

Legal & General
(Alliance & Leicester) Capital Growth Fund
Annual Manager's Report
for the year ended
28 February 2017

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

Manager's Investment Report

Investment Objective and Policy

The (Alliance & Leicester) Capital Growth Fund is designed to track the capital performance of the FTSE 350 Index (the 'Index') and to maintain a gross income yield equal to that of the Index.

Securities in the Index will be held with weightings generally proportionate to their official Index weighting. From time to time non-Index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

Manager's Investment Report

During the year under review, the bid price of the Fund's R-Class accumulation units increased by 21.48%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Fund is valued using prevailing prices at 12pm. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis, over the review period, the Fund increased by 18.47% on a capital only basis, compared with the FTSE 350 Index increase of 18.13% (source: Bloomberg), producing a tracking difference of 0.34%.

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.

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

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Market/Economic Review

Global equity markets have been volatile over the last 12 months, recording heavy losses during the opening weeks of 2016, on concerns over the economic outlook for China and further weakness in commodity markets. The performance of major oil producers and mining stocks has mirrored commodity prices, with the oil price recovering from under \$30/barrel which was its lowest level since 2004. As a result, energy companies continue to place a strong emphasis on cost cutting to maintain profit margins. In the aftermath of the UK vote to leave the European Union in the June referendum, Sterling fell to a 31-year low against the US Dollar. UK equities initially fell before being led higher by globally focused large cap stocks, while share prices of more domestically focused mid-cap and smaller companies were strong but weaker in comparison.

In GBP terms, the UK major sectors such as Industrial Metals & Mining (+270.1%), Mining (+97.2%) and Basic Materials (+85.1%) showed the largest positive returns during the review period, whilst

Manager's Investment Report continued

Fixed Line Telecommunications (-31.1%), Telecommunications (-18.1%) and General Retailers (-16.5%) were the worst performing sectors.

In the UK again in GBP terms, both the large-cap FTSE 100 Index (+19.1%) and FTSE SmallCap Index (+21.1%) outperformed mid-cap stocks as represented by the FTSE 250 Index (+13.3%).

Fund Review

Companies held within the Fund are held with weightings generally proportionate to those of the Index. Hence investment activity, other than to raise or invest cash, is only necessary when there are changes in the issued share capital or free float of the constituent companies, or to the constituents of the Index.

During the period under review there were four Index reviews carried out by FTSE. The March 2016 Index review resulted in four additions and four deletions. Paysafe Group, Mccarthy & Stone and Softcat were new stocks added to the FTSE 350 Index, while Kaz Minerals was promoted from the FTSE SmallCap Index. Poundland Group, Enterprise Inns and Nostrum Oil & Gas were all demoted to the FTSE SmallCap Index. 888 Holdings was deleted from FTSE Universe.

At the annual Index review in June 2016, there were seven additions and seven deletions. Smurfit Kappa Group, CYBG and Metro Bank were the largest new stocks added to the FTSE 350 Index. The largest deletions were Melrose Industries, Northgate and Ophir Energy, which were all demoted to the FTSE SmallCap Index.

The September 2016 Index review resulted in two additions and two deletions. GVC Holdings was a new stock added to the FTSE 350 Index, whilst Hunting was promoted from the FTSE SmallCap Index. These companies replaced Pendragon and Circassia Pharmaceuticals, which were both demoted to the FTSE SmallCap Index.

The December 2016 Index review resulted in four additions and four deletions. ConvaTec Group and NewRiver REIT were new stocks added to the FTSE 350 Index, whilst Nostrum Oil & Gas and Ferrexpo were both promotions from the FTSE SmallCap Index. These companies replaced NCC Group, Laird, DFS Furniture and Countrywide, which were all demoted to the FTSE SmallCap Index.

Mergers and acquisitions occurring outside of the reviews included: Cable & Wireless Communications takeover by Liberty Global (US); ARM Holdings which was deleted from the Index in September following its acquisition by SoftBank (Japan, non-Index constituent) for £23 billion; beverage can distributor Rexam taken over by Ball Corp in the US; SABMiller acquisition by Anheuser-Busch InBev (Belgium) for \$103 billion and retailer Darty bought by the French company FNAC. Home Retail Group was acquired by Sainsburys who consequently increased their freely available market capitalisation. The Index weights following the merger were increased for Vectura after its merger with SkyePharma and Shire after acquisition of Baxalta (US).

Manager's Investment Report continued

The free float and consequently the Index weights were increased as a result of secondary placings for Saga, Worldpay Group and Micro Focus International.

At the end of the review period, the three largest stocks in the FTSE 350 Index were Royal Dutch Shell (7.8%), HSBC Holdings (5.9%) and British American Tobacco (4.3%).

Outlook

In the immediate aftermath of the EU referendum, domestic political uncertainty diminished with the quick appointment of a new Prime Minister, a more measured approach to EU relations and the speedy reduction of interest rates to 0.25% by the Bank of England.

In the fourth quarter, Trump's election as the next US president and Renzi's referendum defeat has taken the spotlight from Brexit uncertainty. Nonetheless, UK economic data continues to surprise to the upside and it's becoming increasingly clear that the hit to activity from Brexit is much smaller than initially feared. This is noteworthy as it was one of the most important negative outliers of post Brexit data and part of the Bank of England's argument for cutting rates.

With a new government and a new Chancellor, a clean sheet of paper reduces the need to stick to previous austerity promises. In the Autumn budget, the Chancellor has clearly favored longer-term infrastructure rather than some of the quick giveaways he could have opted for such as VAT cuts, income tax cuts or stamp duty changes. This policy should help boost growth in the medium to long term but the consequences of the fall in the exchange rate is expected to be felt more strongly during 2017 raising questions about future growth expectations. Given this backdrop of uncertainty the Fund remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited
(Investment Adviser)
22 March 2017

Authorised Status

Authorised Status

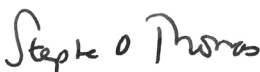
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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)



S. D. Thomas
(Director)

Legal & General (Unit Trust Managers) Limited
19 April 2017

Statement of Responsibilities

Statement of the Manager's Responsibilities

The Manager of the Fund 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 Fund 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 Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund 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 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 (Alliance & Leicester) Capital Growth Fund must ensure that the Fund 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 Fund and its investors.

