

Legal & General UK Equity Income Fund
Annual Manager's Report
for the year ended
24 January 2017

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

Manager's Investment Report

Investment Objective and Policy

The Fund aims to provide an income in excess of the FTSE All-Share Index yield and to provide capital growth over the long term.

The Manager will seek to achieve the investment objective by investing predominantly in the securities of companies domiciled in the UK or in companies which have a significant part of their activities in the UK but which are domiciled or quoted on a regulated market outside the UK. The Fund may also invest in other non-UK domiciled securities which are traded in the UK. The Fund may use depositary receipts and derivatives both for efficient portfolio management and investment purposes.

The Fund may also invest in other transferable securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes.

Manager's Investment Report

During the year under review, the bid price of the Fund's R-Class accumulation units rose by 13.46%. This compares to a rise in the FTSE All-Share Index of 24.31% on a total return basis

(Source: Bloomberg).

Past performance is not a guide to future performance.

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

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

Market/Economic Review

Despite an uncertain political environment, global equities rallied over the review year, supported by the strong recovery in commodity prices. The Organisation of Petroleum Exporting Countries (OPEC) decision to curb production helped lift the oil price to more favourable levels for energy stocks. Over the year under review, markets shifted from pricing in a possible recession in the US market to realise a period of steady growth, positive inflation indicators and surprisingly hawkish pronouncements from the Federal Reserve. Donald Trump's victory in November focused investors on the prospect of increased infrastructure and tax cuts, however, it remains to be seen how and if these policy proposals will be implemented.

UK equities were led higher by globally focused large-cap stocks in 2016, as the weakness of Sterling translated into higher international earnings. As the second quarter drew to a close, attention focused on the EU referendum in June, with an unexpected result in favour of Brexit, heightening UK equity market volatility. There was initially a marked divergence in performance by market capitalisation, with more domestically focused mid-cap stocks underperforming FTSE 100 constituents. However, UK Mid cap stocks also delivered positive returns for the review year as a whole. In the final few days of 2016, the FTSE 100 Index moved to new all-time highs above 7000.

In the last quarter of the year, the energy, basic materials and financials sectors were the leading performers for the region. Smaller companies also performed well over the review year, as stronger data releases

Manager's Investment Report continued

suggested that the UK economy has weathered the post-referendum volatility well.

Fund Review

Following a challenging first quarter, the Fund delivered strong positive returns over the rest of the review year. However, performance deteriorated during the second half of the review year thanks to sector allocation, where the Fund had an underweight position in areas of the market that benefitted from the 'value' rally, such as materials.

At the individual stock level, Imperial Brands and construction firm Taylor Wimpey were early contributors to Fund performance; however, both came to underperform as the year progressed. Spread-betting firm CMC Markets was a large negative contributor as fears over regulatory announcements in the UK and Germany on contracts for difference (CFDs) trading weighed on the share price. Conversely, our holdings in Prudential and BP were positive drivers of performance over the review year.

In terms of portfolio trading activity, Diageo and Prudential were both added to the portfolio prior to the EU referendum on account of their overseas earning profiles. We also purchased the UK pub operator Greene King and DS Smith, a leading European packaging company. Over the review year, we reduced holdings in Compass Group and SABMiller, whilst selling out of Total. Following a period of strong performance since its addition to the Fund in Q1, profits were taken mid-Q4 from UK hospitality firm Whitbread. Some profits were also taken from Adecco, Inchcape and Ibstock.

Outlook

We see steady global growth continuing in 2017, aided by increasingly supportive US government spending. While global equity markets have been buoyed by diminishing deflation concerns, the perception of a 'goldilocks' economy, with good growth and low inflation, might prove short-lived. Equity markets could be well on their way to anticipating the next global recession by the end of the year.

The UK economy has been resilient following the Brexit vote, but the consequences of the fall in the value of Sterling could be felt more strongly during 2017. As inflation rises, the real world value of UK incomes could come under pressure. There remains the potential for weak business investment and less employment growth as uncertainty around the UK's future relationship with the EU leads to a deferral of expansion plans. In this environment, the Bank of England is likely to be faced with a combination of above-target inflation but sluggish growth.

Legal & General Investment Management Limited

(Investment Adviser)

30 January 2017

Authorised Status

Authorised Status

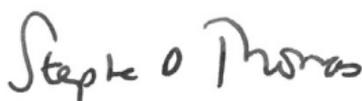
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

Directors' Statement

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



A. J. C. Craven
(Director)



S. D. Thomas
(Director)

Legal & General (Unit Trust Managers) Limited
14 March 2017

Statement of the 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 the Responsibilities continued

Statement of the Trustee's Responsibilities

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

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

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

The Depositary must ensure that:

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

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.

