

Legal & General  
(Alliance & Leicester) Capital Growth Fund

**Annual Manager's Report**  
**for the year ended**  
**28 February 2018**

**EVERY  
DAY  
MATTERS.®**





# Contents

	<b>Page Number</b>
Manager's Investment Report*	2
Authorised Status*	5
Directors' Statement	5
Statement of the Manager's Responsibilities	6
Statement of the Trustee's Responsibilities	7
Report of the Trustee	8
Portfolio Statement*	9
Independent Auditors' Report	21
Statement of Total Return	24
Statement of Change in Unitholders' Funds	24
Balance Sheet	25
Notes to the Financial Statements	26
Distribution Tables	38
Fund Information*	39
Risk and Reward Profile*	41
General Information*	42

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

# Manager's Investment Report

## Investment Objective and Policy

The objective of the Fund is to track the capital performance of the FTSE 350 Index (the 'Index') and to maintain a gross income yield equal to that of the Index.

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

## Manager's Investment Report

During the year under review, the bid price of the Fund's R-Class accumulation units increased by 3.71%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Fund is valued using prevailing prices at 12pm. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis, over the review year, the Fund rose by 0.52% on a capital only basis, compared with the FTSE 350 Index rise of 0.45% (Source: Bloomberg), producing a tracking difference of + 0.07%.

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

**The value of investments and any income from them may go down as well as up.**

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

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## Market/Economic Review

The global economic background has improved over the past twelve months, led by solid growth in the major developed economies. Despite a rise in commodity prices, with the oil price recording a three-year high early in 2018, inflationary pressures worldwide have remained subdued.

In the UK, both economic and political uncertainty have heightened over the last 12 months, as the June general election resulted in a hung parliament and Brexit negotiations began. The Bank of England voted to increase interest rates to 0.5% in November, removing the emergency support announced in August 2016 in the wake of the EU referendum.

Although weakness towards the end of the review year diluted returns, UK equities gained ground. The market has been led higher by resources stocks, benefiting from the strength of commodity markets. Financials have also outperformed the broader market, led by shares in insurance companies. The weakest sectors have been utilities, healthcare and personal & household goods. These sectors are less sensitive to the economic cycle but are more closely correlated with bond markets, and tend to underperform when investors are more optimistic about the economic outlook and earnings growth prospects.

## Manager's Investment Report continued

In Sterling terms, the UK major sectors such as Industrial Metals & Mining (+90.23%), Electronic & Electrical Equipment (+22.47%) and Industrial Transportation (+21.13%) showed the largest positive returns during the review year, whilst Gas, Water & Multi-Utilities (-28.19%), Fixed Line Telecommunications (-26.43%) and Electricity (-21.25%) were the worst performing sectors.

In the UK, again in Sterling terms, both the FTSE 250 Index (+4.88%) and FTSE SmallCap Index (+7.86%) outperformed the large-cap FTSE 100 Index (-0.43%) over the review year.

### Fund Review

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

There were four Index reviews carried out by FTSE during the review year. In March 2017, the review resulted in three additions and three deletions. Sanne Group, Northgate and Syncona were added to the Index, whereas International Personal Finance, N Brown Group and CMC Markets were deletions. The largest increases in free share capital were for Lloyds Banking Group, Royal Dutch Shell 'A' and GlaxoSmithKline and the largest decreases were for Alliance Trust, Experian and Sole Realisation (formerly SVG Capital).

The annual Index review in June resulted in six additions and six deletions. Melrose Industries, Pershing Square, Sirius Minerals, Coats Group, FDM Group and TBC Bank Group were added to the Index, whereas deletions included Keller, Debenhams, Allied Minds, BH Macro (GBP), AO World and Sole Realisation (formerly SVG Capital). The largest increases in free share capital were for Lloyds Banking Group, Ladbroke's Coral Group and Royal Dutch Shell 'A' and the largest decreases were for Anglo American, GlaxoSmithKline and Diageo.

The September quarterly Index review resulted in three additions and three deletions. Sequoia Economic Infrastructure Income Fund, 888 and Alfa Financial Software were added, whereas Northgate, Petra Diamonds and Carillion were deleted from the Index. The largest increases in free share capital were for Centrica and NewRiver REIT and the largest decreases were for Unilever and Rio Tinto.

In December, the quarterly Index review resulted in five additions and five deletions. BCA Marketplace, Rhi Magnesita, F&C Global Smaller Companies, PureCircle and TI Fluid Systems were added, whereas P2P Global Investments, PayPoint, Restaurant Group, Nostrum Oil & Gas and Electra Private Equity were deleted from the Index. The largest increases in free share capital were for Royal Dutch Shell 'A', IP Group and Sophos Group and the largest decreases were for Anglo American, Unilever and Hansteen.

Outside of the Index reviews there was a noticeable amount of overseas merger & acquisition activity. Henderson was deleted from the Index as a result of a merger with Janus (US) and delisting from the London Stock Exchange. Stobart Group was consequently promoted to FTSE 250 Index from the FTSE SmallCap Index. Jimmy Choo replaced Aberdeen Asset Management which merged with the subsequently enlarged Standard Life Aberdeen. Equiniti Group replaced Berendsen after completion of a friendly acquisition by Elis (FR). Renewi was added to the Index, replacing Amec Foster Wheeler, which was acquired by John Wood Group via a scheme of arrangement. Herald Investment Trust was promoted from the

## Manager's Investment Report continued

FTSE SmallCap Index to replace Kennedy Wilson Europe Real Estate that was acquired by Kennedy Wilson (US) which bought the residual stake in the company. Jupiter European Opportunities Trust replaced Jimmy Choo that was acquired by Michael Kors via a scheme of arrangement. Pi UK Bidco has acquired Paysafe Group via a scheme of arrangement for cash which resulted in Schroder Asia Pacific Fund being promoted from the FTSE SmallCap Index. Vantiv (US) acquired Worldpay via a scheme of arrangement for cash and shares which resulted in Fenner being added as a replacement stock. British American Tobacco was up weighted after acquiring the remaining 57.8% of its Reynolds American (US) holding. Atkins (WS) was replaced in the FTSE 250 by N Brown Group after being acquired by SNC-Lavalin Group (GB). Shawbrook Group was replaced by Vietnam Enterprise after being acquired by Marlin Bidco. Micro Focus increased its weight in the Index following the acquisition of the software business segment ("HPE Software") of Hewlett Packard (HPE US).

