

Legal & General UK Select Equity Fund
Interim Manager's Report
for the period ended
31 March 2020
(Unaudited)



Contents

	Page Number
Manager's Investment Report	2
Authorised Status	5
Directors' Statement	5
Portfolio Statement	6
Statement of Total Return	9
Statement of Change in Net Assets attributable to Unitholders	9
Balance Sheet	10
Notes to the Financial Statements	11
Fund Information	12
Risk and Reward Profile	13
General Information	14

Manager's Investment Report

Investment Objective and Policy

The objective of the Fund is to provide growth above that of the FTSE All-Share TR Net Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 3% per annum. This objective is before the deduction of any charges and measured over rolling three year periods.

The Fund is actively managed and invests at least 90% in the shares of UK companies. These are companies that are incorporated, headquartered or which have their principal business activities in the UK, or companies that are listed in the UK and constituents of the Benchmark Index.

Over a market cycle (typically three to five years), the Fund will comprise a portfolio of on average 30 to 60 companies selected by the Manager following research of each company. At times the Fund's portfolio may be concentrated.

The Fund may also invest in collective investment schemes including those managed or operated by the Manager or an affiliate of the Manager as well as participatory notes, preference shares, cash, permitted deposits and money market instruments (such as treasury bills).

In addition, the Fund is also permitted to receive and hold warrants and convertible bonds as a result of corporate actions.

The Fund may only use derivatives for the purpose of Efficient Portfolio Management.

Managers Investment Report

During the period under review, the published price of the Fund's A-Class accumulation units fell by 27.65%, whilst the FTSE All-Share Index fell by 22.19% on a total return basis (Source: Bloomberg).

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

UK equities delivered negative returns over the period. Despite the increase in confidence stemming from the decisive result of the general election in December, which was perceived to have reduced the near-term risk of a 'no deal' Brexit, and the general positive market sentiment which followed the 'phase one' trade deal between the US and China, the impact of the Coronavirus and lockdown measures bit markets hard in March 2020, and both global and UK equity indices plummeted. Equities had already suffered a setback in February on account of the steep decline in oil prices, on account of a supply dispute between Russia and Saudi Arabia. UK equities of all capitalisations were hit, although with the slight bounce-back following the Bank of England's rate cut and quantitative easing announcement, alongside the government's fiscal support package, large-cap UK equities ended March slightly ahead of their mid- and small-cap counterparts.

In addition to the negative impact of the oil price, the lockdown measures implemented to contain the virus have hit service and retail sectors, along with travel companies, hotels and airlines. Although government support via furloughing packages should help companies to avoid mass redundancies and bankruptcies, the length of the lockdown in the UK remains uncertain, making it harder to calculate the possible long-term impact of these unprecedented measures.

Manager's Investment Report continued

Fund Review

The Fund delivered a negative return of over the review period, behind that of its benchmark (FTSE All Share index). Stock selection and sector allocation were both negative in the period.

Weakness in the consumer services and consumer goods sectors was the biggest detractor from performance, with a combination of top-down and company-specific factors having a negative impact. Broadly, we saw a sharp sell-off in the travel and leisure, general retail and luxury goods industries towards the end of the period, as these industries have been most impacted by COVID-19 and the subsequent lockdown, which had a significant impact on sector and stock returns. On positioning, the underweight allocation to utilities and healthcare was unhelpful, though partially offset by the benefit from being underweight in the oil and gas sector.

Turning to individual companies, Cineworld has been one of the biggest leisure names to be impacted by the lockdown scenario. The share price has been very weak as most countries have closed cinemas and more movie releases have been pushed back. While short-term visibility is clearly limited, we consider this to be a well-managed global operator. Cruise liner Carnival is another leisure name to have been affected by COVID-19. The shares fell heavily in January after ANSA reported a suspected case of Coronavirus on a Costa cruise ship in Italy. The headlines come during a busy booking period for the industry, so were clearly unhelpful for sentiment. However, the global spread of the pandemic has now clearly hit wider industry bookings trends. Carnival also announced it will raise roughly \$6 billion in debt and equity, to help the company to improve liquidity amid deteriorating conditions driven by the coronavirus pandemic. Luxury car brand Aston Martin Lagonda suffered as its full-year results failed to appease investors amid continued concerns over cash levels and a non-committal outlook on volume growth for 2020. Even after the recent £500 million rights issue, there are still expectations that management will need to raise excess capital. Further, the timing of its capital raising could not have been more unfortunate, given the sharp equity market sell-off. The CFO also announced his departure, which we believe represents the beginning of a strategy reset plan.

