

Legal & General Ethical Trust  
**Interim Manager's Report**  
**for the period ended**  
**12 June 2019**  
**(Unaudited)**





# Contents

	<b>Page Number</b>
Manager's Investment Report	2
Authorised Status	5
Directors' Statement	5
Portfolio Statement	6
Statement of Total Return	13
Statement of Change in Net Assets attributable to Unitholders	13
Balance Sheet	14
Notes to the Financial Statements	15
Trust Information	16
Risk and Reward Profile	17
General Information	18

# Manager's Investment Report

## Investment Objective and Policy

The investment objective of the Trust is to secure capital growth from a portfolio of securities for companies whose business conforms to a range of ethical and environmental guidelines (as set out below).

Securities representing all such companies in the FTSE 350 Index will be held with weightings generally proportionate to their market capitalisation.

From time to time non-Index constituents and non-ethical stocks may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

Companies have been excluded if they are substantially involved in or cause:

Animal testing	Military – nature of involvement
Gambling	Non-sustainable Timber
Health & safety convictions	Nuclear power
Countries with poor human rights records	Ozone depleting chemicals
Intensive farming	Pornography
Investment Trusts	Tobacco
	Water pollution

Independent monitoring of companies is carried out by Ethical Investment Research Services (“EIRIS”) based on the criteria above.

The Trust may hold derivatives for Efficient Portfolio Management purposes.

## Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 11.26%. Although there is no published Index for those companies assessed as eligible by EIRIS, for comparison over the review period, the FTSE 350 Index (excluding Investment Trusts) on a capital only basis rose by 7.10%. Similarly, the broader based FTSE All-Share Index (excluding Investment Trusts) on a capital only basis rose by 7.09% (Source: Bloomberg). FTSE, the Index compiler, calculates these Indices at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for comparative purposes the Trust has been revalued using closing prices, on this basis the Trust rose by 10.79%.

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

**The value of investments and any income from them may go down as well as up.**

## Market/Economic Review

The review period was characterised by a sharp sell-off in global equity markets as 2018 ended, followed by a marked recovery during the early months of 2019 before volatility reasserted itself as US-China trade tensions escalated in May. As a result, global equity indices posted a modest gain over the review period. The catalyst for the turnaround after the turn of the year came with a change in direction at the US Federal Reserve, which back-tracked from its tightening monetary policy and indicated that there would be no further interest-rate hikes this year. UK equities gained ground, outperforming global indices, as political developments dominated the headlines with the EU granting the UK a six-month extension to Article 50 until the end of October, which effectively removed the immediate risk of a ‘no-deal’ Brexit. In recent months, UK economic growth has picked up, with businesses stockpiling as a contingency measure in the event of a disorderly exit from the EU.

## Manager's Investment Report continued

In the UK, the more internationally focused FTSE 100 Index (+7.08%) marginally outperformed the domestically focused FTSE 250 Index (+7.01%) and FTSE SmallCap Index (+6.66%).

### Trust Activity

The Trust's selection process excludes the Tobacco and Military industries, while the Oil & Gas, Banks, Mining, Pharmaceuticals & Biotechnology and Beverages sectors are markedly underweight. Such exclusions are compensated for by an increased presence in Life Insurance, Financial Services and Support Services.

There are three principal reasons for changes to the distribution of investments in the Trust: first, changes in the list of companies which meet the ethical criteria; secondly, changes in the FTSE 350 ex Investment Trusts Index at its quarterly review; and finally, changes due to corporate activity and takeovers.

FTSE rebalances the Index every quarter and companies added to the Index are only added to the Trust once confirmation of their acceptability for inclusion is received from EIRIS.

There were two Index reviews during the review period.

In December 2018, the FTSE 350 ex Investment Trusts Index quarterly Index review resulted in four additions and six deletions. McCarthy & Stone, Acacia Mining, Aston Martin Lagonda Global, Funding Circle were added with the first two subsequently assessed as eligible by EIRIS. Kier Group, AA, On The Beach Group, Keller and Spire Healthcare Group were deleted from the Index. The largest increases in free share capital were for Polymetal International and SSE, whereas the largest decreases were for Lloyds Banking Group and Phoenix Group.

