

Legal & General UK Special Situations Trust

Annual Manager's Report
for the year ended
14 September 2019



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

Manager's Investment Report

Investment Objective and Policy

In line with the updated rules and guidance for the asset management industry published by the Financial Conduct Authority (FCA) in February 2019, we have clarified the Investment Objectives and Policies for our UK regulated funds.

The revised Investment Objective and Policy came into effect on 7 August 2019. The previous and revised Investment Objective and Policy are set out below.

Prior to 7 August 2019

The investment objective of this Trust is to maximise capital growth by investing predominantly in a portfolio of UK companies.

Securities of companies considered undervalued due to their special situation, such as recovery action, management change, refinancing activity or undervalued strategic assets, will be chosen.

The Trust may hold derivatives for the purposes of Efficient Portfolio Management.

From 7 August 2019

The objective of the Trust is to provide growth above that of the FTSE All Share TR Net Index, the "Benchmark Index". The Trust aims to outperform the Benchmark Index by 5% per annum. This objective is before the deduction of any charges and measured over rolling three year periods.

The Trust is actively managed and invests at least 80% in a shares of UK companies. These companies are incorporated, headquartered or which have their principal business activities in the UK, or companies that are listed in the UK and constituents of the Benchmark Index. The Trust invests in companies in special situations which are considered to be undervalued by the wider market, and which the Manager perceives to have a catalyst which when realised should result in an improved valuation of the company.

Over a market cycle (typically 3 to 5 years), the Trust will comprise on average 30 to 60 companies selected by the Manager following research of each company. At times the Trust's portfolio may be concentrated.

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

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

The Trust may only hold derivatives for the purposes of Efficient Portfolio Management.

Manager's Investment Report continued

Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class accumulation units fell by 6.77%, while the FTSE All-Share Total Return Index rose by 4.75% (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.

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

Market/Economic Review

Over the past 12 months, global economic indicators have highlighted a synchronised slowdown although activity continues to expand. The closely watched global manufacturing PMI Composite Index fell back to its lowest level for three-and-a-half years in February. This was partly a result of the US-China trade dispute, but also reflective of a slowdown in the Chinese economy. Worldwide, inflationary pressures have remained subdued by historical standards. Having risen to its highest level in four years in early October, the Brent crude oil price declined sharply to just over \$50 per barrel in December, its lowest level for 15 months; driven by increased levels of supply, notably US inventories, before rallying during the opening quarter of 2019.

In the UK, economic and political uncertainty has heightened over the past 12 months, with the outcome of Brexit negotiations and the implications for future trade with the EU remaining precarious. The risk of a disorderly Brexit increased, with the new Prime Minister emphasising a desire to leave the EU 'come what may' by the end of October 2019. The UK economy shrank during the second quarter of 2019 for the first time in almost seven years, as stockpiling activity slowed and Brexit uncertainty intensified against a backdrop of weaker global growth.

UK equities underperformed global indices over the past 12 months as uncertainty over Brexit negotiations has weighed on investor sentiment. The best-performing sectors were Industrial Metals, Food Retailers, Beverages and Pharmaceuticals; the latter a focal point for merger and acquisition activity. Among the weakest sectors were Automobiles, General Industrials, Banks and Tobacco; the latter weighed down by regulatory risks. More domestically orientated smaller companies underperformed more globally focused FTSE 100 Index constituents by a wide margin.

Trust Review

The Trust delivered a negative absolute return over the year, lagging the comparative FTSE All Share Total Return Index. As investors have become more cautious over the past twelve months, 'value' stocks have underperformed as investors seek more 'growth' style companies. The Trust's stock selection proved a drag on performance; with our holdings in Resources, Financials, Consumer Goods and an underweight position in Healthcare stocks all detracting at separate points throughout the year.

The Trust's position in Micro Focus International continues to be a detriment to performance, as the company's results for the first half of 2019 were slightly below what the market expected. Analyst downgrades to the expected future earnings indicate that investors are not expecting an immediate reversal in the company's fortunes. However, we argue that the company's results are part of a broader turnaround in the company's strategy and that, as long-term investors, we see the company's high levels of free cash flow as an appealing opportunity.

Manager's Investment Report continued

Not owning Glaxosmithkline or Astrazeneca detracted from performance over the summer of 2019 as these stocks, which are major parts of the Benchmark Index, performed particularly well.

A new position for the Trust in St. James's Place was also weaker, as the company's announced dividend was a disappointment for investors. New business margins were also lower than expected and the management team has issued a cautious outlook.

Cairn Energy continues to reverse its initial poor performance and contribute positively to the Trust.