Report of the Trustee

Report of the Trustee to the Unitholders of the Legal & General UK Equity Income Fund (“the Fund”) for the year ended 24 January 2017

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
14 March 2017

Portfolio Statement

Portfolio Statement as at 24 January 2017

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent sector holdings at 24 January 2016.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 93.85% (92.17%)		
	Oil & Gas Producers		
	— 13.22% (8.34%)		
4,145,872	BP	20,254,658	5.04
867,700	Royal Dutch Shell 'A'	19,180,509	4.77
593,646	Royal Dutch Shell 'B'	13,665,731	3.41
		53,100,898	13.22
	Chemicals — 0.84% (0.00%)		
105,000	Johnson Matthey	3,361,050	0.84
	Mining — 3.54% (1.12%)		
304,000	BHP Billiton	4,560,000	1.13
266,700	Rio Tinto	9,701,213	2.41
		14,261,213	3.54
	Construction & Materials		
	— 1.26% (2.10%)		
1,060,000	Balfour Beatty	2,759,180	0.69
79,837	CRH	2,285,733	0.57
		5,044,913	1.26
	Aerospace & Defence		
	— 0.57% (1.67%)		
382,400	BAE Systems	2,300,136	0.57
	General Industrials — 0.84% (1.07%)		
770,000	DS Smith	3,362,590	0.84
	Industrial Engineering		
	— 0.44% (2.00%)		
279,004	Bodycote	1,774,465	0.44
	Support Services — 0.00% (6.07%)		
	Automobiles & Parts		
	— 0.69% (0.00%)		
805,000	GKN	2,770,810	0.69
	Beverages — 2.78% (1.72%)		
427,000	Britvic	2,461,655	0.62
403,500	Diageo	8,697,443	2.16
		11,159,098	2.78
	Food Producers — 0.00% (1.19%)		
	Household Goods & Home		
	Construction — 5.00% (5.68%)		
120,000	Bellway	2,943,600	0.73
117,874	Berkeley Group	3,331,118	0.83
121,702	Reckitt Benckiser Group	8,306,161	2.07
3,295,000	Taylor Wimpey	5,496,060	1.37
		20,076,939	5.00
	Personal Goods — 2.01% (0.00%)		
157,400	Unilever	5,265,817	1.31

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Personal Goods — (cont.)		
157,400	Unilever	5,265,817	1.31
		8,085,462	2.01
	Tobacco — 9.36% (7.22%)		
403,160	British American Tobacco	19,281,127	4.80
505,800	Imperial Brands	18,312,489	4.56
		37,593,616	9.36
	Health Care Equipment & Services — 1.78% (0.00%)		
600,400	Smith & Nephew	7,150,764	1.78
	Pharmaceuticals & Biotechnology — 7.62% (5.40%)		
401,000	AstraZeneca	17,120,695	4.26
882,944	GlaxoSmithKline	13,517,873	3.36
		30,638,568	7.62
	Food & Drug Retailers — 0.00% (2.54%)		
	General Retailers — 6.16% (2.14%)		
3,029,000	Dixons Carphone	9,659,481	2.40
676,473	Inchcape	4,775,899	1.19
797,000	Marks & Spencer Group	2,635,679	0.66
96,000	Next	3,655,680	0.91
2,209,499	Saga	4,014,660	1.00
		24,741,399	6.16
	Media — 2.60% (4.17%)		
5,282,000	ITV	10,442,514	2.60
	Travel & Leisure — 2.83% (4.99%)		
290,300	Compass Group	4,090,327	1.02
125,000	Go-Ahead Group	2,740,000	0.68
400,000	Greene King	2,752,000	0.68
450,990	SSP	1,812,078	0.45
		11,394,405	2.83
	Fixed Line Telecommunications — 3.13% (4.72%)		
3,997,237	BT Group	12,569,312	3.13
	Mobile Telecommunications — 3.96% (4.91%)		
7,934,479	Vodafone Group	15,916,565	3.96
	Electricity — 0.00% (1.80%)		
	Gas, Water & Multiutilities — 1.75% (1.77%)		
753,663	National Grid	7,030,168	1.75
	Banks — 9.42% (7.50%)		
3,401,000	HSBC Holdings	22,902,334	5.70
23,225,000	Lloyds Banking Group	14,966,190	3.72
		37,868,524	9.42

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Nonlife Insurance — 1.22% (0.95%)		
115,000	Admiral Group	2,007,900	0.50
286,689	Jardine Lloyd Thompson Group	2,895,559	0.72
		4,903,459	1.22
	Life Insurance — 7.64% (6.25%)		
2,207,000	Aviva	10,383,935	2.58
869,500	Prudential	13,468,555	3.35
652,000	St. James's Place	6,852,520	1.71
		30,705,010	7.64
	Real Estate Investment Trusts — 1.93% (1.79%)		
868,261	Great Portland Estates	5,318,099	1.32
245,000	Land Securities Group	2,429,174	0.61
		7,747,273	1.93
	Financial Services — 3.26% (5.06%)		
1,920,000	CMC Markets	2,217,600	0.55
1,561,878	Jupiter Fund Management	6,169,418	1.54
519,999	NEX Group	2,807,995	0.70
424,936	TP ICAP	1,886,442	0.47
		13,081,455	3.26
	ISLE OF MAN — 1.06% (0.00%)		
	Travel & Leisure — 1.06% (0.00%)		
532,000	Playtech	4,253,340	1.06
	JERSEY — 0.55% (0.00%)		
	Pharmaceuticals & Biotechnology — 0.55% (0.00%)		
50,000	Shire	2,191,000	0.55
	BERMUDA — 0.00% (1.71%)		
	Nonlife Insurance — 0.00% (1.71%)		
	FRANCE — 0.58% (1.01%)		
	Oil & Gas Producers — 0.00% (1.01%)		
	Gas, Water & Multiutilities — 0.58% (0.00%)		
235,000	Engie	2,345,108	0.58
	SWITZERLAND — 1.77% (3.82%)		
	Pharmaceuticals & Biotechnology — 1.77% (3.82%)		
72,000	Novartis	4,050,471	1.01
16,400	Roche Holdings	3,058,235	0.76
		7,108,706	1.77
	Portfolio of investments	392,978,760	97.81
	Net other assets	8,805,433	2.19
	Total net assets	£401,784,193	100.00%

Total purchases for the year: £210,721,755.