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

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund 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 Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits
- the Fund'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 (Alliance & Leicester) Capital Growth Fund (“the Fund”) for the year ended 28 February 2017

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

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

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

Northern Trust Global Services Limited
UK Trustee and Depositary Services
19 April 2017

Portfolio Statement

Portfolio Statement as at 28 February 2017

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent sector holdings at 28 February 2016.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 85.69% (88.26%)		
	Oil & Gas Producers		
	— 8.21% (7.21%)		
1,300,686	BP	5,864,793	3.84
36,855	Cairn Energy	82,224	0.06
5,900	Nostrum Oil & Gas	29,494	0.02
25,970	Royal Dutch Shell 'A'	536,410	0.35
270,712	Royal Dutch Shell 'B'	5,854,147	3.83
60,801	Tullow Oil	165,257	0.11
		12,532,325	8.21
	Oil Equipment, Services & Distribution — 0.34% (0.31%)		
28,489	AMEC	126,349	0.08
9,600	Hunting	51,120	0.03
25,163	John Wood Group	189,603	0.13
17,792	Petrofac	157,281	0.10
		524,353	0.34
	Chemicals — 0.66% (0.63%)		
9,036	Croda International	310,116	0.20
33,332	Elementis	100,196	0.07
13,394	Johnson Matthey	409,722	0.27
16,479	Synthomer	73,496	0.05
5,709	Victrix	108,186	0.07
		1,001,716	0.66
	Forestry & Paper — 0.31% (0.25%)		
25,272	Mondi (UK)	471,070	0.31
	Industrial Metals & Mining — 0.07% (0.02%)		
33,871	EVRAZ	75,905	0.05
17,747	Ferrexpo	27,952	0.02
		103,857	0.07
	Mining — 4.44% (2.81%)		
11,500	African Barrick Gold	60,893	0.04
88,186	Anglo American	1,104,089	0.72
24,214	Antofagasta	195,286	0.13
144,282	BHP Billiton	1,879,994	1.23
11,467	Fresnillo	167,877	0.11
15,000	Hochschild Mining	39,420	0.03
18,000	KAZ Minerals	93,060	0.06
6,301	Randgold Resources	468,479	0.31
82,414	Rio Tinto	2,708,124	1.77
7,281	Vedanta Resources	62,289	0.04
		6,779,511	4.44
	Construction & Materials — 0.31% (0.32%)		
45,780	Balfour Beatty	127,131	0.08

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Construction & Materials — (cont.)		
6,051	Galliford Try	92,278	0.06
14,400	Ibstock	29,002	0.02
5,651	Keller Group	48,796	0.03
6,621	Kier Group	96,402	0.06
14,000	Marshalls	41,132	0.03
13,000	Polypipe Group	44,278	0.03
		479,019	0.31
	Aerospace & Defence		
	— 1.90% (2.02%)		
214,599	BAE Systems	1,357,339	0.89
121,309	Cobham	146,784	0.10
53,638	Meggitt	254,405	0.17
38,392	QinetiQ	107,229	0.07
113,610	Rolls-Royce Holdings	888,998	0.58
33,082	Senior	59,812	0.04
4,275	Ultra Electronic Holdings	84,089	0.05
		2,898,656	1.90
	General Industrials		
	— 0.66% (0.78%)		
66,011	DS Smith	296,587	0.19
28,538	RPC Group	258,412	0.17
26,975	Smiths Group	401,658	0.26
14,590	Vesuvius	66,939	0.04
		1,023,596	0.66
	Electronic & Electrical Equipment		
	— 0.38% (0.35%)		
25,578	Halma	248,107	0.16
21,951	Morgan Advanced Materials	68,443	0.04
2,436	Renishaw	74,663	0.05
8,038	Spectris	195,323	0.13
		586,536	0.38
	Industrial Engineering		
	— 0.69% (0.51%)		
13,937	Bodycote	106,061	0.07
4,600	Hill & Smith Holdings	50,876	0.03
18,726	IMI	233,326	0.15
59,025	Rotork	146,028	0.10
5,119	Spirax-Sarco Engineering	227,796	0.15
15,383	Weir Group	288,893	0.19
		1,052,980	0.69
	Industrial Transportation		
	— 0.36% (0.33%)		
68,633	BBA Aviation	210,154	0.14
1,852	Clarkson	45,467	0.03
2,000	Fisher (James) & Sons	31,500	0.02
64,956	Royal Mail	268,593	0.17
		555,714	0.36
	Support Services — 4.36% (4.44%)		
43,039	AA	111,514	0.07
16,805	Aggreko	177,293	0.12
34,198	Ashtead Group	564,609	0.37
34,674	Babcock International Group	322,642	0.21

Portfolio Statement continued

Holding/ Nominal	Investment	Market Value £	% of Net Assets
	Support Services — (cont.)		
12,575	Berendsen	114,998	0.08
23,000	Bunzl	521,410	0.34
45,554	Capita Group	251,914	0.17
31,284	Carillion	67,605	0.04
7,109	Diploma	76,635	0.05
31,620	Electrocomponents	149,974	0.10
58,058	Experian Group	927,767	0.61
19,020	Filtrona	103,564	0.07
104,096	G4S	272,211	0.18
94,548	Hays	152,884	0.10
17,363	Homeserve	103,223	0.07
40,600	Howden Joinery	174,174	0.11
10,923	Intertek Group	382,523	0.25
21,685	Michael Page International	91,988	0.06
25,249	Mitie Group	51,634	0.03
5,052	PayPoint	49,282	0.03
123,394	Rentokil Initial	293,554	0.19
81,088	Serco Group	95,684	0.06
42,129	SIG	47,774	0.03
16,247	Travis Perkins	249,554	0.16
17,245	Wolseley	852,420	0.56
130,102	Worldpay Group	354,138	0.23
7,271	WS Atkins	104,484	0.07
		6,665,452	4.36
	Automobiles & Parts — 0.27% (0.24%)		
115,593	GKN	417,406	0.27
	Beverages — 2.66% (4.63%)		
5,748	A.G. Barr	29,832	0.02
17,563	Britvic	110,647	0.07
172,577	Diageo	3,921,812	2.57
		4,062,291	2.66
	Food Producers — 0.64% (2.80%)		
24,137	Associated British Foods	627,562	0.41
2,098	Cranswick	48,380	0.03
10,900	Dairy Crest Group	60,768	0.04
33,538	Tate & Lyle	246,504	0.16
		983,214	0.64
	Household Goods & Home Construction — 3.35% (3.74%)		
68,084	Barratt Developments	346,888	0.23
8,151	Bellway	212,904	0.14
8,783	Berkeley Group	257,605	0.17
9,706	Bovis Homes Group	75,464	0.05
10,483	Countryside Properties	23,828	0.02
17,237	Crest Nicholson Holdings	94,028	0.06
19,717	McCarthy & Stone	37,640	0.02
21,158	Persimmon	436,490	0.29
43,055	Reckitt Benckiser Group	3,145,168	2.06
16,396	Redrow	80,603	0.05
223,904	Taylor Wimpey	402,132	0.26
		5,112,750	3.35
	Personal Goods — 2.49% (0.39%)		
30,194	Burberry Group	502,730	0.33
14,951	PZ Cussons	47,410	0.03

