

Legal & General Ethical Trust

**Interim Manager's Report  
for the period ended  
12 June 2018  
(Unaudited)**

**EVERY  
DAY  
MATTERS.®**





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# Manager's Investment Report

## Investment Objective and Policy

The investment objective of this Trust is to secure capital growth from a portfolio of securities for companies whose business conforms to a range of ethical and environmental guidelines.

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

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

Companies will be considered eligible unless they are involved in the following activities:

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

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

## Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 4.65%. Although there is no published Index for those companies assessed as eligible by EIRIS, for comparison over the same period but using close of business to close of business pricing, the Legal & General Ethical Trust grew by 3.78% whereas, the FTSE 350 Index (excluding Investment Trusts) increased by 3.24% (Source: Bloomberg). Similarly, the broader based FTSE All-Share Index (excluding Investment Trusts) increased by 3.28% (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

Despite closing 2017 on a positive note, UK equities faltered during the first quarter of 2018 recording three consecutive months of losses before rallying in April and May. Sterling's strength, with the currency reaching its highest level since the 2016 referendum, surpassing \$1.40 at the end of January, has caused a headwind for companies and sectors with high international earnings, notably food & beverages. Although the Bank of England indicated interest rates may need to be increased as soon as May, the economy grew at its slowest pace for six years during the first quarter putting paid to the prospect of an imminent rate hike. The resources sectors have performed well, while autos were boosted by a hostile takeover bid from Melrose Industries for component supplier GKN which eventually received shareholder approval.

In the UK, the domestically focused FTSE 250 Index (+5.82%) and FTSE SmallCap Index (+4.22%) outperformed the more internationally focused FTSE 100 Index (+2.71%).

## Manager's Investment Report continued

### Trust Activity

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

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

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

There were two Index reviews during the period.

In December 2017 the FTSE 350 ex Investment Trusts Index quarterly Index review resulted in 4 additions and 3 deletions. BCA Marketplace, RHI Magnesita, PureCircle and TI Fluid Systems were added and all of these stocks were subsequently assessed as eligible by EIRIS with the exception of RHI Magnesita that was deemed as unacceptable stock. PayPoint, Restaurant Group, Nostrum Oil & Gas were deleted from the Index. The largest increases in free share capital were for IP Group, Hargreaves Lansdown and SSE, and the largest decreases were for Hansteen Holdings, National Grid and Aviva.

In March 2018 the quarterly Index review resulted in 5 additions and 7 deletions. Games Workshop Group, On the Beach Group, ContourGlobal, Charter Court Financial Services Group and Bakkavor Group were added and all of these stocks were subsequently assessed as eligible by EIRIS with the exception of ContourGlobal and Bakkavor Group that were deemed as unacceptable stocks. Mitie Group, Vectura Group, Hansteen Holdings, Dignity, AA, Brown (N.) Group and Acacia Mining were deleted from the Index. The largest increases in free share capital were for Ocado Group, Dechra Pharmaceuticals and TalkTalk Telecom Group and the largest decreases were for Ferguson, Pearson and Carnival.

The merger activity outside the Index reviews included promotion of Fenner from FTSE SmallCap Index as a result of the acquisition of Worldplay Group (UK) by Worldplay Inc (US) that was deemed as unacceptable stock by EIRIS. Stocks deleted from the Index as a result of all cash deals were Aldermore Group that was acquired by FirstRand Limited, and Fenner that was acquired by Michelin B.

Outside Index reviews, the free float was increased as a result of secondary placing for Royal Bank of Scotland Group. Index weight increased as a result of primary placings for Cineworld Group, John Laing Group and Provident Financial.

Capita Group raised capital via a rights issue.

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

### Outlook

Expectations that the Bank of England would opt to increase interest rates at its May meeting initially grew then subsided as the downside surprise of the first quarter's growth figures were announced. Bond-correlated sectors had a better month as the uptick in bond yields witnessed so far in 2018 came to a halt, benefiting utilities and healthcare stocks. Our view is that the fundamentals driving economic growth remain

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

relatively strong, and global growth is synchronised and therefore see limited recession risks in the next 12 months.

