

PORTFOLIO BREAKDOWN

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

CURRENCY (%)

USD	96.9	
EUR	1.8	
GBP	1.4	
AUD	0.1	
JPY	0.1	
HKD	-0.2	
Other	0.0	

This is the currency breakdown before allowing for any hedging the fund may use.

CREDIT EXPOSURE (NET %)

Credit Long/Short

Investment Grade	0.18	
EM Debt	0.1	
High Yield	0.09	

Total Net Exposure 0.37

■ Long Exposure ■ Short Exposure
◆ Net Exposure

Total net credit exposure is the impact on profit/loss to the portfolio calculated as the impact of a 5% move tighter in credit spreads based on a reference level of 100% Itraxx Eur Main (with 4yr CS01 Duration Equivalent).

CREDIT RATING (%)

AAA	9.6	
AA	2.7	
A	13.8	
BBB	39.4	
BB	11.0	
B	9.6	
CCC	1.3	
NR	1.6	
Cash	10.8	
Other	0.0	

SECTOR (%)

Banks	14.9	
Sovereign	14.0	
ABS	13.8	
Cash and Equivalents	10.7	
Consumer Goods	9.1	
Financial Services	5.4	
Oil & Gas	5.1	
Consumer Services	4.9	
Utilities	4.9	
Real Estate	4.6	
Basic Materials	4.0	
Telecommunications	3.5	
Technology	2.8	
Industrials	1.7	
Other	0.7	

COUNTRY (PV %)

United States	44.7	
United Kingdom	15.0	
China	2.7	
Argentina	2.5	
Switzerland	2.4	
India	2.4	
France	2.3	
Italy	2.2	
Germany	2.1	
Other	23.7	

TOP 10 ISSUERS (%)

Citigroup Inc	2.3
Morgan Stanley	2.2
SabMiller Plc	2.0
AT&T Inc	1.9
Unicredit Spa	1.5
Societe Generale SA	1.5
Campbell Soup Company	1.5
Dell Computer Corporation	1.4
Republic of Iraq	1.4
General Electric Co	1.4



■ Top 10 issuers 17.1%
■ Rest of portfolio 82.9%
No. of issuers 587

FUND MANAGER COMMENTARY

January witnessed a strong rebound across just about every asset class, reversing December's weakness. The combination of attractive valuations and a dovish shift from the US Federal Reserve provided the impetus for a very strong start to the year. The overall impact was for a weaker dollar and range-bound treasury yields. This combination proved particularly bullish for emerging markets.

The fund delivered positive returns in January, with our holdings in US investment grade credit proving beneficial for performance. In particular, our exposure to Energy Transfer Partners, Store Capital and Georgetown University contributed positively. Our long duration bias and overweight in European versus US duration risk was also beneficial. However, our protective hedges, including thematic single name short positions in selective auto and commodity companies proved negative for performance amid the market rally.

Looking ahead, the dovish shift from Jerome Powell is clearly very important given the concerns we have about tightening liquidity conditions, particularly in the US. Therefore, tactically holding more credit risk makes sense to us at this juncture. However, we retain our cautious longer-term outlook for credit markets and would look to sell into further strength.



JULIEN HOUDAIN

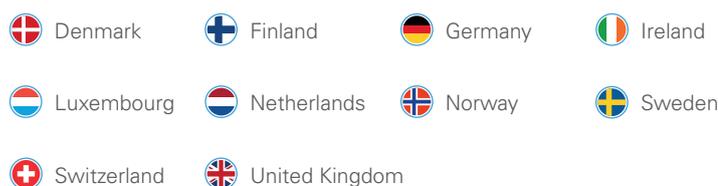
Julien is a portfolio manager in the Multi-Strategy Fixed Income team where he is responsible for global credit and absolute return mandates. He joined LGIM in September 2007 from Fortis Investments, where he was a quantitative strategist in the structured finance team and developed market standard and proprietary models for the pricing and risk management of credit derivatives as well as trading and hedging strategies. Julien has a PhD in financial modelling from the Ecole Normale Supérieure, Paris, France.

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 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 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: 5401



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 LU0989307870

Bloomberg LGAPEHD LX

TO FIND OUT MORE

Legal & General SICAV C/O Northern Trust
Luxembourg Management Company S.A.
6 rue Lou Hemmer L-1748
Senningerberg Grand-Duché de Luxembourg

 Visit www.lgim.com

 Call **+352 276 222 514**

 Email LGIM-TALUX@ntrs.com

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