

Legal & General Real Capital Builder Fund
**Final Manager's
Short Report**
for the period ended
31 December 2018



Investment Objective and Policy

The Fund's objective is to grow capital, at the rate of inflation (CPI) +4% per annum on average over a rolling five year period and to manage volatility so that it remains around two thirds of the MSCI World Index. There is no guarantee that the objective will be met over any time period and capital is at risk. This objective is before the deduction of any charges and assumes any income is reinvested.

The Fund seeks to achieve capital growth by investing mainly in equities. The Fund will also invest in fixed income securities to help manage volatility and to protect capital.

The Fund's portfolio will be concentrated.

The Fund may invest in any region of the world, including emerging markets, and in any currency.

The Fund may also invest in permitted deposits, money market instruments, cash, near cash and units in collective investment schemes. The collective investment schemes in which the Fund invests will include those managed by Legal & General.

The Fund may use derivatives for efficient portfolio management only.

Risk Profile

Credit Risk

This Fund is invested in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations. This risk is managed by monitoring the financial stability of investments and companies, via credit ratings.

Market 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. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Currency Risk

This Fund holds investments in overseas financial securities. The performance of the Fund may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Interest Rate Risk

This Fund is invested in interest bearing securities. The performance of the Fund may therefore be affected by changes in interest rates. The active monitoring and adjustment of the investments in the portfolio manages this risk.

Fund Facts

Period End Dates for Distributions:	30 Jun, 31 Dec
Distribution Dates:	28 Feb, 31 Aug
Ongoing Charges Figures:	31 Dec 18*
I-Class	0.57%
C-Class**	0.50%
L-Class	0.07%

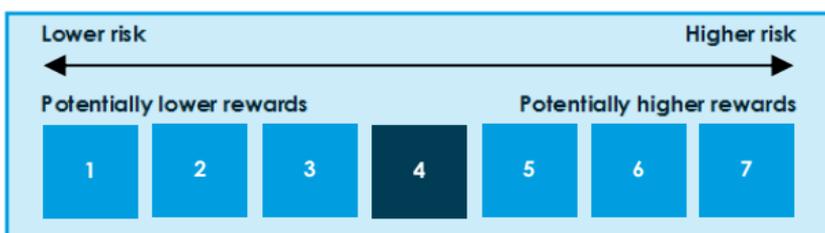
* There are no comparative figures shown as the Fund launched 24 October 2017.

** C-Class units launched on 28 February 2018.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, 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.

Risk and Reward Profile



- This Risk and Reward Indicator table demonstrates where the Fund 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 Fund. The shaded area in the table above shows the Fund's ranking on the Risk and Reward Indicator.
- The Fund is in category four because the mix of different asset types in which the Fund invests has a balancing effect on the rate at which the Fund share price moves up and down. This type of fund is generally considered to be higher risk than one investing only in bonds and lower risk than one existing only in company shares.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

I-Class

The distribution payable on 28 February 2019 is 0.2805p per unit for distribution units and 0.2805p per unit for accumulation units.

C-Class

The distribution payable on 28 February 2019 is 0.2910p per unit for distribution units and 0.2910p per unit for accumulation units.

L-Class

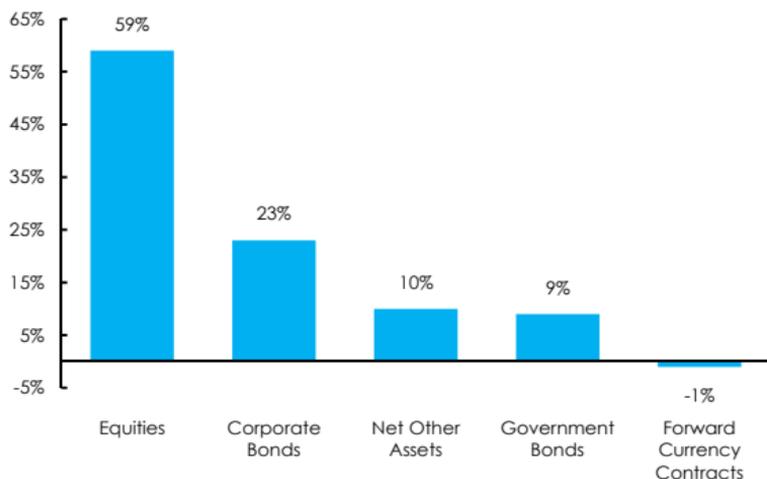
The distribution payable on 28 February 2019 is 0.3950p per unit for distribution units and 0.3955p per unit for accumulation units.