Within the industrials sector, both Weir Group and RHI Magnesita have been affected by the global shutdown. With the likelihood of capex deferrals and a potential pullback on infrastructure spending in the months ahead, it is anticipated this could impact project demand within their respective core mining and steel markets. Fevertree Drinks was another detractor: the company issued a disappointing trading update, where revenues were below estimates due to weak Christmas trading in the UK. The company also referenced increased UK competitive activity (Schweppes was highlighted). The other key aspect of the update saw management announce the need for price repositioning in the US following a strategic review. This will move them from a super-premium to premium price point offering, and will bring them in line with the UK positioning.

On the flipside, we saw strong performance from telecom towers infrastructure business Helios Towers, following its Initial Public Offering (IPO) in Q4 2019; simulation software leader Aveva Group; equity investment portfolio HGCapital Trust; and food retailer Tesco. Bids for cyber security firm Sophos Group (private equity) and food takeaway platform Just Eat (merger) also made a healthy positive contribution.

In respect of trading activity, we introduced new positions in credit bureau specialist Experian, sports retailer JD Sports, data provider LSE Group and pharmaceutical AstraZeneca. Elsewhere, we exited retailer Next, leisure business TUI Group, healthcare

Manager's Investment Report continued

services company NMC Health, consumer staple Reckitt Benckiser and cruise liner firm Carnival.

Outlook

The extraordinary levels of monetary and fiscal stimulus implemented to contain the Coronavirus and prop up economies will have far-reaching consequences for global GDP. Amid these unprecedented times for the global economy and also for policy responses, we have three scenarios, out of which we place the lowest probability on the most pessimistic case, and the higher probability on a combination of a 'V-shaped' or 'W-shaped' scenario; against the backdrop of fiscal and monetary support, we are also keeping a close watch on sovereign debt levels, particularly in Europe. Despite the rebound at the end of the period, we remain more cautious than the market on account of uncertainties surrounding both the length of the lockdown and also the longer-term implications of changes in consumer behaviour and damage to business confidence; furthermore, although policy support has direct benefits for credit, there is less of a clear-cut case for equities.

Important Note from the Manager

Since January 2020, global financial markets have been affected by the COVID-19 coronavirus. The impact on the Company will take longer to assess; however, the Company has enacted its business continuity plans, with a large number of staff working remotely. Our technology and IT infrastructure supports large scale remote working, with our Investment Management Teams able to work in a 'business as usual' manner. We remain in regular contact with all key suppliers and we continue to monitor this situation closely.

The virus has caused major uncertainty and disruption to businesses and everyday life. Financial markets have reacted sharply to this news, with concerns regarding the economic impact this may have on a global scale. The long-term impact on the global economy and markets will depend upon the overall scale and the duration of the outbreak, as well as on the actions taken by governments and central banks.

Legal & General Investment Management Limited
(Investment Adviser)
22 April 2020

Authorised Status

Authorised Status

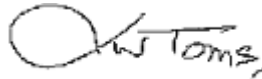
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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
21 May 2020

Portfolio Statement

Portfolio Statement as at 31 March 2020

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 30 September 2019.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 76.68% (85.34%)		
	Oil & Gas Producers		
	— 6.85% (8.65%)		
2,925,000	BP	9,854,325	3.92
550,000	Royal Dutch Shell 'B'	7,370,000	2.93
		17,224,325	6.85
	Mining — 1.91% (2.95%)		
131,000	Rio Tinto	4,808,355	1.91
	General Industrials — 4.30% (5.70%)		
4,387,000	Melrose Industries	4,328,214	1.72
550,000	Smiths Group	6,470,750	2.58
		10,798,964	4.30
	Industrial Engineering		
	— 1.82% (2.46%)		
661,250	Weir Group	4,569,237	1.82
	Support Services — 12.68% (10.67%)		
426,435	Ashtead Group	7,196,091	2.86
2,193,000	Biffa	3,964,944	1.58
1,400,485	Network International	5,468,894	2.18
2,348,030	Rentokil Initial	9,258,282	3.68
1,326,550	RWS	5,996,006	2.38
		31,884,217	12.68
	Automobiles & Parts		
	— 1.70% (2.07%)		
2,093,361	Aston Martin Lagonda Global	4,278,830	1.70
	Beverages — 4.16% (3.10%)		
906,960	Fevertree Drinks	10,470,853	4.16
	Food Producers — 2.97% (3.06%)		
421,000	Associated British Foods	7,462,225	2.97
	Household Goods & Home Construction — 0.00% (2.08%)		
	Personal Goods — 2.59% (2.35%)		
3,428,450	Watches of Switzerland Group	6,514,055	2.59
	Health Care Equipment & Services		
	— 0.00% (2.66%)		
	Pharmaceuticals & Biotechnology		
	— 5.33% (0.00%)		
190,000	AstraZeneca	13,406,400	5.33
	Food & Drug Retailers		
	— 2.57% (2.95%)		
2,860,000	Tesco	6,463,600	2.57

