

This document has been produced for professional advisers for discussion with existing investors who are familiar with investment terminology.

Legal & General Multi-Index 3 Fund

Unit Trust (NURS non-complex) I-Class GBP Acc



WHAT'S THE STORY?

The second quarter saw positive returns for most asset classes in local currency terms as the economic recovery from the effects of the COVID-19 pandemic continued. Over the quarter, we witnessed a few upside surprises to US inflation, mainly caused by the fall in prices when economies went into lockdown over a year ago (inflation tends to be measured year on year), and supply constraints. However, market participants anticipated much of these effects and still believe this inflation spike to be transitory. Meanwhile, the global vaccine rollout continued apace as some of the early laggards such as the EU and Japan began to catch up with the initial pace setters.

Alternative investments had a strong quarter with global REITs and commodities leading the way as the recovery progressed. Equities had another strong quarter, in particular Europe (ex-UK) and US equities, as social distancing measures were rolled back. In fixed income, after a weak first quarter, bonds saw some positive returns as yields fell, supporting the narrative that the elevated inflation we are now seeing is transitory.

PERFORMANCE (%)

12 months to 30 June	2021	2020	2019	2018	2017
Fund	6.90	2.91	5.61	2.12	6.13

Source: Lipper, LGIM as at 30 June 2021. Total Return net of tax and charges. I-Class GBP 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 delivered a positive return over the quarter, with the main positive contributions to performance coming from US and UK equities and global REITs. There were no significant detractors from performance.

We added exposure to Chinese duration via the L&G ESG China CNY Bond UCITS ETF, diversifying the duration profile of the fund. In our view the higher yields in Chinese government bonds offers a greater potential for gains whilst retaining similar defensive characteristics as US Treasuries.

We introduced positions in the L&G Clean Water and L&G Clean Energy UCITs ETFs. We expect superior growth for stocks related to decarbonisation for several years, supported by consumer demand and regulatory pressure. Further and accelerating inflows from growing ESG funds should also be supportive.

We also rebalanced our allocation to US tech after witnessing the recent sell-off in the sector versus the broad US market. We understand the main reason for the sell-off to be investors rotating into previously unloved sectors such as financials and automobiles as the economic recovery progresses. However, we believe the sell-off was somewhat excessive. The earnings outlook is still strong for tech, and if anything has strengthened of late so we have taken the opportunity to add back up to the target allocation.

In currencies, we reduced the Norwegian krone while increasing exposure to Swedish krona. This was driven by a signal from our systematic trading models which consider changes in currency valuations.

OUTLOOK

We believe that we are now in the mid stage of the economic cycle. We reached this stage far quicker than in a typical cycle, which can be put down to the unconventional nature of the pandemic-induced recession. However, we maintain our slightly positive medium-term view on overall risk. Please see below for details of our subcomponent dials.

Mid-cycle can still be supportive for risk assets, although it is not as supportive as early cycle. Nevertheless, monetary and fiscal policy are expected to remain supportive for now and we continue to expect rapid growth over the next 12 months. We believe inflationary pressures amid reopening will prove to be transitory. We therefore hold a slightly positive view of the economic backdrop.

We believe equity valuations are slightly elevated on an absolute basis, particularly in the US, but relative to bonds, equities still appear reasonably valued. We also expect earnings to beat expectations over the coming months which should be supportive. We therefore maintain our neutral view on equity valuations and prefer equities over credit.

When it comes to systemic risk (where we consider political and credit risk), tensions between superpowers are still present, but we do not see a return of tit for tat tariff measures between the US and China as previously. Additionally, each of the three major economic blocks (The EU, US and China) have shown impressive institutional resilience in the last year. We therefore hold a neutral view on risk.

We will continue to update you as our outlook evolves with the changing investment landscape.

FUND MANAGERS



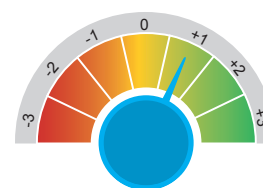
Justin Onuekwusi



Andrzej Pioch



Francis Chua

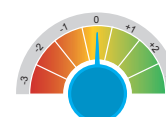


CORE VIEW ON RISK ASSETS POSITIVE



Economic cycle

Coming out of recession has historically been most positive phase of cycle



Valuations

Relative valuations not at attractive levels



Systemic risk

Concerns around both political and credit risk

RISK PROFILE CONFIRMATION STATEMENT

The Risk Profile Volatility Band data is supplied by Dynamic Planner. Although this product has been designed with Dynamic Planner's model in mind – and these are the risk ratings we specifically target – the portfolios can be risk-mapped to different risk profilers. Dynamic Planner has assessed the Legal & General Multi-Index 3 Fund and their analysis has indicated that the fund has remained in line with the fund risk profile 3 (as at 31 March 2021). ^Expected volatility (as at 30 June 2021) as calculated by LGIM using data provided by Dynamic Planner.

Multi-Index Fund range	DP risk profile volatility band	Expected volatility^
7	12.6 – 14.7	14.6
6	10.5 – 12.6	12.5
5	8.4 – 10.5	10.3
4	6.3 – 8.4	8.2
3	4.2 – 6.3	5.8

↑ Higher risk
↓ Lower risk

TARGET ASSET ALLOCATION BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding. As at 30 June 2021.

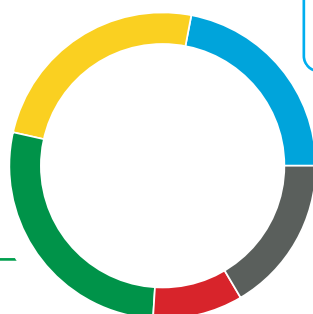
*Implemented through futures

**Includes direct bonds

Government Bonds	24.5
Legal & General All Stocks Gilts Index Trust	8.5
US Treasuries*	8.0
Legal & General Global Inflation Linked Bond Index Fund**	3.0
Australian Government Bonds*	2.0
L&G Euro Treasury Bond Index Fund	1.0
Korean Government Bonds*	1.0
New Zealand Government Bonds	1.0

Equities	22.0
Legal & General UK Index Trust	5.0
Legal & General US Index Trust	4.8
Legal & General Japan Index Trust	3.5
Legal & General UK Mid Cap Index Fund	1.5
Legal & General Global Emerging Markets Index Fund	1.5
Russell 2000 Index*	1.5
Legal & General European Index Trust	1.0
Legal & General Pacific Index Trust	1.0
MSCI Europe Value Index*	0.5
Stoxx Europe 600 Telecommunications*	0.5
NASDAQ 100 Index*	0.5
L&G Frontier Markets Equity Fund	0.5
L&G Artificial Intelligence ETF	0.3

Cash	16.5
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Credit and EMD	27.5
Legal & General Sterling Corporate Bond Index Fund	8.5
LGIM Global Corporate Bond Fund	7.0
Legal & General High Income Trust	4.0
L&G Emerging Markets Government Bond (USD) Index Fund	3.5
L&G ESG EM Govt LC Index/L&G ESG China ETF	2.0
Legal & General Short Duration Corporate Bond Fund	2.0
L&G Emerging Markets Short Duration Bond Fund	0.5

Alternatives	9.5
Legal & General Global Infrastructure Index Fund	2.8
Legal & General UK Property Fund	2.0
Legal & General Global Real Estate Dividend Index Fund	2.0
L&G Commodity Index Fund	1.0
Forestry Stocks	1.0
L&G Clean Water ETF/L&G Clean Energy ETF	0.8

TO FIND OUT MORE

Call **0345 070 8584**
Charges may vary

Email **fundsales@lgim.com**

Visit **www.lgim.com/multi-index**

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