



L&G Euro Corporate Bond Fund

SICAV (UCITS compliant) I-Class EUR Acc

FUND AIM

The Fund aims to provide investors with a combination of growth and income.

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 3 because it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to fluctuate.

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 income or growth from an investment in fixed income securities
- 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

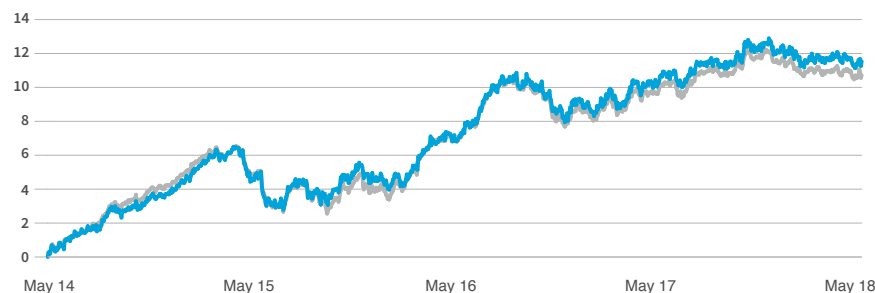
FUND FACTS

| | | |
|-----------------------------------|-------------------------------|---|
| Fund size €190.7m | Base currency EUR | Benchmark Markit iBoxx Euro Corporates TR |
| Launch date 25 Nov 2013 | Domicile Luxembourg | |

COSTS

| | |
|--|--|
| Initial charge 0.00% | Ongoing charge 0.34% |
| Price basis Single- full swing | Dilution adjustment 0.28% - round trip |

PERFORMANCE (%)



| | 1m | 6m | 1y | 3y | Launch |
|-------------|-------|-------|-------|-------|--------|
| ■ Fund | -0.38 | -0.93 | 0.71 | 2.05 | 2.72 |
| ■ Benchmark | -0.26 | -0.91 | 0.56 | 1.76 | 2.54 |
| Relative | -0.12 | -0.02 | +0.15 | +0.29 | +0.18 |

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

| 12 months to 31 March | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------------|-------|-------|-------|------|------|
| Fund | 2.04 | 2.83 | 0.28 | - | - |
| Benchmark | 1.70 | 2.50 | 0.36 | - | - |
| Relative | +0.34 | +0.33 | -0.08 | - | - |

All performance periods over a year will be annualised. Performance for the I EUR Acc share class in EUR, launched on 07 May 2014. 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. This fund has adopted a single swinging price, this means that on any given day the single dealing price will be set at either bid, offer or somewhere in between, based on whether there was a net inflow or outflow into or out of the Fund. The past performance depicted in this factsheet is based on that dealing price and therefore may appear more volatile than it would otherwise be if we were to show the notional bid or offer performance, this is as a result of the daily swing.

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.

STATISTICS

| | |
|--|---|
| Tracking error 0.71% | Information ratio 0.40 |
| Modified duration 4.79 years | Gross redemption yield 1.56% (unhedged) |

FUND SNAPSHOT

- Aims to produce a return derived from capital growth and income
- Invests predominantly in a variety of euro denominated fixed interest instruments
- May also invest in asset-backed securities such as mortgage-backed securities and consumer loans



PORTFOLIO BREAKDOWN

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



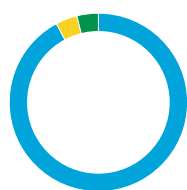
■ Top 10 issuers 26.6%
■ Rest of portfolio 73.4%
No. of issuers 114

TOP 10 ISSUERS (%)

| | |
|-------------------------------------|-----|
| Bundesrepublik Deutschland | 7.7 |
| Banque Federative Du Credit Mutuel | 2.4 |
| Caisse Nationale De Credit Agricole | 2.4 |
| United States of America | 2.2 |
| Deutsche Telekom AG | 2.2 |
| Caixabank | 2.1 |
| Intesa Sanpaolo Spa | 2.0 |
| Glaxo Smithkline Corp | 1.9 |
| Ing Groep NV | 1.9 |
| Bank Of America Corporation | 1.9 |

