

Legal & General Global Growth Trust

**Interim Manager's  
Short Report  
for the period ended  
15 July 2013**





## Investment Objective and Policy

The investment objective of this Trust is to maximise the total return, primarily from capital growth, by investing in securities worldwide, including the United Kingdom, which may be selected from all economic sectors.

The Manager will vary the proportion of equity and capital market securities, as well as their distribution by geographical area, to meet this aim.

## Risk Profile

### Market Risk

Market risk arises mainly from uncertainty about future prices. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

### Currency Risk

This Trust is invested in overseas financial securities. The performance of the Trust may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

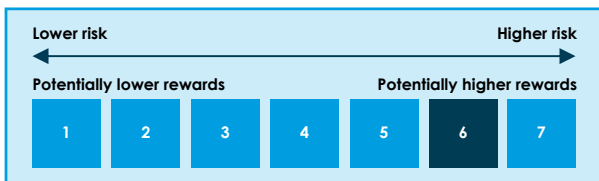
## Trust Facts

Period End Date for Distribution:		15 Jan
Distribution Date:		15 Mar
Ongoing Charges Figures:	15 Jul 13	15 Jan 13
E-Class	1.78%	1.76%
R-Class	1.78%	1.76%
I-Class	0.89%	0.87%
F-Class	1.28%	1.26%

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total discloseable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Trust.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Trust's risk and reward category in the future.
- The category is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust is in category six because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.
- The Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

## Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
15 Jan 11			
E-Class			
Distribution Units	£28,312,467	121.24p	23,352,943
Accumulation Units	£3,109,065	127.03p	2,447,596
R-Class			
Distribution Units	£477,225	121.24p	393,629
Accumulation Units	£2,441,182	127.03p	1,921,808
15 Jan 12			
E-Class			
Distribution Units	£23,113,969	111.18p	20,790,154
Accumulation Units	£2,591,080	117.21p	2,210,661
R-Class			
Distribution Units	£480,286	111.18p	431,982
Accumulation Units	£2,370,972	117.21p	2,022,927
15 Jan 13			
E-Class			
Distribution Units	£23,625,044	125.67p	18,799,537
Accumulation Units	£2,492,361	133.12p	1,872,268
R-Class			
Distribution Units	£570,646	125.67p	454,089
Accumulation Units	£2,756,634	133.12p	2,070,790
I-Class*			
Distribution Units	£1,057	125.98p	839
Accumulation Units	£6,288	133.99p	4,693
F-Class**			
Distribution Units	£1,030	126.07p	817
Accumulation Units	£1,036	133.68p	775
15 Jul 13			
E-Class			
Distribution Units	£26,238,434	140.04p	18,736,829
Accumulation Units	£2,653,327	148.33p	1,788,753
R-Class			
Distribution Units	£627,467	140.04p	448,078
Accumulation Units	£3,273,406	148.33p	2,206,784
I-Class*			
Distribution Units	£1,184	141.12p	839
Accumulation Units	£37,878	149.96p	25,259
F-Class**			
Distribution Units	£1,151	140.88p	817
Accumulation Units	£8,379	149.28p	5,613

\* I-Class units launched on 17 August 2012.

\*\* F-Class units launched on 19 December 2012.

**Past performance is not a guide to future performance.**

**The price of units and any income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

## Distribution Information

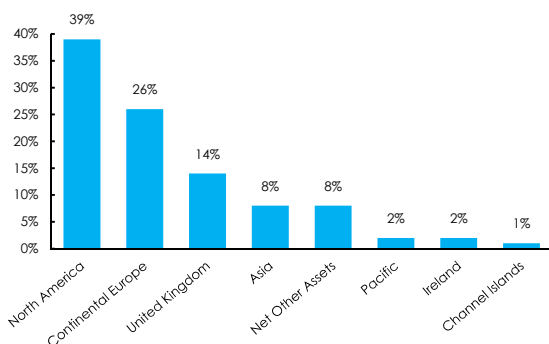
The policy is to distribute, on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. This being the case, there is no interim distribution.

