

Legal & General UK Smaller Companies Trust

Annual Manager's Report
for the year ended
18 June 2018

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

Manager's Investment Report

Investment Objective and Policy

The investment objective of this Trust is to maximise capital growth from a portfolio of UK securities, which will largely consist of smaller companies, and which may be selected from all economic sectors.

The Manager's policy for putting this into effect will be to invest primarily in those companies that comprise the lowest 10% by capitalisation of the main UK equity markets.

Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class accumulation units rose by 11.11%. This compares to a rise in the benchmark (Numis Securities Smaller Companies Ex Investment Trust Index) of 7.14% 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.

Market/Economic Review

The global economic background has improved over the past twelve months, led by solid growth in the major developed economies, although recent indicators suggest there has been some loss of momentum, particularly in Europe. Despite a rise in commodity prices, with the oil price (Brent crude) recovering to \$79/barrel in May 2018, its highest level since 2014, inflationary pressures worldwide have remained subdued by historical standards.

In the UK, both economic and political uncertainty have heightened over the last 12 months, as the June 2017 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 2017, removing the emergency support announced in August 2016 in the wake of the EU referendum. The UK economy grew at its slowest pace for six years during the first quarter of 2018. Although UK equities performed well in 2017, the market recorded three consecutive months of losses before rebounding strongly in April and May 2018. The market has been led higher by resources stocks, benefitting from the strength of commodity prices. Financials have also outperformed the broader market, led by shares in insurance companies while autos performed well, driven by a hostile takeover bid from Melrose Industries for component supplier GKN, which eventually received shareholder approval. Amongst the weakest sectors were utilities 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.

Trust Review

Both stock selection and sector allocation helped deliver positive performance for the Trust over the review year. Our holdings in financials, basic materials and industrials all contributed positively while our overweight positioning in technology was a benefit.

At the stock level, First Derivatives made the biggest contribution. The company is a leading provider of database analytics technology and has an early mover advantage in big data with a sizeable market opportunity ahead of it. The company is expanding the 'Kx Systems' business line into new industry areas with the potential for new sources of revenue. Specialty resources business Victrex reported strong results, with good growth in volumes and price. Dechra Pharmaceuticals also performed well with the

Manager's Investment Report continued

shares buoyed by news of a dividend hike amid better-than-expected profit and revenue growth. This was driven by growing demand for its products in the US. The group also continued its acquisition strategy, expanding its European footprint with the deals for AST Farma and Le Vet. Elsewhere, Safestore, Faroe Petroleum and Keyword Studios all saw positive performance and the Trust benefited from a number of takeovers, including Paysafe acquired by a consortium of the Blackstone Group and CVC Capital Partners in December 2017 and Ladbrokes Coral Group acquired by GVC Holdings in March 2018.

Lead detractor was retailer Mothercare, who issued a profit warning on the back of ongoing category weakness in the UK, both in store and online. While some of this weakness was expected due to the deterioration in UK retail, performance was below that of the industry.

During the review year, we initiated new positions in consumer finance specialist Boku, oil exploration company Energean Oil & Gas and portfolio management firm IntegraFin. On the flipside, we exited our long-standing holding of Ted Baker. While it has been a resilient name in recent years and wholesale trading remains strong, we have growing concerns following consecutive periods of sluggish retail store sales and some elements of staleness in the brand. We also believe margins may come under pressure and it feels like Ted Baker is playing catch up on the e-commerce side.

Outlook

In the UK, the pound has weakened as worries over ongoing Brexit negotiations more than offset the fact that the Bank of England was more hawkish than expected, with a rate rise expected in the third quarter of 2018. The Bank of England now expects the UK economy to grow at an annualised rate of 1.4% over the quarter, rather than by 1.8% as previously estimated, while it also forecast that inflation could fall back slightly more quickly, reaching its 2% target in two years.

Legal & General Investment Management Limited
(Investment Adviser)
10 July 2018

Authorised Status

Authorised Status

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

Directors' Statement

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



A. J. C. Craven
(Director)



S. D. Thomas
(Director)

Legal & General (Unit Trust Managers) Limited
7 August 2018

Statement of Responsibilities

Statement of the Manager's Responsibilities

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

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

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

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

Statement of Responsibilities continued

Statement of the Trustee's Responsibilities

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

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

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

The Depositary must ensure that:

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

Report of the Trustee

Report of the Trustee to the Unitholders of the Legal & General UK Smaller Companies Trust ("the Trust") for the year ended 18 June 2018

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

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

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

Northern Trust Global Services Limited
UK Trustee and Depositary Services
7 August 2018