On activity during the period, the portfolio introduced a position in Bellway, the UK housebuilder. Despite political uncertainty, demand in the structurally undersupplied UK market remains robust and underpinned by good affordability and access to finance. In this environment, Bellway is expected to continue its strategy of leveraging existing infrastructure to deliver volume growth without compromising on quality, whilst also returning meaningful cash to shareholders. The company has strong net cash, a conservative balance sheet, broad UK exposure and margins of 20%. Meanwhile, we reduced the holding in Melrose Industries and Blue Prism Group, and increased our exposure to financials; adding Standard Chartered and Intermediate Capital Group.

Outlook

Looking ahead, we broadly continue to see extreme valuation dispersion between growth/quality and value stocks. Political and economic uncertainty is likely to continue in the UK, and will likely increase, which means that a long-term approach to well-positioned, attractively valued companies is crucial for the Trust.

Legal & General Investment Management Limited
(Investment Adviser)
14 October 2019

Authorised Status

Authorised Status

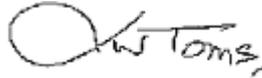
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

Directors' Statement

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



A. J. C. Craven
(Director)



L. W. Toms
(Director)

Legal & General (Unit Trust Managers) Limited
5 November 2019

Statement of Responsibilities

Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net gains or losses on the property of the Trust for the period.

In preparing the financial statements, the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

Statement of Responsibilities continued

Statement of the Trustee's Responsibilities

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

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

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

The Depositary must ensure that:

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

Report of the Trustee

Report of the Trustee to the Unitholders of the Legal & General UK Special Situations Trust ("the Trust") for the year ended 14 September 2019

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

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

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

Northern Trust Global Services SE UK Branch
UK Trustee and Depositary Services
5 November 2019

Portfolio Statement

Portfolio Statement as at 14 September 2019

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 14 September 2018.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 79.52% (70.45%)		
	Oil & Gas Producers		
	— 12.38% (11.87%)		
2,548,387	BP	12,823,483	5.60
3,000,000	Cairn Energy	5,832,000	2.55
1,017,551	Energear Oil & Gas	9,697,261	4.23
		<hr/>	<hr/>
		28,352,744	12.38
	Oil Equipment, Services & Distribution — 1.86% (0.00%)		
876,734	Hunting	4,269,695	1.86
	Construction & Materials		
	— 2.00% (3.93%)		
2,201,949	Melrose Industries	4,575,650	2.00
	Aerospace & Defense		
	— 0.00% (3.74%)		
	General Industrials — 4.06% (0.00%)		
2,528,073	DS Smith	9,290,668	4.06
	Electronic & Electrical Equipment		
	— 0.48% (0.98%)		
1,503,060	Xaar	1,097,234	0.48
	Support Services — 0.85% (2.90%)		
910,211	Biffa	1,952,403	0.85
	Household Goods & Home Construction — 7.83% (6.27%)		
83,600	Bellway	2,709,476	1.19
122,200	Reckitt Benckiser Group	7,785,362	3.40
4,600,000	Taylor Wimpey	7,424,400	3.24
		<hr/>	<hr/>
		17,919,238	7.83
	Tobacco — 0.00% (3.54%)		
	Health Care Equipment & Services		
	— 3.12% (1.30%)		
625,000	Consort Medical	4,537,500	1.98
1,332,157	Georgia Healthcare Group	2,617,689	1.14
		<hr/>	<hr/>
		7,155,189	3.12
	Food & Drug Retailers		
	— 3.87% (3.13%)		
3,683,642	Tesco	8,855,475	3.87
	General Retailers — 3.07% (5.90%)		
5,666,185	Vivo Energy	7,037,402	3.07
	Media — 4.11% (1.74%)		
2,750,000	GoCompare.com Group	2,037,750	0.89

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Media — (cont.)		
5,135,948	Huntsworth	4,766,160	2.08
3,260,501	Hyve Group	2,611,661	1.14
		9,415,571	4.11
	Travel & Leisure — 9.14% (8.48%)		
220,500	Carnival	8,398,845	3.67
1,952,694	Cineworld Group	4,705,993	2.06
560,558	El Group	1,579,652	0.69
2,485,345	Gym Group	6,238,216	2.72
		20,922,706	9.14
	Fixed Line Telecommunications — 2.20% (1.40%)		
4,986,322	Zegona Communications	5,036,185	2.20
	Banks — 6.54% (1.39%)		
555,000	HSBC	3,480,960	1.52
3,259,766	Royal Bank of Scotland Group	6,728,157	2.94
687,500	Standard Chartered	4,771,250	2.08
		14,980,367	6.54
	Life Insurance — 7.55% (4.65%)		
563,000	Prudential	8,540,710	3.73
861,351	St. James's Place	8,742,713	3.82
		17,283,423	7.55
	Real Estate Investment & Services — 1.02% (4.28%)		
716,368	Urban & Civic	2,335,360	1.02
	Real Estate Investment Trusts — 1.94% (0.00%)		
540,357	Land Securities Group	4,436,331	1.94
	Financial Services — 4.56% (3.14%)		
1,100,000	Draper Esprit	5,104,000	2.23
218,000	Intermediate Capital Group	3,128,300	1.37
601,780	Jupiter Fund Management	2,209,134	0.96
		10,441,434	4.56
	Software & Computer Services — 2.94% (0.00%)		
280,197	Blue Prism Group	2,663,272	1.16
360,883	Micro Focus International	4,075,813	1.78
		6,739,085	2.94