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

Legal & General Investment Management Limited

(Investment Adviser)

5 July 2018

## 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  
3 August 2018

# Portfolio Statement

## Portfolio Statement as at 12 June 2018

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 12 December 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Oil &amp; Gas Producers — 0.46% (0.44%)</b>		
181,668	Cairn Energy	425,103	0.13
440,337	Tullow Oil	1,079,707	0.33
		<b>1,504,810</b>	<b>0.46</b>
	<b>Oil Equipment, Services &amp; Distribution — 0.11% (0.07%)</b>		
45,415	Hunting	371,268	0.11
	<b>Chemicals — 1.17% (0.95%)</b>		
62,529	Johnson Matthey	2,375,477	0.73
511,055	Sirius Minerals	174,168	0.05
85,465	Synthomer	460,656	0.14
26,207	Victrex	797,741	0.25
		<b>3,808,042</b>	<b>1.17</b>
	<b>Forestry &amp; Paper — 0.76% (0.66%)</b>		
118,483	Mondi	2,482,219	0.76
	<b>Industrial Metals &amp; Mining — 0.32% (0.23%)</b>		
154,712	Evrax	846,893	0.26
93,049	Ferrexpo	206,290	0.06
		<b>1,053,183</b>	<b>0.32</b>
	<b>Mining — 5.37% (4.91%)</b>		
111,009	Antofagasta	1,195,012	0.37
670,590	BHP Billiton	11,707,160	3.61
342,273	Centamin	407,647	0.12
59,116	Fresnillo	712,348	0.22
81,000	Hochschild Mining	160,016	0.05
76,344	KAZ Minerals	756,416	0.23
77,466	Polymetal International	514,219	0.16
30,638	Randgold Resources	1,778,842	0.55
27,564	Vedanta Resources	200,446	0.06
		<b>17,432,106</b>	<b>5.37</b>
	<b>Construction &amp; Materials — 3.39% (2.85%)</b>		
271,040	CRH	7,762,586	2.39
129,035	lbstock	377,298	0.12
1,116,809	Melrose Industries	2,647,954	0.81
58,017	Polypipe Group	227,195	0.07
		<b>11,015,033</b>	<b>3.39</b>
	<b>General Industrials — 1.65% (1.47%)</b>		
449,040	Coats Group	363,273	0.11
322,761	DS Smith	1,833,283	0.57



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>General Industrials — (cont.)</b>		
129,460	RPC Group	902,854	0.28
76,386	Smurfit Kappa Group	2,244,221	0.69
		5,343,631	1.65
	<b>Electronic &amp; Electrical Equipment — 1.07% (0.98%)</b>		
122,139	Halma	1,730,709	0.53
11,153	Renishaw	637,394	0.20
38,361	Spectris	1,090,987	0.34
		3,459,090	1.07
	<b>Industrial Engineering — 1.92% (1.76%)</b>		
62,884	Bodycote	653,993	0.20
24,727	Hill & Smith	373,130	0.12
86,420	IMI	1,043,954	0.32
279,210	Rotork	937,029	0.29
23,684	Spirax-Sarco Engineering	1,519,329	0.47
78,280	Weir Group	1,689,282	0.52
		6,216,717	1.92
	<b>Industrial Transportation — 0.66% (0.65%)</b>		
7,712	Clarkson	195,499	0.06
12,944	James Fisher & Sons	232,733	0.07
295,523	Royal Mail	1,452,496	0.45
102,424	Stobart Group	246,330	0.08
		2,127,058	0.66
	<b>Support Services — 7.76% (8.64%)</b>		
107,554	Bunzl	2,489,875	0.77
525,854	Capita Group	804,820	0.25
36,321	Diploma	454,012	0.14
142,171	Electrocomponents	1,040,692	0.32
102,790	Equiniti Group	260,573	0.08
294,585	Experian	5,454,241	1.68
73,479	Ferguson	4,401,383	1.36
69,279	Grafton Group	545,572	0.17
429,327	Hays	802,841	0.25
86,503	HomeServe	771,607	0.24
188,874	Howden Joinery Group	983,278	0.30
51,714	Intertek Group	2,971,486	0.91
99,658	PageGroup	545,129	0.17
205,300	Renewi	175,121	0.05
596,466	Rentokil Initial	2,082,263	0.64
40,677	Sanne Group	265,621	0.08
82,238	Travis Perkins	1,148,042	0.35
		25,196,556	7.76
	<b>Automobiles &amp; Parts — 0.03% (0.00%)</b>		
32,000	TI Fluid Systems	84,480	0.03

