

Legal & General UK Smaller Companies Trust
Annual Manager's Report
for the year ended
18 June 2017

**EVERY
DAY
MATTERS.®**



Contents

	Page Number
Manager's Investment Report*	2
Authorised Status*	4
Directors' Statement	4
Statement of the Manager's Responsibilities	5
Statement of the Trustee's Responsibilities	6
Report of the Trustee	7
Portfolio Statement*	8
Independent Auditors' Report	12
Statement of Total Return	15
Statement of Change in Net Assets attributable to Unitholders	15
Balance Sheet	16
Notes to the Financial Statements	17
Distribution Tables	29
Trust Information*	31
Risk and Reward Profile*	40
General Information*	41

* These collectively comprise the Authorised Fund Manager's Report.

Manager's Investment Report

Investment Objective and Policy

The investment objective of this Trust is to maximise capital growth from a portfolio of UK securities, which will largely consist of smaller companies, which may be selected from all economic sectors.

The Manager's policy for putting this into effect will be to invest primarily in those companies that comprise the lowest 10% by capitalisation of the main UK equity markets.

Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class accumulation units rose by 15.81%. This compares to a rise in the benchmark (Numis Securities Smaller Companies Ex Investment Trust Index) of 27.39% 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

Global economic activity has improved markedly over the review year. The recovery has been particularly strong in the manufacturing sector, accompanied by an upturn in global trade volumes. A stabilisation and subsequent increase in commodity prices has been reflected in rising consumer price inflation in the major developed economies. While the recovery has been broad-based, it has been most noticeable in the US where growth accelerated during the second half of 2016 led by consumer demand. There has also been an upturn in investment spending and inventory levels, as Donald Trump's unexpected victory in the November 2016 presidential election focused investors on the prospect of increased infrastructure spending and tax cuts. The Federal Reserve has signalled a gradual tightening of monetary policy, raising interest rates in December 2016 and March 2017 and signalling two further rate hikes in 2017. However, monetary policy remained accommodating in all the major economies. After the UK unexpectedly voted to leave the European Union (EU) in the June referendum, the Bank of England cut interest rates to 0.25% and extended its asset purchase programme, known as quantitative easing (QE).

UK equities rose on the improving economic outlook. Although the unexpected result in favour of Brexit in the EU referendum last June heightened volatility, subsequent domestic economic indicators were broadly reassuring. As investors factored in the inflationary implications of US president-elect Donald Trump's proposed package of infrastructure spending and tax cuts, and Chinese economic indicators improved, shares in mining companies led the market higher. Financials also rebounded, led by banks. In contrast, sectors less sensitive to the economic outlook, such as utilities and telecommunications, underperformed. Returns from international markets were substantially enhanced for UK-based investors as Sterling plunged to a 31-year low against the US Dollar in the aftermath of the UK referendum result.

Manager's Investment Report continued

Trust Review

The review year started with a major shock to the system in the form of the UK's surprise vote to leave the European Union, which had an outsized impact on smaller companies with domestic earnings profiles as Sterling weakened. During this year, the Trust's performance suffered and underperformed the Index as stock selection weighed on relative returns. Allocations to sectors such as home construction and industrials were particularly detrimental during this year, as was our underweight positioning in gold miners as commodity prices improved.

However, equity markets shook off UK Brexit-related concerns and managed to recover, bouncing back strongly from June's referendum related weakness. The Trust's performance recovered well over the year, despite a number of months of consecutive negative performance towards the end of 2016, seeing contributions from stock selection amongst the financial and healthcare sectors.

In terms of trading activity during the review year, following the referendum we added Faroe Petroleum as they began to take advantage of low-cost asset opportunities in the North Sea against a backdrop of recovering commodity prices. We sold down our positions in Greene King and Purplebricks. We also reduced our positions in commercial vehicle hire company Northgate, plastic products design firm RPC Group and research and development business Imagination Technologies.

Outlook

Equity markets appear to remain largely unmoved by recent events and global growth data remains solid. In the UK, the economy shows strong signs of resilience, however, inflation growth is accelerating and consumer spending figures are beginning to show signs of strain. In the corporate space, there has been a notable pick-up of merger and acquisition activity including Tesco/Booker and investment managers Aberdeen/Standard Life. We also see an improvement in corporate earnings growth, but a sustained recovery is still key to further performance. Sterling continues to look undervalued though it could well remain so throughout the Brexit process with risk to the downside.

Legal & General Investment Management Limited
(Investment Adviser)
11 July 2017

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)



S. D. Thomas
(Director)

Legal & General (Unit Trust Managers) Limited
8 August 2017

Statement of Responsibilities

Statement of the Manager's Responsibilities

The Manager of the Trust is required by the FCA Collective Investment Schemes sourcebook (COLL) to prepare financial statements for each accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the net revenue and the net capital gains or losses on the Scheme property for the accounting period, and the financial position of the Trust at the end of that period. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Trust will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Trust in accordance with the Trust Deed, the Prospectus and the COLL, maintain proper accounting records to enable them to ensure that the financial statements comply with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 and the COLL and take in these respects reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Responsibilities continued

Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General UK Smaller Companies Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

Report of the Trustee

Report of the Trustee to the Unitholders of the Legal & General UK Smaller Companies Trust ("the Trust") for the year ended 18 June 2017

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

Northern Trust Global Services Limited
UK Trustee and Depositary Services
8 August 2017

Portfolio Statement

Portfolio Statement as at 18 June 2017

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 18 June 2016.