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Technology — 0.00% (1.81%)		
	IRELAND — 0.00% (9.16%)		
	Construction & Materials — 0.00% (3.51%)		
	Support Services — 0.00% (4.05%)		
	Household Goods & Home Construction — 0.00% (1.60%)		
	BERMUDA — 0.00% (0.43%)		
	Mining — 0.00% (0.43%)		
	CHANNEL ISLANDS — 11.35% (8.32%)		
	Industrial Metals & Mining — 1.31% (1.32%)		
1,500,000	Yellow Cake	3,007,500	1.31
	Mining — 3.05% (3.11%)		
2,700,000	Glencore	6,976,800	3.05
	Support Services — 4.11% (0.00%)		
152,020	Ferguson	9,419,159	4.11
	Travel & Leisure — 0.00% (3.89%)		
	Equity Investment Instruments — 2.88% (0.00%)		
6,600,000	Trian Investors 1	6,600,000	2.88
	ISLE OF MAN — 2.26% (7.00%)		
	Travel & Leisure — 2.26% (7.00%)		
709,335	GVC	5,162,540	2.26
	MAURITIUS — 2.82% (2.32%)		
	Real Estate Investment & Services — 2.82% (2.32%)		
5,900,000	Grit Real Estate Income Group	6,443,685	2.82
	Portfolio of investments¹	219,705,844	95.95
	Net other assets	9,284,077	4.05
	Total net assets	£228,989,921	100.00%

¹ All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the year: £121,792,737.

Total sales for the year: £135,298,992.

Independent Auditor's Report

Independent auditor's report to the Unitholders of Legal & General UK Special Situations Trust ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 14 September 2019 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Trust and the accounting policies set out on pages 17 to 18.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 14 September 2019 and of the net revenue and the net capital losses on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Manager and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Trust's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a trust and this is particularly the case in relation to Brexit.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Independent Auditor's Report continued

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Other information

The Manager (Legal & General (Unit Trust Managers) Limited) is responsible for the other information presented in the Annual Manager's Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

Manager's responsibilities

As explained more fully in their statement set out on page 6, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London E14 5GL
5 November 2019

Financial Statements

Statement of Total Return for the year ended 14 September 2019

Notes	14/09/19		14/09/18	
	£	£	£	£
Income				
Net capital losses	3	(22,851,645)		(5,131,452)
Revenue	4	8,506,968	6,193,648	
Expenses	5	(1,506,104)	(3,170,012)	
Interest payable and similar charges	7	(407)	(757)	
Net revenue before taxation		<u>7,000,457</u>	<u>3,022,879</u>	
Taxation	6	—	—	
Net revenue after taxation for the year		<u>7,000,457</u>	<u>3,022,879</u>	
Total return before distributions		<u>(15,851,188)</u>	<u>(2,108,573)</u>	
Distributions	7	(7,096,419)	(3,023,371)	
Change in net assets attributable to Unitholders from investment activities		<u>£(22,947,607)</u>	<u>£(5,131,944)</u>	

Statement of Change in Net Assets attributable to Unitholders for the year ended 14 September 2019

	14/09/19		14/09/18	
	£	£	£	£
Opening net assets attributable to Unitholders		262,303,021		268,910,530
Amounts received on issue of units		18,989,772	16,737,965	
Amounts paid on cancellation of units		<u>(31,557,743)</u>	<u>(18,399,929)</u>	
		(12,567,971)	(1,661,964)	
Change in net assets attributable to Unitholders from investment activities		<u>(22,947,607)</u>	<u>(5,131,944)</u>	
Retained distributions on accumulation units		2,201,334	185,840	
Unclaimed distributions		<u>1,144</u>	<u>559</u>	
Closing net assets attributable to Unitholders		<u>£228,989,921</u>	<u>£262,303,021</u>	

Financial Statements continued

Balance Sheet as at 14 September 2019

	Notes	14/09/19 £	14/09/18 £
ASSETS			
Fixed assets:			
Investments		219,705,844	256,214,686
Current assets:			
Debtors	8	2,200,067	981,828
Cash and bank balances	9	<u>10,557,286</u>	<u>7,878,774</u>
Total assets		<u>232,463,197</u>	<u>265,075,288</u>
LIABILITIES			
Creditors:			
Distributions payable		(3,091,450)	(2,331,330)
Other creditors	10	<u>(381,826)</u>	<u>(440,937)</u>
Total liabilities		<u>(3,473,276)</u>	<u>(2,772,267)</u>
Net assets attributable to Unitholders		<u>£228,989,921</u>	<u>£262,303,021</u>

Notes to the Financial Statements

1. Statement of Compliance

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

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

(b) Functional and Presentation Currency

The functional and presentation currency of the Trust is Sterling.