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	General Retailers — 6.08% (12.01%)		
393,300	ASOS	4,786,461	1.90
1,100,000	JD Sports Fashion	5,003,900	1.99
7,947,469	Vivo Energy	5,499,649	2.19
		<hr/>	<hr/>
		15,290,010	6.08
	Travel & Leisure — 3.29% (4.63%)		
6,641,134	Cineworld Group	3,290,682	1.31
1,658,856	SSP	4,976,568	1.98
		<hr/>	<hr/>
		8,267,250	3.29
	Mobile Telecommunications — 3.65% (0.00%)		
7,329,605	Helios Towers	9,181,825	3.65
	Banks — 1.22% (5.79%)		
2,650,000	Royal Bank of Scotland Group	3,058,100	1.22
	Life Insurance — 2.23% (2.00%)		
742,000	St. James's Place	5,597,648	2.23
	Financial Services — 6.10% (3.63%)		
1,030,000	3i Group	8,091,680	3.22
101,000	London Stock Exchange Group	7,237,660	2.88
45,262	Sole Realisation (SVG Capital) ¹	—	—
		<hr/>	<hr/>
		15,329,340	6.10
	Equity Investment Instruments — 3.59% (2.75%)		
4,180,000	HgCapital Trust	9,028,800	3.59
	Software & Computer Services — 3.64% (5.83%)		
265,000	AVEVA Group	9,158,400	3.64
	CHANNEL ISLANDS — 5.84% (2.73%)		
	Support Services — 3.62% (0.00%)		
402,345	Experian	9,088,974	3.62
	Travel & Leisure — 2.22% (2.73%)		
250,050	Wizz Air	5,588,617	2.22
	GERMANY — 0.00% (2.35%)		
	Travel & Leisure — 0.00% (2.35%)		
	LUXEMBOURG — 3.01% (2.86%)		
	General Retailers — 3.01% (2.86%)		
2,729,450	B&M European Value Retail	7,574,224	3.01
	NETHERLANDS — 6.56% (2.46%)		
	Industrial Engineering — 2.63% (2.46%)		
327,750	RHI Magnesita	6,607,440	2.63
	General Retailers — 3.93% (0.00%)		
163,100	Just Eat Takeaway	9,883,860	3.93

Portfolio Statement continued

Holding/ Nominal Value	Investment
	SWITZERLAND — 2.95% (3.02%)
	Beverages — 2.95% (3.02%)
437,850	Coca-Cola HBC
Portfolio of investments²	
Net other assets	
Total net assets	

Market Value £	% of Net Assets
7,421,557	2.95
238,957,106	95.04
12,479,792	4.96
£251,436,898	100.00%

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

² All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the period: £126,695,729.

Total sales for the period: £152,562,573.

Financial Statements

Statement of Total Return for the period ended 31 March 2020

	31/03/20		31/03/19	
	£	£	£	£
Income				
Net capital losses		(98,063,155)		(33,919,879)
Revenue	3,970,524		6,690,853	
Expenses	(2,338,621)		(2,485,505)	
Interest payable and similar charges	(21)		(3)	
Net revenue before taxation	<u>1,631,882</u>		<u>4,205,345</u>	
Taxation	(99,722)		(51,141)	
Net revenue after taxation for the period		<u>1,532,160</u>		<u>4,154,204</u>
Total return before distributions		(96,530,995)		(29,765,675)
Distributions		(1,532,160)		(4,154,203)
Change in net assets attributable to Unitholders from investment activities		<u>£(98,063,155)</u>		<u>£(33,919,878)</u>