## Portfolio Information

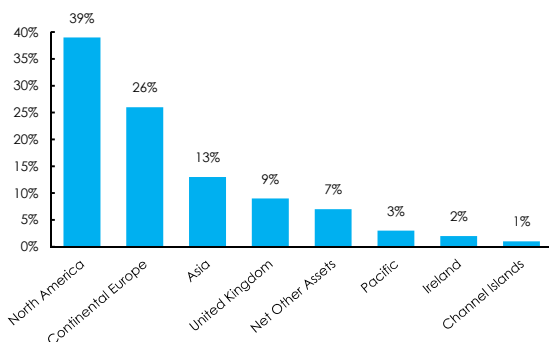
The top 10 holdings and their associated weighting for the current period and preceding year are:

Top 10 Holdings at 15 July 2013		Top 10 Holdings at 15 January 2013	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General		Legal & General	
Japan Index Trust	1.90%	Japan Index Trust	1.68%
Pfizer	1.55%	Pfizer	1.50%
United Technologies	1.21%	Apple	1.49%
Compagnie De Saint-Gobain	1.08%	Oracle	1.28%
Sky Deutschland	1.08%	Samsung Electronics	1.17%
Société Générale	1.07%	Société Générale	1.15%
Volkswagen (Preference Shares)	1.07%	Swatch Group	1.14%
Nokian Renkaat OYJ	1.07%	ING Group	1.14%
Geberit	1.06%	SAP	1.12%
Svenska Handelsbanken 'A'	1.06%	Novo Nordisk 'B'	1.12%

## Trust Holdings as at 15 July 2013



## Trust Holdings as at 15 January 2013



## Unit Price Range and Net Revenue

### E-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
<b>Distribution Units</b>			
2008	123.70p	79.13p	0.6305p
2009	113.20p	75.94p	1.2102p
2010	123.60p	102.00p	0.7924p
2011	125.50p	97.56p	0.3945p
2012	122.30p	108.00p	0.3299p
2013 <sup>(1)</sup>	142.80p	122.10p	0.6042p
<b>Accumulation Units</b>			
2008	126.20p	81.20p	0.6436p
2009	117.80p	79.01p	1.2420p
2010	129.50p	106.80p	0.8244p
2011	131.90p	102.60p	0.4133p
2012	128.90p	113.50p	0.3467p
2013 <sup>(1)</sup>	151.20p	128.70p	0.6370p

### R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
<b>Distribution Units</b>			
2008	129.90p	79.13p	0.6305p
2009	118.90p	75.93p	1.2102p
2010	129.70p	102.00p	0.7924p
2011	131.70p	97.56p	0.3945p
2012	128.40p	108.00p	0.3299p
2013 <sup>(1)</sup>	149.90p	122.10p	0.6042p
<b>Accumulation Units</b>			
2008	132.60p	81.20p	0.6436p
2009	123.70p	79.01p	1.2420p
2010	135.90p	106.80p	0.8244p
2011	138.50p	102.60p	0.4133p
2012	135.40p	113.50p	0.3467p
2013 <sup>(1)</sup>	158.80p	128.70p	0.6370p

<sup>(1)</sup> The above tables show the highest offer and lowest bid prices to 15 July 2013.

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**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

## Unit Price Range and Net Revenue continued

### I-Class Units\*

Year	Highest Offer	Lowest Bid	Net Revenue
<b>Distribution Units</b>			
2012 <sup>(1)</sup>	123.00p	116.10p	—
2013 <sup>(3)</sup>	143.70p	122.90p	1.0810p
<b>Accumulation Units</b>			
2012 <sup>(1)</sup>	129.70p	122.40p	—
2013 <sup>(3)</sup>	152.70p	129.60p	1.1397p

### F-Class Units\*\*

Year	Highest Offer	Lowest Bid	Net Revenue
<b>Distribution Units</b>			
2012 <sup>(2)</sup>	122.50p	121.00p	—
2013 <sup>(3)</sup>	143.60p	122.60p	0.6621p
<b>Accumulation Units</b>			
2012 <sup>(2)</sup>	129.20p	127.60p	—
2013 <sup>(3)</sup>	152.10p	129.20p	0.6980p

\* I-Class units launched on 17 August 2012.

\*\* F-Class units launched on 19 December 2012.

<sup>(1)</sup> The above table shows the highest offer and lowest bid prices from 17 August 2012 to 31 December 2012.

<sup>(2)</sup> The above table shows the highest offer and lowest bid prices from 19 December 2012 to 31 December 2012.

<sup>(3)</sup> The above tables show the highest offer and lowest bid prices to 15 July 2013.

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## **Manager's Investment Report**

During the period under review, the bid price of the Trust's R-Class accumulation units increased by 11.44%.

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## **Market/Economic Review**

Global equities delivered strong gains during the review period. Sentiment was driven by optimism that global company earnings were improving, with the performance of the US economy particularly encouraging. Although economic data from China painted a less positive picture and the Eurozone remained stuck in recession, confidence that the US Federal Reserve (Fed) and the European Central Bank would continue to provide support helped global equities to make progress.

Japanese equities performed strongly, cheered by PM Shinzo Abe's determination to spur the domestic economy with an aggressive stimulus package. Having overseen the doubling of the inflation target to 2.0%, the Bank of Japan paved the way towards unlimited quantitative easing (QE). These measures contributed towards the Yen slipping to its lowest level in 4½ years, boosting sentiment towards Japanese exporters. However, signs that China's economy could be cooling weighed on other Far Eastern markets during the review period.

