Interim	25 Apr 19	24 Jun 19	0.96p
Final	25 Jan 19	22 Mar 19	0.55p

Legal & General INVESTMENT MANAGEMENT

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 £1,196.2 billion (as at 31 December 2019). 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 31 December 2019. 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	GB00B6HBD759
	I Inc	GB00B56B1J72
SEDOL	I Acc	B6HBD75
	I Inc	B56B1J7
Bloomberg	I Acc	LGUEIIA
	I Inc	LGUEIII

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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