Portfolio Statement

Portfolio Statement as at 18 June 2018

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 18 June 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 90.33% (91.51%)		
	Oil & Gas Producers		
	— 5.37% (2.62%)		
20,119,684	Amerisur Resources ¹	3,174,886	0.91
800,000	Energycan Oil & Gas	4,080,000	1.17
5,409,451	Faroe Petroleum ¹	7,443,405	2.14
8,000,000	Ophir Energy	4,000,000	1.15
		18,698,291	5.37
	Oil Equipment, Services & Distribution — 0.37% (0.00%)		
990,683	Tekmar Group	1,287,888	0.37
	Chemicals — 3.60% (2.17%)		
291,427	Victrex	8,836,067	2.54
654,289	Zotefoams	3,690,190	1.06
		12,526,257	3.60
	Construction & Materials		
	— 3.19% (2.98%)		
820,189	Keller Group	8,743,215	2.51
235,633	Kier Group	2,368,111	0.68
		11,111,326	3.19
	Aerospace & Defense		
	— 4.13% (3.62%)		
2,945,911	Senior	9,026,271	2.59
321,465	Ultra Electronics	5,349,178	1.54
		14,375,449	4.13
	Electronic & Electrical Equipment		
	— 3.67% (1.59%)		
1,900,445	DiscoverIE Group	8,456,980	2.43
2,400,000	Luceco	1,440,000	0.41
928,371	Xaar	2,887,234	0.83
		12,784,214	3.67
	Industrial Engineering		
	— 4.17% (4.03%)		
799,904	Flowtech Fluidpower ¹	1,383,834	0.40
519,053	Hill & Smith	7,749,461	2.22
6,758,288	Severfield	5,393,114	1.55
		14,526,409	4.17
	Industrial Transportation		
	— 1.08% (2.75%)		
145,500	Clarkson	3,746,625	1.08
	Support Services — 11.00% (12.18%)		
1,000,000	Alpha Financial Markets Consulting ¹	2,320,000	0.67

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Support Services — (cont.)		
2,129,139	Charles Taylor	6,344,834	1.82
1,118,800	Clipper Logistics	4,732,524	1.36
1,664,285	Equiniti Group	4,152,391	1.19
144,000	Keywords Studios ¹	2,692,800	0.77
6,365,505	Lakehouse ¹	2,705,340	0.78
948,863	Mears Group	2,960,453	0.85
1,833,721	Northgate	7,554,930	2.17
525,641	Staffline Group ¹	4,825,384	1.39
		38,288,656	11.00
	Automobiles & Parts — 0.05% (0.09%)		
480,000	Transense Technologies ¹	177,600	0.05
	Food Producers — 2.97% (3.06%)		
309,850	Cranswick	10,342,793	2.97
	Household Goods & Home Construction — 4.26% (5.23%)		
1,365,701	Crest Nicholson	5,681,316	1.63
909,282	Headlam Group	4,428,203	1.27
800,000	Redrow	4,728,000	1.36
		14,837,519	4.26
	Leisure Goods — 0.22% (0.00%)		
305,001	Codemasters Group	762,503	0.22
	Personal Goods — 0.00% (1.70%)		
	Health Care Equipment & Services — 4.41% (4.67%)		
1,940,873	Advanced Medical Solutions Group ¹	6,230,202	1.79
1,143,160	Cambian Group	1,813,052	0.52
491,513	Consort Medical	6,143,912	1.76
859,259	Medica Group	1,170,311	0.34
169,400	Sphere Medical (Warrants) ¹	—	—
		15,357,477	4.41
	Pharmaceuticals & Biotechnology — 7.25% (7.03%)		
435,844	Dechra Pharmaceuticals	11,872,391	3.41
344,613	Genus	8,291,389	2.38
302,672	Horizon Discovery Group ¹	552,376	0.16
4,705,875	Vectura Group	3,847,053	1.10
9,805,933	Vernalis ¹	686,415	0.20
		25,249,624	7.25
	Food & Drug Retailers — 1.30% (1.22%)		
2,017,049	McColl's Retail Group	4,538,360	1.30
	General Retailers — 2.92% (2.99%)		
350,000	CVS Group	3,671,500	1.05
2,231,658	Moss Bros Group	1,051,111	0.30
2,836,000	Mothercare	794,080	0.23