Portfolio Statement continued

Holding/ Nominal	Investment Value	Market Value £	% of Net Assets
Personal Goods — (cont.)			
2,837	SuperGroup	42,328	0.03
2,000	Ted Baker	56,680	0.03
82,809	Unilever	3,159,163	2.07
		3,808,311	2.49
Tobacco — 5.86% (5.73%)			
127,605	British American Tobacco	6,464,469	4.23
65,589	Imperial Tobacco	2,492,054	1.63
		8,956,523	5.86
Health Care Equipment & Services — 0.78% (0.78%)			
26,261	Al Noor Hospitals Group	194,725	0.13
34,690	ConvaTec Group	81,487	0.05
4,754	NMC Health	82,862	0.06
63,228	Smith & Nephew	763,794	0.50
18,739	Spire Healthcare Group	61,333	0.04
		1,184,201	0.78
Pharmaceuticals & Biotechnology — 6.75% (6.79%)			
86,724	Astrazeneca	4,048,710	2.65
27,560	BTG	158,470	0.10
7,000	Dechra Pharmaceuticals	111,720	0.07
4,062	Genus	70,760	0.05
333,642	GlaxoSmithKline	5,480,070	3.59
9,469	Hikma Pharmaceuticals	204,152	0.13
45,677	Indivior	159,732	0.11
49,000	Vectura Group	70,511	0.05
		10,304,125	6.75
Food & Drug Retailers — 1.36% (1.51%)			
112,295	Booker Group	224,253	0.15
7,500	Greggs	73,613	0.05
141,653	Morrison (WM) Supermarkets	344,783	0.23
28,635	Ocado Group	70,757	0.04
113,493	Sainsbury (J)	303,821	0.20
561,706	Tesco	1,059,378	0.69
		2,076,605	1.36
General Retailers — 1.72% (2.65%)			
11,654	AO World	17,283	0.01
13,069	Brown (N) Group	27,001	0.01
11,532	Card Factory	30,318	0.02
78,953	Debenhams	41,845	0.03
3,351	Dignity	85,819	0.06
68,691	Dixons Carphone	207,309	0.14
6,343	Dunelm Group	40,944	0.03
14,423	Halfords Group	49,298	0.03
30,419	Inchcape	227,838	0.15
23,000	JD Sports Fashion	81,282	0.05
36,823	Just Eat	184,483	0.12
155,255	Kingfisher	507,063	0.33
112,418	Marks & Spencer Group	377,949	0.25
9,879	Next	380,638	0.25
20,867	Pets at Home Group	38,625	0.03

Portfolio Statement continued

Holding/ Nominal	Investment Value	Market Value £	% of Net Assets
General Retailers — (cont.)			
75,697	SAGA	142,916	0.09
18,100	Sports Direct International	53,848	0.03
7,810	WH Smith	132,301	0.09
		2,626,760	1.72
Media — 2.25% (2.61%)			
12,475	Ascential	35,317	0.02
61,054	Auto Trader Group	239,881	0.16
2,748	Euromoney Institutional Investor	30,118	0.02
256,232	ITV	520,663	0.34
35,048	Moneysupermarket.com	115,343	0.07
57,055	Pearson	391,397	0.26
71,850	Reed Elsevier	1,079,187	0.71
6,104	Rightmove	241,779	0.15
73,013	Sky	727,575	0.48
16,044	Zoopla Property Group	60,037	0.04
		3,441,297	2.25
Travel & Leisure — 3.47% (3.83%)			
12,718	Carnival	557,303	0.37
13,280	Cineworld Group	85,125	0.06
111,992	Compass Group	1,670,921	1.09
20,929	Domino's Pizza Group	80,786	0.05
17,980	easyJet	169,641	0.11
80,617	Firstgroup	96,982	0.06
3,189	Go-Ahead Group	64,322	0.04
21,721	Greene King	146,943	0.10
13,471	InterContinental Hotels Group	509,743	0.33
59,549	Ladbrokes	73,007	0.05
37,100	Marston's	48,824	0.03
47,026	Merlin Entertainments	232,308	0.15
8,708	Millennium & Copthorne Hotels	40,039	0.03
15,754	Mitchells & Butlers	39,070	0.03
31,077	National Express	111,970	0.07
8,886	Rank Group	18,749	0.01
13,050	Restaurant Group	43,209	0.03
30,388	SSP Group	124,925	0.08
32,882	Stagecoach Group	67,901	0.04
103,257	Thomas Cook Group	90,402	0.06
30,359	TUI Travel	346,093	0.23
6,018	Wetherspoon (J.D.)	59,398	0.04
12,792	Whitbread	489,678	0.32
51,058	William Hill	134,997	0.09
		5,302,336	3.47
Fixed Line Communications — 1.30% (2.31%)			
574,205	BT Group	1,889,134	1.24
36,430	TalkTalk Telecom Group	61,931	0.04
3,201	Telecom Plus	38,732	0.02
		1,989,797	1.30
Mobile Telecommunications — 2.54% (3.24%)			
30,671	Inmarsat	219,604	0.15
1,820,457	Vodafone Group	3,656,388	2.39
		3,875,992	2.54