Companies raising capital via rights issues included Xafinity, Laird, Segro, Cobham, Tullow Oil & Cineworld Group. LondonMetric Property, Tritax Big Box REIT, Marston's, IP Group, NewRiver REIT, Metro Bank, Greencoat UK Wind, and Shaftesbury all raised capital for growth via primary placings. Assura raised capital via a Firm Placing, Placing and Open Offer.

Secondary placings that resulted in companies having their freely available share capital increased in the Index were made for Ibstock, Onesavings Bank, JRP Group, Wizz Air, Playtech, B&M European Value Retail and Countryside Properties.

At the end of the review year the three largest stocks in the Index were Royal Dutch Shell (8.5%), HSBC (6.4%) and British American Tobacco (4.4%).

### Outlook

UK equities recorded their largest monthly decline since August 2015 during February, largely in response to the sell-off in global equity markets with volatility rising sharply.

In addition to concerns over US inflationary pressures and the risk of a more rapid rise in US interest rates, investors were also unsettled by the latest guidance on monetary policy from the Bank of England. The Bank's Monetary Policy Committee (MPC) cautioned that interest rates may need to be increased earlier and faster than previously expected, reflecting the impact of a stronger global economy on the UK inflation outlook, to return the benchmark consumer price index to its 2% target.

The Bank of England was also keen to stress that inflation would not return to target unless interest rates were hiked further. They broadly agree with market expectations of another couple of hikes in the next three years. This is consistent with our own expectation of slow rate hikes.

Signs that the Brexit negotiations are yielding little progress and a further round of subdued UK economic data reinforced the suggestion that businesses and individuals are likely to adopt a more cautious approach.

Given this backdrop of uncertainty the Fund remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited  
(Investment Adviser)  
22 March 2018

## Authorised Status

### Authorised Status

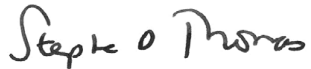
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

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



A. J. C. Craven  
(Director)



S. D. Thomas  
(Director)

Legal & General (Unit Trust Managers) Limited  
19 April 2018

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

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

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

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



## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

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

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

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

The Depositary must ensure that:

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

## Report of the Trustee

### **Report of the Trustee to the Unitholders of the Legal & General (Alliance & Leicester) Capital Growth Fund ("the Fund") for the year ended 28 February 2018**

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

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

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

Northern Trust Global Services Limited  
UK Trustee and Depositary Services  
19 April 2018

# Portfolio Statement

## Portfolio Statement as at 28 February 2018

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 28 February 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>UNITED KINGDOM</b>		
	<b>— 88.00% (87.50%)</b>		
	<b>Oil &amp; Gas Producers</b>		
	<b>— 12.55% (11.69%)</b>		
1,252,789	BP	6,000,859	4.03
36,855	Cairn Energy	69,914	0.05
31,502	Royal Dutch Shell 'A'	726,751	0.49
259,186	Royal Dutch Shell 'A' (Dutch Listing)	6,020,027	4.04
245,517	Royal Dutch Shell 'B'	5,708,270	3.83
91,821	Tullow Oil	167,987	0.11
		<b>18,693,808</b>	<b>12.55</b>
	<b>Oil Equipment, Services &amp; Distribution — 0.22% (0.24%)</b>		
9,600	Hunting	59,808	0.04
42,566	John Wood Group	263,739	0.18
		<b>323,547</b>	<b>0.22</b>
	<b>Chemicals — 0.78% (0.66%)</b>		
8,531	Croda International	390,293	0.26
33,332	Elementis	94,863	0.06
12,117	Johnson Matthey	379,626	0.26
247,923	Sirius Minerals	66,840	0.05
16,479	Synthomer	77,781	0.05
5,709	Victrex	146,036	0.10
		<b>1,155,439</b>	<b>0.78</b>
	<b>Forestry &amp; Paper — 0.31% (0.31%)</b>		
24,257	Mondi	459,670	0.31
	<b>Industrial Metals &amp; Mining — 0.14% (0.07%)</b>		
33,871	Evrax	145,747	0.10
17,747	Ferrexpo	55,619	0.04
		<b>201,366</b>	<b>0.14</b>
	<b>Mining — 4.53% (4.13%)</b>		
10,600	Acacia Mining	14,898	0.01
63,686	Anglo American	1,142,527	0.77
22,578	Antofagasta	199,996	0.13
134,902	BHP Billiton	2,009,770	1.35
11,467	Fresnillo	141,560	0.09
15,000	Hochschild Mining	31,005	0.02
15,436	KAZ Minerals	133,120	0.09
77,238	Rio Tinto	3,038,543	2.04
5,673	Vedanta Resources	42,309	0.03
		<b>6,753,728</b>	<b>4.53</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Construction &amp; Materials</b>		
	<b>— 0.41% (0.25%)</b>		
45,780	Balfour Beatty	121,591	0.08
17,400	Ibstock	45,797	0.03
6,621	Kier Group	68,395	0.05
14,000	Marshalls	57,400	0.04
117,297	Melrose Industries	265,326	0.18
13,000	Polypipe Group	51,246	0.03
		<b>609,755</b>	<b>0.41</b>
	<b>Aerospace &amp; Defense</b>		
	<b>— 1.84% (1.90%)</b>		
205,650	BAE Systems	1,189,480	0.80
158,931	Cobham	180,307	0.12
49,578	Meggitt	223,696	0.15
38,392	QinetiQ Group	78,320	0.05
107,219	Rolls-Royce	911,147	0.61
26,785	Senior	77,355	0.05
5,175	Ultra Electronics	80,523	0.06
		<b>2,740,828</b>	<b>1.84</b>
	<b>General Industrials — 0.74% (0.66%)</b>		
78,141	Coats Group	64,701	0.04
65,493	DS Smith	314,890	0.21
27,310	RPC Group	220,283	0.15
26,303	Smiths Group	420,453	0.28
14,590	Vesuvius	86,956	0.06
		<b>1,107,283</b>	<b>0.74</b>
	<b>Electronic &amp; Electrical Equipment</b>		
	<b>— 0.47% (0.38%)</b>		
24,088	Halma	291,224	0.20
18,737	Morgan Advanced Materials	63,668	0.04
2,436	Renishaw	118,244	0.08
8,038	Spectris	220,241	0.15
		<b>693,377</b>	<b>0.47</b>
	<b>Industrial Engineering</b>		
	<b>— 0.81% (0.69%)</b>		
11,760	Bodycote	109,074	0.07
12,700	Fenner	60,096	0.04
4,600	Hill & Smith	56,672	0.04
18,726	IMI	232,390	0.16
59,025	Rotork	172,589	0.12
4,902	Spirax-Sarco Engineering	280,640	0.19
14,241	Weir Group	288,238	0.19
		<b>1,199,699</b>	<b>0.81</b>
	<b>Industrial Transportation</b>		
	<b>— 0.45% (0.36%)</b>		
68,633	BBA Aviation	237,745	0.16
1,852	Clarkson	63,524	0.04
2,000	James Fisher & Sons	30,360	0.02