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	General Retailers — (cont.)		
9,237,654	Vertu Motors ¹	4,655,778	1.34
		<hr/>	<hr/>
		10,172,469	2.92
	Media — 4.28% (3.05%)		
4,945,200	Ebiquity ¹	3,115,476	0.89
494,701	Euromoney Institutional Investor	7,024,754	2.02
3,342,735	ITE Group	4,760,055	1.37
		<hr/>	<hr/>
		14,900,285	4.28
	Travel & Leisure — 2.79% (3.87%)		
2,125,975	Goals Soccer Centres ¹	1,764,559	0.51
2,406,139	Gym Group	6,713,128	1.93
2,975,000	Ladbrokes Coral Group CVR	337,960	0.10
641,818	Revolution Bars Group	890,843	0.25
		<hr/>	<hr/>
		9,706,490	2.79
	Fixed Line Telecommunications — 0.00% (0.42%)		
	Nonlife Insurance — 1.03% (2.67%)		
612,930	Beazley	3,591,770	1.03
	Real Estate Investment & Services — 1.33% (1.05%)		
500,000	Savills	4,630,000	1.33
	Real Estate Investment Trusts — 6.57% (7.04%)		
1,184,440	Hansteeen	1,280,380	0.37
2,340,000	Safestore	12,975,300	3.72
766,097	Workspace Group	8,641,574	2.48
		<hr/>	<hr/>
		22,897,254	6.57
	Financial Services — 6.92% (6.23%)		
1,710,000	Arrow Global Group	4,488,750	1.29
1,674,000	CMC Markets	3,373,110	0.97
179,000	Curtis Banks Group ¹	540,580	0.16
390,985	IntegraFin	1,431,005	0.41
286,060	Mattioli Woods ¹	2,245,571	0.65
1,000,000	Morses Club	1,535,000	0.44
1,229,912	OneSavings Bank	4,924,568	1.41
1,187,583	River & Mercantile Group	3,491,494	1.00
936,966	Tatton Asset Management ¹	2,061,325	0.59
		<hr/>	<hr/>
		24,091,403	6.92
	Software & Computer Services — 7.45% (9.25%)		
223,000	First Derivatives ¹	9,499,800	2.73
2,614,940	NCC Group	5,491,374	1.58
632,481	SDL	2,795,566	0.80
543,103	Softcat	4,171,031	1.20
5,092,173	Tribal Group ¹	3,971,895	1.14
		<hr/>	<hr/>
		25,929,666	7.45

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Technology Hardware & Equipment — 0.00% (0.00%)		
3,338,400	Celoxica ²	—	—
	IRELAND — 0.00% (0.41%) Software & Computer Services — 0.00% (0.41%)		
	AUSTRALIA — 0.25% (0.10%) Software & Computer Services — 0.25% (0.10%)		
9,881,490	eServGlobal ¹	864,630	0.25
	BERMUDA — 0.41% (0.62%) Mining — 0.41% (0.62%)		
1,788,330	Petra Diamonds	1,135,590	0.33
1,117,706	Petra Diamonds Rights	291,665	0.08
		1,427,255	0.41
	CHANNEL ISLANDS — 1.82% (0.25%) Support Services — 0.23% (0.25%)		
125,683	Sanne Group	808,142	0.23
	Travel & Leisure — 1.59% (0.00%)		
150,000	Wizz Air	5,545,500	1.59
	GERMANY — 0.00% (0.62%) Software & Computer Services — 0.00% (0.62%)		
	GIBRALTAR — 2.02% (1.84%) Travel & Leisure — 2.02% (1.84%)		
2,486,118	888	7,035,714	2.02
	ISLE OF MAN — 0.70% (1.77%) Electronic & Electrical Equipment — 0.70% (0.00%)		
1,571,429	Strix Group ¹	2,454,572	0.70
	Support Services — 0.00% (1.77%)		
	SINGAPORE — 0.29% (0.00%) Alternative Energy — 0.29% (0.00%)		
2,857,142	Simec Atlantis Energy	1,000,000	0.29

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED STATES — 1.08% (0.00%)		
	Support Services — 1.08% (0.00%)		
3,823,729	Boku ¹	3,747,254	1.08
Portfolio of investments³		337,413,395	96.90
Net other assets		10,799,842	3.10
Total net assets		£348,213,237	100.00%

¹ These securities are quoted on the Alternative Investment Market and comprise 19.30% of the net assets of the Trust.

² Delisted securities are valued at the Manager's best assessment of their fair and reasonable value.

³ All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the year: £46,896,538.

Total sales for the year: £66,827,203.

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Trust for the year ended 18 June 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Trust and the accounting policies set out on pages 17 to 18.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 18 June 2018 and of the net revenue and the net capital gains on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

Basis for opinion

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

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

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

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

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

Independent Auditor's Report continued

Matters on which we are required to report by exception

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

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

Manager's responsibilities

As explained more fully in their statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Jatin Patel
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London E14 5GL
7 August 2018

Financial Statements

Statement of Total Return for the year ended 18 June 2018

Notes	18/06/18		18/06/17	
	£	£	£	£
Income				
Net capital gains	3	33,390,098		45,693,742
Revenue	4	7,760,552	7,784,390	
Expenses	5	(5,600,263)	(5,764,401)	
Interest payable and similar charges	7	(2,442)	(5)	
Net revenue before taxation		<u>2,157,847</u>	<u>2,019,984</u>	
Taxation	6	—	(9,449)	
Net revenue after taxation for the year		<u>2,157,847</u>	<u>2,010,535</u>	
Total return before distributions		<u>35,547,945</u>	<u>47,704,277</u>	
Distributions	7	(2,159,646)	(2,011,254)	
Change in net assets attributable to Unitholders from investment activities		<u>£33,388,299</u>	<u>£45,693,023</u>	