Portfolio Information

The top 10 holdings and their associated weighting at the current period end were:

Top 10 Holdings at 31 December 2018	
Holding	Percentage of Net Asset Value
AIA Group	3.04%
Alphabet 'A'	2.54%
Nomura Bank International	2.48%
Novo Nordisk	2.47%
Reckitt Benckiser Group	2.38%
KION Group	2.27%
JPMorgan Chase & Co.	2.27%
Medtronic	2.22%
Coway	2.17%
Samsonite International	2.14%

Fund Holdings as at 30 June 2018



There are no comparative figures shown as the Fund launched 24 October 2017.

Comparative Tables

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting period ending	24/10/17 to 31/12/18 (pence per unit) ¹
Opening net asset value per unit	50.00
Return before operating charges*	(4.57)
Operating charges (calculated on average price)	(0.33)
Return after operating charges*	(4.90)
Distributions on income units	(0.66)
Closing net asset value per unit	44.44
* after direct transaction costs of:	0.06

Performance

Return after charges	(9.80)%
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Other Information

Closing net asset value (£)	2,612
Closing number of units	5,877
Operating charges [†]	0.57%
Direct transaction costs	0.10%

Prices

Highest unit price	51.90p
Lowest unit price	44.29p

¹ There are no comparative figures shown as the Fund launched on 24 October 2017.

[†] 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.

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.

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting period ending	24/10/17 to 31/12/18 (pence per unit) ¹
Opening net asset value per unit	50.00
Return before operating charges*	(4.60)
Operating charges (calculated on average price)	(0.34)
Return after operating charges*	(4.94)
Distributions	(0.66)
Retained distributions on accumulation units	0.66
Closing net asset value per unit	45.06
* after direct transaction costs of:	0.06

Performance

Return after charges	(9.88)%
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Other Information

Closing net asset value (£)	242,074
Closing number of units	537,223
Operating charges [†]	0.57%
Direct transaction costs	0.10%

Prices

Highest unit price	52.06p
Lowest unit price	44.63p

¹ There are no comparative figures shown as the Fund launched on 24 October 2017.

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Comparative Tables continued

C-Class Distribution Units

Change in Net Asset Value per Unit

Accounting period ending	24/10/17 to 31/12/18 (pence per unit) ¹
Opening net asset value per unit	50.00
Return before operating charge*	(4.54)
Operating charges (calculated on average price)	(0.21)
Return after operating charges*	(4.75)
Distributions on income units	(0.65)
Closing net asset value per unit	44.60
* after direct transaction costs of:	0.04

Performance

Return after charges	(9.50)%
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Other Information

Closing net asset value (£)	892
Closing number of units	2,000
Operating charges [†]	0.50%
Direct transaction costs	0.10%

Prices

Highest unit price	52.13p
Lowest unit price	44.49p

¹ There are no comparative figures shown as C-Class Units launched on 28 February 2018.

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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.

Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting period ending	24/10/17 to 31/12/18 (pence per unit) ¹
Opening net asset value per unit	50.00
Return before operating charges*	(4.59)
Operating charges (calculated on average price)	(0.21)
Return after operating charges*	(4.80)
Distributions	(0.65)
Retained distributions on accumulation units	0.65
Closing net asset value per unit	45.20
* after direct transaction costs of:	0.04

Performance

Return after charges	(9.60)%
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Other Information

Closing net asset value (£)	904
Closing number of units	2,000
Operating charges	0.50%
Direct transaction costs	0.10%

Prices

Highest unit price	52.26p
Lowest unit price	44.80p

¹ There are no comparative figures shown as C-Class Units launched on 28 February 2018.

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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.

Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

Accounting period ending	24/10/17 to 31/12/18 (pence per unit) ¹
Opening net asset value per unit	50.00
Return before operating charges*	(4.57)
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	(4.61)
Distributions on income units	(0.94)
Closing net asset value per unit	44.45
* after direct transaction costs of:	0.06

Performance

Return after charges	(9.22)%
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Other Information

Closing net asset value (£)	889
Closing number of units	2,000
Operating charges†	0.07%
Direct transaction costs	0.10%

Prices

Highest unit price	52.00p
Lowest unit price	44.33p

¹ There are no comparative figures shown as the Fund launched on 24 October 2017.

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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.

Comparative Tables continued

L-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting period ending	24/10/17 to 31/12/18 (pence per unit) ¹
Opening net asset value per unit	50.00
Return before operating charges*	(4.64)
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	(4.68)
Distributions	(0.95)
Retained distributions on accumulation units	0.95
Closing net asset value per unit	45.32
* after direct transaction costs of:	0.06

Performance

Return after charges	(9.36)%
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Other Information

Closing net asset value (£)	198,563,605
Closing number of units	438,162,180
Operating charges [†]	0.07%
Direct transaction costs	0.10%

Prices

Highest unit price	52.27p
Lowest unit price	44.86p

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Manager's Investment Report

During the period under review since the launch of the fund on 24 October 2017, the bid price of the Fund's I-Class distribution units fell by 10.60%.