Total sales for the year: £364,078,716.

Independent Auditors' Report

Independent Auditors' Report to the Unitholders of Legal & General UK Equity Income Fund (the "Fund")

Report on the financial statements

Our opinion

In our opinion, Legal & General UK Equity Income Fund's financial statements, (the "financial statements"):

- give a true and fair view of the financial position of the Fund as at 24 January 2017 and of the net revenue and the net capital gains of the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

What we have audited

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

- the balance sheet as at 24 January 2017;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to unitholders for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables.

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

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

Independent Auditors' Report continued

Opinions on matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Propriety of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Fund Manager

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 5, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the Fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report continued

What an audit of financial statements involves

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 March 2017

Notes:

- a) The maintenance and integrity of the Legal & General website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Statement of Total Return for the year ended 24 January 2017

	Notes	24/01/17		24/01/16	
		£	£	£	£
Income					
Net capital gains/(losses)	3		50,211,389		(38,066,388)
Revenue	4	22,216,178		21,381,698	
Expenses	5	(5,030,345)		(5,209,774)	
Interest payable and similar charges	7		(66,689)		(12,090)
Net revenue before taxation		17,119,144		16,159,834	
Taxation	6		(141,527)		(121,643)
Net revenue after taxation for the year			16,977,617		16,038,191
Total return before distributions			67,189,006		(22,028,197)
Distributions	7		(21,974,956)		(21,207,412)
Change in net assets attributable to Unitholders from investment activities			£45,214,050		£(43,235,609)

Statement of Change in Net Assets attributable to Unitholders for the year ended 24 January 2017

	24/01/17		24/01/16	
	£	£	£	£
Opening net assets attributable to Unitholders		503,272,597		558,074,714
Amounts received on issue of units		6,483,339		16,878,678
Amounts paid on cancellation of units		(162,471,540)		(37,974,157)
		(155,988,201)		(21,095,479)
Change in net assets attributable to Unitholders from investment activities		45,214,050		(43,235,609)
Retained distributions on accumulation units		9,096,544		9,383,695
Unclaimed distributions		189,203		145,276
Closing net assets attributable to Unitholders		£401,784,193		£503,272,597

Financial Statements continued

Balance Sheet as at 24 January 2017

	Notes	24/01/17 £	24/01/16 £
ASSETS			
Fixed assets:			
Investments		392,978,760	496,776,118
Current assets:			
Debtors	8	2,521,094	1,268,813
Cash and bank balances	9	12,795,561	8,212,195
Total assets		408,295,415	506,257,126
LIABILITIES			
Creditors:			
Bank overdrafts	9	(2,517,690)	—
Distributions payable		(2,244,207)	(2,391,174)
Other creditors	10	(1,749,325)	(593,355)
Total liabilities		(6,511,222)	(2,984,529)
Net assets attributable to Unitholders		£401,784,193	£503,272,597

Notes to the Financial Statements

1. Statement of Compliance

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

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

(b) Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

(c) Recognition of revenue

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

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 will be 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.

Notes to the Financial Statements continued

(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.

All expenses are taken to capital for the purpose of calculating the distribution.

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

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

(f) Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 24 January 2017, being the last working day of the accounting year. The fair value for non-derivative securities is the bid market price, excluding any accrued interest and the fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

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

(g) Taxation

Provision is made for taxation at current rates on the excess of investment revenue 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 24 January 2017, being the last working day of the accounting year.

Notes to the Financial Statements continued

(i) Derivative Instruments

As well as the use of financial derivative instruments as part of efficient portfolio management, the Fund may also make use of derivatives in pursuit of the investment objective. Derivative instruments can be used to adjust the investment exposure of the Fund or to make additional investment returns for the Fund. Derivative instruments held within the Fund will be accounted for and taxed in accordance with the Statement of Recommended Practice for Authorised Funds ("The IMA SORP 2014"). Derivative transactions will be treated as either revenue or capital depending on the motives and circumstances on acquisition.