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	UNITED KINGDOM		
	— 91.51% (90.36%)		
	Oil & Gas Producers		
	— 2.62% (1.35%)		
18,119,684	Amerisur Resources ¹	4,031,630	1.21
5,299,451	Faroe Petroleum ¹	4,716,511	1.41
		8,748,141	2.62
	Chemicals — 2.17% (2.20%)		
291,427	Victrax	5,394,314	1.61
614,289	Zotefoams	1,861,295	0.56
		7,255,609	2.17
	Construction & Materials		
	— 2.98% (3.37%)		
820,189	Keller	7,164,351	2.14
235,633	Kier Group	2,804,033	0.84
		9,968,384	2.98
	Aerospace & Defense		
	— 3.62% (3.31%)		
2,945,911	Senior	7,055,457	2.11
246,787	Ultra Electronics	5,034,455	1.51
		12,089,912	3.62
	General Industrials — 0.00% (2.20%)		
	Electronic & Electrical Equipment		
	— 1.59% (1.26%)		
950,000	Luceco	2,144,625	0.64
928,371	Xaar	3,186,633	0.95
		5,331,258	1.59
	Industrial Engineering		
	— 4.03% (2.82%)		
709,904	Flowtech FluidPower ¹	940,623	0.28
519,053	Hill & Smith	7,033,168	2.10
6,758,288	Severfield-Rowen	5,508,005	1.65
		13,481,796	4.03
	Industrial Transportation		
	— 2.75% (2.07%)		
145,500	Clarkson	3,829,560	1.15
1,198,800	Clipper Logistics	5,358,636	1.60
		9,188,196	2.75
	Support Services — 12.18% (11.45%)		
1,900,445	Acal	5,558,802	1.66
1,929,139	Charles Taylor Consulting	4,441,842	1.33
1,993,378	Exova Group	4,774,140	1.43
298,400	Keywords Studios ¹	2,281,268	0.68
6,365,505	Lakehouse	2,928,132	0.88

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	Support Services — (cont.)		
948,863	Mears Group	4,649,429	1.39
1,753,721	Northgate	9,145,655	2.73
525,641	Staffline Group ¹	6,943,718	2.08
		40,722,986	12.18
	Automobiles & Parts — 0.09% (0.07%)		
480,000	Transense Technologies ¹	302,400	0.09
	Food Producers — 3.06% (2.45%)		
344,850	Cranswick	10,235,148	3.06
	Household Goods & Home Construction — 5.23% (4.93%)		
1,365,701	Crest Nicholson	7,402,099	2.21
909,282	Headlam Group	5,019,237	1.50
900,000	Redrow Group	5,062,500	1.52
		17,483,836	5.23
	Leisure Goods — 0.00% (0.46%)		
	Personal Goods — 1.70% (1.95%)		
236,447	Ted Baker	5,698,373	1.70
	Health Care Equipment & Services — 4.67% (3.18%)		
2,190,873	Advanced Medical Solutions ¹	6,282,328	1.88
1,143,160	Cambian Group	1,937,656	0.58
491,513	Consort Medical	5,072,414	1.52
7,357,750	Deltex Medical ¹	275,916	0.08
859,259	Medica Group	2,036,444	0.61
169,400	Sphere Medical (Warrants) ¹	—	—
		15,604,758	4.67
	Pharmaceuticals & Biotechnology — 7.03% (7.60%)		
435,844	Dechra Pharmaceuticals	8,102,340	2.42
344,613	Genus	6,551,093	1.96
513,312	Horizon Discovery Group ¹	985,559	0.29
1,650,672	Quantum Pharmaceutical ¹	825,336	0.25
4,705,875	Vectura	5,336,462	1.60
9,805,933	Vernalis ¹	1,716,039	0.51
		23,516,829	7.03
	Food & Drug Retailers — 1.22% (0.79%)		
2,017,049	McColl's Retail Group	4,074,439	1.22
	General Retailers — 2.99% (3.60%)		
2,231,658	Moss Bros	2,281,870	0.68
2,836,000	Mothercare	3,431,560	1.03
9,237,654	Vertu Motors ¹	4,295,509	1.28
		10,008,939	2.99
	Media — 3.05% (2.86%)		
3,945,200	Ebiquity ¹	4,536,980	1.36

