

Legal & General UK Special Situations Trust



Unit Trust (UCITS compliant) I-Class GBP

FUND AIM

The objective of this fund is to provide growth. The fund will typically invest between 80% and 100% in UK company shares. The fund may also invest in company shares from Europe. The fund will invest in companies considered, in the manager's view, to be undervalued by the market.

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 growth from an investment in UK company shares.
- 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 £271.0m	Base currency GBP	IA Sector IA UK All Companies
Launch date 10 Nov 2008	Domicile UK	Historical yield 1.10%

COSTS

Initial charge 0.00%	Ongoing charge 0.79%
Price basis Dual	Bid / Offer spread 0.88%

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

PERFORMANCE (%)



	1 month	3 months	1 year	3 years	5 years
■ Fund	-1.69	-3.99	2.62	36.54	58.93
■ IA Sector	-1.25	-0.69	6.68	32.59	47.13
Quartile ranking	3	4	4	2	2

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 30 June	2018	2017	2016	2015	2014
Fund	6.47	22.53	6.49	14.74	14.68
IA Sector	9.12	22.72	-3.98	6.86	13.84
Quartile ranking	4	2	1	1	2

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 future returns. The value of your investment and any income taken from it is not guaranteed and may go up and down.

FUND SNAPSHOT



- Aims to provide long-term capital growth through stocks with unrecognised market potential
- The portfolio invests in stocks with strong economic moats and attractive cash generation, which we consider to be either underappreciated or undervalued by the market
- Legal & General has a significant presence in the UK stock market so our fund managers often have the chance to meet a company's management team before we invest

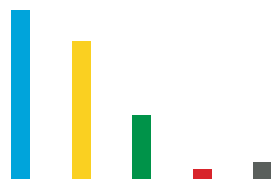


PORTFOLIO BREAKDOWN



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

COUNTRY (%)

	United Kingdom	97.6
	Mauritius	2.4



MARKET CAPITALISATION (%)

	Large	42.6
	Mid	34.7
	Small	16.1
	Micro	2.4
	Cash and Equivalents	4.2












■ Top 10 holdings 41.5%
■ Rest of portfolio 58.5%
No. of holdings 36











TOP 10 HOLDINGS (%)

GVC Holdings	4.9
Prudential	4.8
Urban & Civic PLC	4.2
Energiean Oil & Gas	4.2
Melrose Industries Plc	4.1
DCC	4.1
Wizz Air Holdings	4.1
Carnival	3.8
CRH	3.8
Ultra Electronics Holdings	3.7

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Consumer Services	22.0	10.1	
Unclassified	8.8	8.8	
Industrials	19.7	8.1	
Technology	4.6	3.7	
Utilities	0.0	-2.6	
Consumer Goods	11.5	-2.7	
Basic Materials	3.7	-3.6	
Health Care	1.3	-7.9	
Financials	14.8	-11.0	

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
GVC Holdings	4.9	4.7	
Urban & Civic PLC	4.2	4.2	
Energiean Oil & Gas	4.2	4.2	
Wizz Air Holdings	4.1	4.0	
DCC	4.1	3.8	
Diageo	0.0	-2.7	
AstraZeneca	0.0	-3.1	
GlaxoSmithKline	0.0	-3.2	
HSBC Holdings	1.4	-4.2	
Royal Dutch Shell	0.0	-8.8	

FUND MANAGER COMMENTARY

August delivered mixed messages for global equity markets, with strong US market performance but negative performance elsewhere. The S&P 500 Index continued its longest bull run in history at 3,453 days, while most other equity markets in dollar terms declined. The UK was notably weak as Brexit negotiations continue to stall. Oil fell from July year-to-date highs, dipping to \$65 intra month and closing at \$70.

An amalgam of 'Ts' made for negative headlines including; US/China trade wars and tariffs, Turkey (potentially an Emerging Markets currency crisis), Tencent (Chinese regulator limiting new game launches) and China macro data showing some warning signs. On the flip side, Apple and Amazon became the first companies to reach a market cap of \$1 trillion dollars.

On a style basis, growth extended its outperformance over value, which was most notable in Europe as it hit a two-year high. In the UK in a reversal of fortunes, the consumer staples and healthcare sectors outperformed technology. Momentum in the healthcare sector showed no signs of abating, as more stocks hit twelve-month highs. At the size level, mid-caps were the strongest performing group, helped by corporate earnings and a degree of benefit from sterling strength.

The fund outperformed its benchmark by 110bps during August but lagged its peers. Sector allocation was a modest positive and stock selection a modest negative. Being underweight Healthcare as well as stock selection within the sector was one of the major drags. On the flip side, our overweight in Consumer Services was both a positive in allocation and selection terms. At the individual stock level our positive contributors included Whitbread (benefitted from the sale of Costa) and Gym Group though being overweight British



GAVIN LAUNDER

Gavin joined LGIM in 2007 and has been the Fund Manager for the UK Special Situations Trust since January 2018. Previously, he was a Global Equities Analyst at BlueBay Asset Management. Gavin spent the majority of his buy-side career as a Portfolio Manager with UBS O'Connor. Prior to this, he was a top-rated, sell-side analyst covering the Autos, Capital Goods and Conglomerates sectors at investment banks including SG Warburg (now part of UBS) and Goldman Sachs. Gavin holds a degree in Philosophy and Economics from University College, London.

KEY RISKS

- 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). 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.

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	15 Mar 18	14 May 18	0.26p
Final	15 Sep 17	14 Nov 17	0.96p
Interim	14 Mar 17	14 May 17	0.71p
Final	14 Sep 16	14 Nov 16	0.99p



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, 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.

Important information

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