

PORTFOLIO BREAKDOWN

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



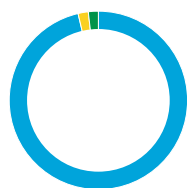
■ Top 10 issuers 25.8%
■ Rest of portfolio 74.2%
No. of issuers 123

TOP 10 ISSUERS (%)

Bundesrepublik Deutschland	8.6
EDF SA	2.6
Rabobank Nederland	2.1
BMW AG	2.1
Caisse Nationale De Credit Agricole	1.9
ABN Amro Bank NV	1.9
Intesa Sanpaolo Spa	1.7
RWE AG	1.7
Goldman Sachs Group Inc	1.7
SNS Bank Nederland	1.6

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Benchmark	Relative	
Sovereign	9.0	-	9.0	
Utilities	15.7	11.2	4.5	
Banks	31.3	28.8	2.6	
Cash and Equivalents	1.7	-	1.7	
Covered	1.1	-	1.1	
Insurance	5.2	5.0	0.2	
Consumer Services	3.2	3.4	-0.2	
Technology	1.0	1.9	-0.9	
Health Care	3.9	5.2	-1.3	
Basic Materials	0.7	3.1	-2.4	
Consumer Goods	10.9	13.6	-2.7	
Industrials	5.9	9.0	-3.1	
Telecommunications	4.2	7.4	-3.2	
Oil & Gas	1.1	4.8	-3.7	



CURRENCY (%)

■ EUR	96.3
■ USD	1.9
■ GBP	1.8

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	
AAA	10.2	0.5	9.6	
AA	9.0	11.2	-2.1	
A	34.9	39.6	-4.7	
BBB	37.7	48.7	-11.1	
BB	6.5	-	6.5	
B	0.1	-	0.1	
NR	0.0	-	-	
Cash	1.7	-	1.7	

FUND MANAGER COMMENTARY

October was a very weak month for risk assets. Rising yields in the preceding weeks, alongside renewed dollar strength, tightened funding conditions. Weakness was broad-based, with US assets also suffering despite continued strong economic data. Italian assets and European banks more generally were also poor performers during October, as the Italian budget negotiations started with European Union officials. We saw significant falls in UK and German government bond yields, reflecting a flight to quality as well as relative disappointment in economic activity.

After September's rally, iBoxx Euro Investment Grade credit spreads widened from 77bps to 86bps and spread dispersion has notably increased over the past year. From a portfolio perspective, our longstanding sector underweight in cyclical areas such as autos and construction / materials contributed positively, as did our overweight in more defensive sectors. Stock selection within non-financial corporates also worked well, particularly where companies reported poor results and disappointing forward earnings guidance.

We believe that credit valuations have cheapened. This suggests an improved possibility of a recovery into the end of the year, particularly if headlines over Brexit, Italy and China/US trade tensions improve. We will look to add exposure to names where we see valuation as being more attractive and are therefore minded to tactically increase some risk exposure. However, we remain cautious over a medium to longer-term horizon.



Marc Rovers



Matthew Rees

FUND MANAGERS

Marc joined LGIM in May 2012. Marc started in the industry in 1995 as a portfolio manager at ABP investments (now APG). He holds an MSc in economics and is a Certified European Financial Analyst (CEFA).

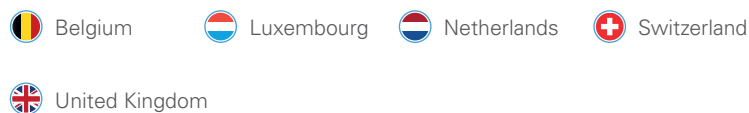
Matthew joined LGIM in March 2009. Matthew has more than 23 years' experience in financial services and graduated from the University of York with a BA (hons) in English.

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 depositary.
- 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



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, 16:00 CET
Dealing frequency	Each Business Day
Settlement period	T+3
Administrator/Custodian	Northern Trust

CODES

ISIN	R EUR Acc	LU0984223825
	R EUR Dist	LU0984224047
Bloomberg	R EUR Acc	LGECREA LX
	R EUR Dist	LGECREI LX

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Internal Fund Code: 5404