Statement of Change in Net Assets attributable to Unitholders for the year ended 18 June 2018

	18/06/18		18/06/17	
	£	£	£	£
Opening net assets attributable to Unitholders		334,407,948		323,561,122
Amounts received on issue of units	10,266,464		9,219,642	
Amounts paid on cancellation of units	(30,134,214)		(44,276,285)	
		<u>(19,867,750)</u>		<u>(35,056,643)</u>
Change in net assets attributable to Unitholders from investment activities		33,388,299		45,693,023
Retained distributions on accumulation units		237,022		210,446
Unclaimed distributions		47,718		—
Closing net assets attributable to Unitholders		<u>£348,213,237</u>		<u>£334,407,948</u>

Financial Statements continued

Balance Sheet as at 18 June 2018

	Notes	18/06/18 £	18/06/17 £
ASSETS			
Fixed assets:			
Investments		337,413,395	324,772,545
Current assets:			
Debtors	8	1,813,918	2,495,990
Cash and bank balances	9	<u>12,133,515</u>	<u>8,734,403</u>
Total assets		<u>351,360,828</u>	<u>336,002,938</u>
LIABILITIES			
Creditors:			
Distributions payable		(1,346,563)	(897,756)
Other creditors	10	<u>(1,801,028)</u>	<u>(697,234)</u>
Total liabilities		<u>(3,147,591)</u>	<u>(1,594,990)</u>
Net assets attributable to Unitholders		<u>£348,213,237</u>	<u>£334,407,948</u>

Notes to the Financial Statements

1. Statement of Compliance

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

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

(b) Functional and Presentation Currency

The functional and presentation currency of the Trust is Sterling.

(c) Recognition of revenue

Revenue from quoted equities, non-equity shares and real estate investment trusts are 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.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the Trust is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission is deducted from the cost of those shares.

All other revenue is recognised on an accruals basis.

(d) Treatment of expenses

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

(e) Distribution Policy

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

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

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

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(f) Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 18 June 2018, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price.

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

(g) Taxation

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

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

3. Net capital gains

The net capital gains during the year comprise:

Non-derivative securities

Currency gains

Net capital gains

18/06/18	18/06/17
£	£
33,390,027	45,692,039
71	1,703
<u>33,390,098</u>	<u>45,693,742</u>

4. Revenue

UK Franked dividends

Non-taxable overseas dividends

Property dividend distributions

Property interest distributions

Underwriting commission

Bank interest

18/06/18	18/06/17
£	£
6,772,301	6,709,394
318,339	414,910
62,041	110,984
595,698	539,117
—	5,905
12,173	4,080
<u>7,760,552</u>	<u>7,784,390</u>

Notes to the Financial Statements continued

5. Expenses

	18/06/18	18/06/17
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>5,600,263</u>	<u>5,764,401</u>
Total expenses	<u>5,600,263</u>	<u>5,764,401</u>

Audit fees of £8,900 plus VAT of £1,780 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £8,360 plus VAT of £1,672.

Notes to the Financial Statements continued

6. Taxation

(a) Analysis of taxation charge in year

	18/06/18	18/06/17
	£	£
Corporation tax	—	—
Overseas tax	—	9,449
Current tax [note 6(b)]	—	9,449
Deferred tax [note 6(c)]	—	—
Total taxation	—	9,449

(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	2,157,847	2,019,984
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	431,569	403,997
Effects of:		
Overseas tax	—	9,449
Revenue not subject to taxation	(1,430,536)	(1,447,058)
Excess management expenses not utilised	998,967	1,043,061
Current tax	—	9,449

(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 £11,516,468 (18 June 2017: £10,517,501) due to surplus management expenses.

It is unlikely the Trust will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised (18 June 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:

	18/06/18	18/06/17
	£	£
Interim distribution	635,751	959,420
Final distribution	<u>1,507,315</u>	<u>1,007,088</u>
	2,143,066	1,966,508
Add: Revenue deducted on cancellation of units	24,764	52,793
Less: Revenue received on creation of units	<u>(8,184)</u>	<u>(8,047)</u>
Distributions for the year	<u>2,159,646</u>	<u>2,011,254</u>
Interest payable and similar charges		
Bank overdraft interest	<u>2,442</u>	<u>5</u>
	<u>2,162,088</u>	<u>2,011,259</u>

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

	18/06/18	18/06/17
	£	£
Net revenue after taxation for the year	2,157,847	2,010,535
Equalisation effect of conversions	<u>1,799</u>	<u>719</u>
Distributions for the year	<u>2,159,646</u>	<u>2,011,254</u>

