Legal & General Multi-Index 7 Fund

I class. Q3 2017.

** Please note that this document has been produced for professional advisers for discussion with existing investors who are familiar with investment terminology.

WHAT'S THE STORY?

Just like football, investing is a trade-off between defence and attack. As Sir Alex Ferguson famously said, "attack wins you games, defence wins you titles." We couldn't agree more, there is a time for both.

In the third quarter we upped our medium-term risk assessment, reflecting a more upbeat assessment of systemic risks. We are more likely to buy into dips and are actively looking for opportunities in equities where valuations and fundamentals make a shot at goal worthwhile.

That doesn't mean we have forgotten about defence. In particular, our team is remaining alert to signs of late cycle economic risks or fatigue in the debt-driven growth in some emerging markets.

RISK PROFILE CONFIRMATION STATEMENT

The Risk Profile Volatility Band data is supplied by Distribution Technology. Although this product has been designed with Distribution Technology's Dynamic Planner model in mind – and these are the risk ratings we specifically target – the portfolios can be risk-mapped to different risk profilers. Distribution Technology has assessed the Legal & General Multi-Index 7 Fund and their analysis has indicated that the fund has remained in line with the fund risk profile 7 (as at 30 June 2017). *Expected volatility (as at 30 September 2017) as calculated by LGIM using data provided by Distribution Technology.

Multi-Index fund range	**3**	**4**	**5**	**6**	**7**
DT risk profile volatility band (%)	4.2% - 6.3%	6.3% - 8.4%	8.4% - 10.5%	10.5% - 12.6%	12.6% - 14.7%
Expected volatility (%)*	5.8	7.8	9.9	11.7	13.6

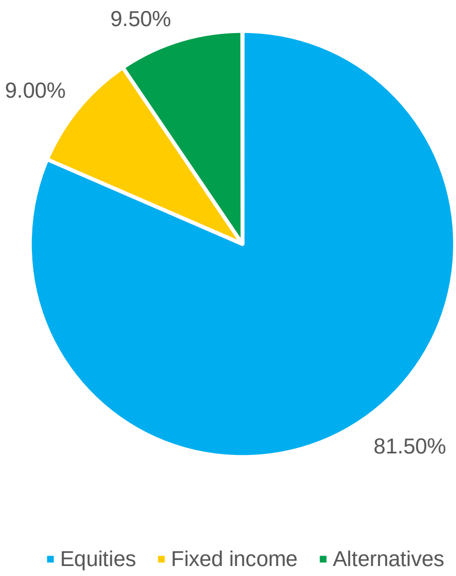
Lower risk ← → HIgher risk

TARGET ASSET ALLOCATION BREAKDOWN (AS AT 30 SEPTEMBER 2017)

Equities	**81.50%**
Legal & General UK Index Trust	15.50%
Legal & General UK Mid Cap Fund	4.50%
Legal & General European Index Trust	12.25%
Legal & General US Index Trust	19.50%
Legal & General Japan Index Trust	8.50%
Legal & General Pacific Index Trust	5.50%
Legal & General Global Emerging Markets Index Fund	9.25%
Indian Equity Index Futures	1.25%
US small-cap Index Futures	3.50%
US and European Energy Index Futures	1.75%
Fixed Income	**9.00%**
Legal & General High Income Trust	2.50%
Legal & General EM Government Bond (US$) Index Fund	3.50%
Legal & General EM Government Bond (Local Currency) Index Fund	3.00%
Alternatives	**9.50%**
Legal & Genral UK Property Fund	4.00%
Legal & General Global Real Estate Dividend Index Fund	2.00%
US and European Utility Index Futures - Infrastructure proxy	3.50%

Source: LGIM

TARGET ASSET ALLOCATION



Legal & General
INVESTMENT MANAGEMENT

FUND PERFORMANCE (%)

12 months to	30 Sept 14	30 Sept 15	30 Sept 16	30 Sept 17
Performance	8.51	-2.12	19.93	13.03

Source: Lipper, LGIM as at 30 September 2017. Total Return net of tax and charges. I class accumulation.
Please remember, the value of investments and any income from them may fall as well as rise and you may get back less than you invest.

Past performance is not a guide to future performance.

FUND REVIEW

The fund produced a positive return over the quarter.

Two key themes dominated market movements; the path of US interest rates and with it the fate of the US dollar, and the emergence of a moderate but synchronised upturn in the global economy. Most developed equity markets gained in local terms, reflecting positive sentiment towards growth with cyclical sectors outperforming more defensive sectors. Emerging market equities outperformed developed world as beneficiaries of stronger global growth, without aggressive US rate hikes. The US dollar continued the downward trend evident throughout 2017 while the pound rallied against the dollar, reflecting the Bank's hawkish stance and some hope of a transitional Brexit deal with the EU.

The strongest contributions to relative performance came from equities including those from the US, Europe and emerging markets. This helped offset negative returns from global REITs. A positive currency bias to sterling also helped returns.

We reduced our UK corporate bond position in favour of equities and mid-risk assets. Within these, we favour both hard and local currency emerging market debt while reducing our exposure to global high yield. We added to our infrastructure position via a US utility proxy and added a small position in European energy stocks.

OUTLOOK

We have upgraded our medium-tem view on equities from cautious to neutral. This means that going forward we will look to increase risk across the board through additions to our equity exposure where we see value. We believe that the level of systemic risk has slightly improved. Despite the ever-present short-term risks that bring uncertainty, we think it seems unlikely for any of them to escalate into a disaster at the moment or that these are at least appropriately priced into markets. Such risks include, for example, the US debt ceiling, North Korea and China.

Whilst we remain negative on emerging market equities relative to developed markets, we have upgraded our view on local currency emerging market debt and FX on the basis of the favourable economic backdrop and limited recession probability. We retain our positive view on emerging hard currency debt. By contrast we are still negative on the prospects for European investment grade debt, and high yield given the tightness of credit spreads.

Overall we have downgraded our outlook on global fixed income and we remain positioned for strength in the US dollar.

CONTACT US FOR MORE INFORMATION

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*Call costs may vary