

Legal & General UK Equity Income Fund

Annual Manager's Report
for the year ended
24 January 2019



Contents

	Page Number
Manager's Investment Report*	2
Authorised Status*	4
Directors' Statement	4
Statement of the Manager's Responsibilities	5
Statement of the Trustee's Responsibilities	6
Report of the Trustee	7
Portfolio Statement*	8
Independent Auditor's Report	11
Statement of Total Return	14
Statement of Change in Net Assets attributable to Unitholders	14
Balance Sheet	15
Notes to the Financial Statements	16
Distribution Tables	27
Fund Information*	31
Risk and Reward Profile (unaudited)*	41
General Information (unaudited)*	42

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

Manager's Investment Report

Investment Objective and Policy

The objective of the Fund is to 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.

* The Fund does not currently use derivatives for investment purposes.

Manager's Investment Report

During the year under review, the bid price of the Fund's R-Class accumulation units fell by 13.20%.

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

Although the global economy remains on track for another year of solid growth, growth became less synchronised and more uneven across countries and regions with some loss of momentum in recent months. Worldwide, inflationary pressures have remained subdued by historical standards. Having risen to its highest level in four years in early October, the oil price (Brent crude) declined sharply to just over \$50 per barrel in December, its lowest level for 15 months, driven by increased levels of supply, notably US inventories. In the UK, both economic and political uncertainties have heightened over the last 12 months, with precariousness as to the outcome of Brexit negotiations and the implications for trade with the EU. Although the UK government negotiated a draft withdrawal agreement with the EU, it is highly uncertain whether this will receive the consent of Parliament. While the UK GDP grew at its slowest pace for six years during the first quarter of 2018, subsequently the economy has picked up, underpinned by consumer demand and exports.

UK equities have underperformed global indices over the last 12 months as uncertainty over Brexit negotiations has weighed on investor sentiment. The best performing sectors were pharmaceuticals, which were a focal point for merger and acquisition activity, along with beverages and industrial metals. Amongst the weakest sectors were general retailers, banks, life insurers and tobacco, the latter weighed down by regulatory risks. More domestically oriented smaller companies underperformed the broader market indices.

Manager's Investment Report continued

Fund Review

The Fund delivered a negative return over the review year, falling against a difficult start and close to 2018.

The market correction in January and February was particularly difficult for the Fund's performance with sector positioning and stock selection, notably MicroFocus International, as key detractors.

MicroFocus International issued a surprise revenue warning in relation to IT and North American sales execution problems, while there were further concerns over its leverage position. In December, there was some focus from analysts on the impact of the company losing SUSE from the portfolio mix and its subsequent negative drag on future revenue growth.

Shares in gaming company GVC also detracted from performance later in the year, despite positive signs in the first six months. Whilst the firm reported a robust set of results, we expect the market may have been disappointed by the lack of upgrades and short term noise around UK fixed odd betting terminals and upcoming budget news regarding online tax. The implications are that profits will fall sharply in 2019, amid a backdrop of changing regulation, and we consider this to be well-known by the market. More importantly, the growth of its online business goes from strength to strength and its increasingly international and diverse business model looks set to benefit from product investment and operational excellence.

In respect of trading, we sold down our holding of GlaxoSmithKline and exited our small position in Astrazeneca following good performance and to fund higher conviction ideas such as John Wood Group and DS Smith.

Outlook

Looking ahead, while we maintain the view that economic fundamentals remain generally positive, the biggest risk is that markets could well bring about a self-fulfilling prophecy. Growing fears over the downside of fiscal stimulus, end of cycle worries and the potential for a recession are exacerbated by potential political mistakes that threaten to depress markets further. This is reflected in valuation compression, which we consider too negative.

Equally, we feel that the downbeat assessment of the UK market looks overdone. Ultimately we believe the current uncertainty over the Brexit process is providing opportunities for those willing to take a longer term view to invest in domestic businesses. In our view, we feel that slower growth is now a 'known known' and there is clear value in areas of the UK market. In this context, we remain optimistic that a less negative narrative can unfold and boost markets as we move through 2019.