3. Net capital gains/(losses)

	24/01/17	24/01/16
	£	£
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	49,559,604	(37,904,690)
Foreign exchange gains/(losses)	651,785	(117,518)
Derivative securities	—	(42,690)
Transaction charges	—	(1,490)
Net capital gains/(losses)	<u>50,211,389</u>	<u>(38,066,388)</u>

4. Revenue

	24/01/17	24/01/16
	£	£
UK franked dividends	19,124,329	17,594,510
Non-taxable overseas dividends	2,948,949	3,572,404
Unfranked PID income	107,996	87,657
Franked PID income	21,928	—
Option revenue	—	71,376
Bank interest	12,976	55,751
	<u>22,216,178</u>	<u>21,381,698</u>

Notes to the Financial Statements continued

5. Expenses

	24/01/17	24/01/16
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic fee	—	1,717,619
Fund management fees	5,030,345	3,330,169
Registration fees	—	130,066
	<u>5,030,345</u>	<u>5,177,854</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	—	23,986
Safe custody fees	—	4,288
	<u>—</u>	<u>28,274</u>
Other expenses:		
Audit fee*	—	2,578
VAT on audit fee	—	516
FCA fee	—	552
	<u>—</u>	<u>3,646</u>
Total expenses	<u>5,030,345</u>	<u>5,209,774</u>

* Audit fees of £8,125 plus VAT of £1,625 have been borne by the Manager out of its fund management fee in the current year. In the prior year, the total audit fee was £8,000 plus VAT of £1,600. The amounts charged to the Fund are shown in the table above, with the remainder borne by the Manager out of its fund management fee.

Notes to the Financial Statements continued

6. Taxation

(a) Analysis of taxation charge in year

	24/01/17	24/01/16
	£	£
Overseas Tax	141,527	121,643
Current tax [note 6(b)]	141,527	121,643
Deferred tax [note 6(c)]	—	—
Total taxation	141,527	121,643

(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	17,119,144	16,159,834
Net revenue before taxation multiplied by the applicable rate of Corporation Tax at 20% (2016: 20%)	3,423,829	3,231,967
Effects of:		
Overseas tax	141,527	121,643
Revenue not subject to taxation	(4,419,041)	(4,233,383)
Excess NTLR expenses	10,742	—
Excess management expenses not utilised	984,470	1,001,416
Current tax	141,527	121,643

(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 £3,801,397 (24 January 2016: £2,816,927) due to surplus management expenses.

It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amounts and therefore no deferred tax asset has been recognised (24 January 2016: 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:

	24/01/17	24/01/16
	£	£
First Interim distribution	6,463,759	5,791,820
Second Interim distribution	6,886,263	6,820,143
Third Interim distribution	3,514,250	4,023,181
Final distribution	3,721,215	4,390,339
	<u>20,585,487</u>	<u>21,025,483</u>
Add: Revenue deducted on cancellation of units	1,444,726	344,340
Less: Revenue received on creation of units	<u>(55,257)</u>	<u>(162,411)</u>
Distributions for the year	21,974,956	21,207,412
Interest payable and similar charges		
Bank overdraft interest	<u>66,689</u>	<u>12,090</u>
	<u>22,041,645</u>	<u>21,219,502</u>

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

	24/01/17	24/01/16
	£	£
Net revenue after taxation for the year	16,977,617	16,038,191
Add: Capitalised expenses	5,030,345	5,209,774
Equalisation uplift	(10)	(16)
Marginal tax effect	<u>(32,996)</u>	<u>(40,537)</u>
Distributions for the year	21,974,956	21,207,412

8. Debtors

	24/01/17	24/01/16
	£	£
Amounts receivable for creation of units	86,565	46,858
Accrued revenue	863,958	992,169
Overseas tax recoverable	629,321	229,786
Sales awaiting settlement	<u>941,250</u>	<u>—</u>
	<u>2,521,094</u>	<u>1,268,813</u>

Notes to the Financial Statements continued

9. Net uninvested cash

	24/01/17	24/01/16
	£	£
Cash and bank balances	12,795,561	8,212,195
Bank overdrafts	<u>(2,517,690)</u>	<u>—</u>
Net uninvested cash	<u>10,277,871</u>	<u>8,212,195</u>

10. Creditors

	24/01/17	24/01/16
	£	£
Amounts payable for cancellation of units	324,701	275,653
Purchases awaiting settlement	1,129,027	—
Accrued expenses	<u>295,597</u>	<u>317,702</u>
	<u>1,749,325</u>	<u>593,355</u>

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (24 January 2016: 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.

Notes to the Financial Statements continued

(a) Market Risk arising from other price risk

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

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

The assets held by the Fund can be seen in the Portfolio Statement starting on page 8. 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 24 January 2017, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £19,648,938 (24 January 2016: 24,838,806).

(b) Interest Rate Risk

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

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

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

Notes to the Financial Statements continued

(c) Foreign Currency Risk

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

At 24 January 2017, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £206,247 (24 January 2016: £245,120).

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

24/01/17 Currency	Monetary exposures £'000	Net foreign currency assets		Total £'000
		Non-monetary exposures £'000		
Euro	3,916	2,345		6,261
Swiss Franc	7,255	7,109		14,364

24/01/16 Currency	Monetary exposures £'000	Net foreign currency assets		Total £'000
		Non-monetary exposures £'000		
Euro	—	5,067		5,067
Swiss Franc	232	19,213		19,445

Notes to the Financial Statements continued

(d) Credit Risk

Credit Risk is the risk of suffering financial loss as a result of a counterparty to a financial transaction being unable to fulfil their financial obligations as they fall due. This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Fund's investment objective and policy.