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Industrial Transportation — (cont.)</b>		
60,897	Royal Mail	339,805	0.23
		<hr/>	<hr/>
		671,434	0.45
	<b>Support Services — 2.79% (3.19%)</b>		
43,039	AA	34,293	0.02
16,805	Aggreko	127,012	0.09
31,820	Ashtead Group	668,538	0.45
31,654	Babcock International Group	205,688	0.14
42,400	BCA Marketplace	71,147	0.05
21,952	Bunzl	430,588	0.29
42,202	Capita Group	74,191	0.05
7,109	Diploma	79,052	0.05
28,877	Electrocomponents	183,311	0.12
21,250	Equiniti Group	61,731	0.04
19,020	Essentra	85,400	0.06
104,096	G4S	274,189	0.18
86,431	Hays	167,849	0.11
17,363	HomeServe	126,316	0.08
40,600	Howden Joinery Group	178,681	0.12
10,566	Intertek Group	519,953	0.35
25,249	Mitie Group	40,171	0.03
21,685	PageGroup	117,099	0.08
40,000	Renewi	37,360	0.02
115,972	Rentokil Initial	337,131	0.23
71,552	Serco Group	64,576	0.04
42,129	SIG	60,961	0.04
16,247	Travis Perkins	216,166	0.15
		<hr/>	<hr/>
		4,161,403	2.79
	<b>Automobiles &amp; Parts — 0.34% (0.27%)</b>		
110,551	GKN	479,902	0.32
9,600	TI Fluid Systems	25,152	0.02
		<hr/>	<hr/>
		505,054	0.34
	<b>Beverages — 2.76% (2.66%)</b>		
5,748	A.G. Barr	38,052	0.02
17,563	Britvic	118,989	0.08
160,160	Diageo	3,960,757	2.66
		<hr/>	<hr/>
		4,117,798	2.76
	<b>Food Producers — 0.61% (0.64%)</b>		
23,463	Associated British Foods	618,250	0.42
2,131	Cranswick	65,464	0.04
9,400	Dairy Crest Group	52,217	0.03
31,368	Tate & Lyle	175,912	0.12
		<hr/>	<hr/>
		911,843	0.61
	<b>Household Goods &amp; Home Construction — 3.10% (3.41%)</b>		
66,080	Barratt Developments	358,814	0.24

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Household Goods &amp; Home Construction — (cont.)</b>		
8,151	Bellway	255,371	0.17
8,415	Berkeley Group	326,250	0.22
9,706	Bovis Homes Group	102,156	0.07
19,483	Countryside Properties	62,151	0.04
17,237	Crest Nicholson	82,565	0.06
4,800	Galliford Try	44,184	0.03
34,214	McCarthy & Stone	47,455	0.03
20,119	Persimmon	523,496	0.35
40,343	Reckitt Benckiser Group	2,335,053	1.57
13,676	Redrow	81,030	0.05
212,835	Taylor Wimpey	401,513	0.27
		<b>4,620,038</b>	<b>3.10</b>
	<b>Personal Goods — 2.27% (2.49%)</b>		
27,025	Burberry Group	415,104	0.28
12,951	PZ Cussons	36,651	0.03
2,837	Superdry	49,137	0.03
2,000	Ted Baker	60,800	0.04
75,089	Unilever	2,814,711	1.89
		<b>3,376,403</b>	<b>2.27</b>
	<b>Tobacco — 5.44% (5.86%)</b>		
145,446	British American Tobacco	6,342,173	4.26
3,200	British American Tobacco ADR	140,581	0.09
61,985	Imperial Brands	1,621,217	1.09
		<b>8,103,971</b>	<b>5.44</b>
	<b>Health Care Equipment &amp; Services — 0.86% (0.78%)</b>		
72,249	ConvaTec Group	148,905	0.10
26,261	Mediclinic International	156,516	0.10
5,454	NMC Health	189,363	0.13
58,581	Smith & Nephew	749,251	0.50
18,739	Spire Healthcare Group	43,512	0.03
		<b>1,287,547</b>	<b>0.86</b>
	<b>Pharmaceuticals &amp; Biotechnology — 5.89% (6.75%)</b>		
82,226	AstraZeneca	3,948,081	2.65
25,548	BTG	170,661	0.11
6,417	Dechra Pharmaceuticals	159,912	0.11
4,062	Genus	90,583	0.06
313,769	GlaxoSmithKline	4,114,139	2.76
9,469	Hikma Pharmaceuticals	82,759	0.06
45,677	Indivior	175,171	0.12
49,000	Vectura Group	36,088	0.02
		<b>8,777,394</b>	<b>5.89</b>
	<b>Food &amp; Drug Retailers — 1.45% (1.36%)</b>		
15,577	Booker Group	35,718	0.02

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Food &amp; Drug Retailers — (cont.)</b>			
6,669	Greggs	81,095	0.05
103,387	J Sainsbury	268,393	0.18
28,635	Ocado Group	157,493	0.11
608,870	Tesco	1,295,675	0.87
141,653	WM Morrison Supermarkets	319,569	0.22
		<hr/>	
		2,157,943	1.45
<b>General Retailers — 1.69% (1.72%)</b>			
16,532	Card Factory	33,395	0.02
3,351	Dignity	27,411	0.02
68,691	Dixons Carphone	135,562	0.09
6,343	Dunelm Group	37,043	0.03
14,423	Halfords Group	51,259	0.03
27,566	Inchcape	183,314	0.12
23,000	JD Sports Fashion	87,607	0.06
37,823	Just Eat	331,178	0.22
143,599	Kingfisher	516,382	0.35
107,013	Marks & Spencer Group	319,541	0.21
10,100	N Brown Group	19,564	0.01
9,272	Next	452,566	0.30
22,620	Pets at Home Group	38,952	0.03
75,697	Saga	88,035	0.06
15,600	Sports Direct International	57,283	0.04
7,016	WH Smith	142,565	0.10
		<hr/>	
		2,521,657	1.69
<b>Media — 2.57% (2.50%)</b>			
17,221	Ascential	70,158	0.05
61,054	Auto Trader Group	222,420	0.15
2,748	Euromoney Institutional Investor	33,086	0.02
54,989	Informa	380,304	0.26
245,203	ITV	393,919	0.26
35,048	Moneysupermarket.com Group	92,282	0.06
53,933	Pearson	392,740	0.26
68,810	RELX	1,024,237	0.69
6,104	Rightmove	262,838	0.18
67,296	Sky	895,373	0.60
16,044	ZPG	54,100	0.04
		<hr/>	
		3,821,457	2.57
<b>Travel &amp; Leisure — 3.45% (3.24%)</b>			
11,665	Carnival	560,270	0.38
66,400	Cineworld Group	157,766	0.11
104,020	Compass Group	1,612,310	1.08
20,929	Domino's Pizza Group	68,584	0.05
17,980	easyJet	302,693	0.20
80,617	FirstGroup	69,008	0.05
3,189	Go-Ahead Group	50,067	0.03
21,721	Greene King	113,384	0.08
12,376	InterContinental Hotels Group	582,786	0.39