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Electricity — 0.77% (0.76%)		
26,757	Drax Group	93,489	0.06
70,399	SSE	1,077,809	0.71
		1,171,298	0.77
	Gas, Water & Multiutilities — 2.90% (3.27%)		
372,141	Centrica	836,573	0.55
258,267	National Grid	2,516,295	1.65
27,727	Pennon Group	237,620	0.15
16,314	Severn Trent	377,832	0.25
46,942	United Utilities	457,450	0.30
		4,425,770	2.90
	Banks — 11.03% (9.60%)		
12,902	Aldermore Group	29,700	0.02
2,311	Bank of Georgia Holdings	65,448	0.04
1,157,690	Barclays	2,607,697	1.71
53,651	CYBG	141,048	0.09
1,366,867	HSBC Holdings	8,836,795	5.79
4,417,446	Lloyds Banking Group	3,049,363	2.00
4,861	Metro Bank	167,024	0.11
227,586	Royal Bank of Scotland Group	541,199	0.35
8,209	Shawbrook Group	20,949	0.01
183,679	Standard Chartered	1,325,244	0.87
16,663	Virgin Money Holdings	55,971	0.04
		16,840,438	11.03
	Nonlife Insurance — 0.76% (0.78%)		
13,407	Admiral Group	243,337	0.16
96,097	Direct Line Insurance Group	327,114	0.21
18,103	esure Group	38,668	0.03
15,285	Hastings Group	35,966	0.02
8,951	Jardine Lloyd Thompson Group	92,285	0.06
70,501	RSA Insurance Group	424,416	0.28
		1,161,786	0.76
	Life Insurance — 4.51% (4.24%)		
280,444	Aviva	1,414,840	0.93
28,267	Just Retirement Group	41,863	0.03
414,602	Legal & General Group	1,029,871	0.67
333,555	Old Mutual	726,816	0.47
174,488	Prudential	2,807,512	1.84
35,674	St. James's Place	378,858	0.25
132,196	Standard Life	487,671	0.32
		6,887,431	4.51
	Real Estate Investment & Services — 0.34% (0.41%)		
50,710	Capital & Counties Properties	149,392	0.10
1,146	CLS Holdings	19,608	0.01
448	Daejan Holdings	29,882	0.02
27,894	Grainger Trust	70,377	0.05
9,598	Savills	81,871	0.05
12,949	St. Modwen Properties	44,247	0.03
39,626	UK Commercial Property Trust	32,474	0.02
14,625	Unite Group	91,333	0.06
		519,184	0.34

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Real Estate Investment Trusts		
	— 1.87% (2.07%)		
122,985	Assura	71,639	0.05
9,287	Big Yellow Group	68,677	0.05
70,050	British Land	432,209	0.28
60,362	Capital Shopping Centres Group	173,963	0.11
6,777	Derwent London	188,401	0.12
24,003	Great Portland Estates	155,419	0.10
53,641	Hammerson	314,068	0.21
54,995	Hansteen Holdings	64,344	0.04
53,837	Land Securities Group	571,749	0.37
41,073	London & Stamford Property	63,335	0.04
12,268	NewRiver REIT	40,902	0.03
91,698	Redefine International	33,598	0.02
15,000	Safestore Holdings	57,240	0.05
56,847	SEGRO	281,165	0.18
17,694	Shaftesbury	161,104	0.11
73,219	Tritax Big Box Reit	106,314	0.07
7,943	Workspace Group	63,187	0.04
		2,847,314	1.87
	Financial Services		
	— 2.53% (2.54%)		
66,013	3i Group	453,839	0.30
69,807	Aberdeen Asset Management	193,086	0.13
7,565	Allied Minds	29,382	0.02
25,720	Ashmore Group	93,184	0.06
20,233	Brewin Dolphin Holdings	62,115	0.04
10,721	Close Brothers Group	161,565	0.11
6,012	CMC Markets	7,118	—
16,899	Hargreaves Lansdown	225,940	0.15
24,503	IG Group	129,743	0.08
20,011	Intermediate Capital Group	142,278	0.09
13,412	International Personal Finance	25,148	0.02
44,092	Investec	253,529	0.17
36,530	IP Group	59,106	0.04
23,613	John Laing Group	64,204	0.04
30,395	Jupiter Fund Management	126,656	0.08
21,330	London Stock Exchange Group	654,404	0.43
111,101	Man Group	161,208	0.11
20,709	NEX Group	120,216	0.08
6,000	OneSavings Bank	22,068	0.01
19,748	Paragon Group	84,462	0.06
9,954	Provident Financial	290,955	0.19
3,624	Rathbone Brothers	82,011	0.05
7,455	Schroders	227,079	0.15
4,467	SVG Capital	31,872	0.02
31,896	Tullett Prebon	156,322	0.10
		3,857,490	2.53
	Equity Investments Instruments		
	— 2.15% (1.98%)		
7,008	Aberforth Smaller Companies Trust	83,115	0.05
34,783	Alliance Trust	236,003	0.15
8,111	Bankers Investment Trust	62,374	0.04
8,423	British Empire Trust	56,350	0.04
2,222	Caledonia Investments	62,527	0.04
22,827	City of London Investment	94,390	0.06