In March 2019, the quarterly Index review resulted in three additions and two deletions. Kier Group, Pets At Home Group and AJ Bell were added but only Pets at Home Group was subsequently assessed as eligible by EIRIS. Halfords Group and Superdry were deleted from the Index. The largest increases in free share capital were for Polymetal International and Genus, whereas the largest decreases were for Micro Focus International and Carnival.

There was considerable merger and acquisition activity occurring outside of the Index reviews impacting the Index including cash deals where Esure Group was acquired by Blue (BC) Bidco, Jardine Lloyd Thompson Group was acquired by MMC Treasury, Dairy Crest Group was acquired by Saputo Dairy UK Limited, Randgold Resources merged with Barrick Gold (Canada) in a stock deal.

Outside Index reviews, there were numerous changes to the free share capital of constituents. Metro Bank and SEGRO raised capital via primary placings. Sirius Minerals raised capital via Open Offer and Placing. Avast increased its weight in the Index as a result of secondary placing.

The three largest stocks in the Trust at the end of the review period were Prudential, Lloyds Banking Group and BHP Group.

### Outlook

Following the rate hike in August 2018 to 0.75%, the Bank of England has kept the base rate unchanged. Despite above-target inflation, the BoE will be wary to hike again in the midst of a congested Brexit timetable. We expect UK economic growth (GDP) to be supported by the fiscal stimulus announced by the Chancellor at the end of 2018 but is still likely to be weak on account of Brexit uncertainty. We have maintained our UK GDP growth rate expectation at 1.5% in 2019 and 1.6% in 2020, which is slightly

## Manager's Investment Report continued

above consensus. While UK investment has slowed since 2015, some improvement is possible should a withdrawal agreement from the EU be reached by parliament. However, the Bank of England's agents' survey shows that many firms have prepared themselves for a 'no deal' Brexit and some have also already implemented those plans.

The Trust remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited  
(Investment Adviser)  
5 July 2019

## Authorised Status

### Authorised Status

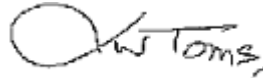
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven  
(Director)



L. W. Toms  
(Director)

Legal & General (Unit Trust Managers) Limited  
31 July 2019

# Portfolio Statement

## Portfolio Statement as at 12 June 2019

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 12 December 2018.

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market Value £</b>	<b>% of Net Assets</b>
	<b>Oil &amp; Gas Producers — 0.59% (0.59%)</b>		
212,431	Cairn Energy	305,263	0.11
26,564	Energean Oil & Gas	217,293	0.07
294,339	Premier Oil	205,449	0.07
489,281	Tullow Oil	957,768	0.34
		1,685,773	0.59
	<b>Oil Equipment, Services &amp; Distribution — 0.09% (0.10%)</b>		
47,808	Hunting	246,928	0.09
	<b>Chemicals — 1.18% (1.19%)</b>		
67,576	Johnson Matthey	2,112,426	0.75
1,711,498	Sirius Minerals	271,272	0.10
93,777	Synthomer	343,599	0.12
28,970	Victrex	605,473	0.21
		3,332,770	1.18
	<b>Forestry &amp; Paper — 0.81% (0.82%)</b>		
135,211	Mondi	2,285,066	0.81
	<b>Industrial Metals &amp; Mining — 0.52% (0.39%)</b>		
180,527	Evrax	1,202,310	0.42
107,338	Ferrexpo	276,180	0.10
		1,478,490	0.52
	<b>Mining — 6.20% (6.16%)</b>		
50,000	Acacia Mining	82,100	0.03
123,259	Antofagasta	1,043,511	0.37
740,902	BHP Group	14,026,756	4.95
377,656	Centamin	383,132	0.13
65,642	Fresnillo	529,862	0.19
91,523	Hochschild Mining	159,982	0.06
77,799	KAZ Minerals	437,075	0.15
102,928	Polymetal International	908,031	0.32
		17,570,449	6.20
	<b>Construction &amp; Materials — 2.80% (2.43%)</b>		
292,136	CRH	7,315,086	2.58
135,062	lbstock	320,367	0.11
69,158	Polypipe Group	300,284	0.11
		7,935,737	2.80
	<b>General Industrials — 1.63% (1.50%)</b>		
452,109	DS Smith	1,543,500	0.55
142,843	RPC Group	1,130,745	0.40