(e) Liquidity Risk

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

The Fund's investment objective is stated on page 2. In pursuing its objective, the Fund may hold financial instruments which expose it to various types of risk. The main risks include credit and liquidity risk, market risk, foreign currency risk, interest rate risk and derivative risk. These risks and the policies for managing them are disclosed earlier within the notes to the financial statements.

The Fund uses financial derivative instruments for investment purposes, in pursuit of the investment objective.

The use of financial derivative instruments are subject to the investment guidelines and borrowing powers established in the Trust Deed, the Prospectus and the COLL.

Financial derivative instruments tend to have a greater volatility than the securities to which they relate and they bear a corresponding greater degree of risk. This may lead to high volatility in the unit price of the Fund and may cause the Funds' risk profile to rise.

At the balance sheet date, no derivatives were held that could impact the Fund in a significant way (24 January 2016: same).

Notes to the Financial Statements continued

(g) Fair value

There is no material difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014, and subsequently amended by Financial Reporting Exposure Draft 62 (FRED62), requires the classification of the Fund's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Fund's financial instruments as at the balance sheet date were:

24/01/17	Assets	Liabilities
Valuation technique	£	£
Level 1	392,978,760	—
Level 2	—	—
Level 3	—	—
Total	392,978,760	—

24/01/16	Assets	Liabilities
Valuation technique	£	£
Level 1	496,776,118	—
Level 2	—	—
Level 3	—	—
Total	496,776,118	—

Level 1

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

Level 2

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

Level 3

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

Notes to the Financial Statements continued

13. Portfolio transaction costs

24/01/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	209,653	159	0.08	910	0.43	210,722
Total	209,653	159	0.08	910	0.43	210,722

24/01/17	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	364,332	(252)	0.07	(1)	—	364,079
Total	364,332	(252)	0.07	(1)	—	364,079

Commissions and taxes as % of average net assets

Commissions	0.09%
Taxes	0.19%

24/01/16	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	183,387	274	0.15	950	0.51	184,611
Total	183,387	274	0.15	950	0.51	184,611

24/01/16	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	180,806	(282)	0.16	—	—	180,524
Total	180,806	(282)	0.16	—	—	180,524

Commissions and taxes as % of average net assets

Commissions	0.10%
Taxes	0.17%

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% (24 January 2016: 0.09%).

Notes to the Financial Statements continued

14. Unit classes

The Fund currently has four unit classes: R-Class, I-Class, L-Class and F-Class. The fund management fee on each unit class can be found on page 43. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 35 to 41. The distribution per unit class is given in the distribution tables on pages 31 to 33. All classes have the same rights on winding up.

R-Class	Distribution	Accumulation
Opening Units	273,744,078	59,533,303
Units issued	4,626,348	3,038,946
Units cancelled	(25,647,282)	(5,905,292)
Units converted	1,433,414	(194,111)
Closing Units	254,156,558	56,472,846

I-Class	Distribution	Accumulation
Opening Units	6,774,071	277,123,898
Units issued	906,573	1,519,430
Units cancelled	(1,366,492)	(128,998,398)
Units converted	1,372,341	186,011
Closing Units	7,686,493	149,830,941

L-Class	Distribution
Opening Units	201,851,537
Units issued	—
Units cancelled	(70,849,629)
Units converted	—
Closing Units	131,001,908

F-Class	Distribution	Accumulation
Opening Units	90,210	49,704
Units issued	—	21,592
Units cancelled	(6,822)	(20,915)
Units converted	—	—
Closing Units	83,388	50,381

Notes to the Financial Statements continued

15. Ultimate controlling party and related party transactions

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

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

At the year end, the Manager and its associates held 49.90% (61.09% as at 24 January 2016) of the Fund's units in issue.

There were no units held by the Trustee or its associates. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 5, 7, 8 and 10 to the financial statements, the statement of change in net assets attributable to unitholders. Within note 10, accrued expenses £286,253 (£317,742 as at 24 January 2016) are due to the Manager.

16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class distribution unit was 59.42p. The Net Asset Value per R-Class distribution unit for the Fund as at 12 noon on 13 March 2017 was 62.25p. This represents an increase of 4.76% from the year end value.

Distribution Tables

Distribution Tables for the year ended 24 January 2017

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

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

1st Interim dividend distribution in pence per unit	Period 25/01/16 to 24/04/16			
	Net Revenue	Equalisation	Distribution 24/06/16	Distribution 24/06/15
R-Class Distribution Units				
Group 1	0.7157	—	0.7157	0.6248
Group 2	0.1590	0.5567	0.7157	0.6248
R-Class Accumulation Units				
Group 1	0.8655	—	0.8655	0.7275
Group 2	0.2887	0.5768	0.8655	0.7275
I-Class Distribution Units				
Group 1	0.7470	—	0.7470	0.6461
Group 2	0.3129	0.4341	0.7470	0.6461
I-Class Accumulation Units				
Group 1	0.9027	—	0.9027	0.7515
Group 2	0.5296	0.3731	0.9027	0.7515
L-Class Distribution Units				
Group 1	0.7750	—	0.7750	0.6644
Group 2	—	0.7750	0.7750	0.6644
F-Class Distribution Units				
Group 1	0.7325	—	0.7325	0.6365
Group 2	—	0.7325	0.7325	0.6365
F-Class Accumulation Units				
Group 1	0.8836	—	0.8836	0.7399
Group 2	—	0.8836	0.8836	0.7399