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
Equity Investments Instruments			
— (cont.)			
14,395	Dexion Absolute	151	—
14,333	Edinburgh Investment Trust	101,048	0.07
1,719	Electra Investment Trust	84,334	0.05
28,665	Fidelity China Special Situations	53,833	0.04
30,344	Fidelity European Values	57,107	0.04
7,900	Finsbury Growth & Income Trust	53,997	0.04
38,880	Foreign & Colonial Investment Trust	220,061	0.14
46,200	Greencoat UK Wind	55,763	0.04
99,011	HICL Infrastructure	163,764	0.11
4,500	HICL Infrastructure - Rights 28/05/2017	288	—
77,222	International Public Partner	123,478	0.08
17,815	JPMorgan American Investment Trust	67,875	0.04
8,705	JPMorgan Emerging Markets Investment Trust	64,373	0.04
7,000	JPMorgan Indian Investment Trust	46,235	0.03
6,371	Mercantile Investment Trust	114,933	0.08
15,211	Monks Investment Trust	93,472	0.06
8,424	Murray International Trust	99,403	0.07
5,867	P2P Gobal Investments	46,584	0.03
16,908	Perpetual Income & Growth Trust	62,509	0.04
120	Personal Assets Trust	48,672	0.03
9,266	Polar Capital Technology Trust	86,498	0.06
9,083	RIT Capital Partners	171,487	0.11
6,885	Scottish Investment Trust	54,873	0.04
89,831	Scottish Mortgage Investment Trust	315,127	0.21
5,035	Temple Bar Investment Trust	64,800	0.04
19,651	Templeton Emerging Markets Investment Trust	128,026	0.08
21,578	TR Property Investment Trust	65,640	0.04
12,607	Witan Investment Trust	118,821	0.08
51,216	Woodford Patient Capital Trust	47,785	0.03
3,242	Worldwide Healthcare Trust	76,997	0.05
		3,282,693	2.15
Software & Computer Services			
— 0.70% (0.62%)			
5,047	Aveva Group	96,246	0.06
2,710	Computacenter	21,328	0.02
2,903	Fidessa Group	73,214	0.05
14,412	Micro Focus International	313,749	0.21
78,903	Sage Group	508,530	0.33
6,506	Softcat	21,034	0.01
11,364	Sophos Group	31,956	0.02
		1,066,057	0.70
Technology Hardware & Equipment — 0.00% (0.76%)			
CHANNEL ISLANDS			
— 6.27% (4.35%)			
Mining — 1.88% (0.88%)			
81,139	Centamin	140,857	0.10
790,164	Glencore	2,551,440	1.67

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Mining — (cont.)		
17,982	Polymetal International	170,649	0.11
		2,862,946	1.88
	Support Services — 0.08% (0.10%)		
45,512	Regus	128,116	0.08
	Pharmaceuticals & Biotechnology — 1.95% (1.18%)		
60,898	Shire	2,981,262	1.95
	Media — 1.48% (1.39%)		
57,722	Informa	385,294	0.25
28,052	United Business Media	210,530	0.14
87,846	WPP	1,664,682	1.09
		2,260,506	1.48
	Travel & Leisure — 0.22% (0.12%)		
20,759	GVC Holdings	141,992	0.09
16,820	Playtech	149,362	0.10
2,374	Wizz Air Holdings	39,361	0.03
		330,715	0.22
	Nonlife Insurance — 0.10% (0.09%)		
34,971	Beazly	151,669	0.10
	Real Estate Investment & Services — 0.08% (0.10%)		
35,451	F&C Commercial Property Trust	49,348	0.03
6,857	Kennedy Wilson Europe Real Estate	65,964	0.05
		115,312	0.08
	Financial Services — 0.11% (0.13%)		
74,799	Henderson Group	166,428	0.11
	Equity Investment Instruments — 0.37% (0.36%)		
49,026	3i Infrastructure	95,405	0.06
1,718	BH Macro (GBP)	36,714	0.02
44,389	GCP Infrastructure Investments	56,729	0.04
7,541	Genesis Emerging Markets Fund	47,018	0.03
5,583	Harbourvest Global Private Equity	68,280	0.05
55,747	John Laing Infrastructure Fund	76,541	0.05
73,791	NB Global Floating Rate Income	71,983	0.05
56,881	Renewables Infrastructure Group	61,090	0.04
3,815	Riverstone Energy	49,099	0.03
		562,859	0.37
	BERMUDA — 0.24% (0.22%)		
	Mining — 0.03% (0.00%)		
36,000	Petra Diamonds	49,644	0.03
	Nonlife Insurance — 0.21% (0.22%)		
19,992	Hiscox	214,914	0.14
14,640	Lancashire Holdings	101,894	0.07
		316,808	0.21

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	BRITISH VIRGIN ISLANDS — 0.14% (0.11%)		
	Life Insurance — 0.14% (0.11%)		
27,616	Phoenix Group	212,505	0.14
	GIBRALTAR — 0.00% (0.01%)		
	Travel & Leisure — 0.00% (0.01%)		
	IRELAND — 2.13% (1.82%)		
	Health Care Equipment & Services — 0.07% (0.06%)		
15,960	United Drug	110,044	0.07
	Construction & Materials — 1.00% (0.77%)		
56,223	CRH	1,533,763	1.00
	Support Services — 0.34% (0.33%)		
6,056	DCC	417,561	0.28
15,154	Grafton Group	96,531	0.06
		514,092	0.34
	Food Producers — 0.09% (0.10%)		
54,257	Greencore Group	140,417	0.09
	General Retailers — 0.09% (0.10%)		
47,725	B&M European Value Retail	141,600	0.09
	General Industrials — 0.22% (0.00%)		
15,930	Smurfit Kappa Group	341,858	0.22
	Travel & Leisure — 0.32% (0.46%)		
5,651	Paddy Power Betfair	491,920	0.32
	NETHERLANDS — 3.48% (2.91%)		
	Oil & Gas Producers — 3.48% (2.91%)		
257,147	Royal Dutch Shell 'A' (Dutch listing)	5,314,226	3.48
	SPAIN — 0.41% (0.52%)		
	Travel & Leisure — 0.41% (0.52%)		
116,454	International Consolidated Airlines Group	622,447	0.41
	SWITZERLAND — 0.17% (0.14%)		
	Food Producers — 0.17% (0.14%)		
13,470	Coca-Cola HBC	261,857	0.17
	ISLE OF MAN — 0.08% (0.00%)		
	Support Services — 0.08% (0.00%)		
29,104	Paysafe Group	122,702	0.08
	CANADA — 0.04% (0.03%)		
	Media — 0.04% (0.03%)		
24,438	Entertainment One	57,942	0.04
	FUTURES — 0.01% (0.04%)		
6	FTSE 100 Future (Expiry March 2017)	19,445	0.01

Portfolio Statement continued

Portfolio of investments

Net other assets

Total net assets

Market Value £	% of Net Assets
150,686,937	98.66
2,045,094	1.34
£152,732,031	100.00%

Total purchases for the year: £4,984,589.

Total sales for the year: £13,727,108.