Statement of Change in Net Assets attributable to Unitholders for the period ended 31 March 2020

	31/03/20		31/03/19	
	£	£	£	£
Opening net assets attributable to Unitholders		367,847,975		433,128,075
Amounts received on issue of units	2,010,796		1,414,351	
Amounts paid on cancellation of units	(21,858,770)		(25,420,281)	
		(19,847,974)		(24,005,930)
Change in net assets attributable to Unitholders from investment activities		(98,063,155)		(33,919,878)
Retained distributions on accumulation units		<u>1,500,052</u>		<u>4,049,304</u>
Closing net assets attributable to Unitholders		<u>£251,436,898</u>		<u>£379,251,571</u>

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 31 March 2020

	31/03/20 £	30/09/19 £
ASSETS		
Fixed assets:		
Investments	238,957,106	363,296,182
Current assets:		
Debtors	1,669,148	1,715,562
Cash and bank balances	11,134,865	4,963,037
Total assets	251,761,119	369,974,781
LIABILITIES		
Creditors:		
Bank overdrafts	–	(315,321)
Distributions payable	(1,613)	(4,025)
Other creditors	(322,608)	(1,807,460)
Total liabilities	(324,221)	(2,126,806)
Net assets attributable to Unitholders	£251,436,898	£367,847,975

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 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. In making this assessment, and in response to COVID-19, the Manager has considered, amongst other things, factors such as Fund size, cash flows through the Fund and Fund liquidity.

Fund Information

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Accumulation Units	381,280	154,729	246.42
A-Class			
Accumulation Units	223,244,670	90,007,290	248.03
I-Class			
Distribution Units	185,762	87,327	212.72
Accumulation Units	27,460,521	10,472,675	262.21
L-Class			
Accumulation Units	164,665	469,028	35.11

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

	31 Mar 20	30 Sep 19
R-Class	1.37%	1.37%
A-Class	1.37%	1.37%
F-Class ¹	-	1.00%
I-Class	0.78%	0.78%
L-Class	0.05%	0.05%

¹ F-Class units closed on 12 December 2019.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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 31 May 2020 is 1.3896p per unit for accumulation units.

A-Class

The distribution payable on 31 May 2020 is 1.3991p per unit for accumulation units.

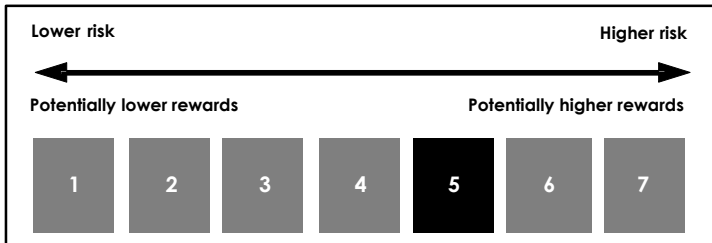
I-Class

The distribution payable on 31 May 2020 is 1.8470p per unit for distribution units and 2.2583p per unit for accumulation units.

L-Class

The distribution payable on 31 May 2020 is 0.4298p per unit for accumulation units.

Risk and Reward Profile



- The Risk and Reward Indicator table demonstrates where the Fund 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 Fund. The shaded area in the table above shows the Fund's ranking on the Risk and Reward Indicator.
- The Fund 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 fund in the lowest category is not a risk free investment.

General Information

Constitution

Launch date:	2 January 1996
Period end dates for distributions:	30 September, 31 March
Distribution dates:	30 November, 31 May
Minimum initial lump sum investment:	R-Class £20 A-Class £20 I-Class £1,000,000 L-Class* £100,000
Valuation point:	12 noon
Fund management fees:	R-Class Annual 1.37% A-Class Annual 1.37% I-Class Annual 0.78% L-Class* Annual 0.05%
Initial charge:	Nil for all existing unit classes

- * Class L units are only available to other Legal & General funds and/or companies which have entered into an 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/funds/prices-and-reports/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. 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 Fund 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.

Prospectus and Manager's 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.

General Information continued

Significant Changes

Closure of F-Class Accumulation Units

As at 12 December 2019, the F-Class Accumulation Units ceased to exist.

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

A. Clare* (appointed 10 September 2019)
E. Cowhey* (appointed 9 October 2019)
A. J. C. Craven
S. Hynes
H. Morrissey (resigned 18 October 2019)
H. Solomon
L. W. Toms
A. R. Toutouchi*

*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:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com