8. Debtors

	18/06/18	18/06/17
	£	£
Accrued revenue	1,176,557	1,024,635
Amounts receivable for creation of units	108,845	241,878
Overseas tax recoverable	76,397	83,558
Sales awaiting settlement	<u>452,119</u>	<u>1,145,919</u>
	<u>1,813,918</u>	<u>2,495,990</u>

Notes to the Financial Statements continued

9. Net uninvested cash

	18/06/18	18/06/17
	£	£
Cash and bank balances	12,133,515	8,734,403
Net uninvested cash	<u>12,133,515</u>	<u>8,734,403</u>

10. Other creditors

	18/06/18	18/06/17
	£	£
Accrued expenses	262,192	207,620
Amounts payable for cancellation of units	250,027	489,614
Purchases awaiting settlement	1,288,809	—
	<u>1,801,028</u>	<u>697,234</u>

11. Contingent liabilities and outstanding commitments

Contingent liabilities and outstanding commitments at the balance sheet date were:

	18/06/18	18/06/17
	£	£
Commitments on rights issues	447,082	—
Total	<u>447,082</u>	<u>—</u>

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks

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

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

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

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

(a) Market Risk arising from other price risk

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

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

The assets held by the Trust can be seen in the Portfolio Statement starting on page 8. Movements in the prices of these investments result in movements in the performance of the Trust. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Trust's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 18 June 2018, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £16,870,670 (18 June 2017: £16,238,627).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(b) Interest Rate Risk

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

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

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

(c) Foreign Currency Risk

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

At the year end the Trust had no significant exposures to currencies other than Sterling (18 June 2017: same).

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

(d) Credit Risk

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

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

(e) Liquidity Risk

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

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

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(f) Fair Value

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

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

18/06/18	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	337,413,395	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	337,413,395	—

18/06/17	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	324,772,545	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	324,772,545	—

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

18/06/18	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	46,779	27	0.06	91	0.19	46,897
Total	46,779	27	0.06	91	0.19	46,897

18/06/18	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	66,847	(20)	0.03	—	—	66,827
Total	66,847	(20)	0.03	—	—	66,827

Commissions and taxes as % of average net assets

Commissions 0.01%

Taxes 0.03%

18/06/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	26,496	15	0.06	75	0.28	26,586
Total	26,496	15	0.06	75	0.28	26,586

18/06/17	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	56,856	(34)	0.06	—	—	56,822
Total	56,856	(34)	0.06	—	—	56,822

Commissions and taxes as % of average net assets

Commissions 0.02%

Taxes 0.02%

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 0.89% (18 June 2017: 1.05%).

Notes to the Financial Statements continued

14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 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 pages 32 to 40. The distributions per unit class are given in the distribution tables on pages 29 and 30. All classes have the same rights on winding up.

R-Class	Distribution	Accumulation
Opening Units	6,377,309	1,869,565
Units issued	346,108	95,435
Units cancelled	(1,316,340)	(165,331)
Units converted	25,501,149	783,292
Closing Units	30,908,226	2,582,961

E-Class	Distribution	Accumulation
Opening Units	26,545,362	823,944
Units issued	512,266	505
Units cancelled	(1,481,430)	(41,495)
Units converted	(25,576,198)	(782,954)
Closing Units	—	—

F-Class	Distribution	Accumulation
Opening Units	64	5,705
Units issued	—	346
Units cancelled	—	—
Units converted	—	—
Closing Units	64	6,051

I-Class	Distribution	Accumulation
Opening Units	371,370	372,221
Units issued	20,310	69,446
Units cancelled	(43,631)	(96,308)
Units converted	36,435	31,167
Closing Units	384,484	376,526

C-Class	Accumulation
Opening Units	—
Units issued	2,000
Units cancelled	—
Units converted	—
Closing Units	2,000

Notes to the Financial Statements continued

15. Ultimate controlling party and related party transactions

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

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

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

At the year end, the Manager and its associates held 62.92% (63.28% as at 18 June 2017) of the Trust's units in issue.

16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class distribution unit was 1,004.37p. The Net Asset Value per R-Class distribution unit for the Trust as at 12 noon on 6 August 2018 was 990.50p. This represents an decrease of 1.38% from the year end value.

Distribution Tables

Distribution Tables for the year ended 18 June 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	
			19/06/17	to 15/12/17 ¹
R-Class			Distribution	Distribution
Distribution Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	1.6894	2.3848
Group 2	1.3331	0.3563	1.6894	2.3848
R-Class			Distribution	Distribution
Accumulation Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	1.8879	2.6593
Group 2	1.3033	0.5846	1.8879	2.6593
E-Class			Distribution	Distribution
Distribution Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	1.6894	2.3848
Group 2	1.2896	0.3998	1.6894	2.3848
E-Class			Distribution	Distribution
Accumulation Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	1.8879	2.6593
Group 2	1.8879	—	1.8879	2.6593
F-Class			Distribution	Distribution
Distribution Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	4.2187	4.5312
Group 2	—	4.2187	4.2187	4.5312
F-Class			Distribution	Distribution
Accumulation Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	4.8658	5.1253
Group 2	1.0470	3.8188	4.8658	5.1253
I-Class			Distribution	Distribution
Distribution Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	6.1086	6.1584
Group 2	4.2348	1.8738	6.1086	6.1584
I-Class			Distribution	Distribution
Accumulation Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	7.0720	7.0762
Group 2	4.7889	2.2831	7.0720	7.0762
C-Class²			Distribution	Distribution
Accumulation Units			15/02/18¹	18/02/17
Group 1	Revenue	Equalisation	—	N/A
Group 2	—	—	—	N/A