(c) Recognition of Revenue

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

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

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

All other revenue is recognised on an accruals basis.

(d) Treatment of Expenses

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

(e) Distribution Policy

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

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

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

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(f) Basis of Valuation of Investments

All investments are valued at their fair value as at 12 noon on 13 September 2019, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price.

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

(g) Taxation

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

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

(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 13 September 2019, being the last working day of the accounting year.

3. Net capital losses

The net capital losses during the year comprise:

Non-derivative securities

Currency (losses)/gains

Net capital losses

	14/09/19	14/09/18
	£	£
Non-derivative securities	(22,820,325)	(5,165,488)
Currency (losses)/gains	<u>(31,320)</u>	<u>34,036</u>
Net capital losses	<u>(22,851,645)</u>	<u>(5,131,452)</u>

4. Revenue

UK Franked dividends

Non-taxable overseas dividends

Property interest distributions

Bank interest

	14/09/19	14/09/18
	£	£
UK Franked dividends	6,616,486	4,492,813
Non-taxable overseas dividends	1,684,402	1,693,027
Property interest distributions	186,693	—
Bank interest	<u>19,387</u>	<u>7,808</u>
	<u>8,506,968</u>	<u>6,193,648</u>

Notes to the Financial Statements continued

5. Expenses

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

Fund management fees

Total expenses

	14/09/19	14/09/18
	£	£
Fund management fees	1,506,104	3,170,012
Total expenses	1,506,104	3,170,012

Audit fees of £9,167 plus VAT of £1,833 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £8,900 plus VAT of £1,780.

Notes to the Financial Statements continued

6. Taxation

(a) Analysis of taxation charge in year

	14/09/19	14/09/18
	£	£
Corporation tax	—	—
Current tax [note 6(b)]	—	—
Deferred tax [note 6(c)]	—	—
Total taxation	—	—

(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	7,000,457	3,022,879
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2018: 20%)	1,400,091	604,576
Effects of:		
Revenue not subject to taxation	(1,672,714)	(1,237,168)
Excess management expenses not utilised	272,623	632,592
Current tax	—	—

(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 £2,632,813 (14 September 2018: £2,360,190) due to surplus management expenses.

It is unlikely the Trust will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognized (14 September 2018: same).

Notes to the Financial Statements continued

7. Distributions

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

	14/09/19	14/09/18
	£	£
Interim distribution	2,458,957	508,279
Final distribution	4,519,075	2,504,576
	<u>6,978,032</u>	<u>3,012,855</u>
Add: Revenue deducted on cancellation of units	212,618	39,871
Less: Revenue received on creation of units	(94,231)	(29,355)
Distributions for the year	7,096,419	3,023,371
Interest payable and similar charges		
Bank overdraft interest	407	757
	<u>7,096,826</u>	<u>3,024,128</u>

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

	14/09/19	14/09/18
	£	£
Net revenue after taxation for the year	7,000,457	3,022,879
Equalisation effect of conversions	95,962	492
Distributions for the year	7,096,419	3,023,371

8. Debtors

	14/09/19	14/09/18
	£	£
Accrued revenue	1,843,422	870,010
Amounts receivable for creation of units	356,645	111,818
	<u>2,200,067</u>	<u>981,828</u>

Notes to the Financial Statements continued

9. Net uninvested cash

	14/09/19	14/09/18
	£	£
Cash and bank balances	<u>10,557,286</u>	<u>7,878,774</u>
Net uninvested cash	<u>10,557,286</u>	<u>7,878,774</u>

10. Other creditors

	14/09/19	14/09/18
	£	£
Accrued expenses	50,268	109,396
Amounts payable for cancellation of units	<u>331,558</u>	<u>331,541</u>
	<u>381,826</u>	<u>440,937</u>

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (14 September 2018: same).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks

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

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

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

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

(a) Market Risk arising from other price risk

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

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

The assets held by the Trust can be seen in the Portfolio Statement starting on page 9. Movements in the prices of these investments result in movements in the performance of the Trust. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Trust's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 14 September 2019, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £10,985,292 (14 September 2018: £12,810,734).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(b) Interest Rate Risk

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

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

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

(c) Foreign Currency Risk

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

Forward currency contracts were not utilised during the current and the preceding year.

At 14 September 2019, 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 £64,437 (14 September 2018: £102,789).

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

14/09/19 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
US Dollar	—	6,444	6,444

14/09/18 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Euro	—	4,200	4,200
US Dollar	—	6,079	6,079

(d) Credit Risk

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

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

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(e) Liquidity Risk

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

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

(f) Fair Value

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

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

14/09/19	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	219,705,844	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	219,705,844	—

14/09/18	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	256,214,686	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	256,214,686	—

Level 1

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

Level 2

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

Level 3

Valuation techniques using unobservable inputs.