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Travel &amp; Leisure — (cont.)</b>		
4,918	J D Wetherspoon	62,163	0.04
95,123	Ladbroke's Coral Group	156,002	0.10
42,775	Marston's	44,144	0.03
47,026	Merlin Entertainments	160,218	0.11
8,708	Millennium & Copthorne Hotels	46,762	0.03
16,051	Mitchells & Butlers	38,843	0.03
31,077	National Express Group	108,459	0.07
8,886	Rank Group	19,860	0.01
30,388	SSP Group	185,519	0.12
28,782	Stagecoach Group	41,532	0.03
103,257	Thomas Cook Group	127,213	0.09
11,898	Whitbread	466,283	0.31
51,058	William Hill	169,155	0.11
		<b>5,143,021</b>	<b>3.45</b>
	<b>Fixed Line Telecommunications — 0.94% (1.30%)</b>		
546,552	BT Group	1,328,121	0.89
36,430	TalkTalk Telecom Group	37,596	0.02
3,201	Telecom Plus	40,077	0.03
		<b>1,405,794</b>	<b>0.94</b>
	<b>Mobile Telecommunications — 2.46% (2.54%)</b>		
30,671	Inmarsat	143,632	0.10
1,727,020	Vodafone Group	3,517,940	2.36
		<b>3,661,572</b>	<b>2.46</b>
	<b>Electricity — 0.59% (0.77%)</b>		
26,757	Drax Group	64,484	0.04
65,928	SSE	814,211	0.55
		<b>878,695</b>	<b>0.59</b>
	<b>Gas, Water &amp; Multi-utilities — 1.95% (2.90%)</b>		
358,517	Centrica	508,198	0.34
220,035	National Grid	1,649,162	1.11
28,985	Pennon Group	178,664	0.12
15,565	Severn Trent	269,664	0.18
43,213	United Utilities Group	291,428	0.20
		<b>2,897,116</b>	<b>1.95</b>
	<b>Banks — 11.88% (11.03%)</b>		
12,902	Aldermore Group	40,125	0.03
1,108,263	Barclays	2,373,345	1.59
2,311	BGEO Group	77,650	0.05
10,721	Close Brothers Group	169,714	0.11
53,651	CYBG	161,704	0.11
1,302,493	HSBC	9,392,277	6.31
4,638,495	Lloyds Banking Group	3,205,200	2.15
5,161	Metro Bank	203,137	0.14
211,126	Royal Bank of Scotland Group	567,507	0.38



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Banks — (cont.)</b>		
175,222	Standard Chartered	1,428,760	0.96
2,000	TBC Bank Group	32,120	0.02
16,663	Virgin Money UK	46,173	0.03
		17,697,712	11.88
	<b>Nonlife Insurance — 0.94% (0.86%)</b>		
12,564	Admiral Group	237,334	0.16
34,971	Beazley	184,122	0.12
91,299	Direct Line Insurance Group	353,053	0.24
18,103	Esure Group	41,275	0.03
19,348	Hastings Group	59,476	0.04
7,617	Jardine Lloyd Thompson Group	102,068	0.07
66,372	RSA Insurance Group	420,533	0.28
		1,397,861	0.94
	<b>Life Insurance — 4.48% (4.19%)</b>		
259,696	Aviva	1,310,946	0.88
33,565	Just Group	48,837	0.03
387,694	Legal & General Group	1,024,675	0.69
308,383	Old Mutual	791,619	0.53
168,105	Prudential	3,100,697	2.08
34,233	St James's Place	397,445	0.27
		6,674,219	4.48
	<b>Real Estate Investment &amp; Services — 0.25% (0.26%)</b>		
46,822	Capital & Counties Properties	125,577	0.09
11,460	CLS	25,900	0.02
286	Daejan	16,588	0.01
27,894	Grainger	76,429	0.05
7,952	Savills	76,498	0.05
12,949	St Modwen Properties	49,569	0.03
		370,561	0.25
	<b>Real Estate Investment Trusts — 1.84% (1.93%)</b>		
139,662	Assura	80,306	0.05
9,287	Big Yellow Group	76,339	0.05
65,569	British Land	413,216	0.28
6,777	Derwent London	196,465	0.13
22,802	Great Portland Estates	143,311	0.10
50,165	Hammerson	225,040	0.15
18,935	Hansteen	25,259	0.02
60,362	Intu Properties	124,044	0.08
46,379	Land Securities Group	429,006	0.29
42,990	LondonMetric Property	75,791	0.05
17,929	NewRiver REIT	55,042	0.04
15,000	Safestore	73,950	0.05
64,953	Segro	366,335	0.24
15,033	Shafftesbury	143,791	0.10
81,375	Tritax Big Box REIT	114,901	0.08