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>General Industrials — (cont.)</b>		
84,498	Smurfit Kappa Group	1,932,470	0.68
		4,606,715	1.63
	<b>Electronic &amp; Electrical Equipment — 1.50% (1.18%)</b>		
134,906	Halma	2,671,814	0.94
12,004	Renishaw	474,398	0.17
41,109	Spectris	1,096,788	0.39
		4,243,000	1.50
	<b>Industrial Engineering — 2.26% (1.98%)</b>		
66,526	Bodycote	525,888	0.19
27,303	Hill & Smith	326,544	0.11
95,252	IMI	932,517	0.33
308,311	Rotork	932,024	0.33
26,129	Spirax-Sarco Engineering	2,273,223	0.80
92,098	The Weir Group	1,418,309	0.50
		6,408,505	2.26
	<b>Industrial Transportation — 0.45% (0.59%)</b>		
9,083	Clarkson	218,901	0.08
14,752	James Fisher & Sons	294,745	0.10
325,993	Royal Mail	639,924	0.23
112,844	Stobart Group	122,774	0.04
		1,276,344	0.45
	<b>Support Services — 8.55% (7.87%)</b>		
262,185	BCA Marketplace	507,328	0.18
119,579	Bunzl	2,599,647	0.92
588,716	Capita	606,966	0.21
39,362	Diploma	608,537	0.21
157,373	Electrocomponents	990,506	0.35
118,020	Equiniti Group	254,215	0.09
326,088	Experian	7,780,460	2.74
82,616	Ferguson	4,337,340	1.53
77,026	Grafton Group	697,856	0.25
477,160	Hays	730,532	0.26
96,546	HomeServe	1,204,894	0.43
206,940	Howden Joinery Group	1,047,530	0.37
239,172	IWG	805,531	0.28
109,868	PageGroup	563,073	0.20
46,970	Sanne Group	323,154	0.11
89,881	Travis Perkins	1,180,587	0.42
		24,238,156	8.55
	<b>Automobiles &amp; Parts — 0.05% (0.04%)</b>		
80,746	TI Fluid Systems	146,958	0.05
	<b>Beverages — 1.13% (1.00%)</b>		
30,236	A.G. Barr	287,847	0.10

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Beverages — (cont.)</b>		
94,229	Britvic	857,013	0.30
70,201	Coca-Cola HBC	2,064,611	0.73
		3,209,471	1.13
	<b>Food Producers — 0.83% (0.96%)</b>		
51,624	Bakkavor Group	62,775	0.02
17,720	Cranswick	461,074	0.17
162,943	Greencore Group	346,580	0.12
23,470	Hilton Food Group	223,669	0.08
165,933	Tate & Lyle	1,245,825	0.44
		2,339,923	0.83
	<b>Household Goods &amp; Home Construction — 2.86% (2.54%)</b>		
358,603	Barratt Developments	2,040,451	0.72
43,848	Bellway	1,217,659	0.43
42,718	Berkeley Group	1,531,440	0.54
47,819	Bovis Homes Group	482,494	0.17
90,786	Crest Nicholson	323,198	0.11
182,717	McCarthy & Stone	242,831	0.09
80,289	Redrow	454,436	0.16
1,158,539	Taylor Wimpey	1,820,644	0.64
		8,113,153	2.86
	<b>Leisure Goods — 0.19% (0.12%)</b>		
10,674	Games Workshop Group	534,234	0.19
	<b>Personal Goods — 0.99% (1.10%)</b>		
145,265	Burberry Group	2,579,907	0.91
64,777	PZ Cussons	128,906	0.04
10,484	Ted Baker	100,751	0.04
		2,809,564	0.99
	<b>Health Care Equipment &amp; Services — 2.49% (2.50%)</b>		
137,899	Mediclinic International	423,902	0.15
30,632	NMC Health	716,176	0.25
311,876	Smith & Nephew	5,280,061	1.86
88,550	UDG Healthcare	638,888	0.23
		7,059,027	2.49
	<b>Pharmaceuticals &amp; Biotechnology — 1.30% (6.52%)</b>		
137,822	BTG	1,149,435	0.41
35,314	Dechra Pharmaceuticals	999,386	0.35
23,158	Genus	609,519	0.21
49,803	Hikma Pharmaceuticals	818,512	0.29
268,804	Indivior	117,817	0.04
		3,694,669	1.30
	<b>Food &amp; Drug Retailers — 4.64% (4.39%)</b>		
35,428	Greggs	789,336	0.28