Notes to the Financial Statements continued

13. Portfolio transaction costs

14/09/19	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	121,284	41	0.03	468	0.39	121,793
Total	121,284	41	0.03	468	0.39	121,793

14/09/19	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	135,352	(53)	0.04	—	—	135,299
Total	135,352	(53)	0.04	—	—	135,299

Commissions and taxes as % of average net assets

Commissions 0.04%

Taxes 0.20%

14/09/18	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	149,813	59	0.04	548	0.37	150,420
Total	149,813	59	0.04	548	0.37	150,420

14/09/18	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	148,544	(67)	0.05	—	—	148,477
Total	148,544	(67)	0.05	—	—	148,477

Commissions and taxes as % of average net assets

Commissions 0.05%

Taxes 0.20%

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 0.66% (14 September 2018: 0.42%).

Notes to the Financial Statements continued

14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 43. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 32 to 41. The distributions per unit class are given in the distribution tables on pages 29 and 30. All classes have the same rights on winding up.

R-Class	Distribution	Accumulation
Opening Units	151,319,885	11,910,497
Units issued	2,045,917	287,433
Units cancelled	(3,864,297)	(1,638,551)
Units converted	(98,986,916)	989,353
Closing Units	50,514,589	11,548,732

F-Class	Distribution	Accumulation
Opening Units	65,354	47,762
Units issued	—	17,178
Units cancelled	—	—
Units converted	—	—
Closing Units	65,354	64,940

I-Class	Distribution	Accumulation
Opening Units	3,194,366	5,655,619
Units issued	388,103	220,073
Units cancelled	(521,850)	(3,051,548)
Units converted	169,025	13,241
Closing Units	3,229,644	2,837,385

C-Class	Distribution	Accumulation
Opening Units	2,000	2,000
Units issued	—	17,399,068
Units cancelled	—	(16,009,218)
Units converted	—	127,758,118
Closing Units	2,000	129,149,968

L-Class	Distribution	Accumulation
Opening Units	71,424,056	—
Units issued	8,136,406	2,810
Units cancelled	(15,098,474)	(23,015)
Units converted	38,754,421	378,386
Closing Units	103,216,409	358,181

Notes to the Financial Statements continued

15. Ultimate controlling party and related party transactions

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

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

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

At the year end, the Manager and its associates held 70.24% (68.72% as at 14 September 2018) of the Trust's units in issue.

16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class accumulation unit was 106.12p. The Net Asset Value per R-Class accumulation unit for the Trust as at 12 noon on 1 November 2019 was 104.30p. This represents a decrease of 1.72% from the year end value.

Distribution Tables

Distribution Tables for the year ended 14 September 2019

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	
			15/09/18	to 14/03/19
R-Class			Distribution	Distribution
Distribution Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	0.5465	—
Group 2	0.3362	0.2103	0.5465	—
R-Class			Distribution	Distribution
Accumulation Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	0.5823	—
Group 2	0.3578	0.2245	0.5823	—
F-Class			Distribution	Distribution
Distribution Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	0.8023	0.0649
Group 2	—	0.8023	0.8023	0.0649
F-Class			Distribution	Distribution
Accumulation Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	0.8788	0.0702
Group 2	0.3902	0.4886	0.8788	0.0702
I-Class			Distribution	Distribution
Distribution Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	0.9199	0.2631
Group 2	0.4862	0.4337	0.9199	0.2631
I-Class			Distribution	Distribution
Accumulation Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	1.0617	0.3000
Group 2	0.7134	0.3483	1.0617	0.3000
C-Class			Distribution	Distribution
Distribution Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	0.4750	0.1105
Group 2	—	0.4750	0.4750	0.1105
C-Class			Distribution	Distribution
Accumulation Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	0.4827	0.1105
Group 2	0.2738	0.2089	0.4827	0.1105
L-Class			Distribution	Distribution
Distribution Units			14/05/19	14/05/18
Group 1	Revenue	Equalisation	1.2904	0.6817
Group 2	0.7456	0.5448	1.2904	0.6817

Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			15/03/19	to 14/09/19
R-Class			Distribution	Distribution
Distribution Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	1.4528	—	1.4528	0.6952
Group 2	0.8500	0.6028	1.4528	0.6952
R-Class			Distribution	Distribution
Accumulation Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	1.5572	—	1.5572	0.7414
Group 2	1.0044	0.5528	1.5572	0.7414
F-Class			Distribution	Distribution
Distribution Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	1.7283	—	1.7283	1.1732
Group 2	—	1.7283	1.7283	1.1732
F-Class			Distribution	Distribution
Accumulation Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	1.9089	—	1.9089	1.2715
Group 2	0.7462	1.1627	1.9089	1.2715
I-Class			Distribution	Distribution
Distribution Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	1.8430	—	1.8430	1.3062
Group 2	1.0155	0.8275	1.8430	1.3062
I-Class			Distribution	Distribution
Accumulation Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	2.1433	—	2.1433	1.4909
Group 2	1.3913	0.7520	2.1433	1.4909
C-Class			Distribution	Distribution
Distribution Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	0.8935	—	0.8935	0.6870
Group 2	—	0.8935	0.8935	0.6870
C-Class			Distribution	Distribution
Accumulation Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	0.9160	—	0.9160	0.6875
Group 2	0.4287	0.4873	0.9160	0.6875
L-Class			Distribution	Distribution
Distribution Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	2.2253	—	2.2253	1.7316
Group 2	1.8762	0.3491	2.2253	1.7316
L-Class			Distribution	Distribution
Accumulation Units			14/11/19	14/11/18
	Revenue	Equalisation		
Group 1	0.7538	—	0.7538	N/A
Group 2	0.1060	0.6478	0.7538	N/A

In the above tables, a distribution pay rate of — denotes that the classes were in a shortfall position, and therefore no distribution payment was made.

In the above tables, a distribution pay rate of N/A denotes that the class was not in existence as at the applicable XD date, and therefore no distribution was made. Please refer to the comparative tables on pages 32 to 41 for the launch date of this class.

Trust Information

The Comparative Tables on pages 32 to 41 give the performance of each active unit class in the Trust.

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

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

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

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

Trust Information continued

Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	14/09/19 (pence per unit)	14/09/18 (pence per unit)	14/09/17 (pence per unit)
Opening net asset value per unit	106.77	108.90	98.96
Return before operating charges*	(5.69)	0.38	12.55
Operating charges (calculated on average price)	(1.52)	(1.81)	(1.89)
Return after operating charges*	(7.21)	(1.43)	10.66
Distributions on income units	(2.00)	(0.70)	(0.72)
Closing net asset value per unit	97.56	106.77	108.90
* after direct transaction costs of:	0.23	0.27	0.36

Performance

Return after charges	(6.75)%	(1.31)%	10.77%
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Other Information

Closing net asset value (£)	49,280,202	161,559,641	169,618,457
Closing number of units	50,514,589	151,319,885	155,754,960
Operating charges [†]	1.54%	1.63%	1.83%
Direct transaction costs	0.23%	0.25%	0.35%

Prices

Highest unit price	109.20p	117.00p	116.70p
Lowest unit price	90.67p	104.90p	94.90p

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

Past performance is not a guide to future performance.

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

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

Trust Information continued

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	14/09/19 (pence per unit)	14/09/18 (pence per unit)	14/09/17 (pence per unit)
Opening net asset value per unit	113.81	115.33	104.10
Return before operating charges*	(6.06)	0.39	13.22
Operating charges (calculated on average price)	(1.63)	(1.91)	(1.99)
Return after operating charges*	(7.69)	(1.52)	11.23
Distributions	(2.14)	(0.74)	(0.76)
Retained distributions on accumulation units	2.14	0.74	0.76
Closing net asset value per unit	106.12	113.81	115.33
* after direct transaction costs of:	0.24	0.29	0.38

Performance

Return after charges	(6.76)%	(1.32)%	10.79%
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Other Information

Closing net asset value (£)	12,255,623	13,555,140	12,973,257
Closing number of units	11,548,732	11,910,497	11,248,928
Operating charges†	1.54%	1.63%	1.83%
Direct transaction costs	0.23%	0.25%	0.35%

Prices

Highest unit price	116.40p	123.90p	123.00p
Lowest unit price	96.65p	111.10p	99.82p

† Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

Past performance is not a guide to future performance.

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

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

Trust Information continued

Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	14/09/19 (pence per unit)	14/09/18 (pence per unit)	14/09/17 (pence per unit)
Opening net asset value per unit	108.17	110.33	100.27
Return before operating charges*	(5.76)	0.35	12.74
Operating charges (calculated on average price)	(1.04)	(1.27)	(1.40)
Return after operating charges*	(6.80)	(0.92)	11.34
Distributions on income units	(2.53)	(1.24)	(1.28)
Closing net asset value per unit	98.84	108.17	110.33
* after direct transaction costs of:	0.23	0.28	0.37

Performance

Return after charges	(6.29)%	(0.83)%	11.31%
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Other Information

Closing net asset value (£)	64,599	70,692	72,105
Closing number of units	65,354	65,354	65,354
Operating charges [†]	1.04%	1.13%	1.33%
Direct transaction costs	0.23%	0.25%	0.35%

Prices

Highest unit price	110.60p	118.90p	112.70p
Lowest unit price	91.99p	106.50p	96.25p

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

Past performance is not a guide to future performance.