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Beverages — 0.77% (0.75%)</b>		
25,778	A.G. Barr	173,486	0.06
87,198	Britvic	690,172	0.21
62,944	Coca-Cola HBC	1,633,397	0.50
		2,497,055	0.77
	<b>Food Producers — 0.76% (0.73%)</b>		
16,786	Cranswick	580,796	0.18
48,455	Dairy Crest Group	244,213	0.08
230,949	Greencore Group	426,909	0.13
43,598	PureCircle	167,852	0.05
154,757	Tate & Lyle	1,035,944	0.32
		2,455,714	0.76
	<b>Household Goods &amp; Home Construction — 2.58% (2.86%)</b>		
324,484	Barratt Developments	1,831,388	0.56
39,393	Bellway	1,306,272	0.40
40,739	Berkeley Group	1,708,594	0.53
44,495	Bovis Homes Group	549,958	0.17
79,744	Crest Nicholson	334,127	0.10
168,344	McCarthy & Stone	223,056	0.07
76,547	Redrow	453,541	0.14
1,053,037	Taylor Wimpey	1,961,281	0.61
		8,368,217	2.58
	<b>Leisure Goods — 0.09% (0.00%)</b>		
9,600	Games Workshop Group	276,960	0.09
	<b>Personal Goods — 1.04% (1.01%)</b>		
134,645	Burberry Group	2,842,356	0.88
58,089	PZ Cussons	134,766	0.04
16,805	Superdry	207,542	0.06
8,865	Ted Baker	203,186	0.06
		3,387,850	1.04
	<b>Health Care Equipment &amp; Services — 1.98% (1.97%)</b>		
125,421	Mediclinic International	688,561	0.21
26,785	NMC Health	956,760	0.30
281,538	Smith & Nephew	3,813,432	1.18
96,194	Spire Healthcare Group	240,678	0.07
80,828	UDG Healthcare	722,602	0.22
		6,422,033	1.98
	<b>Pharmaceuticals &amp; Biotechnology — 4.75% (4.64%)</b>		
125,206	BTG	698,023	0.21
31,769	Dechra Pharmaceuticals	889,532	0.27
20,396	Genus	541,310	0.17
44,513	Hikma Pharmaceuticals	630,304	0.19
229,679	Indivior	1,129,102	0.35

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Pharmaceuticals &amp; Biotechnology — (cont.)</b>		
287,556	Shire	11,541,060	3.56
		<hr/>	<hr/>
		15,429,331	4.75
	<b>Food &amp; Drug Retailers — 4.09% (2.93%)</b>		
32,636	Greggs	332,561	0.10
530,059	J Sainsbury	1,632,052	0.50
177,013	Ocado Group	1,867,487	0.58
3,118,495	Tesco	7,727,630	2.38
712,775	WM Morrison Supermarkets	1,732,756	0.53
		<hr/>	<hr/>
		13,292,486	4.09
	<b>General Retailers — 3.38% (3.39%)</b>		
277,279	B&M European Value Retail	1,164,295	0.36
106,835	Card Factory	216,020	0.07
318,092	Dixons Carphone	628,232	0.19
32,183	Dunelm Group	182,960	0.06
67,500	Halfords Group	232,335	0.07
114,170	JD Sports Fashion	472,321	0.15
186,015	Just Eat	1,605,682	0.49
696,804	Kingfisher	2,144,763	0.66
43,989	Next	2,691,247	0.83
149,320	Pets at Home Group	192,324	0.06
371,312	Saga	468,224	0.14
64,385	Sports Direct International	275,310	0.09
33,671	WH Smith	681,501	0.21
		<hr/>	<hr/>
		10,955,214	3.38
	<b>Media — 5.31% (4.62%)</b>		
124,834	Ascential	537,535	0.16
295,575	Auto Trader Group	1,252,351	0.38
112,301	Entertainment One	386,540	0.12
17,152	Euro money Institutional Investor	240,471	0.07
266,248	Informa	2,199,741	0.68
1,208,473	ITV	2,079,782	0.64
167,702	Moneysupermarket.com Group	543,019	0.17
250,561	Pearson	2,228,490	0.69
29,148	Rightmove	1,448,947	0.45
332,840	Sky	4,503,325	1.39
127,122	UBM	1,362,748	0.42
96,320	ZPG	469,849	0.14
		<hr/>	<hr/>
		17,252,798	5.31
	<b>Travel &amp; Leisure — 6.25% (6.10%)</b>		
56,198	Carnival	2,558,133	0.79
320,650	Cineworld Group	797,136	0.25
156,391	Domino's Pizza Group	568,950	0.18
79,427	easyJet	1,384,413	0.43
398,872	FirstGroup	340,637	0.10
14,503	Go-Ahead Group	241,330	0.07