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	Media — (cont.)		
494,701	Euromoney Institutional Investor	5,664,326	1.69
		10,201,306	3.05
	Travel & Leisure — 3.87% (6.50%)		
2,125,975	Goals Soccer Centres ¹	2,274,793	0.68
2,406,139	Gym Group	4,667,910	1.40
3,975,000	Ladbrokes	4,658,700	1.39
641,818	Revolution Bars Group	738,091	0.22
1,098,825	Tasty ¹	593,365	0.18
		12,932,859	3.87
	Fixed Line Telecommunications — 0.42% (0.44%)		
115,810	Telecom Plus	1,418,673	0.42
	Mobile Telecommunications — 0.00% (0.03%)		
	Nonlife Insurance — 2.67% (3.05%)		
1,112,930	Beazley	5,237,449	1.57
695,000	Novae Group	3,676,550	1.10
		8,913,999	2.67
	Real Estate Investment & Services — 1.05% (2.24%)		
400,000	Savills	3,518,000	1.05
	Real Estate Investment Trusts — 7.04% (5.97%)		
3,100,899	Hansteen	3,854,417	1.15
2,892,603	Safestore	12,548,112	3.75
766,097	Workspace Group	7,147,685	2.14
		23,550,214	7.04
	Financial Services — 6.23% (5.66%)		
1,710,000	Arrow Global Group	6,750,225	2.02
1,860,000	CMC Markets	2,827,200	0.84
179,000	Curtis Banks Group	456,898	0.14
286,060	Mattoli Woods	2,259,874	0.68
1,229,912	Onesavings Bank	4,930,717	1.47
1,187,583	River & Mercantile Group	3,613,221	1.08
		20,838,135	6.23
	Software & Computer Services — 9.25% (7.35%)		
219,422	Alfa Financial Software	882,076	0.26
375,000	First Derivatives ¹	10,800,000	3.23
2,414,940	NCC Group	3,942,390	1.18
532,481	SDL	3,301,382	0.99
1,979,918	Servelec Group	5,845,708	1.75
543,103	Softcat	2,163,179	0.65
5,092,173	Tribal ¹	3,997,356	1.19
		30,932,091	9.25

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	Technology Hardware & Equipment — 0.00% (1.20%)		
3,338,400	Celoxica ²	—	—
	IRELAND — 0.41% (0.34%) Software & Computer Services — 0.41% (0.34%)		
716,645	Escher ¹	1,361,626	0.41
	AUSTRALIA — 0.10% (0.07%) Software & Computer Services — 0.10% (0.07%)		
5,860,703	eServeGlobal ¹	336,990	0.10
	BERMUDA — 0.62% (0.28%) Mining — 0.62% (0.28%)		
1,788,330	Petra Diamonds	2,074,463	0.62
	CHANNEL ISLANDS — 0.25% (0.36%) Support Services — 0.25% (0.00%)		
125,683	Sanne Group	824,481	0.25
	Real Estate Investment & Services — 0.00% (0.36%)		
	GERMANY — 0.62% (0.65%) Software & Computer Services — 0.62% (0.65%)		
479,824	SQS ¹	2,087,234	0.62
	GIBRALTAR — 1.84% (1.51%) Travel & Leisure — 1.84% (1.51%)		
2,310,800	888	6,140,951	1.84
	ISLE OF MAN — 1.77% (1.90%) Support Services — 1.77% (1.76%)		
1,163,988	Paysafe Group	5,930,519	1.77
	Electricity — 0.00% (0.14%)		
	Portfolio of investments³	324,772,545	97.12
	Net other assets	9,635,403	2.88
	Total net assets	£334,407,948	100.00%

¹ These securities are quoted on the Alternative Investment Market and comprise 17.81% of the net assets of the Trust.

² Delisted securities are valued at the Manager's best assessment of their fair and reasonable value.

³ All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the year: £26,586,075.

Total sales for the year: £56,822,079.

Independent Auditors' Report

Independent auditors' report to the Unitholders of Legal & General UK Smaller Companies Trust

Report on the audit of the financial statements

Opinion

In our opinion, Legal & General UK Smaller Companies Trust's financial statements (the "financial statements"):

- give a true and fair view of the financial position of the Trust as at 18 June 2017 and of the net revenue and the net capital gains of its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Manager's Report (the "Annual Report"), which comprise: Balance Sheet as at 18 June 2017; the Statement of Total Return and the Statement of Change in Net Assets attributable to Unitholders for the year then ended; the Distribution Tables; and the Notes to the Financial Statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

Independent Auditors' Report continued

Reporting on other information

The other information comprises all of the information in the Annual Managers Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities set out on page 5, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

Independent Auditors' Report continued

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 August 2017

Notes:

- a) The maintenance and integrity of the Legal & General website is the responsibility of the Authorised Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Statement of Total Return for the year ended 18 June 2017

Notes	18/06/17		18/06/16	
	£	£	£	£
Income				
Net capital gains/ (losses)	3	45,693,742		(18,800,161)
Revenue	4	7,784,390	7,657,837	
Expenses	5	(5,764,401)	(5,710,620)	
Interest payable and similar charges	7	(5)	(1,271)	
Net revenue before taxation		<u>2,019,984</u>	<u>1,945,946</u>	
Taxation	6	(9,449)	(7,228)	
Net revenue after taxation for the year		<u>2,010,535</u>	<u>1,938,718</u>	
Total return before distributions		<u>47,704,277</u>	<u>(16,861,443)</u>	
Distributions	7	(2,011,254)	(1,945,551)	
Change in net assets attributable to Unitholders from investment activities		<u>£45,693,023</u>	<u>£(18,806,994)</u>	

Statement of Change in Net Assets attributable to Unitholders for the year ended 18 June 2017