¹ To facilitate the closure of E-Class, the Trust's interim accounting date and distribution payment date were moved to 15 December 2017 and 15 February 2018 respectively.

² C-Class units launched on 28 February 2018.

Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			16/12/17	to 18/06/18
R-Class			Distribution	Distribution
Distribution Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	4.2519	—	4.2519	2.6500
Group 2	3.6790	0.5729	4.2519	2.6500
R-Class			Distribution	Distribution
Accumulation Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	4.7635	—	4.7635	2.9568
Group 2	3.7070	1.0565	4.7635	2.9568
E-Class¹			Distribution	Distribution
Distribution Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	—	—	N/A	2.6500
Group 2	—	—	N/A	2.6500
E-Class¹			Distribution	Distribution
Accumulation Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	—	—	N/A	2.9568
Group 2	—	—	N/A	2.9568
F-Class			Distribution	Distribution
Distribution Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	6.9531	—	6.9531	5.0156
Group 2	—	6.9531	6.9531	5.0156
F-Class			Distribution	Distribution
Accumulation Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	8.0148	—	8.0148	5.7004
Group 2	—	8.0148	8.0148	5.7004
I-Class			Distribution	Distribution
Distribution Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	8.4157	—	8.4157	6.8067
Group 2	4.7160	3.6997	8.4157	6.8067
I-Class			Distribution	Distribution
Accumulation Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	9.8841	—	9.8841	7.8886
Group 2	6.9195	2.9646	9.8841	7.8886
C-Class²			Distribution	Distribution
Accumulation Units			18/08/18	18/08/17
	Revenue	Equalisation		
Group 1	0.4615	—	0.4615	N/A
Group 2	—	0.4615	0.4615	N/A

¹ E-Class units ceased to exist on 15 December 2017.

² C-Class units launched on 28 February 2018.

Trust Information

The Comparative Tables on pages 32 to 40 give the performance of each active share class in the Trust.

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

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

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

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

Trust Information continued

Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/18 (pence per unit)	18/06/17 (pence per unit)	18/06/16 (pence per unit)
Opening net asset value per unit	909.59	790.73	835.65
Return before operating charges*	116.52	138.74	(26.34)
Operating charges (calculated on average price)	(15.80)	(14.85)	(14.00)
Return after operating charges*	100.72	123.89	(40.34)
Distributions on income units	(5.94)	(5.03)	(4.58)
Closing net asset value per unit	1,004.37	909.59	790.73
* after direct transaction costs of:	0.39	0.32	0.90

Performance

Return after charges	11.07%	15.67%	(4.83)%
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Other Information

Closing net asset value (£)	310,433,623	58,007,562	54,160,941
Closing number of units	30,908,226	6,377,309	6,849,464
Operating charges [†]	1.66%	1.77%	1.70%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,032.00p	990.20p	916.80p
Lowest unit price	880.00p	711.60p	760.10p

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

Past performance is not a guide to future performance.

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

Trust Information continued

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/18 (pence per unit)	18/06/17 (pence per unit)	18/06/16 (pence per unit)
Opening net asset value per unit	1,017.16	879.27	923.96
Return before operating charges*	130.52	154.44	(29.20)
Operating charges (calculated on average price)	(17.69)	(16.55)	(15.49)
Return after operating charges*	112.83	137.89	(44.69)
Distributions	(6.65)	(5.62)	(5.05)
Retained distributions on accumulation units	6.65	5.62	5.05
Closing net asset value per unit	1,129.99	1,017.16	879.27
* after direct transaction costs of:	0.43	0.36	0.99

Performance

Return after charges	11.09%	15.68%	(4.84)%
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Other Information

Closing net asset value (£)	29,187,187	19,016,411	17,733,063
Closing number of units	2,582,961	1,869,565	2,016,791
Operating charges†	1.66%	1.77%	1.70%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,157.00p	1,104.00p	1,051.00p
Lowest unit price	985.00p	791.10p	841.70p

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

Past performance is not a guide to future performance.