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Travel &amp; Leisure — (cont.)</b>		
101,321	Greene King	631,838	0.19
61,170	InterContinental Hotels Group	3,001,612	0.92
525,831	International Consolidated Airlines Group	3,672,404	1.13
23,630	J D Wetherspoon	298,211	0.09
201,683	Marston's	197,044	0.06
227,801	Merlin Entertainments	882,045	0.27
38,375	Millennium & Copthorne Hotels	205,306	0.06
67,012	Mitchells & Butlers	180,798	0.06
134,462	National Express Group	554,252	0.17
35,000	On the Beach Group	180,250	0.06
147,370	SSP	995,337	0.31
434,455	Thomas Cook Group	497,885	0.15
59,101	Whitbread	2,453,283	0.76
17,918	Wizz Air	637,164	0.20
		<b>20,278,028</b>	<b>6.25</b>
	<b>Fixed Line Telecommunications — 1.87% (2.51%)</b>		
2,695,224	BT Group	5,623,585	1.73
217,236	TalkTalk Telecom Group	256,338	0.08
19,292	Telecom Plus	205,653	0.06
		<b>6,085,576</b>	<b>1.87</b>
	<b>Mobile Telecommunications — 5.24% (6.65%)</b>		
150,190	Inmarsat	802,315	0.24
8,592,542	Vodafone Group	16,222,719	5.00
		<b>17,025,034</b>	<b>5.24</b>
	<b>Electricity — 1.52% (1.49%)</b>		
137,349	Drax Group	452,703	0.14
330,676	SSE	4,482,313	1.38
		<b>4,935,016</b>	<b>1.52</b>
	<b>Gas, Water &amp; Multi-utilities — 2.79% (3.14%)</b>		
1,087,790	National Grid	9,051,501	2.79
	<b>Banks — 6.58% (7.03%)</b>		
12,141	Bank of Georgia Group	243,731	0.07
48,559	Close Brothers Group	721,101	0.22
289,977	CYBG	868,191	0.27
23,181,077	Lloyds Banking Group	14,645,804	4.51
26,397	Metro Bank	895,914	0.28
1,306,845	Royal Bank of Scotland Group	3,494,503	1.08
10,494	TBC Bank Group	180,917	0.06
89,268	Virgin Money UK	310,385	0.09
		<b>21,360,546</b>	<b>6.58</b>
	<b>Nonlife Insurance — 2.01% (2.04%)</b>		
65,142	Admiral Group	1,230,532	0.38
166,999	Beazley	988,634	0.30

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Nonlife Insurance — (cont.)</b>		
445,770	Direct Line Insurance Group	1,576,243	0.48
97,567	Esure Group	216,404	0.07
100,341	Hastings Group	261,689	0.08
91,471	Hiscox	1,384,871	0.43
39,115	Jardine Lloyd Thompson Group	495,978	0.15
63,671	Lancashire	379,479	0.12
		<b>6,533,830</b>	<b>2.01</b>
	<b>Life Insurance — 9.53% (9.72%)</b>		
1,292,180	Aviva	6,613,377	2.04
261,893	Just Group	374,507	0.12
1,908,998	Legal & General Group	5,226,836	1.61
128,606	Phoenix Group	1,006,342	0.31
834,758	Prudential	15,664,234	4.82
168,934	St James's Place	2,060,995	0.63
		<b>30,946,291</b>	<b>9.53</b>
	<b>Real Estate Investment &amp; Services — 0.61% (0.59%)</b>		
232,509	Capital & Counties Properties	697,062	0.22
54,960	CLS	127,232	0.04
1,676	Daejan	97,878	0.03
127,503	Grainger	407,500	0.13
43,110	Savills	398,121	0.12
56,681	St Modwen Properties	240,101	0.07
		<b>1,967,894</b>	<b>0.61</b>
	<b>Real Estate Investment Trusts — 4.40% (4.37%)</b>		
774,722	Assura	452,438	0.14
46,508	Big Yellow Group	441,826	0.14
319,219	British Land	2,180,904	0.67
32,732	Derwent London	997,344	0.31
90,281	Great Portland Estates	634,043	0.20
257,103	Hammerson	1,377,044	0.42
298,575	Intu Properties	588,939	0.18
230,514	Land Securities Group	2,167,293	0.67
212,313	LondonMetric Property	399,785	0.12
100,089	NewRiver REIT	288,256	0.09
200,000	Primary Health Properties	227,200	0.07
387,923	RDI REIT	137,713	0.04
66,605	Safestore	371,656	0.11
329,600	Segro	2,199,091	0.68
74,914	Shaffesbury	709,436	0.22
76,206	UNITE Group	659,182	0.20
39,001	Workspace Group	440,711	0.14
		<b>14,272,861</b>	<b>4.40</b>
	<b>Financial Services — 6.98% (6.73%)</b>		
310,258	3i Group	3,018,190	0.93
129,519	Ashmore Group	506,160	0.16