	18/06/17		18/06/16	
	£	£	£	£
Opening net assets attributable to Unitholders		323,561,122		337,890,343
Amounts received on issue of units		9,219,642	23,242,594	
Amounts paid on cancellation of units		(44,276,285)	(19,029,252)	
		<u>(35,056,643)</u>	<u>4,213,342</u>	
Change in net assets attributable to Unitholders from investment activities		45,693,023	(18,806,994)	
Retained distributions on accumulation units		210,446	202,427	
Unclaimed distributions		–	62,004	
Closing net assets attributable to Unitholders		<u>£334,407,948</u>	<u>£323,561,122</u>	

Financial Statements continued

Balance Sheet as at 18 June 2017

	Notes	18/06/17 £	18/06/16 £
ASSETS			
Fixed assets:			
Investments		324,772,545	308,893,566
Current assets:			
Debtors	8	2,495,990	2,531,757
Cash and bank balances	9	8,734,403	14,375,366
Total assets		<u>336,002,938</u>	<u>325,800,689</u>
LIABILITIES			
Creditors:			
Distributions payable		(897,756)	(1,245,822)
Other creditors	10	(697,234)	(993,745)
Total liabilities		<u>(1,594,990)</u>	<u>(2,239,567)</u>
Net assets attributable to Unitholders		<u>£334,407,948</u>	<u>£323,561,122</u>

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 Association in May 2014 (2014 SORP).

2. Summary of Significant Accounting Policies

(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.

The principal accounting policies which have been applied consistently are set out below.

(b) Functional and Presentation Currency

The functional and presentation currency of the Trust is Sterling.

(c) Recognition of revenue

Revenue from quoted equities and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Revenue from unquoted equity investments is recognised net of attributable tax credits when the dividend is declared.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the Trust is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission is deducted from the cost of those shares.

All other revenue is recognised on an accruals basis.

(d) Treatment of expenses

All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(e) Distribution Policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. In order to conduct a controlled dividend flow, interim distributions will be at the Manager's discretion, up to a maximum of the distributable revenue for the year. All remaining revenue is distributed in accordance with the COLL.

Fund management fees are deducted from revenue for the purpose of calculating the distribution.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Trust.

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(f) Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 16 June 2017, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair and reasonable value.

(g) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses, with relief for overseas taxation taken where appropriate.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply.

3. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

Non-derivative securities

Currency gains

Net capital gains/(losses)

18/06/17	18/06/16
£	£
45,692,039	(18,861,937)
1,703	61,776
<u>45,693,742</u>	<u>(18,800,161)</u>

4. Revenue

UK Franked dividends

Non-taxable overseas dividends

Property distributions

Property interest distributions

Underwriting commission

Bank interest

18/06/17	18/06/16
£	£
6,709,394	6,575,799
414,910	494,834
110,984	74,422
539,117	470,436
5,905	9,141
4,080	33,205
<u>7,784,390</u>	<u>7,657,837</u>

Notes to the Financial Statements continued

5. Expenses

Payable to the Manager,
associates of the Manager
and agents of either of them:

Fund management fees

Total expenses

	18/06/17	18/06/16
	£	£
Fund management fees	<u>5,764,401</u>	<u>5,710,620</u>
Total expenses	<u>5,764,401</u>	<u>5,710,620</u>

Audit fees of £8,360 plus VAT on Audit fees of £1,672 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £8,230 plus VAT of £1,646.

Notes to the Financial Statements continued

6. Taxation

(a) Analysis of taxation charge in year

	18/06/17	18/06/16
	£	£
Overseas tax	9,449	7,228
Current tax [note 6(b)]	9,449	7,228
Deferred tax [note 6(c)]	–	–
Total taxation	9,449	7,228

(b) Factors affecting taxation charge for the year

The current tax charge excludes capital gains and losses for the reason that Authorised Unit Trusts are not subject to Corporation Tax on these items. Current tax differs from taxation assessed on net revenue before taxation as follows:

Net revenue before taxation	2,019,984	1,945,946
Net revenue before taxation multiplied by the applicable rate of corporation tax of 20% (2016: 20%)	403,997	389,189
Effects of:		
Overseas tax	9,449	7,228
Revenue not subject to taxation	(1,447,058)	(1,429,011)
Excess management expenses not utilised	1,043,061	1,039,822
Current tax	9,449	7,228

(c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year. At the year end there is a potential deferred tax asset of £10,517,501 (18 June 2016: £9,474,440) due to surplus management expenses.

It is unlikely the Trust will generate sufficient taxable profits in the future to utilise this amounts and therefore no deferred tax asset has been recognised (18 June 2016: same).