Independent Auditors' Report

Independent Auditors' Report to the Unitholders of Legal & General (Alliance & Leicester) Capital Growth Fund (the "Fund")

Report on the financial statements

Our opinion

In our opinion, Legal & General (Alliance & Leicester) Capital Growth Fund's financial statements, (the "financial statements"):

- give a true and fair view of the financial position of the Fund as at 28 February 2017 and of the net revenue and the net capital gains of the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

What we have audited

The financial statements, included within the Annual Manager's Report, comprise:

- the balance sheet as at 28 February 2017;
- the statement of total return for the year then ended;
- the statement of change in unitholders' funds for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Trust Deed.

In applying the financial reporting framework, the Authorised Fund Manager has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Independent Auditors' Report continued

Opinions on matters prescribed 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; and
- 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.

Other matters on which we are required to report by exception

Propriety of accounting records and information and explanations received

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Fund Manager

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 6, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Fund'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.

Independent Auditors' Report continued

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Fund’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and
- the overall presentation of the financial statements.
- We primarily focus our work in these areas by assessing the directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.
- We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Manager’s Report (the “Annual Report”) to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2017

Notes:

- a) The maintenance and integrity of the Legal & General website is the responsibility of the 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 28 February 2017

	Notes	28/02/17		28/02/16	
		£	£	£	£
Income					
Net capital gains/(losses)	3	24,331,662		(17,877,935)	
Revenue	4	5,863,549		5,911,351	
Expenses	5	(2,078,127)		(2,142,135)	
Interest payable and similar charges	7	(293)		(1)	
Net revenue before taxation		<u>3,785,129</u>		<u>3,769,215</u>	
Taxation	6	(19,631)		(22,916)	
Net revenue after taxation for the year		<u>3,765,498</u>		<u>3,746,299</u>	
Total return before distributions		28,097,160		(14,131,636)	
Distributions	7	(3,765,498)		(3,746,300)	
Change in Unitholders' Funds from investment activities		<u>£24,331,662</u>		<u>£(17,877,936)</u>	

Statement of Change in Unitholders' Funds for the year ended 28 February 2017

	28/02/17		28/02/16	
	£	£	£	£
Opening net assets	137,325,345		162,604,236	
Amounts received on issue of units	87,057		209,085	
Amounts paid on cancellation of units	(12,710,667)		(11,289,727)	
	(12,623,610)		(11,080,642)	
Change in Unitholders' Funds from investment activities	24,331,662		(17,877,936)	
Retained distributions on accumulation units	3,698,634		3,679,687	
Closing net assets	<u>£152,732,031</u>		<u>£137,325,345</u>	

Financial Statements continued

Balance Sheet as at 28 February 2017

	Notes	28/02/17 £	28/02/16 £
ASSETS			
Fixed assets:			
Investments		150,686,937	135,134,424
Current assets:			
Debtors	8	1,349,197	1,769,037
Cash and bank balances	9	1,188,458	1,105,642
Total assets		153,224,592	138,009,103
LIABILITIES			
Creditors:			
Bank overdrafts	9	(88,544)	(81,420)
Other creditors	10	(404,017)	(602,338)
Total liabilities		(492,561)	(683,758)
Net assets		£152,732,031	£137,325,345
Unitholders' Funds		£152,732,031	£137,325,345

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 Fund has early adopted the amendment to FRS 102 in respect of the fair value hierarchy/valuation techniques disclosure. 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 Fund 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.

Revenue from derivative instruments is treated in accordance with note 1(i).

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 Fund 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.

Notes to the Financial Statements continued

(d) Treatment of expenses

All expenses (other than those relating to the purchase and sale of investments and Stamp Duty Reserve Tax) 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 period. All remaining revenue is distributed in accordance with the COLL.

The Fund management fee (or the Manager's periodic fee prior to 1 June 2015) is deducted from revenue for the purpose of calculating the distribution.

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

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

(f) Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 28 February 2017, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price, excluding any accrued interest and the fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

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. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Foreign exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange, ruling at 12 noon on 28 February 2017, being the last working day of the accounting year.

Notes to the Financial Statements continued

(i) Derivative instruments

Financial derivative instruments may be used by the Fund for efficient portfolio management, for example to hedge investment exposure or to adjust exposure in a cost effective manner.

Derivative instruments held within the Fund have been accounted for and taxed in accordance with the Statement of Recommended Practice for Authorised Funds ("The IMA SORP 2014"). Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

3. Net capital gains/(losses)

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

Non-derivative securities

Derivative contracts

Currency (losses)

Transaction charges

Net capital gains/(losses)

	28/02/17	28/02/16
	£	£
	24,331,747	(17,801,649)
	1,337	(68,318)
	(1,422)	(5,908)
	—	(2,060)
	<u>24,331,662</u>	<u>(17,877,935)</u>

4. Revenue

Franked UK dividends

Non-taxable overseas dividends

Property distributions

Franked stock dividends

Unfranked stock dividends

Investment trust revenue

Futures revenue

Bank interest

Underwriting commission

HMRC interest

	28/02/17	28/02/16
	£	£
	4,276,342	4,871,514
	419,138	399,489
	81,535	40,777
	1,043,338	560,882
	—	28,835
	2,652	—
	39,123	4,816
	1,421	3,626
	—	1,285
	—	127
	<u>5,863,549</u>	<u>5,911,351</u>

Notes to the Financial Statements continued

5. Expenses

	28/02/17	28/02/16
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic fee	—	517,843
Fund management fees	2,078,127	1,554,422
Registration fees	—	62,142
	<u>—</u>	<u>2,134,407</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	—	5,080
Safe custody fees	—	462
	<u>—</u>	<u>5,542</u>
Other expenses:		
Audit fee*	—	1,772
VAT on audit fee	—	354
FCA fee	—	60
	<u>—</u>	<u>2,186</u>
Total expenses	<u>2,078,127</u>	<u>2,142,135</u>

* Audit fees of £7,660 plus VAT of £1,532 have been borne by the Manager out of its fund management fee in the current year. In the prior year, the total audit fee was £7,550 plus VAT of £1,510. The amounts charged to the Fund are shown in the table above, with the remainder borne by the Manager out of its fund management fee.