Although the Eurozone's economic outlook remained subdued, the UK economy showed more encouraging signs during the second quarter of 2013, with the services, manufacturing and construction sectors showing growth. Nevertheless, with the US economy continuing to perform well, concerns that the Fed could scale back QE emerged in May 2013. These were subsequently vindicated as the Fed Chairman Bernanke announced in June that, should the economy continue to recover in line with forecasts, the pace of QE would be slowed during the second half of the year, with the bond-buying programme on course to end by mid-2014. This sparked a slide in global equities, though reassurance that interest rate rises were not on the horizon helped markets to recover in early July.

Having made steady gains in early 2013, government bonds subsequently lost ground as the Fed's QE tapering plan impacted on sentiment. However, corporate bonds generally outperformed government bonds, reflecting investors' ongoing preference for yield.

## **Manager's Investment Report continued**

### **Trust Review**

The Trust generated a positive performance over the six-month review period, helped by our favouring of global equities. Our decision to increase exposure to US equities had a positive effect on returns as the better-than-expected performance of the US economy supported the outperformance of US equities. Despite the impact of sequestration (a procedure in US law that limits the size of the federal budget) as government spending cuts began to take effect during the first quarter, we took the view that the economy was building momentum that would largely offset the impact. Moreover, we believed that consumers were coping relatively well with selective tax increases, while the improving employment market and the ongoing recovery in the housing sector were feeding through to boost consumer activity. We further increased our weighting in US equities towards the end of the Trust's review period, taking the view that any paring down of QE would represent a sign of the Fed's confidence in the outlook for the economy, and that initial market volatility would prove relatively short-lived. The US stock market's gains were enhanced by currency movements for UK-based investors as Sterling depreciated against the US Dollar over the review period.

Towards the end of the review period we lowered the Trust's weighting in Asia Pacific equities. Although optimism rose towards the end of 2012 that a 'hard landing' or a sharp slowdown in growth could be avoided in China, recent economic data has been less reassuring, while some concerns have arisen over the health parts of the country's banking sector. Our reduced weighting reflects our view that the Chinese authorities face a difficult challenge to maintain the rate of year-on-year economic growth at around 7%. We believe that China's significant contribution to global growth is set to remain steady, rather than increase significantly going forward.

### **Outlook**

Following an initial slide after the Fed confirmed its plans to scale down its QE programme, global stock markets have since staged a partial recovery. This largely reflects relief that the QE 'tapering' is a reduction in the overall level of stimulus but does not pave the way to a near-term ending of the central bank's near-zero interest rate policy. Although bond yields have risen, we do not believe that this will threaten the economic recovery.

While we maintain our positive outlook for the US economy, we believe that the near-term prospects are less encouraging for the euro zone and the emerging markets. We believe that the prospect of slower economic activity in China is likely to feed through, to result in lower growth across other parts of the emerging markets later this year.

## **Manager's Investment Report continued**

In the UK, we believe that the economic outlook is improving. In contrast to the subdued Eurozone market, UK car sales are back at pre-crisis levels, the housing market is improving nationally and we expect higher levels of mortgage approvals and business investment. Although we believe that drivers of global growth have shifted, we maintain our outlook of slow but steady growth for the world economy.

Legal & General Investment Management Limited

(Investment Adviser)

6 August 2013

## **Manager's Report and Accounts**

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0370 050 0955, by writing to the Manager or are available on the internet at [www.legalandgeneral.com/investments/fund-information/managers-reports](http://www.legalandgeneral.com/investments/fund-information/managers-reports).

Call charges will vary. We may record and monitor calls.

## **Minimum Investment Amounts**

The minimum initial lump sum investment amounts for each class are as follows:

E-Class	£100,000
R-Class	£500
I-Class	£1,000,000
F-Class	£500

In addition, monthly contributions can be made into the R-Class and F-Class units, with a minimum amount of £50 per month.

## **Other Information**

The information in this report is designed to enable unitholders to understand how the Trust has performed during the period under review and how it is invested at the period end. Further information on the activities and performance of the Trust can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

## **Manager**

Legal & General (Unit Trust Managers) Limited

Registered in England No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

Call charges will vary. We may record and monitor calls.

## **Trustee**

National Westminster Bank Plc

Trustee and Depositary Services

135 Bishopsgate

London EC2M 3UR

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

## **Independent Auditors**

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT







**Authorised and regulated by the  
Financial Conduct Authority**

Legal & General  
(Unit Trust Managers) Limited  
Registered in England No. 01009418  
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