

PORTFOLIO BREAKDOWN

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



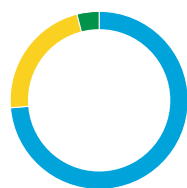
■ Top 10 issuers 14.4%
■ Rest of portfolio 85.6%
No. of issuers 303

TOP 10 ISSUERS (%)

Teva Pharm Finance Llc	2.2
Petroleo Brasileiro SA	2.1
Corral Finans AB	1.4
General Electric Co	1.3
Scientific Games Corp	1.3
Valeant Pharmaceuticals International	1.3
Softbank Corporation	1.2
Sprint Communications Inc	1.2
Matalan Group Ltd	1.2
Iceland Topco Ltd	1.1

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Benchmark	Relative	
Cash	7.1	-	7.1	
Retailers	10.4	4.0	6.4	
Gaming	5.9	2.6	3.2	
Manufacturing	4.6	1.5	3.1	
Food / Drink	4.3	2.6	1.8	
Transportation	3.2	1.9	1.3	
Metals / Mining	5.6	4.3	1.3	
Leisure / Lodging	1.2	2.7	-1.5	
Homebuilders / materi	6.1	8.4	-2.3	
Paper / Forest / Pack	0.8	3.4	-2.6	
Services	1.4	5.0	-3.5	
Telecommunications	5.6	10.2	-4.6	
Other	42.1	46.7	-4.7	
Cable / Satellite TV	1.8	6.7	-5.0	



CURRENCY (%)

■ USD	73.7
■ EUR	22.3
■ GBP	4.0

This is the currency breakdown before allowing for any hedging the fund may use. We aim to hedge the portfolio 100% back to the base currency.

CREDIT RATING (%)

	Fund	Benchmark	Relative	
BBB	2.6	-	2.6	
BB	33.2	58.4	-25.2	
B	51.3	41.6	9.7	
CCC	0.1	-	0.1	
NR	1.7	-	1.7	
Cash	7.1	-	7.1	
Split rated	4.1	-	4.1	

FUND MANAGER COMMENTARY

The high yield market moved lower in November, as a broader weakness in risk assets continued. The fund underperformed the benchmark over the month. There were multiple negative headlines, including Italian politics, Brexit, trade wars, the weakness of General Electric and Chinese growth deterioration. However, outside of the headlines, the withdrawal of global liquidity continues to be a major driver of market weakness with quantitative tightening weighing on investor sentiment.

During the month we looked to reduce exposure to single B bonds in Europe where we see greater downside risk, and we are now underweight the benchmark in European high yield. Regionally the fund has moved from being marginally underweight to marginally overweight in North America, where we continue to see robust economic growth. We have maintained our small overweight in emerging markets where credit quality is improving and valuations are attractive in our view.

Looking ahead, we see a tougher economic environment in Europe, although there remains likelihood of reasonable growth in the USA. Defaults seem likely to rise in Europe and will be materially higher than in the USA in our view.



MARTIN REEVES

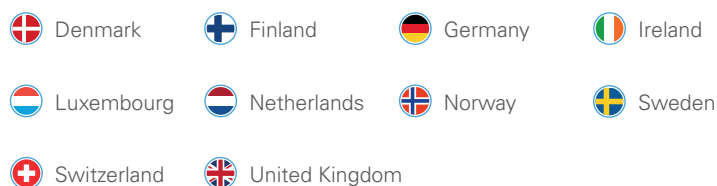
Martin Reeves is Head of Global High Yield. Prior to joining LGIM in 2011, Martin ran Credit Research at AllianceBernstein where he had worked since 1998. Prior to Alliance Bernstein Martin was Head of US High Yield Research at UBK Asset Management and a Chartered Accountant with Ernst & Young. Martin holds an MA in Economics from Cambridge University, St Catharine's College.

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 depository.
- 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 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: 5422



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 €1,113.61 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	Z GBP HDG Acc	LU1003759401
	Z GBP HDG Dist	LU1857920216
Bloomberg	Z GBP HDG Acc	LGGHZGH LX
	Z GBP HDG Dist	LGHZGHD LX

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