Legal & General Investment Management Limited
(Investment Adviser)
27 February 2019

Authorised Status

Authorised Status

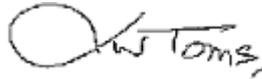
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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)



L. W. Toms
(Director)

Legal & General (Unit Trust Managers) Limited
14 March 2019

Statement of Responsibilities

Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net income and net gains or losses on the property of the Fund 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 Fund'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 Fund 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 Fund 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 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 of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

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

Report of the Trustee

Report of the Trustee to the Unitholders of the Legal & General UK Equity Income Fund ("the Fund") for the year ended 24 January 2019

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

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

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

Northern Trust Global Services SE UK Branch
UK Trustee and Depositary Services
14 March 2019

Portfolio Statement

Portfolio Statement as at 24 January 2019

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 24 January 2018.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 92.70% (90.14%)		
	Oil & Gas Producers		
	— 8.87% (9.55%)		
1,438,072	BP	7,319,786	3.28
4,621,000	Diversified Gas & Oil	5,106,205	2.28
326,000	Royal Dutch Shell 'B'	7,403,460	3.31
		19,829,451	8.87
	Oil Equipment, Services & Distribution		
	— 1.74% (0.00%)		
751,000	John Wood Group	3,894,686	1.74
	Chemicals		
	— 2.80% (2.05%)		
210,000	Johnson Matthey	6,249,600	2.80
	Mining		
	— 9.14% (7.49%)		
237,000	Anglo American	4,226,658	1.89
486,000	BHP Group	7,604,928	3.40
227,700	Rio Tinto	8,594,536	3.85
		20,426,122	9.14
	Construction & Materials		
	— 2.72% (2.20%)		
3,694,252	Melrose Industries	6,082,586	2.72
	Aerospace & Defense		
	— 3.23% (2.21%)		
3,024,000	Chemring Group	4,566,240	2.04
198,450	Ultra Electronics	2,647,323	1.19
		7,213,563	3.23
	General Industrials		
	— 2.57% (2.27%)		
1,777,727	DS Smith	5,738,503	2.57
	Automobiles & Parts		
	— 0.00% (1.45%)		
	Food Producers		
	— 1.39% (0.96%)		
442,000	Tate & Lyle	3,112,564	1.39
	Household Goods & Home Construction		
	— 0.00% (1.67%)		
	Tobacco		
	— 4.54% (5.44%)		
197,400	British American Tobacco	4,883,676	2.18
215,500	Imperial Brands	5,274,362	2.36
		10,158,038	4.54

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Health Care Equipment & Services		
	— 0.00% (1.91%)		
	Pharmaceuticals & Biotechnology		
	— 0.00% (4.46%)		
	Food & Drug Retailers		
	— 4.55% (1.52%)		
3,046,000	Tesco	6,819,994	3.05
1,440,000	Wm Morrison Supermarkets	3,346,560	1.50
		10,166,554	4.55
	General Retailers — 5.98% (5.72%)		
2,010,000	Dixons Carphone	2,863,245	1.28
715,573	Inchcape	4,246,926	1.90
129,000	Next	6,252,630	2.80
		13,362,801	5.98
	Media — 2.15% (2.03%)		
2,860,000	Gocompare.com Group	2,087,800	0.94
2,011,800	ITV	2,707,883	1.21
		4,795,683	2.15
	Travel & Leisure — 6.96% (1.84%)		
52,000	Carnival	2,132,000	0.95
178,000	Go-Ahead Group	3,180,860	1.42
494,000	Greene King	2,925,468	1.31
148,300	Whitbread	7,324,537	3.28
		15,562,865	6.96
	Fixed Line Telecommunications		
	— 1.23% (2.32%)		
1,158,037	BT Group	2,752,654	1.23
	Mobile Telecommunications		
	— 1.10% (4.25%)		
1,688,000	Vodafone Group	2,451,989	1.10
	Banks — 10.87% (11.17%)		
4,853,000	Barclays	7,954,067	3.56
344,700	HSBC	2,196,084	0.98
16,174,500	Lloyds Banking Group	9,306,807	4.17
2,010,000	Royal Bank of Scotland Group	4,836,060	2.16
		24,293,018	10.87
	Nonlife Insurance — 4.89% (3.50%)		
1,760,000	Direct Line Insurance Group	5,887,200	2.64
957,000	RSA Insurance Group	5,037,648	2.25
		10,924,848	4.89
	Life Insurance — 8.51% (8.38%)		
1,409,200	Aviva	5,831,270	2.61
1,013,266	Phoenix Group	6,468,690	2.89
451,600	Prudential	6,726,582	3.01
		19,026,542	8.51