TOP SECTOR OVER/UNDERWEIGHTS (%)

| | Fund | Benchmark | Relative | |
|--------------------|------|-----------|----------|--|
| Sovereign | 9.9 | - | 9.9 | |
| Cash | 8.8 | - | 8.8 | |
| Insurance | 6.3 | 5.3 | 1.0 | |
| Health Care | 5.5 | 5.0 | 0.5 | |
| Technology | 1.9 | 2.0 | -0.1 | |
| Financial Services | 2.7 | 2.9 | -0.2 | |
| Utilities | 10.6 | 11.1 | -0.5 | |
| Consumer Services | 2.9 | 3.6 | -0.7 | |
| Banks | 27.3 | 28.9 | -1.7 | |
| Telecommunications | 5.5 | 7.4 | -1.9 | |
| Basic Materials | 0.7 | 3.0 | -2.2 | |
| Oil & Gas | 2.2 | 5.0 | -2.8 | |
| Consumer Goods | 9.7 | 13.5 | -3.8 | |
| Industrials | 2.9 | 8.6 | -5.7 | |



CURRENCY (%)

| | |
|-------|------|
| ■ EUR | 92.3 |
| ■ GBP | 3.9 |
| ■ USD | 3.9 |

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 | 9.9 | 0.6 | 9.3 | |
| AA | 3.2 | 10.1 | -6.9 | |
| A | 29.8 | 40.7 | -10.9 | |
| BBB | 43.4 | 48.6 | -5.2 | |
| BB | 4.0 | 0.0 | 4.0 | |
| B | 1.0 | 0.0 | 1.0 | |
| NR | 0.0 | - | - | |
| Cash | 8.8 | - | 8.8 | |

FUND MANAGER COMMENTARY

Italy was the centre of market attention for much of the month. The prospect of a populist government initially unnerved investors, and this was followed by a significant sell-off after the proposed government was vetoed by the Italian President, opening up the prospect of a new election that could be a proxy referendum on Italy's relationship with the EU. Italian government, corporate and bank credit spreads all widened significantly and European equity markets weakened, with a focus on bank risk.

We remain overweight in defensive sectors such as utilities and healthcare. This was beneficial for relative performance as defensive sectors outperformed amid the market weakness. In addition, the portfolio benefited from an underweight stance in subordinated insurance names as the sector was the market's weakest performer in May. We hold an underweight in peripheral corporates to offset our exposure in high quality financials. However the non-financial sector as a whole outperformed financials in the risk-off environment.

Looking ahead, we think that global liquidity tightening means that the market reaction to negative fundamental developments will continue to be aggressive. Specific Italian risk might reduce if the new government applies more market-friendly policies, but there is still pressure elsewhere, notably across a number of emerging markets as US dollar strength bites and the reduction in monetary stimulus from the European Central Bank continues.



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).

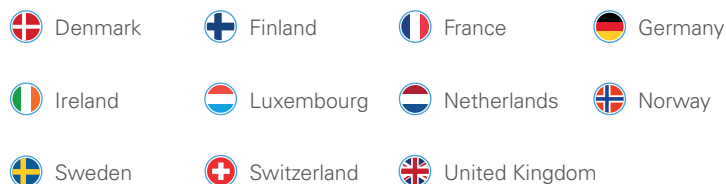
Matthew joined LGIM in March 2009. Matthew has more than 23 years' experience in financial services and graduated from the University of York with a BA (hons) in English.

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 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



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 £983.3 billion (as at 31 December 2017). 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 | I EUR Acc | LU0984223668 |
| | I EUR Dist | LU0984223742 |
| Bloomberg | I EUR Acc | LGECBIA LX |
| | I EUR Dist | TBC |

TO FIND OUT MORE

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Important information

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Internal Fund Code: 5404