Distribution Tables continued

2nd Interim dividend distribution in pence per unit	Period 25/04/16 to 24/07/16			
	Net Revenue	Equalisation	Distribution 24/09/16	Distribution 24/09/15
R-Class Distribution Units				
Group 1	0.7728	—	0.7728	0.7483
Group 2	0.0412	0.7316	0.7728	0.7483
R-Class Accumulation Units				
Group 1	0.9434	—	0.9434	0.8765
Group 2	0.2684	0.6750	0.9434	0.8765
I-Class Distribution Units				
Group 1	0.8071	—	0.8071	0.7738
Group 2	0.3369	0.4702	0.8071	0.7738
I-Class Accumulation Units				
Group 1	0.9852	—	0.9852	0.9077
Group 2	0.2320	0.7532	0.9852	0.9077
L-Class Distribution Units				
Group 1	0.8378	—	0.8378	0.7978
Group 2	—	0.8378	0.8378	0.7978
F-Class Distribution Units				
Group 1	0.7913	—	0.7913	0.7620
Group 2	—	0.7913	0.7913	0.7620
F-Class Accumulation Units				
Group 1	0.9651	—	0.9651	0.8922
Group 2	—	0.9651	0.9651	0.8922

3rd Interim dividend distribution in pence per unit	Period 25/07/16 to 24/10/16			
	Net Revenue	Equalisation	Distribution 24/12/16	Distribution 24/12/15
R-Class Distribution Units				
Group 1	0.5022	—	0.5022	0.4399
Group 2	0.0253	0.4769	0.5022	0.4399
R-Class Accumulation Units				
Group 1	0.6231	—	0.6231	0.5228
Group 2	0.0882	0.5349	0.6231	0.5228
I-Class Distribution Units				
Group 1	0.5259	—	0.5259	0.4565
Group 2	0.0970	0.4289	0.5259	0.4565
I-Class Accumulation Units				
Group 1	0.6526	—	0.6526	0.5429
Group 2	—	0.6526	0.6526	0.5429
L-Class Distribution Units				
Group 1	0.5470	—	0.5470	0.4715
Group 2	—	0.5470	0.5470	0.4715
F-Class Distribution Units				
Group 1	0.5149	—	0.5149	0.4485
Group 2	—	0.5149	0.5149	0.4485
F-Class Accumulation Units				
Group 1	0.6387	—	0.6387	0.5342
Group 2	—	0.6387	0.6387	0.5342

Distribution Tables continued

Final dividend distribution in pence per unit	Period			
	25/10/16 to 24/01/17		25/10/16 to 24/01/17	
	Net Revenue	Equalisation	Distribution 24/03/17	Distribution 24/03/16
R-Class Distribution Units				
Group 1	0.5535	—	0.5535	0.4804
Group 2	0.0733	0.4802	0.5535	0.4804
R-Class Accumulation Units				
Group 1	0.6911	—	0.6911	0.5748
Group 2	0.1634	0.5277	0.6911	0.5748
I-Class Distribution Units				
Group 1	0.5804	—	0.5804	0.4994
Group 2	0.0367	0.5437	0.5804	0.4994
I-Class Accumulation Units				
Group 1	0.7250	—	0.7250	0.5977
Group 2	0.2393	0.4857	0.7250	0.5977
L-Class Distribution Units				
Group 1	0.6047	—	0.6047	0.5160
Group 2	—	0.6047	0.6047	0.5160
F-Class Distribution Units				
Group 1	0.5682	—	0.5682	0.4906
Group 2	—	0.5682	0.5682	0.4906
F-Class Accumulation Units				
Group 1	0.7090	—	0.7090	0.5870
Group 2	—	0.7090	0.7090	0.5870

Fund Information

The Comparative Tables on pages 35 to 41 give the performance of each active unit class in the Fund.

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

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

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

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

Fund Information continued

Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	24/01/17 (pence per unit)	24/01/16 (pence per unit)	24/01/15 (pence per unit)
Opening net asset value per unit	54.73	59.87	61.55
Return before operating charges*	8.24	(1.84)	1.64
Operating charges (calculated on average price)	(1.01)	(1.00)	(1.00)
Return after operating charges*	7.23	(2.84)	0.64
Distributions on income units	(2.54)	(2.30)	(2.32)
Closing net asset value per unit	59.42	54.73	59.87
* after direct transaction costs of:	0.16	0.18	0.28

Performance

Return after charges	13.21%	(4.74)%	1.04%
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Other Information

Closing net asset value (£)	151,014,666	149,823,424	177,562,769
Closing number of units	254,156,558	273,774,078	296,574,674
Operating charges†	1.76%	1.67%	1.67%
Direct transaction costs	0.27%	0.27%	0.44%

Prices

Highest unit price	65.39p	67.15p	67.53p
Lowest unit price	51.19p	53.44p	54.51p

† 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.