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Food &amp; Drug Retailers — (cont.)</b>			
575,669	J Sainsbury	1,120,827	0.40
159,972	Ocado Group	1,880,471	0.66
3,443,662	Tesco	7,851,549	2.77
774,850	Wm Morrison Supermarkets	1,514,832	0.53
		<b>13,157,015</b>	<b>4.64</b>
<b>General Retailers — 3.50% (3.25%)</b>			
303,563	B&M European Value Retail	1,028,168	0.36
108,368	Card Factory	205,141	0.07
349,762	Dixons Carphone	430,732	0.15
34,486	Dunelm Group	313,823	0.11
128,592	JD Sports Fashion	788,783	0.28
204,764	Just Eat	1,277,727	0.45
752,132	Kingfisher	1,595,272	0.56
47,039	Next	2,672,756	0.94
170,039	Pets at Home Group	304,200	0.11
404,301	Saga	153,634	0.06
70,963	Sports Direct International	206,928	0.07
135,042	Vivo Energy	180,146	0.07
37,154	WH Smith	755,712	0.27
		<b>9,913,022</b>	<b>3.50</b>
<b>Media — 4.69% (4.34%)</b>			
139,732	Ascential	522,598	0.19
326,292	Auto Trader Group	1,928,386	0.68
125,791	Entertainment One	486,056	0.17
37,714	Euromoney Institutional Investor	477,459	0.17
443,703	Informa	3,578,021	1.26
1,326,913	ITV	1,467,566	0.52
184,645	Moneysupermarket.com Group	720,115	0.25
277,470	Pearson	2,241,958	0.79
316,869	Rightmove	1,859,704	0.66
		<b>13,281,863</b>	<b>4.69</b>
<b>Travel &amp; Leisure — 6.94% (7.22%)</b>			
57,070	Carnival	2,298,209	0.81
359,118	Cineworld Group	1,037,851	0.37
165,149	Domino's Pizza Group	396,688	0.14
87,953	easyJet	806,881	0.28
154,603	El Group	316,009	0.11
424,824	FirstGroup	427,798	0.15
14,928	Go-Ahead Group	296,171	0.10
109,109	Greene King	714,009	0.25
64,486	InterContinental Hotels Group	3,369,393	1.19
564,387	International Consolidated Airlines Group	2,596,180	0.92
24,667	J D Wetherspoon	343,611	0.12
250,830	Merlin Entertainments	930,078	0.33
43,702	Millennium & Copthorne Hotels	297,174	0.11
80,093	Mitchells & Butlers	230,668	0.08

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Travel &amp; Leisure — (cont.)</b>		
150,298	National Express Group	594,579	0.21
175,536	Restaurant Group	227,670	0.08
155,712	SSP Group	1,027,699	0.36
64,682	Whitbread	3,069,808	1.08
19,710	Wizz Air	695,763	0.25
		19,676,239	6.94
	<b>Fixed Line Telecommunications — 0.21% (0.20%)</b>		
232,782	TalkTalk Telecom Group	275,847	0.10
20,912	Telecom Plus	319,535	0.11
		595,382	0.21
	<b>Mobile Telecommunications — 0.31% (0.26%)</b>		
163,483	Inmarsat	885,097	0.31
	<b>Electricity — 1.63% (1.65%)</b>		
60,776	ContourGlobal	122,464	0.04
139,532	Drax Group	407,433	0.14
365,937	SSE	4,098,494	1.45
		4,628,391	1.63
	<b>Gas, Water &amp; Multi-utilities — 3.50% (3.76%)</b>		
1,210,498	National Grid	9,932,136	3.50
	<b>Banks — 7.20% (7.05%)</b>		
13,902	Bank of Georgia Group	225,629	0.08
53,673	Close Brothers Group	757,863	0.27
437,196	CYBG	775,149	0.27
25,306,682	Lloyds Banking Group	14,642,446	5.17
56,690	Metro Bank	346,943	0.12
1,609,441	Royal Bank of Scotland Group	3,437,766	1.21
12,771	TBC Bank Group	214,553	0.08
		20,400,349	7.20
	<b>Nonlife Insurance — 2.38% (2.69%)</b>		
72,481	Admiral Group	1,509,054	0.53
184,840	Beazley	1,046,194	0.37
489,753	Direct Line Insurance Group	1,584,351	0.56
114,494	Hastings Group	208,265	0.07
98,919	Hiscox	1,672,720	0.59
70,987	Lancashire	516,430	0.18
85,974	Sabre Insurance Group	220,094	0.08
		6,757,108	2.38
	<b>Life Insurance — 10.58% (9.77%)</b>		
1,395,411	Aviva	5,814,678	2.05
344,532	Just Group	174,505	0.06
2,108,225	Legal & General Group	5,742,805	2.03
187,181	Phoenix Group	1,318,316	0.47
923,177	Prudential	14,969,315	5.28