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Real Estate Investment Trusts — 1.51% (1.05%)		
397,781	Land Securities Group	3,369,205	1.51
	Financial Services — 4.93% (4.32%)		
844,105	Brewin Dolphin	2,566,079	1.15
901,000	Jupiter Fund Management	2,905,725	1.30
1,727,000	TP ICAP	5,559,213	2.48
		11,031,017	4.93
	Software & Computer Services — 3.02% (2.38%)		
451,000	Micro Focus International	6,753,725	3.02
	CAYMAN ISLANDS — 0.00% (2.58%)		
	Life Insurance — 0.00% (2.58%)		
	CHANNEL ISLANDS — 2.02% (2.11%)		
	Support Services — 2.02% (0.00%)		
88,000	Ferguson	4,508,240	2.02
	Media — 0.00% (2.11%)		
	DENMARK — 0.00% (1.54%)		
	Pharmaceuticals & Biotechnology — 0.00% (1.54%)		
	ISLE OF MAN — 3.08% (3.29%)		
	Travel & Leisure — 3.08% (3.29%)		
1,021,000	GVC	6,891,750	3.08
	MAURITIUS — 1.85% (0.00%)		
	Real Estate Investment & Services — 1.85% (0.00%)		
3,800,000	Grit Real Estate Income Group	4,129,483	1.85
	Portfolio of investments¹	222,725,487	99.65
	Net other assets	792,861	0.35
	Total net assets	£223,518,348	100.00%

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

Total purchases for the year: £102,505,099.

Total sales for the year: £110,138,090.

Independent Auditor's Report

Independent auditor's report to the Unitholders of Legal & General UK Equity Income Fund ('the Fund')

Opinion

We have audited the financial statements of the Fund for the year ended 24 January 2019 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Fund and the accounting policies set out on pages 16 to 17.

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 Fund as at 24 January 2019 and of the net revenue and the net capital losses on the property of the Fund 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 Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

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

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

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

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

Going concern

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

Independent Auditor's Report continued

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

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

Other information

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

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

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

Matters on which we are required to report by exception

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

- proper accounting records for the Fund 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

Auditor's responsibilities

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

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

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

This report is made solely to the Fund'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 Fund'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 Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London E14 5GL
14 March 2019

Financial Statements

Statement of Total Return for the year ended 24 January 2019

Notes	24/01/19		24/01/18	
	£	£	£	£
Income				
Net capital (losses)/ gains	3	(43,671,213)		30,796,229
Revenue	4	12,328,319	15,529,373	
Expenses	5	(2,823,000)	(4,004,625)	
Interest payable and similar charges	7	(200)	(23,844)	
Net revenue before taxation		<u>9,505,119</u>	<u>11,500,904</u>	
Taxation	6	(22,913)	(207,146)	
Net revenue after taxation for the year		<u>9,482,206</u>	<u>11,293,758</u>	
Total return before distributions		<u>(34,189,007)</u>	<u>42,089,987</u>	
Distributions	7	(12,304,851)	(15,298,380)	
Change in net assets attributable to Unitholders from investment activities		<u>£(46,493,858)</u>	<u>£26,791,607</u>	

Statement of Change in Net Assets attributable to Unitholders for the year ended 24 January 2019