Fund Information continued

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	24/01/17 (pence per unit)	24/01/16 (pence per unit)	24/01/15 (pence per unit)
Opening net asset value per unit	66.14	69.62	68.84
Return before operating charges*	10.13	(2.30)	1.91
Operating charges (calculated on average price)	(1.25)	(1.18)	(1.13)
Return after operating charges*	8.88	(3.48)	0.78
Distributions	(3.12)	(2.71)	(2.56)
Retained distributions on accumulation units	3.12	2.71	2.56
Closing net asset value per unit	75.02	66.14	69.62
* after direct transaction costs of:	0.19	0.18	0.28

Performance

Return after charges	13.43%	(5.00)%	1.13%
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Other Information

Closing net asset value (£)	42,367,750	39,376,099	43,563,769
Closing number of units	56,472,846	59,533,303	62,573,822
Operating charges†	1.76%	1.67%	1.67%
Direct transaction costs	0.27%	0.27%	0.44%

Prices

Highest unit price	81.80p	78.87p	75.54p
Lowest unit price	61.88p	64.01p	62.28p

† 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.

Fund Information continued

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	24/01/17 (pence per unit)	24/01/16 (pence per unit)	24/01/15 (pence per unit)
Opening net asset value per unit	57.01	61.80	62.97
Return before operating charges*	8.62	(1.93)	1.69
Operating charges (calculated on average price)	(0.52)	(0.48)	(0.48)
Return after operating charges*	8.10	(2.41)	1.21
Distributions on income units	(2.66)	(2.38)	(2.38)
Closing net asset value per unit	62.45	57.01	61.80
* after direct transaction costs of:	0.16	0.18	0.28

Performance

Return after charges	14.21%	(3.90)%	1.92%
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Other Information

Closing net asset value (£)	4,799,926	3,861,789	2,667,210
Closing number of units	7,686,493	6,774,071	4,315,638
Operating charges†	0.87%	0.78%	0.78%
Direct transaction costs	0.27%	0.27%	0.44%

Prices

Highest unit price	65.43p	66.22p	65.86p
Lowest unit price	53.34p	55.66p	56.14p

† 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.

Fund Information continued

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	24/01/17 (pence per unit)	24/01/16 (pence per unit)	24/01/15 (pence per unit)
Opening net asset value per unit	68.91	71.88	70.45
Return before operating charges*	10.59	(2.40)	1.98
Operating charges (calculated on average price)	(0.64)	(0.57)	(0.55)
Return after operating charges*	9.95	(2.97)	1.43
Distributions	(3.26)	(2.81)	(2.70)
Retained distributions on accumulation units	3.26	2.81	2.70
Closing net asset value per unit	78.86	68.91	71.88
* after direct transaction costs of:	0.20	0.18	0.28

Performance

Return after charges	14.44%	(4.13)%	2.03%
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Other Information

Closing net asset value (£)	118,149,996	190,952,373	197,117,984
Closing number of units	149,830,941	277,123,898	274,217,425
Operating charges†	0.87%	0.78%	0.78%
Direct transaction costs	0.27%	0.27%	0.44%

Prices

Highest unit price	81.87p	77.79p	73.68p
Lowest unit price	64.49p	66.68p	64.14p

† 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.

Fund Information continued

Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	24/01/17 (pence per unit)	24/01/16 (pence per unit)	24/01/15 (pence per unit)
Opening net asset value per unit	59.04	63.52	64.23
Return before operating charges*	8.95	(2.00)	1.75
Operating charges (calculated on average price)	(0.07)	(0.02)	(0.02)
Return after operating charges*	8.88	(2.02)	1.73
Distributions on income units	(2.76)	(2.46)	(2.44)
Closing net asset value per unit	65.16	59.04	63.52
* after direct transaction costs of:	0.17	0.18	0.28

Performance

Return after charges	15.04%	(3.18)%	2.69%
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Other Information

Closing net asset value (£)	85,362,125	119,174,844	137,043,036
Closing number of units	131,001,908	201,851,537	215,736,211
Operating charges†	0.12%	0.03%	0.03%
Direct transaction costs	0.27%	0.27%	0.44%

Prices

Highest unit price	68.27p	68.24p	67.23p
Lowest unit price	55.27p	57.63p	57.57p

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Fund Information continued

Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	24/01/17 (pence per unit)	24/01/16 (pence per unit)	24/01/15 (pence per unit)
Opening net asset value per unit	55.95	60.90	62.28
Return before operating charges*	8.44	(1.90)	1.68
Operating charges (calculated on average price)	(0.74)	(0.71)	(0.71)
Return after operating charges*	7.70	(2.61)	0.97
Distributions on income units	(2.60)	(2.34)	(2.35)
Closing net asset value per unit	61.05	55.95	60.90
* after direct transaction costs of:	0.16	0.18	0.28

Performance

Return after charges	13.76%	(4.29)%	1.56%
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Other Information

Closing net asset value (£)	50,906	50,473	54,163
Closing number of units	83,388	90,210	88,943
Operating charges†	1.26%	1.17%	1.17%
Direct transaction costs	0.27%	0.27%	0.44%

Prices

Highest unit price	63.98p	65.16p	65.11p
Lowest unit price	52.34p	54.62p	55.37p

† 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.