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Financial Services — (cont.)</b>			
89,480	Brewin Dolphin	330,718	0.10
7,000	Charter Court Financial Services Group	22,495	0.01
85,905	Hargreaves Lansdown	1,722,395	0.53
90,304	Intermediate Capital Group	1,039,399	0.32
206,625	Investec	1,164,125	0.36
320,622	IP Group	459,772	0.14
165,996	John Laing Group	479,729	0.15
136,800	Jupiter Fund Management	642,276	0.20
100,681	London Stock Exchange Group	4,533,666	1.40
519,103	Man Group	975,654	0.30
102,371	NEX Group	1,052,374	0.32
64,489	OneSavings Bank	263,631	0.08
84,421	Paragon Banking Group	405,727	0.12
82,039	Provident Financial	526,526	0.16
16,281	Rathbone Brothers	407,025	0.13
36,544	Schroders	1,203,760	0.37
14,076	Sole Realisation (SVG Capital) <sup>1</sup>	—	—
882,491	Standard Life Aberdeen	3,115,193	0.96
184,430	TP ICAP	792,311	0.24
		<b>22,661,126</b>	<b>6.98</b>
<b>Software &amp; Computer Services — 2.09% (2.69%)</b>			
27,592	Alfa Financial Software	53,087	0.02
20,409	AVEVA Group	511,858	0.16
23,316	Computacenter	330,621	0.10
27,798	FDM Group	295,215	0.09
12,008	Fidessa Group	461,707	0.14
138,732	Micro Focus International	1,856,928	0.57
352,746	Sage Group	2,373,275	0.73
33,442	Softcat	260,848	0.08
106,924	Sophos Group	636,732	0.20
		<b>6,780,271</b>	<b>2.09</b>
<b>Portfolio of investments<sup>2</sup></b>		<b>322,329,825</b>	<b>99.29</b>
<b>Net other assets</b>		<b>2,295,213</b>	<b>0.71</b>
<b>Total net assets</b>		<b>£324,625,038</b>	<b>100.00%</b>

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

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

Total purchases for the period: £11,278,508.

Total sales for the period: £18,688,344.

## Financial Statements

### Statement of Total Return for the period ended 12 June 2018

	12/06/18		12/06/17	
	£	£	£	£
<b>Income</b>				
Net capital gains		12,540,691		27,557,296
Revenue	6,198,372		5,727,270	
<b>Expenses</b>	(1,139,328)		(1,370,196)	
<b>Interest payable and similar charges</b>	(107)		(23)	
<b>Net revenue before taxation</b>	5,058,937		4,357,051	
<b>Taxation</b>	(22)		(2,590)	
<b>Net revenue after taxation for the period</b>		5,058,915		4,354,461
<b>Total return before distributions</b>		17,599,606		31,911,757
<b>Distributions</b>		(5,059,845)		(4,356,329)
<b>Change in net assets attributable to Unitholders from investment activities</b>		<b>£12,539,761</b>		<b>£27,555,428</b>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 12 June 2018

	12/06/18		12/06/17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		318,820,452		310,304,707
<b>Amounts received on issue of units</b>	10,276,580		8,256,792	
<b>Amounts paid on cancellation of units</b>	(19,028,840)		(24,733,549)	
		(8,752,260)		(16,476,757)
<b>Change in net assets attributable to Unitholders from investment activities</b>		12,539,761		27,555,428
<b>Retained distributions on accumulation units</b>		2,017,085		1,654,320
<b>Unclaimed distributions</b>		—		4,195
<b>Closing net assets attributable to Unitholders</b>		<b>£324,625,038</b>		<b>£323,041,893</b>