	24/01/19		24/01/18	
	£	£	£	£
Opening net assets attributable to Unitholders		275,447,832		401,784,193
Amounts received on issue of units		5,928,246	6,078,631	
Amounts paid on cancellation of units		(13,827,575)	(163,012,703)	
		<u>(7,899,329)</u>	<u>(156,934,072)</u>	
Change in net assets attributable to Unitholders from investment activities		<u>(46,493,858)</u>	<u>26,791,607</u>	
Retained distributions on accumulation units		2,349,745	3,596,241	
Unclaimed distributions		<u>113,958</u>	<u>209,863</u>	
Closing net assets attributable to Unitholders		<u>£223,518,348</u>	<u>£275,447,832</u>	

Financial Statements continued

Balance Sheet as at 24 January 2019

	Notes	24/01/19 £	24/01/18 £
ASSETS			
Fixed assets:			
Investments		222,725,487	274,513,823
Current assets:			
Debtors	8	1,549,963	1,428,325
Cash and bank balances	9	<u>1,273,541</u>	<u>2,979,996</u>
Total assets		<u>225,548,991</u>	<u>278,922,144</u>
LIABILITIES			
Creditors:			
Bank overdrafts	9	(42,562)	—
Distributions payable		(1,720,372)	(1,493,041)
Other creditors	10	<u>(267,709)</u>	<u>(1,981,271)</u>
Total liabilities		<u>(2,030,643)</u>	<u>(3,474,312)</u>
Net assets attributable to Unitholders		<u>£223,518,348</u>	<u>£275,447,832</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 Fund is Sterling.

(c) Recognition of Revenue

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

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

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

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 capital for the purpose of calculating the distribution. This increases the amount of the distribution paid, but reduces the capital growth potential of the Fund. Marginal tax relief is not accounted for in determining the distribution.

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

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(f) Basis of Valuation of Investments

All investments are valued at their fair value as at 12 noon on 24 January 2019, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price.

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

(g) Taxation

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

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

(h) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 24 January 2019, being the last working day of the accounting year.

3. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

Non-derivative securities

Forward currency contracts

Currency gains

Net capital (losses)/gains

24/01/19	24/01/18
£	£
(43,693,979)	30,714,405
(190)	—
22,956	81,824
<u>(43,671,213)</u>	<u>30,796,229</u>

4. Revenue

UK Franked dividends

Non-taxable overseas dividends

Property dividend distributions

Property interest distributions

Bank interest

24/01/19	24/01/18
£	£
10,767,832	13,474,363
1,380,402	1,791,258
—	111,830
176,717	141,908
3,368	10,014
<u>12,328,319</u>	<u>15,529,373</u>

Notes to the Financial Statements continued

5. Expenses

	24/01/19	24/01/18
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	2,823,000	4,004,625
Total expenses	<u>2,823,000</u>	<u>4,004,625</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 £8,369 plus VAT of £1,674.

6. Taxation

(a) Analysis of taxation charge in year

	24/01/19	24/01/18
	£	£
Overseas tax	22,913	207,146
Current tax [note 6(b)]	22,913	207,146
Deferred tax [note 6(c)]	—	—
Total taxation	<u>22,913</u>	<u>207,146</u>

(b) Factors affecting taxation charge for the year

The current tax charge excludes capital gains and losses for the reason that Authorised Unit Trusts are not subject to Corporation Tax on these items. Current tax differs from taxation assessed on net revenue before taxation as follows:

Net revenue before taxation	<u>9,505,119</u>	<u>11,500,904</u>
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2018: 20%)	1,901,024	2,300,181
Effects of:		
Overseas tax	22,913	207,146
Revenue not subject to taxation	(2,429,647)	(3,075,490)
Excess management expenses not utilised	<u>528,623</u>	<u>775,309</u>
Current tax	<u>22,913</u>	<u>207,146</u>

Notes to the Financial Statements continued

6. Taxation continued

(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 £5,117,485 (24 January 2018: £4,588,862) due to surplus management expenses.

It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised (24 January 2018: same).