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Market/Economic Review

Although the global economy remains on track for another year of solid growth, in contrast to 2017 growth has become less synchronised and more uneven across countries and regions, with some loss of momentum in recent months. Worldwide, inflationary pressures have remained subdued by historical standards. Having risen to its highest level in four years in early October, the oil price (Brent crude) 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.

In the UK, both economic and political uncertainties have heightened over the last 12 months, with precariousness as to the outcome of Brexit negotiations and the implications for trade with the EU. Although the UK government negotiated a draft withdrawal agreement with the EU, it is highly uncertain whether this will receive the consent of Parliament. Although UK GDP grew at its slowest pace for six years during the first quarter of 2018, the economy picked up subsequently underpinned by consumer demand and exports. UK equities have underperformed global indices over the last 12 months as uncertainty over Brexit negotiations has weighed on investor sentiment. The best performing sectors were pharmaceuticals, which were a focal point for merger and acquisition activity, along with beverages and food retailers. Amongst the weakest sectors were construction, general retailers and tobacco, the latter weighed down by regulatory risks. More internationally orientated FTSE 100 Index constituents weathered market conditions better than mid-cap and smaller companies.

Fund Review

The Fund delivered a negative return over the period under review. This was most acute during the sell-off in equity markets through mid-September to mid-November where a combination of factors resulted in the underperformance. These included; a cyclical slowdown in autos and semis, trade war concerns affecting China exposed stocks, a sharp equity market rotation from growth to value stocks, and several stock specific factors. We also saw a small negative from our fixed income, where we have a barbell approach to duration, with short duration corporates and longer duration treasuries.

In terms of attribution, our positions in Valeo, AMS, KION Group, British American Tobacco, Samsonite International, Daimler, Coway,

Manager's Investment Report continued

Johnson Matthey and Mylan Mylan were the largest detractors in the period. The cyclical slowdown in autos, semiconductor and industrials impacted negatively a number of these names. In the second half of the period, global auto production volumes saw a sharp decline, driven initially in Europe by a new, once in a decade, emissions testing scheme which resulted in a bottleneck for vehicles between production and auto dealerships. This was exacerbated by China auto market demand slowing down as trade war talks put pressure on the economy and hurt consumer sentiment.

These changes impacted our holdings in Valeo, Daimler and Johnson Matthey, cyclical companies which we view as being well positioned for some of the structural changes underway in the auto sector. The semiconductor industry similarly reacted to an abrupt slowdown in volume expectations due to a combination of reduced capital expenditure from end customers and concerns of smartphone saturation, which particularly impacted our investment in ams, a leading provider of 3D sensing technology for smartphones. Other top-down headwinds included the early fall-out from a China slowdown and trade war. In addition, the equity market rotation from growth to value was equally unhelpful to our positions in NMC Health and Alibaba Group. For positive contributions, the most significant outperformers were Edward Lifesciences, Mastercard, Moncler and Auto Trader Group.

On trading activity, we introduced new positions in Amadeus IT Group, B&M European Value Retail, Fortive, Moncler, Novo Nordisk and Microsoft. Holdings in Coty, Cabot Microelectronics, Criteo, Lundin Petroleum and Varian Medical Systems were all sold.

Whilst we are disappointed with the performance, our focus remains on investments in companies that are well positioned for the long term, with strong and/or improving trends, and good long term fundamentals. We therefore remain focused on analysing companies over a multi-year view, rather than focusing too heavily on a single quarter, and turnover on the Fund continues to be low.

Outlook

While we maintain the view that economic fundamentals remain positive, we are conscious of the risk that market sentiment becomes a self-fulfilling prophecy by limiting companies' willingness to invest, thereby slowing growth further. This is somewhat offset by the fact that valuations have reset meaningfully. However, our focus is on continuing to improve the quality of the portfolio by identifying companies with strong structural trends that can offset potential cyclical slowdowns.

Legal & General Investment Management Limited

(Investment Adviser)

29 January 2019

Manager's Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0370 050 0955, by writing to the Manager or are available on the internet at www.legalandgeneral.com/investments/fund-information/managers-reports.

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

Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular 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.

Minimum Investment Amounts

The minimum initial lump sum investment amounts for each class are as follows:

I-Class	£1,000,000
C-Class	£20,000,000
L-Class	£100,000

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.

L-Class is only available to Legal & General group clients.

Other Information

The information in this report is designed to enable unitholders to understand how the Fund has performed during the period under review and how it is invested at the period end. Further information on the activities and performance of the Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

Significant Changes

New Unit Class: C-Class

With effect from 28 February 2018, C-Class units have launched with accumulation and distribution units available.

General Data Protection Regulation (GDPR)

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

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

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services SE

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

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Financial Conduct Authority**

Legal & General

(Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

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