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Real Estate Investment Trusts</b>			
<b>— (cont.)</b>			
16,065	UNITE Group	122,978	0.08
7,943	Workspace Group	74,942	0.05
		<hr/>	
		2,740,716	1.84
		<hr/>	
<b>Financial Services — 3.03% (2.85%)</b>			
61,669	3i Group	580,429	0.39
25,720	Ashmore Group	107,818	0.07
20,233	Brewin Dolphin	69,521	0.05
15,516	Hargreaves Lansdown	267,185	0.18
24,503	IG Group	198,597	0.13
18,578	Intermediate Capital Group	197,484	0.13
39,461	Investec	250,419	0.17
46,483	IP Group	54,292	0.04
23,613	John Laing Group	64,463	0.04
27,562	Jupiter Fund Management	140,621	0.09
20,747	London Stock Exchange Group	842,743	0.57
100,146	Man Group	176,007	0.12
20,709	NEX Group	139,061	0.09
10,549	OneSavings Bank	43,209	0.03
19,748	Paragon Banking Group	96,647	0.07
9,954	Provident Financial	102,178	0.07
3,624	Rathbone Brothers	96,181	0.06
7,455	Schroders	257,570	0.17
3,067	Sole Realisation (SVG Capital) <sup>1</sup>	2,147	—
176,727	Standard Life Aberdeen	658,662	0.44
31,896	TP ICAP	172,047	0.12
		<hr/>	
		4,517,281	3.03
		<hr/>	
<b>Equity Investment Instruments</b>			
<b>— 2.15% (1.96%)</b>			
6,162	Aberforth Smaller Companies Trust	78,750	0.05
22,981	Alliance Trust	168,910	0.11
8,111	Bankers Investment Trust	71,539	0.05
8,423	British Empire Trust	60,393	0.04
2,222	Caledonia Investments	60,772	0.04
22,827	City of London Investment Trust	93,933	0.06
14,395	Dexion 'B' Shares <sup>1</sup>	151	—
11,677	Edinburgh Investment Trust	74,733	0.05
3,000	F&C Global Smaller Companies	39,300	0.03
23,490	Fidelity China Special Situations	57,433	0.04
30,344	Fidelity European Values	67,364	0.05
7,900	Finsbury Growth & Income Trust	58,934	0.04
36,750	Foreign & Colonial Investment Trust	239,610	0.16
65,419	Greencoat UK Wind	80,204	0.05
4,600	Herald Investment Trust	54,740	0.04
13,842	JPMorgan American Investment Trust	55,368	0.04
8,705	JPMorgan Emerging Markets Investment Trust	78,084	0.05
7,000	JPMorgan Indian Investment Trust	49,280	0.03

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Equity Investment Instruments</b>			
<b>— (cont.)</b>			
6,900	Jupiter European Opportunities Trust	50,853	0.04
5,827	Mercantile Investment Trust	122,658	0.08
15,211	Monks Investment Trust	121,536	0.08
8,424	Murray International Trust	104,121	0.07
16,908	Perpetual Income and Growth Investment Trust	59,347	0.04
120	Personal Assets Trust	47,700	0.03
9,266	Polar Capital Technology Trust	108,412	0.07
8,560	RIT Capital Partners	166,406	0.11
10,000	Schroder AsiaPacific Fund	46,700	0.03
5,356	Scottish Investment Trust	44,294	0.03
86,847	Scottish Mortgage Investment Trust	403,317	0.27
5,035	Temple Bar Investment Trust	63,844	0.04
19,651	Templeton Emerging Markets Investment Trust	153,474	0.10
21,578	TR Property Investment Trust	80,918	0.06
11,313	Witan Investment Trust	119,918	0.08
51,216	Woodford Patient Capital Trust	38,975	0.03
3,242	Worldwide Healthcare Trust	81,212	0.06
		<b>3,203,183</b>	<b>2.15</b>
<b>Software &amp; Computer Services</b>			
<b>— 1.02% (0.70%)</b>			
4,417	Alfa Financial Software	20,208	0.01
4,547	AVEVA Group	129,589	0.09
2,710	Computacenter	29,918	0.02
4,000	FDM Group	35,000	0.02
2,703	Fidessa Group	100,146	0.07
23,470	Micro Focus	483,482	0.32
3,400	Micro Focus International ADR	69,857	0.05
73,958	Sage Group	514,008	0.35
6,506	Softcat	37,735	0.03
19,064	Sophos Group	94,596	0.06
		<b>1,514,539</b>	<b>1.02</b>
<b>IRELAND — 1.97% (2.04%)</b>			
<b>Construction &amp; Materials</b>			
<b>— 0.90% (1.00%)</b>			
55,551	CRH	1,341,557	0.90
<b>General Industrials — 0.27% (0.22%)</b>			
15,930	Smurfit Kappa Group (London)	401,755	0.27
<b>Support Services — 0.34% (0.34%)</b>			
5,759	DCC	384,413	0.26
15,154	Grafton Group	114,792	0.08
		<b>499,205</b>	<b>0.34</b>
<b>Food Producers — 0.06% (0.09%)</b>			
47,998	Greencore Group	85,916	0.06

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Health Care Equipment &amp; Services</b> — 0.09% (0.07%)		
15,960	UDG Healthcare	134,303	0.09
	<b>Travel &amp; Leisure — 0.31% (0.32%)</b>		
5,477	Paddy Power Betfair	467,736	0.31
	<b>BERMUDA — 0.25% (0.24%)</b>		
	<b>Mining — 0.00% (0.03%)</b>		
	<b>Food Producers — 0.02% (0.00%)</b>		
8,000	PureCircle	34,600	0.02
	<b>Nonlife Insurance — 0.23% (0.21%)</b>		
18,376	Hiscox	256,897	0.17
14,640	Lancashire	82,130	0.06
		339,027	0.23
	<b>CANADA — 0.05% (0.04%)</b>		
	<b>Media — 0.05% (0.04%)</b>		
24,438	Entertainment One	73,412	0.05
	<b>CAYMAN ISLANDS — 0.18% (0.14%)</b>		
	<b>Life Insurance — 0.14% (0.14%)</b>		
26,068	Phoenix Group	205,416	0.14
	<b>Equity Investment Instruments</b> — 0.04% (0.00%)		
13,000	Vietnam Enterprise	61,490	0.04
	<b>CHANNEL ISLANDS — 6.67% (7.50%)</b>		
	<b>Oil Equipment, Services &amp; Distribution — 0.06% (0.10%)</b>		
17,792	Petrofac	81,381	0.06
	<b>Mining — 2.37% (2.19%)</b>		
75,364	Centamin	112,556	0.08
757,628	Glencore	2,935,051	1.97
17,982	Polymetal International	136,160	0.09
5,941	Randgold Resources	346,954	0.23
		3,530,721	2.37
	<b>Industrial Transportation</b> — 0.03% (0.00%)		
21,000	Stobart Group	50,925	0.03
	<b>Support Services — 1.30% (1.25%)</b>		
60,058	Experian	933,001	0.63
16,536	Ferguson	851,273	0.57
45,512	IWG	107,545	0.07
8,000	Sanne Group	51,040	0.03
		1,942,859	1.30
	<b>Pharmaceuticals &amp; Biotechnology</b> — 1.19% (1.95%)		
57,452	Shire	1,771,532	1.19
	<b>Media — 0.90% (1.23%)</b>		
25,757	UBM	236,063	0.16