Notes to the Financial Statements continued

7. Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprise:

	18/06/17	18/06/16
	£	£
Interim distribution	959,420	553,489
Final distribution	<u>1,007,088</u>	<u>1,386,695</u>
	1,966,508	1,940,184
Add: Revenue deducted on cancellation of units	52,793	23,905
Less: Revenue received on creation of units	<u>(8,047)</u>	<u>(18,538)</u>
Distributions for the year	<u>2,011,254</u>	<u>1,945,551</u>
Interest payable and similar charges		
Bank overdraft interest	<u>5</u>	<u>1,271</u>
	<u>2,011,259</u>	<u>1,946,822</u>

The differences between the net revenue after taxation and the distributions for the year are as follows:

	18/06/17	18/06/16
	£	£
Net revenue after taxation for the year	2,010,535	1,938,718
Equalisation uplift on units conversions	<u>719</u>	<u>6,833</u>
Distributions for the year	<u>2,011,254</u>	<u>1,945,551</u>

8. Debtors

	18/06/17	18/06/16
	£	£
Accrued revenue	1,024,635	987,153
Amounts receivable for creation of units	241,878	29,608
Overseas tax recoverable	83,558	81,878
Sales awaiting settlement	<u>1,145,919</u>	<u>1,433,118</u>
	<u>2,495,990</u>	<u>2,531,757</u>

Notes to the Financial Statements continued

9. Net uninvested cash

	18/06/17	18/06/16
	£	£
Cash and bank balances	8,734,403	14,375,366
Net uninvested cash	8,734,403	14,375,366

10. Other creditors

	18/06/17	18/06/16
	£	£
Accrued expenses	207,620	289,326
Amounts payable for cancellation of units	489,614	704,419
	697,234	993,745

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (18 June 2016: same).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks

The investments of a Trust in financial securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in such instruments. Legal & General (Unit Trust Managers) Limited (UTM) is the Authorised Fund Manager and has responsibility for ensuring appropriate risk management processes are implemented for each Unit Trust.

The UTM Board has delegated the risk oversight function to the Fund Manager Oversight Committee (FMOC), a committee of the Legal & General Investment Management (Holdings) Limited (LGIMH) Board that meets monthly. The primary objective of the FMOC is to ensure proper oversight of the investment management activities and associated services performed by LGIM, its delegates and other Fund Managers, under the Investment Management Agreement (IMA), on behalf of UTM in its capacity as Authorised Fund Manager. The committee consists of senior members of LGIMH and members of the UTM Board. Other senior staff members are also in attendance, as required by the agenda.

Each Trust has Investment Guidelines, an Investment Objective and Investment Restrictions, against which the fund manager will operate. These are set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager, reviewed by the LGIM Operational Risk and Compliance Teams and approved senior members of LGIMH on behalf of the UTM board. The Schedule provides the detail needed to determine the risk profile for each fund. Fund managers are not permitted to invest into any new instruments without first gaining approval from UTM.

The Investment Objective and Policy of this Trust is detailed on page 2.

(a) Market Risk arising from other price risk

Market Risk arises mainly from uncertainty about future prices. It represents the potential loss the Trust may suffer through holding market positions in the face of market movements.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar instruments traded in the market.

The assets held by the Trust can be seen in the Portfolio Statement starting on page 8. Movements in the prices of these investments result in movements in the performance of the Trust. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Trust's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 18 June 2017, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £16,238,627 (18 June 2016: £15,444,678).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(b) Interest Rate Risk

Interest Rate Risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Trust's only interest bearing financial instruments were its bank balances and overdraft facilities as disclosed in note 9. Cash is deposited and overdraft facilities utilised on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

In the event of a change in interest rates, there would be no material impact upon the assets of the Trust.

(c) Foreign Currency Risk

Foreign Currency Risk is the risk of movements in the value of financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the use of forward currency contracts or currency futures as necessary.

At the year end the Trust had no significant exposures to currencies other than Sterling (18 June 2016: same).

(d) Credit Risk

Credit Risk is the risk of suffering financial loss as a result of a counterparty to a financial transaction being unable to fulfil their financial obligations as they fall due.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Trust's investment objective and policy.

(e) Liquidity Risk

Liquidity Risk relates to the capacity to meet liabilities as they fall due. The primary source of this risk to the Trust is the liability to Unitholders for any cancellation of units.

This risk is minimised by holding a large proportion of readily realisable assets, cash balances and via access to overdraft facilities.

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(f) Fair Value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no material difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014, and subsequently amended by Financial Reporting Exposure Draft 62 (FRED62), requires the classification of the Trust's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Trust's financial instruments as at the balance sheet date were:

18/06/17	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	324,772,545	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	324,772,545	—

18/06/16	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	308,893,566	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	308,893,566	—

Level 1

The unadjusted quoted price in an active market for assets or liabilities that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1.

Level 3

Valuation techniques using unobservable inputs.

Notes to the Financial Statements continued

13. Portfolio transaction costs

18/06/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	26,496	15	0.06	75	0.28	26,586
Total	26,496	15	0.06	75	0.28	26,586

18/06/17	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	56,856	(34)	0.06	–	–	56,822
Total	56,856	(34)	0.06	–	–	56,822

Commissions and taxes as % of average net assets

Commissions 0.02%

Taxes 0.02%

18/06/16	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	67,381	80	0.12	208	0.31	67,669
Total	67,381	80	0.12	208	0.31	67,669

18/06/16	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	58,817	(72)	0.12	(6)	0.01	(58,739)
Total	58,817	(72)	0.12	(6)	0.01	(58,739)

Commissions and taxes as % of average net assets

Commissions 0.05%

Taxes 0.06%

Transaction costs consist of expenses incurred in the process of the purchase and sales of securities above the cost of the securities.