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Life Insurance — (cont.)</b>			
185,822	St. James's Place	1,965,997	0.69
		<b>29,985,616</b>	<b>10.58</b>
<b>Real Estate Investment &amp; Services — 0.69% (0.65%)</b>			
259,671	Capital & Counties Properties	550,503	0.20
54,960	CLS	120,362	0.04
1,871	Daejan	103,466	0.04
211,098	Grainger	510,435	0.18
46,183	Savills	400,638	0.14
61,110	St. Modwen Properties	262,467	0.09
		<b>1,947,871</b>	<b>0.69</b>
<b>Real Estate Investment Trusts — 5.06% (4.99%)</b>			
835,592	Assura	542,299	0.19
54,798	Big Yellow Group	562,776	0.20
340,125	British Land	1,831,913	0.65
35,726	Derwent London	1,143,232	0.40
98,160	Great Portland Estates	687,120	0.24
274,717	Hammerson	775,251	0.27
323,842	Intu Properties	282,649	0.10
253,968	Land Securities Group	2,135,871	0.75
224,469	LondonMetric Property	463,753	0.17
102,276	NewRiver REIT	198,620	0.07
392,862	Primary Health Properties	539,007	0.19
71,981	Safestore	463,558	0.16
384,792	SEGRO	2,765,115	0.98
82,118	Shaftesbury	679,526	0.24
92,901	UNITE Group	881,631	0.31
46,650	Workspace Group	397,458	0.14
		<b>14,349,779</b>	<b>5.06</b>
<b>Financial Services — 8.10% (7.07%)</b>			
339,287	3i Group	3,635,460	1.28
136,520	Ashmore Group	666,764	0.24
93,812	Brewin Dolphin	286,877	0.10
58,708	Charter Court Financial Services	188,746	0.07
93,615	Hargreaves Lansdown	1,767,451	0.62
98,921	Intermediate Capital Group	1,322,574	0.47
230,638	Investec	1,106,601	0.39
365,731	IP Group	262,595	0.09
175,463	John Laing Group	665,005	0.23
146,438	Jupiter Fund Management	548,557	0.19
111,104	London Stock Exchange Group	6,008,504	2.12
538,083	Man Group	785,063	0.28
83,670	OneSavings Bank	329,325	0.12
89,751	Paragon Banking Group	388,442	0.14
89,430	Provident Financial	417,012	0.15
19,065	Rathbone Brothers	402,272	0.14
39,777	Schroders	1,186,548	0.42

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Financial Services — (cont.)</b>		
14,076	Sole Realisation <sup>1</sup>	—	—
879,701	Standard Life Aberdeen	2,416,539	0.85
200,748	TP ICAP	560,087	0.20
		<hr/>	<hr/>
		22,944,422	8.10
	<b>Software &amp; Computer Services — 2.88% (2.32%)</b>		
138,337	Avast	427,738	0.15
22,611	AVEVA Group	881,377	0.31
25,026	Computacenter	322,335	0.11
29,737	FDM Group	285,178	0.10
120,571	Micro Focus International	2,410,455	0.85
386,376	Sage Group	2,948,049	1.04
43,725	Softcat	417,355	0.15
118,361	Sophos Group	468,354	0.17
		<hr/>	<hr/>
		8,160,841	2.88
	<b>Technology Hardware &amp; Equipment — 0.12% (0.09%)</b>		
220,960	Spirent Communications	347,791	0.12
		<hr/>	<hr/>
	<b>Portfolio of investments<sup>2</sup></b>	280,177,854	98.85
	<b>Net other assets</b>	3,254,809	1.15
		<hr/>	<hr/>
	<b>Total net assets</b>	£283,432,663	100.00%