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Media — (cont.)</b>		
80,254	WPP	1,108,709	0.74
		<hr/>	<hr/>
		1,344,772	0.90
	<b>Travel &amp; Leisure — 0.06% (0.03%)</b>		
2,374	Wizz Air	86,627	0.06
	<b>Real Estate Investment &amp; Services — 0.06% (0.08%)</b>		
35,451	F&C Commercial Property Trust	50,340	0.04
39,626	UK Commercial Property Trust	34,197	0.02
		<hr/>	<hr/>
		84,537	0.06
	<b>Financial Services — 0.00% (0.11%)</b>		
	<b>Equity Investment Instruments — 0.70% (0.56%)</b>		
49,026	3i Infrastructure	96,385	0.06
46,464	GCP Infrastructure Investments	54,735	0.04
7,541	Genesis Emerging Markets Fund	53,692	0.04
5,583	HarbourVest Global Private Equity	69,341	0.05
108,339	HICL Infrastructure	158,500	0.11
93,792	International Public Partnerships	141,814	0.10
57,187	John Laing Infrastructure Fund	66,909	0.04
73,791	NB Global Floating Rate Income Fund	67,297	0.05
12,900	Pershing Square	123,453	0.08
59,412	Renewables Infrastructure	63,333	0.04
3,815	Riverstone Energy	45,093	0.03
49,000	Sequoia Economic Infrastructure Income Fund	52,185	0.03
26,347	Syncona	51,851	0.03
		<hr/>	<hr/>
		1,044,588	0.70
	<b>GERMANY — 0.30% (0.23%)</b>		
	<b>Travel &amp; Leisure — 0.30% (0.23%)</b>		
29,055	TUI	448,028	0.30
	<b>GIBRALTAR — 0.02% (0.00%)</b>		
	<b>Travel &amp; Leisure — 0.02% (0.00%)</b>		
9,876	888	28,127	0.02
	<b>ISLE OF MAN — 0.24% (0.27%)</b>		
	<b>Support Services — 0.00% (0.08%)</b>		
	<b>Travel &amp; Leisure — 0.22% (0.19%)</b>		
20,759	GVC	185,066	0.12
18,506	Playtech	146,457	0.10
		<hr/>	<hr/>
		331,523	0.22
	<b>Real Estate Investment Trusts — 0.02% (0.00%)</b>		
86,027	RDI REIT	30,109	0.02
	<b>LUXEMBOURG — 0.13% (0.09%)</b>		
	<b>General Retailers — 0.13% (0.09%)</b>		
47,725	B&M European Value Retail	197,868	0.13

## Portfolio Statement continued

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market Value £</b>	<b>% of Net Assets</b>
	<b>NETHERLANDS — 0.04% (0.00%)</b> <b>Industrial Engineering</b> <b>— 0.04% (0.00%)</b>		
1,382	Rhi Magnesita	61,430	0.04
	<b>SPAIN — 0.44% (0.41%)</b> <b>Travel &amp; Leisure — 0.44% (0.41%)</b>		
107,940	International Consolidated Airlines Group	656,707	0.44
	<b>SWITZERLAND — 0.21% (0.17%)</b> <b>Beverages — 0.21% (0.17%)</b>		
12,991	Coca-Cola HBC	312,693	0.21
	<b>FUTURES CONTRACTS</b> <b>— -0.01% (0.01%)</b>		
12	FTSE 100 Index Future Expiry March 2018	(22,770)	(0.01)
<b>Portfolio of investments<sup>2,3</sup></b>		146,700,786	98.49
<b>Net other assets</b>		2,251,764	1.51
<b>Total net assets</b>		<b>£148,952,550</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.

<sup>3</sup> Including investment liabilities.

Total purchases for the year: £5,789,936.

Total sales for the year: £111,127,024.

# Independent Auditors' Report

## Independent auditors' report to the Unitholders of Legal & General (Alliance & Leicester) Capital Growth Fund

### Report on the audit of the financial statements

#### **Opinion**

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

- give a true and fair view of the financial position of the Fund as at 28 February 2018 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Manager's Report (the "Annual Report"), which comprise: the balance sheet as at 28 February 2018; the statement of total return, and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

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

#### **Independence**

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

#### **Conclusions relating to going concern**

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

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

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

## **Independent Auditors' Report continued**

### ***Reporting on other information***

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

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

### ***Authorised Fund Manager's Report***

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

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the Authorised Fund Manager for the financial statements***

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 6, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditors' responsibilities for the audit of the financial statements***

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



## Independent Auditors' Report continued

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

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

### **Other required reporting**

#### ***Opinion on matter required by the Collective Investment Schemes sourcebook***

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

#### ***Collective Investment Schemes sourcebook exception reporting***

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
19 April 2018

## Financial Statements

### Statement of Total Return for the year ended 28 February 2018

	Notes	28/02/18		28/02/17	
		£	£	£	£
<b>Income</b>					
Net capital gains	3		1,490,999		24,331,662
Revenue	4	5,739,001		5,863,549	
Expenses	5	(1,520,275)		(2,078,127)	
Interest payable and similar charges	7	(573)		(293)	
<b>Net revenue before taxation</b>		<u>4,218,153</u>		<u>3,785,129</u>	
Taxation	6	(6,800)		(19,631)	
<b>Net revenue after taxation for the year</b>		<u>4,211,353</u>		<u>3,765,498</u>	
<b>Total return before distributions</b>			5,702,352		28,097,160
Distributions	7		(4,211,353)		(3,765,498)
<b>Change in Unitholders' Funds from investment activities</b>			<u>£1,490,999</u>		<u>£24,331,662</u>

### Statements of Change in Unitholders' Funds for the year ended 28 February 2018

	28/02/18		28/02/17	
	£	£	£	£
<b>Opening net assets</b>		152,732,031		137,325,345
<b>Amounts received on issue of units</b>	163,566		87,057	
<b>Amounts paid on cancellation of units</b>	<u>(9,592,884)</u>		<u>(12,710,667)</u>	
		(9,429,318)		(12,623,610)
<b>Change in Unitholders' Funds from investment activities</b>		1,490,999		24,331,662
<b>Retained distributions on accumulation units</b>		<u>4,158,838</u>		<u>3,698,634</u>
<b>Closing net assets</b>		<u>£148,952,550</u>		<u>£152,732,031</u>

## Financial Statements continued

### Balance Sheet as at 28 February 2018

	Notes	28/02/18 £	28/02/17 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		146,723,556	150,686,937
<b>Current assets:</b>			
Debtors	8	811,106	1,349,197
Cash and bank balances	9	1,972,500	1,188,458
<b>Total assets</b>		<b>149,507,162</b>	<b>153,224,592</b>
<b>LIABILITIES</b>			
<b>Investment liabilities</b>			
		(22,770)	—
<b>Creditors:</b>			
Bank overdrafts	9	(183,139)	(88,544)
Other creditors	10	(348,703)	(404,017)
<b>Total liabilities</b>		<b>(554,612)</b>	<b>(492,561)</b>
<b>Net Assets</b>		<b>£148,952,550</b>	<b>£152,732,031</b>
<b>Unitholders' Funds</b>		<b>£148,952,550</b>	<b>£152,732,031</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 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 Fund is Sterling.