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 1.05% (18 June 2016: 1.08%).

Notes to the Financial Statements continued

14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 41. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 32 to 39. The distributions per unit class are given in the distribution tables on pages 29 and 30. All classes have the same rights on winding up.

R-Class	Distribution	Accumulation
Opening Units	6,849,464	2,016,791
Units issued	39,210	101,542
Units cancelled	(502,228)	(238,986)
Units converted	(9,137)	(9,782)
Closing Units	6,377,309	1,869,565

E-Class	Distribution	Accumulation
Opening Units	29,894,573	881,660
Units issued	833,349	22,753
Units cancelled	(4,171,082)	(73,821)
Units converted	(11,478)	(6,648)
Closing Units	26,545,362	823,944

F-Class	Distribution	Accumulation
Opening Units	62	2,140
Units issued	125	4,393
Units cancelled	(123)	(828)
Units converted	–	–
Closing Units	64	5,705

I-Class	Distribution	Accumulation
Opening Units	432,852	432,017
Units issued	12,404	49,643
Units cancelled	(94,017)	(124,147)
Units converted	20,131	14,708
Closing Units	371,370	372,221

Notes to the Financial Statements continued

15. Ultimate controlling party and related party transactions

The Manager is regarded as a related party to the Trust because it provides key management personnel services to the Trust. The ultimate controlling party of the Manager is Legal & General Group Plc. Subsidiaries of Legal & General Group Plc are also considered related parties to the Trust.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Trust. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

Equalisation amounts relating to creations and cancellations of units are shown within note 7. Fees received by the Authorised Fund Manager from the Trust plus any rebates paid by the Authorised Fund Manager to the Trust are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Trust, or rebates receivable by the Trust from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 63.28% (63.69% as at 18 June 2016) of the Trust's units in issue.

16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class distribution unit was 909.59p. The Net Asset Value per R-Class distribution unit for the Trust as at 12 noon on 7 August 2017 was 921.50p. This represents an increase of 1.31% from the year end value.

Distribution Tables

Distribution Tables for the year ended 18 June 2017

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

Equalisation is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Interim dividend distribution in pence per unit			Period	
			19/06/16	to 18/12/16
R-Class			Distribution	Distribution
Distribution Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	2.3848	–	2.3848	1.2824
Group 2	1.9359	0.4489	2.3848	1.2824
R-Class			Distribution	Distribution
Accumulation Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	2.6593	–	2.6593	1.4179
Group 2	1.8101	0.8492	2.6593	1.4179
E-Class			Distribution	Distribution
Distribution Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	2.3848	–	2.3848	1.2824
Group 2	1.7639	0.6209	2.3848	1.2824
E-Class			Distribution	Distribution
Accumulation Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	2.6593	–	2.6593	1.4179
Group 2	0.0883	2.5710	2.6593	1.4179
F-Class			Distribution	Distribution
Distribution Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	4.5312	–	4.5312	3.4354
Group 2	–	4.5312	4.5312	3.4354
F-Class			Distribution	Distribution
Accumulation Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	5.1253	–	5.1253	3.8668
Group 2	4.1257	0.9996	5.1253	3.8668
I-Class			Distribution	Distribution
Distribution Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	6.1584	–	6.1584	5.1385
Group 2	4.6176	1.5408	6.1584	5.1385
I-Class			Distribution	Distribution
Accumulation Units			18/02/17	18/02/16
	Revenue	Equalisation		
Group 1	7.0762	–	7.0762	5.8180
Group 2	4.0313	3.0449	7.0762	5.8180

Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			19/12/16	to 18/06/17
R-Class			Distribution	Distribution
Distribution Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	2.6500	–	2.6500	3.3062
Group 2	2.1562	0.4938	2.6500	3.3062
R-Class			Distribution	Distribution
Accumulation Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	2.9568	–	2.9568	3.6397
Group 2	2.4157	0.5411	2.9568	3.6397
E-Class			Distribution	Distribution
Distribution Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	2.6500	–	2.6500	3.3062
Group 2	2.1716	0.4784	2.6500	3.3062
E-Class			Distribution	Distribution
Accumulation Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	2.9568	–	2.9568	3.6397
Group 2	2.1249	0.8319	2.9568	3.6397
F-Class			Distribution	Distribution
Distribution Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	5.0156	–	5.0156	5.4516
Group 2	–	5.0156	5.0156	5.4516
F-Class			Distribution	Distribution
Accumulation Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	5.7004	–	5.7004	6.1355
Group 2	–	5.7004	5.7004	6.1355
I-Class			Distribution	Distribution
Distribution Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	6.8067	–	6.8067	7.1574
Group 2	4.0342	2.7725	6.8067	7.1574
I-Class			Distribution	Distribution
Accumulation Units			18/08/17	18/08/16
	Revenue	Equalisation		
Group 1	7.8886	–	7.8886	8.1583
Group 2	4.1608	3.7278	7.8886	8.1583

Trust Information

The Comparative Tables on pages 32 to 39 give the performance of each active share class in the Trust.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Trust's performance disclosed in the Manager's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Trust.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by a fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Trust Information continued

Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	790.73	835.65	727.98
Return before operating charges*	138.74	(26.34)	123.41
Operating charges (calculated on average price)	(14.85)	(14.00)	(12.58)
Return after operating charges*	123.89	(40.34)	110.83
Distributions on income units	(5.03)	(4.58)	(3.16)
Closing net asset value per unit	909.59	790.73	835.65
* after direct transaction costs of:	0.32	0.90	0.70

Performance

Return after charges	15.67%	(4.83)%	15.22%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	58,007,562	54,160,941	62,557,006
Closing number of units	6,377,309	6,849,464	7,486,072
Operating charges [†]	1.77%	1.70%	1.67%
Direct transaction costs	0.04%	0.11%	0.09%

Prices

Highest unit price	990.20p	916.80p	906.90p
Lowest unit price	711.60p	760.10p	677.50p

[†] Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

Trust Information continued

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	879.27	923.96	801.88
Return before operating charges*	154.44	(29.20)	135.88
Operating charges (calculated on average price)	(16.55)	(15.49)	(13.80)
Return after operating charges*	137.89	(44.69)	122.08
Distributions	(5.62)	(5.05)	(3.48)
Retained distributions on accumulation units	5.62	5.05	3.48
Closing net asset value per unit	1,017.16	879.27	923.96
* after direct transaction costs of:	0.36	0.99	0.76

Performance

Return after charges	15.68%	(4.84)%	15.22%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	19,016,411	17,733,063	18,482,864
Closing number of units	1,869,565	2,016,791	2,000,399
Operating charges†	1.77%	1.70%	1.67%
Direct transaction costs	0.04%	0.11%	0.09%

Prices

Highest unit price	1,104.00p	1,051.00p	999.50p
Lowest unit price	791.10p	841.70p	746.20p

† Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

Trust Information continued

Comparative Tables continued

E-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	790.73	835.65	727.98
Return before operating charges*	138.74	(26.34)	123.41
Operating charges (calculated on average price)	(14.85)	(14.00)	(12.58)
Return after operating charges*	123.89	(40.34)	110.83
Distributions on income units	(5.03)	(4.58)	(3.16)
Closing net asset value per unit	909.59	790.73	835.65
* after direct transaction costs of:	0.32	0.90	0.70

Performance

Return after charges	15.67%	(4.83)%	15.22%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	241,454,875	236,386,154	244,925,702
Closing number of units	26,545,362	29,894,573	29,285,804
Operating charges†	1.77%	1.70%	1.67%
Direct transaction costs	0.04%	0.11%	0.07%

Prices

Highest unit price	943.10p	873.10p	863.70p
Lowest unit price	711.60p	760.10p	677.50p

† Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

Trust Information continued

Comparative Tables continued

E-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	879.27	923.96	801.88
Return before operating charges*	154.44	(29.20)	135.94
Operating charges (calculated on average price)	(16.55)	(15.49)	(13.86)
Return after operating charges*	137.89	(44.69)	122.08
Distributions	(5.62)	(5.05)	(3.48)
Retained distributions on accumulation units	5.62	5.05	3.48
Closing net asset value per unit	1,017.16	879.27	923.96
* after direct transaction costs of:	0.36	0.99	0.77

Performance

Return after charges	15.68%	(4.84)%	15.22%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	8,380,795	7,752,162	8,622,530
Closing number of units	823,944	881,660	933,216
Operating charges†	1.77%	1.70%	1.67%
Direct transaction costs	0.04%	0.11%	0.09%

Prices

Highest unit price	1,051.00p	966.90p	951.90p
Lowest unit price	791.10p	841.70p	746.20p

† Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

Trust Information continued

Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	808.06	853.23	743.89
Return before operating charges*	142.09	(26.18)	125.44
Operating charges (calculated on average price)	(10.91)	(10.11)	(8.91)
Return after operating charges*	131.18	(36.29)	116.53
Distributions on income units	(9.55)	(8.88)	(7.19)
Closing net asset value per unit	929.69	808.06	853.23
* after direct transaction costs of:	0.33	0.92	0.71

Performance

Return after charges	16.23%	(4.25)%	15.66%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	595	501	529
Closing number of units	64	62	62
Operating charges [†]	1.27%	1.20%	1.17%
Direct transaction costs	0.04%	0.11%	0.09%

Prices

Highest unit price	965.50p	892.90p	884.60p
Lowest unit price	727.40p	777.70p	693.20p

[†] Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

Trust Information continued

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	914.81	956.50	826.00
Return before operating charges*	161.24	(30.34)	140.54
Operating charges (calculated on average price)	(12.39)	(11.35)	(10.04)
Return after operating charges*	148.85	(41.69)	130.50
Distributions	(10.83)	(10.00)	(8.01)
Retained distributions on accumulation units	10.83	10.00	8.01
Closing net asset value per unit	1,063.66	914.81	956.50
* after direct transaction costs of:	0.37	1.03	0.79

Performance

Return after charges	16.27%	(4.36)%	15.80%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	60,682	19,577	18,537
Closing number of units	5,705	2,140	1,938
Operating charges†	1.27%	1.20%	1.17%
Direct transaction costs	0.04%	0.11%	0.09%

Prices

Highest unit price	1,099.00p	1,003.00p	985.30p
Lowest unit price	823.30p	874.20p	769.90p

† Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

Trust Information continued

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	807.52	853.45	743.50
Return before operating charges*	142.11	(26.81)	126.39
Operating charges (calculated on average price)	(7.55)	(6.83)	(6.06)
Return after operating charges*	134.56	(33.64)	120.33
Distributions on income units	(12.97)	(12.29)	(10.38)
Closing net asset value per unit	929.11	807.52	853.45
* after direct transaction costs of:	0.33	0.92	0.72

Performance

Return after charges	16.66%	(3.94)%	16.18%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	3,450,435	3,495,385	1,698,899
Closing number of units	371,370	432,852	199,063
Operating charges [†]	0.88%	0.81%	0.78%
Direct transaction costs	0.04%	0.11%	0.09%

Prices

Highest unit price	966.90p	894.70p	885.70p
Lowest unit price	727.10p	777.50p	693.90p

[†] Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

Trust Information continued

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/17 (pence per unit)	18/06/16 (pence per unit)	18/06/15 (pence per unit)
Opening net asset value per unit	928.99	967.80	832.20
Return before operating charges*	164.19	(31.05)	142.38
Operating charges (calculated on average price)	(8.72)	(7.76)	(6.78)
Return after operating charges*	155.47	(38.81)	135.60
Distributions	(14.96)	(13.97)	(11.62)
Retained distributions on accumulation units	14.96	13.97	11.62
Closing net asset value per unit	1,084.46	928.99	967.80
* after direct transaction costs of:	0.38	1.04	0.80

Performance

Return after charges	16.74%	(4.01)%	16.29%
----------------------	--------	---------	--------

Other Information

Closing net asset value (£)	4,036,593	4,013,338	1,784,276
Closing number of units	372,221	432,017	184,364
Operating charges†	0.88%	0.81%	0.78%
Direct transaction costs	0.04%	0.11%	0.09%

Prices

Highest unit price	1,120.00p	1,017.00p	996.50p
Lowest unit price	836.30p	886.50p	776.70p

† Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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.

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 five 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.

General Information

Constitution

Launch date:	9 September 1985	
Period end dates for distributions:	18 December, 18 June	
Distribution dates:	18 February, 18 August	
Minimum initial lump sum investment:	R-Class	£500
	E-Class	£100,000
	F-Class*	£500
	I-Class	£1,000,000
Minimum monthly contributions:	R-Class	£50
	E-Class	N/A
	F-Class*	£50
	I-Class	N/A
Valuation point:	12 noon	
Fund management fees:	R-Class	Annual 1.77%
	E-Class	Annual 1.77%
	F-Class*	Annual 1.27%
	I-Class	Annual 0.88%
Initial charge:	R-Class	Nil†
	E-Class	Nil
	F-Class*	Nil
	I-Class	Nil

* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries and platforms in relation to their investment in units in the Trust and
- (ii) authorised intermediaries or 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.

† With effect from 6 June 2017 - See Significant Changes on page 44.

Pricing and Dealing

The prices are published on the internet at 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. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

General Information continued

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.

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.

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, through the size of any return will be dependent on the size of subscriptions and redemptions.

General Information continued

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 UK Smaller Companies 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:

Controlled Functions

Headcount	Scheme Value at 31.12.16 (£'000)	Total Assets managed by UTM at 31.12.16 (£'000)	% Fund Value of Total Assets
16	308,118	35,886,497	0.86

Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Total Remuneration (£,000)	Remuneration related to this Scheme (Pro-rated) (£'000)
3,278	5,980	9,258	79

Material Risk Takers

Headcount	Scheme Value at 31.12.16 (£'000)	Total Assets managed by Equities Investment Team at 31.12.16 (£'000)	% Fund Value of Total Assets
20	308,118	8,100,000	3.80

Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Total Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
2,991	4,914	7,905	300

Controlled Functions

As at 31 December 2016, Legal & General Unit Trust Managers Limited (UTM) engaged the services of five employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition, one LGIMH employee plus one LGR employee were also engaged in Director Services during the year, but resigned in 2016. UTM also engaged the services of a further five LGIMH employees and a further two 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 and Significant Management 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 present the total value of the Trust, and total value of assets managed by UTM, to help put this remuneration in context.

General Information continued

Material Risk Takers

As at the 31 December 2016, UTM engaged the services of Legal & General Investment Management's Equities Investment team, which consists of 20 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 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 present the total value of the Fund and total value of assets managed by the teams, to help put this remuneration in context.

Significant Changes

Removal of the Initial Charge for R-Class

With effect from 6 June 2017, the initial charge for R-Class units has been removed. Prior to this change the initial charge was 5%. The removal of the initial charge will provide better value for investors, as there is no longer a cost of setting up the investment.

Removal of Initial Commission

With effect from 6 June 2017, initial commission will no longer be paid on the Trust. The initial commission was intended to reflect the costs incurred by the product provider and the intermediary for setting up and selling the business, however, Legal & General no longer consider it appropriate to continue to pay commission on such transactions.

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
A. J. C. Craven
S. Hynes (appointed 29 June 2016)
H. Solomon
S. D. Thomas
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 Limited
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

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

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