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

Trust Information continued

Comparative Tables continued

E-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	19/06/17 to 15/12/17 ¹ (pence per unit)	19/06/16 to 18/06/17 (pence per unit)	19/06/15 to 18/06/16 (pence per unit)
Opening net asset value per unit	909.59	790.73	835.65
Return before operating charges*	62.58	138.74	(26.34)
Operating charges (calculated on average price)	(8.13)	(14.85)	(14.00)
Return after operating charges*	54.45	123.89	(40.34)
Distributions on income units	(1.69)	(5.03)	(4.58)
Closing net asset value per unit	962.35	909.59	790.73
* after direct transaction costs of:	0.18	0.32	0.90

Performance

Return after charges	5.99%	15.67%	(4.83)%
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Other Information

Closing net asset value (£)	—	241,454,875	236,386,154
Closing number of units	—	26,545,362	29,894,573
Operating charges [†]	1.77%	1.77%	1.70%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,001.00p	943.10p	873.10p
Lowest unit price	880.00p	711.60p	760.10p

¹ E-Class units ceased to exist on 15 December 2017. Value shown is the closing net asset value at this date.

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

Past performance is not a guide to future performance.

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

Trust Information continued

Comparative Tables continued

E-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	19/06/17 to 15/12/17 ¹ (pence per unit)	19/06/16 to 18/06/17 (pence per unit)	19/06/15 to 18/06/16 (pence per unit)
Opening net asset value per unit	1,017.16	879.27	923.96
Return before operating charges*	70.01	154.44	(29.20)
Operating charges (calculated on average price)	(9.09)	(16.55)	(15.49)
Return after operating charges*	60.92	137.89	(44.69)
Distributions	(1.89)	(5.62)	(5.05)
Retained distributions on accumulation units	1.89	5.62	5.05
Closing net asset value per unit	1,078.08	1,017.16	879.27
* after direct transaction costs of:	0.21	0.36	0.99

Performance

Return after charges	5.99%	15.68%	(4.84)%
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Other Information

Closing net asset value (£)	—	8,380,795	7,752,162
Closing number of units	—	823,944	881,660
Operating charges [†]	1.77%	1.77%	1.70%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,120.00p	1,051.00p	966.90p
Lowest unit price	985.00p	791.10p	841.70p

¹ E-Class units ceased to exist on 15 December 2017. Value shown is the closing net asset value at this date.

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

Past performance is not a guide to future performance.

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

Trust Information continued

Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/18 (pence per unit)	18/06/17 (pence per unit)	18/06/16 (pence per unit)
Opening net asset value per unit	929.69	808.06	853.23
Return before operating charges*	119.34	142.09	(26.18)
Operating charges (calculated on average price)	(11.30)	(10.91)	(10.11)
Return after operating charges*	108.04	131.18	(36.29)
Distributions on income units	(11.17)	(9.55)	(8.88)
Closing net asset value per unit	1,026.56	929.69	808.06
* after direct transaction costs of:	0.40	0.33	0.92

Performance

Return after charges	11.62%	16.23%	(4.25)%
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Other Information

Closing net asset value (£)	657	595	501
Closing number of units	64	64	62
Operating charges†	1.16%	1.27%	1.20%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,057.00p	965.50p	892.90p
Lowest unit price	899.20p	727.40p	777.70p

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Trust Information continued

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/18 (pence per unit)	18/06/17 (pence per unit)	18/06/16 (pence per unit)
Opening net asset value per unit	1,063.66	914.81	956.50
Return before operating charges*	136.95	161.24	(30.34)
Operating charges (calculated on average price)	(12.97)	(12.39)	(11.35)
Return after operating charges*	123.98	148.85	(41.69)
Distributions	(12.88)	(10.83)	(10.00)
Retained distributions on accumulation units	12.88	10.83	10.00
Closing net asset value per unit	1,187.64	1,063.66	914.81
* after direct transaction costs of:	0.45	0.37	1.03

Performance

Return after charges	11.66%	16.27%	(4.36)%
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Other Information

Closing net asset value (£)	71,864	60,682	19,577
Closing number of units	6,051	5,705	2,140
Operating charges†	1.16%	1.27%	1.20%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,215.00p	1,099.00p	1,003.00p
Lowest unit price	1,031.00p	823.30p	874.20p

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

Trust Information continued

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/18 (pence per unit)	18/06/17 (pence per unit)	18/06/16 (pence per unit)
Opening net asset value per unit	929.11	807.52	853.45
Return before operating charges*	119.47	142.11	(26.81)
Operating charges (calculated on average price)	(8.09)	(7.55)	(6.83)
Return after operating charges*	111.38	134.56	(33.64)
Distributions on income units	(14.52)	(12.97)	(12.29)
Closing net asset value per unit	1,025.97	929.11	807.52
* after direct transaction costs of:	0.40	0.33	0.92

Performance

Return after charges	11.99%	16.66%	(3.94)%
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Other Information

Closing net asset value (£)	3,944,673	3,450,435	3,495,385
Closing number of units	384,484	371,370	432,852
Operating charges†	0.83%	0.88%	0.81%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,058.00p	966.90p	894.70p
Lowest unit price	899.40p	727.10p	777.50p