### (c) Recognition of revenue

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

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

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

Revenue from derivative instruments is treated in accordance with note 2(i).

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.

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

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

## 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 28 February 2018, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price. The fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

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

#### (g) Taxation

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

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

#### (h) Foreign exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 28 February 2018, being the last working day of the accounting year.

#### (i) Derivative Instruments

The Fund may make use of financial derivative instruments for Efficient Portfolio Management (EPM) purposes. EPM aims to reduce risk, reduce costs, or generate additional capital or income for the Fund with an acceptably low level of risk. These aims allow for tactical asset allocation, which is a temporary switch in investment exposure through the use of derivatives rather than trading the underlying securities.

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

### 3. Net capital gains

	28/02/18	28/02/17
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	1,511,079	24,331,747
Derivative securities	(14,812)	1,337
Currency losses	(5,268)	(1,422)
Net capital gains	<u>1,490,999</u>	<u>24,331,662</u>

## Notes to the Financial Statements continued

### 4. Revenue

	28/02/18	28/02/17
	£	£
UK Franked dividends	4,124,565	4,262,126
Non-taxable overseas dividends	334,453	419,138
Interest distributions	3,369	2,652
Property dividend distributions	21,711	14,216
Property interest distributions	84,690	81,535
Futures revenue	27,416	39,123
Franked stock dividends	1,139,015	1,043,338
Unfranked stock dividends	2,305	—
Bank interest	1,477	1,421
	<u>5,739,001</u>	<u>5,863,549</u>

### 5. Expenses

	28/02/18	28/02/17
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>1,520,275</u>	<u>2,078,127</u>
Total expenses	<u>1,520,275</u>	<u>2,078,127</u>

Audit fees of £7,890 plus VAT on Audit fees of £1,578 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £7,660 plus VAT of £1,532.

## Notes to the Financial Statements continued

### 6. Taxation

#### (a) Analysis of taxation charge in year

	28/02/18	28/02/17
	£	£
Overseas tax	6,800	19,631
Current tax [note 6(b)]	6,800	19,631
Deferred tax [note 6(c)]	—	—
Total taxation	<u>6,800</u>	<u>19,631</u>

#### (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	4,218,153	3,785,129
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	843,631	757,026
<b>Effects of:</b>		
Overseas tax	6,800	19,631
Revenue not subject to taxation	(1,123,949)	(1,147,764)
Excess management expenses not utilised	<u>280,318</u>	<u>390,738</u>
Current tax	<u>6,800</u>	<u>19,631</u>

#### (c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year. At the year end there is a potential deferred tax asset of £11,768,191 (28 February 2017: £11,487,873) due to surplus management expenses.

It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised (28 February 2017: 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:

	28/02/18	28/02/17
	£	£
Interim distribution	2,619,404	2,427,703
Final distribution	<u>1,539,434</u>	<u>1,270,931</u>
	4,158,838	3,698,634
Add: Revenue deducted on cancellation of units	53,141	67,041
Less: Revenue received on creation of units	<u>(626)</u>	<u>(177)</u>
<b>Distributions for the year</b>	<b>4,211,353</b>	<b>3,765,498</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	<u>573</u>	<u>293</u>
	<u>4,211,926</u>	<u>3,765,791</u>

### 8. Debtors

	28/02/18	28/02/17
	£	£
Accrued revenue	804,903	1,000,548
CIS tax recoverable	392	530
Overseas tax recoverable	5,196	10,646
PID tax recoverable	615	—
Sales awaiting settlement	<u>—</u>	<u>337,473</u>
	<u>811,106</u>	<u>1,349,197</u>

### 9. Net uninvested cash

	28/02/18	28/02/17
	£	£
Amounts held at futures clearing houses and brokers	123,648	93,865
Cash and bank balances	1,848,852	1,094,593
Bank overdrafts	<u>(183,139)</u>	<u>(88,544)</u>
Net uninvested cash	<u>1,789,361</u>	<u>1,099,914</u>



## Notes to the Financial Statements continued

### 10. Other creditors

	28/02/18	28/02/17
	£	£
Accrued expenses	93,960	167,249
Amounts payable for cancellation of units	<u>254,743</u>	<u>236,768</u>
	<u>348,703</u>	<u>404,017</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (28 February 2017: same).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

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

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

Each Fund has Investment Guidelines, an Investment Objective and Investment Restrictions, against which the fund manager will operate. These are set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager, reviewed by the LGIM Operational Risk and Compliance Teams and approved senior members of 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 Fund 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 Fund may suffer through holding market positions in the face of market movements.

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

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

At 28 February 2018, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £7,335,039 (28 February 2017: £7,534,347).

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

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

#### (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 or the preceding year.

At 28 February 2018, 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 £62,497 (28 February 2017: £53,224).

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

28/02/18 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Euro	5	6,020	6,025
US Dollar	14	210	224

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

#### (d) Credit Risk

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

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

## 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 Fund is the liability to Unitholders for any cancellation of units.

The Fund can also be exposed to liquidity risk through its commitments under derivative contracts, whereby additional margin payments or collateral payments may need to be posted with the counterparty or clearing house.

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

#### (f) Derivative Risk - Sensitivity Analysis

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

At the balance sheet date the Fund made use of the following derivatives:

##### **Futures**

Futures are used to hedge market exposure and ensure asset allocation views can be maintained without adjusting the underlying holdings too frequently. The effect of these instruments was to increase the exposure of the Fund by £869,340 (28 February 2017: increase the exposure by £434,310), representing 0.58% of the net asset value (28 February 2017: 0.28%).