<sup>1</sup> Delisted securities are valued at the Manager's best assessment of their fair and reasonable value.

<sup>2</sup> All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the period: £21,694,994.

Total sales for the period: £30,706,013.

## Financial Statements

### Statement of Total Return for the period ended 12 June 2019

	12/06/19		12/06/18	
	£	£	£	£
<b>Income</b>				
Net capital gains		28,079,668		12,540,691
Revenue	6,225,377		6,198,372	
<b>Expenses</b>	(738,223)		(1,139,328)	
<b>Interest payable and similar charges</b>	(4)		(107)	
<b>Net revenue before taxation</b>	5,487,150		5,058,937	
<b>Taxation</b>	(2,939)		(22)	
<b>Net revenue after taxation for the period</b>		5,484,211		5,058,915
<b>Total return before distributions</b>		33,563,879		17,599,606
<b>Distributions</b>		(5,485,016)		(5,059,845)
<b>Change in net assets attributable to Unitholders from investment activities</b>		<b>£28,078,863</b>		<b>£12,539,761</b>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 12 June 2019

	12/06/19		12/06/18	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		263,630,766		318,820,452
<b>Amounts received on issue of units</b>	8,558,058		10,276,580	
<b>Amounts paid on cancellation of units</b>	(20,001,803)		(19,028,840)	
		(11,443,745)		(8,752,260)
<b>Change in net assets attributable to Unitholders from investment activities</b>		28,078,863		12,539,761
<b>Retained distributions on accumulation units</b>		3,166,779		2,017,085
<b>Closing net assets attributable to Unitholders</b>		<b>£283,432,663</b>		<b>£324,625,038</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

## Financial Statements continued

### Balance Sheet as at 12 June 2019

	12/06/19 £	12/12/18 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	280,177,854	261,724,224
<b>Current assets:</b>		
Debtors	11,346,716	899,000
Cash and bank balances	4,545,538	3,117,047
<b>Total assets</b>	<b><u>296,070,108</u></b>	<b><u>265,740,271</u></b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distributions payable	(2,115,314)	(1,512,255)
Other creditors	(10,522,131)	(597,250)
<b>Total liabilities</b>	<b><u>(12,637,445)</u></b>	<b><u>(2,109,505)</u></b>
<b>Net assets attributable to Unitholders</b>	<b><u>£283,432,663</u></b>	<b><u>£263,630,766</u></b>



# Notes to the Financial Statements

## 1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 (2014 SORP).

## 2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

### (a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

## Trust Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	86,200,250	133,290,282	64.67
Accumulation Units	72,653,139	72,975,285	99.56
F-Class			
Distribution Units	88,014	135,317	65.04
Accumulation Units	232,637	223,490	104.09
I-Class			
Distribution Units	28,140,723	43,551,944	64.61
Accumulation Units	96,116,928	87,311,780	110.08
L-Class			
Accumulation Units	972	2,000	48.60

**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.**

### Ongoing Charges Figures

	12 Jun 19	12 Dec 18
R-Class	0.69%	0.81%
F-Class	0.45%	0.45%
I-Class	0.31%	0.31%
L-Class <sup>1</sup>	0.03%	–

<sup>1</sup> L- Class units launched on 25 April 2019.

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total disclosable costs (excluding overdraft interest) 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 fund and is calculated based on the last period's figures.

### Distribution Information

#### R-Class

The distribution payable on 12 August 2019 is 1.1655p per unit for distribution units and 1.7624p per unit for accumulation units.

#### F-Class

The distribution payable on 12 August 2019 is 1.2495p per unit for distribution units and 1.9622p per unit for accumulation units.