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

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

Trust Information continued

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	14/09/19 (pence per unit)	14/09/18 (pence per unit)	14/09/17 (pence per unit)
Opening net asset value per unit	118.49	119.49	107.31
Return before operating charges*	(6.29)	0.38	13.68
Operating charges (calculated on average price)	(1.15)	(1.38)	(1.50)
Return after operating charges*	(7.44)	(1.00)	12.18
Distributions	(2.79)	(1.34)	(1.38)
Retained distributions on accumulation units	2.79	1.34	1.38
Closing net asset value per unit	111.05	118.49	119.49
* after direct transaction costs of:	0.26	0.30	0.39

Performance

Return after charges	(6.28)%	(0.84)%	11.35%
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Other Information

Closing net asset value (£)	72,116	56,593	57,074
Closing number of units	64,940	47,762	47,764
Operating charges†	1.04%	1.13%	1.33%
Direct transaction costs	0.23%	0.25%	0.35%

Prices

Highest unit price	121.20p	128.80p	121.20p
Lowest unit price	100.80p	115.40p	103.10p

† Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

Past performance is not a guide to future performance.

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

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

Trust Information continued

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	14/09/19 (pence per unit)	14/09/18 (pence per unit)	14/09/17 (pence per unit)
Opening net asset value per unit	107.35	109.51	99.52
Return before operating charges*	(5.70)	0.35	12.64
Operating charges (calculated on average price)	(0.79)	(0.94)	(0.98)
Return after operating charges*	(6.49)	(0.59)	11.66
Distributions on income units	(2.76)	(1.57)	(1.67)
Closing net asset value per unit	98.10	107.35	109.51
* after direct transaction costs of:	0.23	0.28	0.36

Performance

Return after charges	(6.05)%	(0.54)%	11.72%
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Other Information

Closing net asset value (£)	3,168,430	3,429,302	3,775,065
Closing number of units	3,229,644	3,194,366	3,447,104
Operating charges†	0.79%	0.84%	0.94%
Direct transaction costs	0.23%	0.25%	0.35%

Prices

Highest unit price	109.80p	118.00p	111.90p
Lowest unit price	91.36p	105.70p	95.61p

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Trust Information continued

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	14/09/19 (pence per unit)	14/09/18 (pence per unit)	14/09/17 (pence per unit)
Opening net asset value per unit	123.92	124.60	111.47
Return before operating charges*	(6.57)	0.39	14.23
Operating charges (calculated on average price)	(0.91)	(1.07)	(1.10)
Return after operating charges*	(7.48)	(0.68)	13.13
Distributions	(3.21)	(1.79)	(1.88)
Retained distributions on accumulation units	3.21	1.79	1.88
Closing net asset value per unit	116.44	123.92	124.60
* after direct transaction costs of:	0.27	0.32	0.40

Performance

Return after charges	(6.04)%	(0.55)%	11.78%
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Other Information

Closing net asset value (£)	3,303,789	7,008,669	4,230,758
Closing number of units	2,837,385	5,655,619	3,395,438
Operating charges†	0.79%	0.84%	0.94%
Direct transaction costs	0.23%	0.25%	0.35%

Prices

Highest unit price	126.70p	134.60p	126.20p
Lowest unit price	105.50p	120.50p	107.10p

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Trust Information continued

Comparative Tables continued

C-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	15/09/18 to 14/09/19 (pence per unit)	12/12/17 to 14/09/18 ¹ (pence per unit)
Opening net asset value per unit	48.05	50.00
Return before operating charges*	(2.51)	(0.96)
Operating charges (calculated on average price)	(0.22)	(0.19)
Return after operating charges*	(2.73)	(1.15)
Distributions on income units	(1.37)	(0.80)
Closing net asset value per unit	43.95	48.05
* after direct transaction costs of:	0.10	0.12

Performance

Return after charges	(5.68)%	(2.30)%
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Other Information

Closing net asset value (£)	879	961
Closing number of units	2,000	2,000
Operating charges [†]	0.50%	0.50%
Direct transaction costs	0.23%	0.25%

Prices

Highest unit price	49.17p	52.95p
Lowest unit price	40.94p	47.36p

¹ C-Class Units launched on 12 December 2017.

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Trust Information continued

Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	15/09/18 to 14/09/19 (pence per unit)	12/12/17 to 14/09/18 ¹ (pence per unit)
Opening net asset value per unit	48.85	50.00
Return before operating charges*	(2.57)	(0.96)
Operating charges (calculated on average price)	(0.23)	(0.19)
Return after operating charges*	(2.80)	(1.15)
Distributions	(1.40)	(0.80)
Retained distributions on accumulation units	1.40	0.80
Closing net asset value per unit	46.05	48.85
* after direct transaction costs of:	0.11	0.12

Performance

Return after charges	(5.73)%	(2.30)%
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Other Information

Closing net asset value (£)	59,475,818	977
Closing number of units	129,149,968	2,000
Operating charges [†]	0.50%	0.50%
Direct transaction costs	0.23%	0.25%

Prices

Highest unit price	49.99p	53.07p
Lowest unit price	41.62p	47.46p

¹ C-Class Units launched on 12 December 2017.