This results in an effective equity exposure at the year end of 99.07% (28 February 2017: 98.95%) of net assets, which means that the gains or losses of the Fund will be 0.9907 (28 February 2017: 0.9895) times the gains or losses if the Fund was fully invested in equities.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (g) Fair Value

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

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

<b>28/02/18</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	146,723,556	(22,770)
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>146,723,556</b>	<b>(22,770)</b>

<b>28/02/17</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	150,686,937	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>150,686,937</b>	<b>—</b>

#### **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

28/02/18	Value	Commissions	Taxes		Total	
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	5,772	1	0.02	17	0.29	5,790
<b>Total</b>	<b>5,772</b>	<b>1</b>	<b>0.02</b>	<b>17</b>	<b>0.29</b>	<b>5,790</b>

28/02/18	Value	Commissions	Taxes		Total	
Sales	£'000	£'000	%	£'000	%	£'000
Equities	11,131	(3)	0.03	(1)	—	11,127
<b>Total</b>	<b>11,131</b>	<b>(3)</b>	<b>0.03</b>	<b>(1)</b>	<b>—</b>	<b>11,127</b>

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.01%

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

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

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.01%

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

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.05% (28 February 2017: 0.05%).

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 42. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on page 40. The distributions per unit class are given in the distribution tables on page 38. All classes have the same rights on winding up.

R-Class	Accumulation
Opening Units	99,299,971
Units issued	94,852
Units cancelled	(6,015,221)
Units converted	—
Closing Units	93,379,602

## Notes to the Financial Statements continued

### 15. Ultimate controlling party and related party transactions

The Manager is regarded as a related party to the Fund because it provides key management personnel services to the Fund. 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 Fund.

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

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

At the year end, the Manager and its associates held 0.00% (0.00% as at 28 February 2017) of the Fund'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 159.51p. The Net Asset Value per R-Class accumulation unit for the Fund as at 12 noon on 17 April 2018 was 159.20p. This represents a decrease of 0.19% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 28 February 2018

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

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

Interim dividend distribution in pence per unit			Period	
			01/03/17	to 31/08/17
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>31/10/17</b>	<b>31/10/16</b>
Group 1	2.7208	—	2.7208	2.3507
Group 2	1.6295	1.0913	2.7208	2.3507

Final dividend distribution in pence per unit			Period	
			01/09/17	to 28/02/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>30/04/18</b>	<b>30/04/17</b>
Group 1	1.6485	—	1.6485	1.2798
Group 2	1.1240	0.5245	1.6485	1.2798



## Fund Information (unaudited)

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

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

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

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

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

## Fund Information (unaudited) continued

### Comparative Tables

#### R-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Year ending	28/02/18 (pence per unit)	28/02/17 (pence per unit)	28/02/16 (pence per unit)
Opening net asset value per unit	153.81	126.67	139.25
Return before operating charges*	7.27	29.14	(10.68)
Operating charges (calculated on average price)	(1.57)	(2.00)	(1.90)
Return after operating charges*	5.70	27.14	(12.58)
Distributions	(4.37)	(3.63)	(3.32)
Retained distributions on accumulation units	4.37	3.63	3.32
Closing net asset value per unit	159.51	153.81	126.67
* after direct transaction costs of:	0.02	0.02	0.02

#### Performance

Return after charges	3.71%	21.42%	(9.03)%
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#### Other Information

Closing net asset value (£)	148,952,550	152,732,031	137,325,345
Closing number of units	93,379,602	99,299,971	108,416,033
Operating charges†	0.98%	1.43%	1.43%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest unit price	170.20p	160.00p	148.90p
Lowest unit price	152.40p	125.20p	115.30p

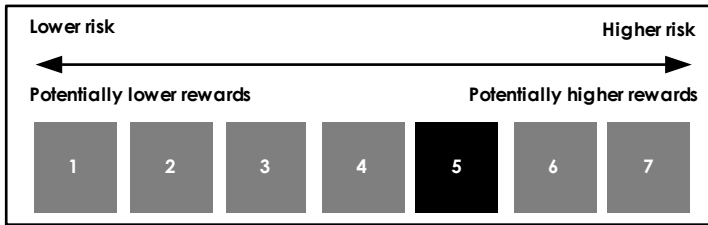
† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated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

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

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

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

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Fund's unit price has moved up and down in the past. If the Fund has less than five years' track record, the number also reflects the rate at which the Index the Fund 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 Fund is in category five because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

## General Information (unaudited)

### Constitution

Launch date:	26 February 1996
Period end dates for distributions:	28 February, 31 August
Distribution dates:	30 April, 31 October
Minimum initial lump sum investment:	£500
Minimum monthly contributions:	£50
Valuation point:	12 noon
Fund management fees:	Annual 0.82%†
Initial charge:	Nil†

† With effect from 6 June 2017 - See Significant Changes on 45.

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

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

### Prospectus and Manager's Reports

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

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

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

## General Information (unaudited) continued

### Information on Tracking Error

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

Using monthly returns, over the review year, the annualised Tracking Error of the Fund is 0.03%, whilst over the last three years to the end of February 2018, the annualised Tracking Error of the Fund is 0.04%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.50% per annum.

### Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Fund. 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 Fund in the form of a payment from the Manager. This provides an enhanced return to the Fund, 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 (Alliance & Leicester) Capital Growth Fund, as a UCITs Scheme, is required to disclose the aggregate remuneration paid by the UCITs Manager and by the UCITs Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITs Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it.

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Scheme (Pro-rated) (£'000)
32	6,726	11,997	63

### Material Risk taker

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
22	2,281	3,000	2

### Controlled Functions

As at 31 December 2017, Legal & General Unit Trust Managers Limited (UTM) engaged the services of six employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition, there was one non-executive Director. UTM also engaged the services of a further 20 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 prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

### Material Risk Takers

As at the 31 December 2016, UTM engaged the services of Legal & General Investment Management's Index Fund Management team, which consists of 22 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. 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 prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Index Fund Management team.

## General Information (unaudited) continued

### Significant Changes

#### **Change of Fund Management Fees (FMF)**

With effect from 6 June 2017, the FMF was reduced from 1.43% to 0.82%.

#### **Removal of Initial Charge**

With effect from 6 June 2017, the initial charge has been removed. Prior to this change, the initial charge was 3%. The removal of the initial charge will provide better value for investors, as there is no longer a cost of setting up the investments.

## 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  
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 Limited  
Trustee and Depositary Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

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

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### Investment Adviser

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









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

Legal & General  
(Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