#### I-Class

The distribution payable on 12 August 2019 is 1.2860p per unit for distribution units and 2.1489p per unit for accumulation units.

#### L-Class

The distribution payable on 12 August 2019 is 0.2655p per unit for accumulation units.

## Risk and Reward Profile



- The Risk and Reward Indicator table demonstrates where the Trust ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Trust. The shaded area in the table above shows the Trust's ranking on the Risk and Reward Indicator.
- The Trust is in category five because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- Even a trust in the lowest category is not a risk free investment.

## General Information

### Constitution

Launch date:	5 July 1999
Period end dates for distributions:	12 June, 12 December
Distribution dates:	12 August, 12 February
Minimum initial lump sum investment:	R-Class £100 F-Class* £500 I-Class £1,000,000 L-Class** £100,000
Minimum monthly contributions:	R-Class £20 F-Class* £50 I-Class N/A L-Class** N/A
Valuation point:	12 noon
Fund management fees:	R-Class Annual 0.69% F-Class* Annual 0.45% I-Class Annual 0.31% L-Class** Annual 0.03%
Initial charge:	Nil for all existing unit classes

\* Class F units are available to:

- (i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Trust; and
- (ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

\*\* Class L units are only available to other Legal & General funds and/or companies which have entered into agreement with the Manager or an affiliate of the Manager.

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://www.legalandgeneral.com/investments/fund-information/daily-fund-prices) immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

### Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by completing an application form or on the internet at [www.legalandgeneral.com](http://www.legalandgeneral.com). Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

### ISA Status

This Trust may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

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

## General Information continued

### Prospectus and Manager's Reports

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

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

### Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Trust. Where the Manager operates a box through which unit subscriptions and unit redemptions are netted into a single trade instruction to the Trustee, the netting reduces the actual transaction costs and this generates a revenue to the Manager. The revenue generated from this activity is calculated on a monthly basis and returned to the Trust in the form of a payment from the Manager. This provides an enhanced return to the Trust, though the size of any return will be dependent on the size of subscriptions and redemptions.

### Remuneration Disclosure

In accordance with the Undertakings for collective investment in transferable securities (UCITs) Directive, often referred to as the UCITs V Directive, the Legal & General Ethical Trust, as a UCITs Scheme, is required to disclose the aggregate remuneration paid by the UCITs Manager and by the UCITs Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITs Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it as at 31 December 2018:

#### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Trust (Pro-rated) (£'000)
36	7,644	13,053	126

#### Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Trust (Pro-rated) (£'000)
24	2,667	3,393	5

## General Information continued

### Controlled Functions

As at 31 December 2018, Legal & General Unit Trust Managers Limited (UTM) engaged the services of seven employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further one employees of Legal & General Resources (LGR) to act as Director. In addition there was one non-executive Director. UTM also engaged the services of a further 24 LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

### Material Risk Takers

As at 31 December 2018, UTM engaged the services of Legal & General Investment Management's Index Fund Management team, which consists of 24 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Legal & General Investment Management's Index Fund Management team.

### Significant Change

#### **New Unit Class: L-Class**

L-Class accumulation units were launched on 25 April 2019.

## General Information continued

### Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
Telephone: 0370 050 3350  
Authorised and regulated by the Financial Conduct Authority

### Directors of the Manager

R. M. Bartley (resigned 31 December 2018)  
A. J. C. Craven  
S. Hynes  
H. Morrissey  
H. Solomon  
L. W. Toms  
A. R. Toutouchi\*  
M. J. Zinkula

\*Non-executive Director

### Secretary

J. McCarthy

### Registrar

Legal & General (Unit Trust Managers) Limited  
P.O. Box 6080,  
Wolverhampton WV1 9RB  
Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956  
Enquiries: 0370 050 0955  
Registration: 0370 050 0955

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

### Trustee

Northern Trust Global Services SE UK Branch  
Trustee and Depositary Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

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

### Independent Auditors

KPMG LLP  
15 Canada Square,  
London E14 5GL

### Investment Adviser

Legal & General Investment Management Limited  
One Coleman Street,  
London EC2R 5AA  
Authorised and regulated by the Financial Conduct Authority

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

Legal & General  
(Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
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London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