Notes to the Financial Statements continued

6. Taxation

(a) Analysis of taxation charge in year

	28/02/17	28/02/16
	£	£
Overseas tax	19,361	22,916
Current tax [note 6(b)]	19,361	22,916
Deferred tax [note 6(c)]	—	—
Total taxation	19,361	22,916

(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	3,785,129	3,769,215
Net revenue before taxation multiplied by the applicable rate of Corporation Tax at 20% (2016: 20%)	757,026	753,843
Effects of:		
Tax on franked dividends	(855,268)	(974,303)
Overseas tax	19,631	22,916
Stock dividends	(208,668)	(112,176)
Excess management expenses not utilised	390,738	412,534
Non-taxable overseas dividends	(83,828)	(79,898)
Current tax	19,631	22,916

(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 £11,600,049 (28 February 2016: £11,209,311) due to surplus management expenses.

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:

	28/02/17	28/02/16
	£	£
Interim distribution	2,427,703	2,539,039
Final distribution	1,270,931	1,140,648
	<u>3,698,634</u>	<u>3,679,687</u>
Add: Revenue deducted on cancellation of units	67,041	67,197
Less: Revenue received on creation of units	(177)	(584)
	<u>3,765,498</u>	<u>3,746,300</u>
Distributions for the year	3,765,498	3,746,300
Interest payable and similar charges		
Bank overdraft interest	293	1
	<u>3,765,791</u>	<u>3,746,301</u>

8. Debtors

	28/02/17	28/02/16
	£	£
Sales awaiting settlement	337,473	945,558
Accrued revenue	1,000,548	794,678
Recoverable overseas tax	10,646	28,659
Currency deals awaiting settlement	—	142
CIS income tax recoverable	530	—
	<u>1,349,197</u>	<u>1,769,037</u>

9. Net uninvested cash

	28/02/17	28/02/16
	£	£
Amounts held at futures clearing houses and brokers	93,865	106,541
Cash and bank balances	1,094,593	999,101
Bank overdrafts	(88,544)	(81,420)
	<u>1,099,914</u>	<u>1,024,222</u>

Notes to the Financial Statements continued

10. Creditors

	28/02/17	28/02/16
	£	£
Amounts payable for cancellation of units	236,768	458,004
Purchases awaiting settlement	—	—
Accrued expenses	167,249	144,334
	<u>404,017</u>	<u>602,338</u>

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (28 February 2016: same).

12. Financial Instruments and Associated Risks

The investments of a Fund 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 UTM, including members of the UTM Board. Other senior staff members are also in attendance, as required by the agenda.

Each Fund 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 UTM 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 Fund is detailed on page 2.

Notes to the Financial Statements continued

(a) Market Risk arising from other price risk

Market Risk arises mainly from uncertainty about future prices. It represents the potential loss the Fund 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 Fund can be seen in the Portfolio Statement starting on page 9. Movements in the prices of these investments result in movements in the performance of the Fund. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Fund's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 28th February 2017, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £7,534,347 (28 February 2016: £6,756,721).

(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 Fund'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 Fund.

Notes to the Financial Statements continued

(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. Forward currency contracts were not utilised during the current year but were in the preceding year.

At 28 February 2017, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £53,224 (28 February 2016: £40,990).

The direct foreign currency profile of the Fund's net assets at the balance sheet date was:

28/02/17 Currency	Monetary	Net foreign currency assets	
	exposures	Non-monetary	Total
	£'000	exposures	£'000
Euro	8	5,314	5,322
US Dollars	—	—	—

28/02/16 Currency	Monetary	Net foreign currency assets	
	exposures	Non-monetary	Total
	£'000	exposures	£'000
Euro	23	4,006	4,029
US Dollars	70	—	70

(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 Fund'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 Fund is the liability to Unitholders for any cancellation of units. The Fund is also exposed to liquidity risk through its commitments under derivative contracts, whereby additional margin payments or collateral payments may need to be posted with the counterparty or clearing house.

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

(f) Derivative Risk - Sensitivity Analysis

Derivative Risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

During the year the Fund made use of the following derivatives:

Futures

Futures are used to hedge market exposure from cash flows to ensure asset allocation views can be maintained without adjusting underlying holdings too frequently. They are also used to adjust the tactical asset allocation of the Fund. Futures and options allow a low cost and liquid mechanism of achieving these aims.

The effective exposure of all derivatives must be fully covered with a corresponding cash balance or appropriate stock position at all times.

The effective exposure of the futures contracts at the balance sheet date and the effects of an increase or decrease in the underlying security on the net asset value of the Fund are shown below:

		Impact on Net Assets of the Fund from movement in underlying exposure value of below percentage			
28/02/17	Effective exposure	(20%)	(10%)	10%	20%
Derivative	£'000				
FTSE 100 Index Future	434	(0.06)	(0.03)	0.03	0.06
Total	434	(0.06)	(0.03)	0.03	0.06
		Impact on Net Assets of the Fund from movement in underlying exposure value of below percentage			
28/02/16	Effective exposure	(20%)	(10%)	10%	20%
Derivative	£'000				
FTSE 100 Index Future	1,331	(0.19)	(0.10)	0.10	0.19
Total	1,331	(0.19)	(0.10)	0.10	0.19

Notes to the Financial Statements continued

(g) 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 Fund'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 Fund's financial instruments as at the balance sheet date were:

28/02/17	Assets	Liabilities
Valuation technique	£	£
Level 1	150,686,937	—
Level 2	—	—
Level 3	—	—
Total	150,686,937	—

28/02/16	Assets	Liabilities
Valuation technique	£	£
Level 1	135,134,424	—
Level 2	—	—
Level 3	—	—
Total	135,134,424	—

Level 1

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

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

Notes to the Financial Statements continued

13. Portfolio transaction costs

28/02/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	4,971	1	0.02	12	0.24	4,984
Total	4,971	1	0.02	12	0.24	4,984

28/02/17	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	13,730	(3)	(0.02)	0.00	0.00	13,727
Total	13,730	(3)	(0.02)	0.00	0.00	13,727

Commissions and taxes as % of average net assets

Commissions 0.00%

Taxes 0.01%

28/02/16	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	5,085	1	0.02	18	0.35	5,104
Total	5,085	1	0.02	18	0.35	5,104

28/02/16	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	13,767	(3)	(0.02)	(1)	0.00	13,763
Total	13,767	(3)	(0.02)	(1)	0.00	13,763

Commissions and taxes as % of average net assets

Commissions 0.00%

Taxes 0.01%

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 0.05% (28 February 2016: 0.59%).