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Trust Information continued

Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	14/09/19 (pence per unit)	14/09/18 (pence per unit)	14/09/17 (pence per unit)
Opening net asset value per unit	107.28	109.46	99.47
Return before operating charges*	(5.68)	0.33	12.67
Operating charges (calculated on average price)	(0.04)	(0.10)	(0.20)
Return after operating charges*	(5.72)	0.23	12.47
Distributions on income units	(3.52)	(2.41)	(2.48)
Closing net asset value per unit	98.04	107.28	109.46
* after direct transaction costs of:	0.23	0.28	0.36

Performance

Return after charges	(5.33)%	0.21%	12.54%
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Other Information

Closing net asset value (£)	101,194,942	76,621,046	78,183,814
Closing number of units	103,216,409	71,424,056	71,424,056
Operating charges†	0.04%	0.09%	0.19%
Direct transaction costs	0.23%	0.25%	0.35%

Prices

Highest unit price	109.70p	118.10p	112.10p
Lowest unit price	91.49p	105.70p	95.71p

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Trust Information continued

Comparative Tables continued

L-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Period ending	25/04/19 to 14/09/19 ¹ (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(1.54)
Operating charges (calculated on average price)	(0.01)
Return after operating charges*	(1.55)
Distributions	(0.75)
Retained distributions on accumulation units	0.75
Closing net asset value per unit	48.45
* after direct transaction costs of:	0.04

Performance

Return after charges	(3.10)%
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Other Information

Closing net asset value (£)	173,523
Closing number of units	358,181
Operating charges [†]	0.04%
Direct transaction costs	0.23%

Prices

Highest unit price	50.13p
Lowest unit price	45.27p

¹ L-Class Accumulation Units launched on 25 April 2019.

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Risk and Reward Profile (unaudited)



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

General Information (unaudited)

Constitution

Launch date:	10 November 2008
Period end dates for distribution:	14 March, 14 September
Distribution dates:	14 May, 14 November
Minimum initial lump sum investment:	R-Class £100 F-Class* £500 I-Class £1,000,000 C-Class** £20,000,000 L-Class*** £100,000
Valuation point:	12 noon
Fund management fees:	R-Class Annual 1.54% F-Class* Annual 1.04% I-Class Annual 0.79% C-Class** Annual 0.50% L-Class*** Annual 0.04%
Initial charges:	Nil for all existing unit classes

* Class F 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.

** Class C units are available to certain eligible investors who meet the criteria for investment in such units as outlined in the share class policy of the Manager, which is available to investors in the C-Class upon request. Where investors in the C-Class no longer continue to meet the criteria for investment in such units, further investment in such units may not be permitted.

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

Pricing and Dealing

The prices are published on the internet at www.legalandgeneral.com/investments/fund-information/daily-fund-prices immediately after they become available.

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

Buying and Selling Units

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

General Information (unaudited) continued

ISA Status

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

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

Prospectus and Manager's Reports

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

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

Dual Pricing Arrangement

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

General Information (unaudited) continued

Remuneration Disclosure

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

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

Controlled Functions

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Trust (Pro-rated) (£'000)
36	7,644	13,053	108

Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£'000)	Remuneration related to this Trust (Pro-rated) (£'000)
19	2,324	2,868	194

Controlled Functions

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

General Information (unaudited) continued

Material Risk Takers

As at 31 December 2018, UTM engaged the services of Legal & General Investment Management's Active Equities Fund Management team, which consists of 19 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 Trust. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have pro-rated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Legal & General Investment Management's Active Equities Fund Management team.

Significant Changes

New Unit Class: L-Class

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

Change in Investment Objective and Policy

In line with the updated rules and guidance for the asset management industry published by the Financial Conduct Authority (FCA) in February 2019, we have clarified the Investment Objectives and Policies for our UK regulated funds.

The revised Investment Objective and Policy came into effect on 7 August 2019. The previous and revised Investment Objective and Policy are set out on page 2.

Publication of Short Report Discontinued

With effect from 20 September 2019, the Short Report for this Trust will no longer be issued.

General Information (unaudited) continued

Authorised Fund Manager

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

Directors of the Manager

R. M. Bartley (resigned 31 December 2018)
E. Cowhey* (appointed 9 October 2019)
A. J. C. Craven
S. Hynes
H. Morrissey
H. Solomon
S. D. Thomas (resigned 17 October 2018)
L. W. Toms
A. R. Toutouchi*
M. J. Zinkula (resigned 15 July 2019)
*Non-executive Director

Secretary

J. McCarthy

Registrar

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

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

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

Trustee

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

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

Independent Auditors

KPMG LLP
15 Canada Square,
London E14 5GL

Investment Adviser

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

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

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(Unit Trust Managers) Limited
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www.legalandgeneral.com