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

## Financial Statements continued

### Balance Sheet as at 12 June 2018

	12/06/18 £	12/12/17 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	322,329,825	317,436,704
<b>Current assets:</b>		
Debtors	3,212,763	1,148,623
Cash and bank balances	3,518,805	2,779,812
<b>Total assets</b>	<b>329,061,393</b>	<b>321,365,139</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Bank overdrafts	(36,546)	–
Distributions payable	(3,033,055)	(2,033,708)
Other creditors	(1,366,754)	(510,979)
<b>Total liabilities</b>	<b>(4,436,355)</b>	<b>(2,544,687)</b>
<b>Net assets attributable to Unitholders</b>	<b>£324,625,038</b>	<b>£318,820,452</b>



# Notes to the Financial Statements

## 1. Statement of Compliance

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

## 2. Accounting Policies

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

### (a) Basis of Preparation

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

## Trust Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	135,207,278	199,231,173	67.86
Accumulation Units	75,813,535	74,807,801	101.34
F-Class			
Distribution Units	121,303	177,729	68.25
Accumulation Units	264,442	250,170	105.70
I-Class			
Distribution Units	60,033,913	88,543,366	67.80
Accumulation Units	53,184,567	47,642,344	111.63

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

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

### Ongoing Charges Figures

	12 Jun 18	12 Dec 17
R-Class	0.81%	1.05%
F-Class	0.45%	0.45%
I-Class	0.31%	0.31%

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

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

### Distribution Information

#### R-Class

The distribution payable on 12 August 2018 is 0.9883p per unit for distribution units and 1.4546p per unit for accumulation units.

#### F-Class

The distribution payable on 12 August 2018 is 1.1584p per unit for distribution units and 1.7641p per unit for accumulation units.

#### I-Class

The distribution payable on 12 August 2018 is 1.1993p per unit for distribution units and 1.9404p per unit for accumulation units.

## 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 number highlighted above reflects the rate at which the Trust's unit price has moved up and down in the past. If the Trust has less than five years' track record, the number also reflects the rate at which the Index the Trust tracks has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- The Trust is in category five because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- 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:	5 July 1999
Period end dates for distributions:	12 June, 12 December
Distribution dates:	12 August, 12 February
Minimum initial lump sum investment:	R-Class £100 F-Class* £500 I-Class £1,000,000
Minimum monthly contributions:	R-Class £20 F-Class* £50 I-Class N/A
Valuation point:	12 noon
Fund management fees:	R-Class Annual 0.69%† (0.95% Prior to 1 June 2018) F-Class* Annual 0.45% I-Class Annual 0.31%
Initial charge:	R-Class Nil† F-Class* Nil I-Class Nil

\* F-Class units are only available to:

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

† With effect from 1 June 2018 – See Significant Changes on page 19.

### Pricing and Dealing

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

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

### Buying and Selling Units

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

### ISA Status

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

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

## **General Information continued**

### **Prospectus and Manager's Reports**

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

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

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

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

### **Dual Pricing Arrangement**

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

### **Significant Changes**

#### **Change of FMF for R-Class**

With effect from 1 June 2018, the Fund Management Fee (FMF) has been reduced from 0.95% to 0.69%.

#### **Change of Auditor**

With effect from 28 April 2018, PricewaterhouseCoopers LLP ceased to be Independent Auditors of the Trust and KPMG LLP have been appointed. The change of Auditor has no impact on the way the Trust is operated.

### **General Data Protection Regulation (GDPR)**

Legal & General takes your privacy very seriously. Under data protection legislation, we have classified ourselves as a 'data controller'. This means that we are subject to certain obligations relating to how we process personal data. These obligations include, without limitation, providing individuals with certain information regarding how we process their personal data.

We will use the personal data you have provided to us in connection with an investment in units of Legal & General Ethical Trust, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at [www.lgim.com/UTMprivacy](http://www.lgim.com/UTMprivacy) (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

## 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  
H. Morrissey (appointed 5 July 2017)  
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 PLC  
Trustee and Depository Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

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

### Independent Auditors

KPMG LLP  
15 Canada Square,  
London E14 5GL

### Investment Adviser

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



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

Legal & General  
(Unit Trust Managers) Limited  
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Registered office:  
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[www.legalandgeneral.com](http://www.legalandgeneral.com)