14. Unit classes

The Fund currently has one unit classes: Accumulation. The fund management fee on each unit class can be found on page 42. The net asset value per unit of each unit class and the number of units in each class are given in the comparative table on page 40. The distribution per unit class is given in the distribution tables on page 38. All classes have the same rights on winding up.

	Accumulation
Opening Units	108,416,033
Units issued	42,692
Units cancelled	(9,158,754)
Units converted	—
Closing Units	99,299,971

Notes to the Financial Statements continued

15. Ultimate controlling party and related party transactions

The Manager and Trustee are regarded as controlling parties of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling parties of the Manager and Trustee are Legal & General Group Plc and Northern Trust Global Services Limited, respectively. These entities and their subsidiaries are also related parties of the Fund.

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

At the year end, the Manager and its associates held 0.00% (0.00% as at 28 February 2016) of the Fund's units in issue.

There were no units held by the Trustee or its associates. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 5, 7, 8 and 10 to the financial statements, the statement of change in unitholders' funds. Within note 10, accrued expenses (including amounts due to associates and agents) of £Nil (£Nil as at 28 February 2016) are due to the Trustee and £167,249 (£144,334 as at 28 February 2016) are due to the Manager.

16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per unit was 153.81p. The Net Asset Value per unit for the Fund as at 12 noon on 18 April 2017 was 154.3p. This represents an increase of 0.32% from the year end value.

Distribution Tables

Distribution Tables for the year ended 28 February 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			
	01/03/16 to 31/08/16			
	Net Revenue	Equalisation	Distribution 31/10/16	Distribution 31/10/15
Accumulation Units				
Group 1	2.3507	—	2.3507	2.2664
Group 2	1.3513	0.9994	2.3507	2.2664

Final dividend distribution in pence per unit	Period			
	01/09/16 to 28/02/17			
	Net Revenue	Equalisation	Distribution 30/04/17	Distribution 30/04/16
Accumulation Units				
Group 1	1.2798	—	1.2798	1.0521
Group 2	0.9855	0.2943	1.2798	1.0521

Fund Information

The Comparative Tables on page 40 give the performance of each active share class in the Fund.

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 Fund'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 Fund.

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.

Fund Information continued

Comparative Table

Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	28/02/17 (pence per unit)	28/02/16 (pence per unit)	28/02/15 (pence per unit)
Opening net asset value per unit	126.67	139.25	133.40
Return before operating charges*	29.14	(10.68)	7.74
Operating charges (calculated on average price)	(2.00)	(1.90)	(1.89)
Return after operating charges*	27.14	(12.58)	5.85
Distributions	(3.63)	(3.32)	(2.66)
Retained distributions on accumulation units	3.63	3.32	2.66
Closing net asset value per unit	153.81	126.67	139.25
* after direct transaction costs of:	0.02	0.02	0.01

Performance

Return after charges	21.42%	(9.03)%	4.39%
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Other Information

Closing net asset value (£)	152,732,031	137,325,345	162,604,236
Closing number of units	99,299,971	108,416,033	116,773,153
Operating charges	1.43%	1.43%	1.43%
Direct transaction costs	0.01%	0.02%	0.01%

Prices

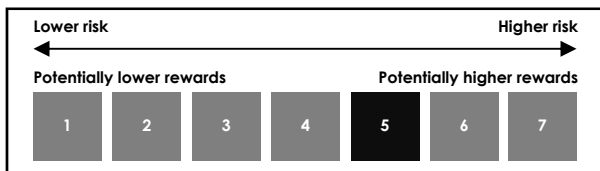
Highest unit price	160.00p	148.90p	144.20p
Lowest unit price	125.20p	115.30p	120.80p

Past performance is not a guide to future performance.

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

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

Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category is based on the rate at which the Fund and the Index it is tracking have moved up and down in the past.
- This Fund 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 Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

General Information

Constitution

Launch date:	26 February 1996
Period end dates for distributions:	28 February, 31 August
Distribution dates:	30 April, 31 October
Minimum initial lump sum investment:	£500
Minimum monthly contribution	£50
Valuation point:	12 noon
Fund management fees:	Annual 1.43%
Initial charge:	3%

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.

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

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

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

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

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

General Information continued

Information on Tracking Error

The 'Tracking Error' of a Fund is the measure of the volatility of the differences between the return of the Fund and the return of the benchmark Index. It provides an indication of how closely the Fund is tracking the performance of the benchmark Index after considering things such as Fund charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Fund is 0.06%, whilst over the last three years to the end of February 2017 the annualised Tracking Error of the Fund is 0.04%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.50% per annum.

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. With effect from 1 January 2016, the revenue generated from this activity is calculated on a monthly basis and returned to the Trust in the form of a payment from the Manager. This provides an enhanced return to the Trust, though the size of any return will be dependent on the size of subscriptions and redemptions.

Remuneration Disclosure

In accordance with the Undertakings for collective investment in transferable securities (UCITs) Directive, often referred to as the UCITs V Directive, the Legal & General (Alliance & Leicester) Capital Growth Fund, 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	Fund Value at 31.12.16 (£'000)	Total Assets managed by UTM at 31.12.16 (£'000)	% Fund Value of Total Assets
16	150,576	35,886,497	0.42

Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Total Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
3,278	5,980	9,258	39

General Information continued

Remuneration Disclosure continued

Material Risk Takers

Headcount	Fund Value at 31.12.16 (£'000)	Total Assets managed by Asset Allocation Team at 31.12.16 (£'000)	% Fund Value of Total Assets
22	150,576	319,800,000	0.05

Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Total Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
2,178	2,535	4,713	2

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 fund, and total value of assets managed by CDL, to help put this remuneration in context.

Material Risk Takers

As at the 31 December 2016, UTM engaged the services of Legal & General Investment Management's Index Equity team which is constituted of 22 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 Scheme. 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 Scheme, and total value of assets managed by the teams, to help put this remuneration in context.

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

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

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 (appointed 17 May 2016)

A. R. Toutounchi* (appointed 10 May 2016)

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

General Information continued

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
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