Fund Information continued

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	24/01/17 (pence per unit)	24/01/16 (pence per unit)	24/01/15 (pence per unit)
Opening net asset value per unit	67.59	70.79	69.65
Return before operating charges*	10.38	(2.36)	1.95
Operating charges (calculated on average price)	(0.91)	(0.84)	(0.81)
Return after operating charges*	9.47	(3.20)	1.14
Distributions	(3.19)	(2.76)	(2.67)
Retained distributions on accumulation units	3.19	2.76	2.67
Closing net asset value per unit	77.06	67.59	70.79
* after direct transaction costs of:	0.20	0.18	0.28

Performance

Return after charges	14.01%	(4.52)%	1.64%
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Other Information

Closing net asset value (£)	38,824	33,595	65,783
Closing number of units	50,381	49,704	92,926
Operating charges†	1.26%	1.17%	1.17%
Direct transaction costs	0.27%	0.27%	0.44%

Prices

Highest unit price	80.01p	76.51p	72.82p
Lowest unit price	63.25p	65.41p	63.24p

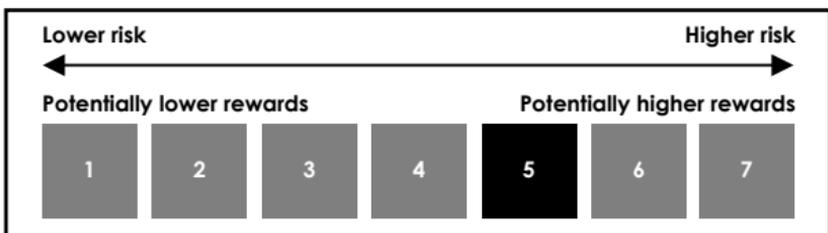
† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated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

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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.

Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category is based on the rate at which the value of the Fund and a representative benchmark have moved up and down in the past.
- This Fund is in category five because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

General Information

Constitution

Launch date:	31 March 2011
Period end dates for distributions:	24 January, 24 April 24 July, 24 October
Distribution dates:	24 March, 24 June, 24 September, 24 December
Minimum initial lump sum investment:	R-Class £500 I-Class £1,000,000 L-Class* £100,000 F-Class** £500
Valuation point:	12 noon
Fund management fees:	R-Class Annual 1.77% (1.67% prior to 01 April 2016) I-Class Annual 0.88% (0.78% prior to 01 April 2016) L-Class* Annual 0.13% (0.03% prior to 01 April 2016) F-Class** Annual 1.27% (1.17% prior to 01 April 2016)
Initial charge:	R-Class 5% I-Class Nil L-Class* Nil F-Class** Nil

* L-Class is not available to retail customers and is intended only for investment by Legal & General group companies.

** F-Class units are only available to:

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

Pricing and Dealing

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

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

General Information continued

Buying and Selling Units

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

ISA Status

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

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

Prospectus and Manager's Reports

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

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

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

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

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. With effect from 1 January 2016, 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, through the size of any return will be dependent on the size of subscriptions and redemptions.

General Information continued

Remuneration Disclosure

In accordance with the Undertakings for collective investment in transferable securities (UCITS) Directive, often referred to as the UCITS V Directive, the Legal & General UK Equity Income Fund, as a UCITS Fund, is required to disclose the aggregate remuneration paid by the UCITS Manager and by the UCITS Fund to Identified Staff, together with the number of beneficiaries and, where relevant, performance fees paid by the UCITS Fund. 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.

EU Member States had until 18 March 2016 to transpose the Directive into National Law and the UCITS Remuneration Guidelines will apply from 1 January 2017, although early adoption is permitted. The reporting period covered by this report does not span an entire calendar year from when the guidelines became effective and as such the UCITS Manager has taken the decision not to disclose the part year figures, instead waiting to disclose full calendar year, meaningful figures in next year's annual report.

Significant Changes

Change in Fund Management Fee (FMF)

With effect from 1 April 2016, the FMF for all classes will be increased as shown below:

	Old FMF	New FMF
R-Class	1.67%	1.77%
I-Class	0.78%	0.88%
L-Class	0.03%	0.13%
F-Class	1.17%	1.27%

The Authorised Fund Manager is increasing the FMF's to pay for investment research costs which were previously paid from broker trading commissions.

General Information continued

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

Directors of the Manager

R. M. Bartley

A. J. C. Craven

S. Hynes (appointed 29 June 2016)

H. Solomon

S. D. Thomas

S. Thompson (resigned 5 February 2016)

L. W. Toms (appointed 17 May 2016)

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

M. J. Zinkula

* Non-executive Director

Secretary

J. McCarthy

Registrar

Legal & General (Unit Trust Managers) Limited

P.O. Box 6080,

Wolverhampton WV1 9RB

Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

Trustee

Northern Trust Global Services Limited

Trustee and Depositary Services

50 Bank Street,

Canary Wharf,

London E14 5NT

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

General Information continued

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Investment Adviser

Legal & General Investment Management Limited
One Coleman Street,
London EC2R 5AA
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Financial Conduct Authority**

Legal & General
(Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
Registered office:
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London EC2R 5AA
www.legalandgeneral.com