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

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

Trust Information continued

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	18/06/18 (pence per unit)	18/06/17 (pence per unit)	18/06/16 (pence per unit)
Opening net asset value per unit	1,084.46	928.99	967.80
Return before operating charges*	139.86	164.19	(31.05)
Operating charges (calculated on average price)	(9.48)	(8.72)	(7.76)
Return after operating charges*	130.38	155.47	(38.81)
Distributions	(16.96)	(14.96)	(13.97)
Retained distributions on accumulation units	16.96	14.96	13.97
Closing net asset value per unit	1,214.84	1,084.46	928.99
* after direct transaction costs of:	0.46	0.38	1.04

Performance

Return after charges	12.02%	16.74%	(4.01)%
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Other Information

Closing net asset value (£)	4,574,170	4,036,593	4,013,338
Closing number of units	376,526	372,221	432,017
Operating charges†	0.83%	0.88%	0.81%
Direct transaction costs	0.04%	0.04%	0.11%

Prices

Highest unit price	1,243.00p	1,120.00p	1,017.00p
Lowest unit price	1,051.00p	836.30p	886.50p

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

Trust Information continued

Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	28/02/18 to 18/06/18 (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	3.24
Operating charges (calculated on average price)	(0.09)
Return after operating charges*	3.15
Distributions	(0.46)
Retained distributions on accumulation units	0.46
Closing net asset value per unit	53.15
* after direct transaction costs of:	0.02

Performance

Return after charges	6.30%
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Other Information

Closing net asset value (£)	1,063
Closing number of units	2,000
Operating charges†	0.60%
Direct transaction costs	0.04%

Prices

Highest unit price	54.42p
Lowest unit price	48.72p

¹ C-Class Units launched 28 February 2018.

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

Past performance is not a guide to future performance.

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

Risk and Reward Profile (unaudited)



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

General Information (unaudited)

Constitution

Launch date:	9 September 1985
Period end dates for distributions:	18 December, 18 June
Distribution dates:	18 February, 18 August
Minimum initial lump sum investment:	R-Class £100 F-Class* £500 I-Class £1,000,000 C-Class** £20,000,000
Minimum monthly contributions:	R-Class £20 F-Class* £50 I-Class N/A C-Class** N/A
Valuation point:	12 noon
Fund management fees:	R-Class Annual 1.53%† (1.77% Prior to 2 January 2018) F-Class* Annual 1.03%† (1.27% Prior to 2 January 2018) I-Class Annual 0.78%† (0.88% Prior to 2 January 2018) C-Class** Annual 0.60%
Initial charge:	R-Class Nil F-Class* Nil I-Class Nil C-Class** Nil

* F-Class units are only available to:

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

** C-Class units are only available to distributors who actively market and distribute such units (or whom the Manager believes intends to do so) and to whom the Manager has confirmed by letter that they meet the criteria for investment in such units.

† With effect from 2 January 2018 - See Significant Changes on page 45.

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

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

Prospectus and Manager's Reports

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.

Dual Pricing Arrangement

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

General Information (unaudited) continued

Remuneration Disclosure

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

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

Controlled Functions

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Scheme (Pro-rated) (£'000)
32	6,726	11,997	136

Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£'000)	Remuneration related to this Trust (Pro-rated) (£'000)
17	2,188	3,163	258

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 2017, UTM engaged the services of Legal & General Investment Management's Equities Fund Management team, which consists of 17 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 Equities Fund Management team.

General Information (unaudited) continued

Significant Changes

New Unit Class: C-Class

With effect from 28 February 2018, C-Class units were launched within the Trust with accumulation units available.

Closure of E-Class

As at the 15 December 2017, the E-Class was closed. All unitholders in the E-Class as at 15 December 2017 have been moved into the R-Class which is identical to the E-Class. The terms and charges are identical between the classes.

Change of Accounting Date

The Trust's Interim accounting date, usually 18 December, has been moved to 15 December 2017 in order to facilitate the closure of E-Class as detailed above. As such, the Trust's corresponding distribution payment date, usually 18 February was on 15 February 2018. The accounting and distribution payment dates reverted to their normal dates after this event.

Change in Fund Management Fee (FMF)

With effect from 2 January 2018, the FMF for three share classes were reduced as shown below:

	Old FMF	New FMF
R-Class	1.77%	1.53%
F-Class	1.27%	1.03%
I-Class	0.88%	0.78%

Change of Auditor

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

General Data Protection Regulation (GDPR)

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

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

General Information (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 PLC
Trustee and Depository Services
50 Bank Street,
Canary Wharf,
London E14 5NT

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

Independent Auditors

KPMG LLP
15 Canada Square,
London E14 5GL

Investment Adviser

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

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

Legal & General
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