7. Distributions

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

	24/01/19	24/01/18
	£	£
First interim distribution	3,683,675	4,697,915
Second interim distribution	3,179,357	3,752,555
Third interim distribution	3,187,675	3,586,418
Final distribution	<u>2,187,972</u>	<u>1,822,647</u>
	12,238,679	13,859,535
Add: Revenue deducted on cancellation of units	115,343	1,490,837
Less: Revenue received on creation of units	<u>(49,171)</u>	<u>(51,992)</u>
Distributions for the year	12,304,851	15,298,380
Interest payable and similar charges		
Bank overdraft interest	<u>200</u>	<u>23,844</u>
	<u>12,305,051</u>	<u>15,322,224</u>

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

	24/01/19	24/01/18
	£	£
Net revenue after taxation for the year	9,482,206	11,293,758
Add: Expenses charged to capital	2,823,000	4,004,625
Equalisation effect of conversions	<u>(355)</u>	<u>(3)</u>
Distributions for the year	12,304,851	15,298,380

Notes to the Financial Statements continued

8. Debtors

	24/01/19	24/01/18
	£	£
Accrued revenue	473,308	732,720
Amounts receivable for creation of units	27,696	66,838
Overseas tax recoverable	660,312	628,767
Sales awaiting settlement	388,647	—
	<u>1,549,963</u>	<u>1,428,325</u>

9. Net uninvested cash

	24/01/19	24/01/18
	£	£
Cash and bank balances	1,273,541	2,979,996
Bank overdrafts	(42,562)	—
Net uninvested cash	<u>1,230,979</u>	<u>2,979,996</u>

10. Other creditors

	24/01/19	24/01/18
	£	£
Accrued expenses	164,545	196,671
Amounts payable for cancellation of units	103,164	418,216
Purchases awaiting settlement	—	1,366,384
	<u>267,709</u>	<u>1,981,271</u>

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (24 January 2018: same).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks

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

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

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

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

(a) Market Risk arising from other price risk

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

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

The assets held by the Fund can be seen in the Portfolio Statement starting on page 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 2019, 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 £11,136,274 (24 January 2018: £13,725,691).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(b) Interest Rate Risk

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

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

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

(c) Foreign Currency Risk

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

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

At 24 January 2019, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £48,483 (24 January 2018: £47,485).

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

24/01/19 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Danish Krone	33	—	33
Euro	56	—	56
Swiss Franc	548	—	548
US Dollar	81	4,129	4,210

24/01/18 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Danish Krone	26	4,233	4,259
Euro	56	—	56
Swiss Franc	433	—	433

(d) Credit Risk

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

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

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(e) Liquidity Risk

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

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

(f) Fair Value

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

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 requires the classification of the 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:

24/01/19	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	222,725,487	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	222,725,487	—

24/01/18	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	274,513,823	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
Total	274,513,823	—

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

24/01/19	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	102,060	36	0.04	409	0.40	102,505
Total	102,060	36	0.04	409	0.40	102,505
24/01/19	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	110,170	(32)	0.03	—	—	110,138
Total	110,170	(32)	0.03	—	—	110,138

Commissions and taxes as % of average net assets

Commissions	0.03%
Taxes	0.16%

24/01/18	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	109,586	52	0.05	395	0.36	110,033
Total	109,586	52	0.05	395	0.36	110,033
24/01/18	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	259,325	(113)	0.04	—	—	259,212
Total	259,325	(113)	0.04	—	—	259,212

Commissions and taxes as % of average net assets

Commissions	0.05%
Taxes	0.13%

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 0.14% (24 January 2018: 0.05%).

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 27 to 30. All classes have the same rights on winding up.

R-Class	Distribution	Accumulation
Opening Units	238,379,890	54,033,037
Units issued	5,811,317	448,843
Units cancelled	(12,547,300)	(5,702,224)
Units converted	(6,116,076)	4,141,846
Closing Units	225,527,831	52,921,502

F-Class	Distribution	Accumulation
Opening Units	57,962	61,192
Units issued	32,639	—
Units cancelled	(32,165)	(10,398)
Units converted	—	—
Closing Units	58,436	50,794

I-Class	Distribution	Accumulation
Opening Units	7,318,876	5,527,660
Units issued	717,518	1,732,460
Units cancelled	(1,591,820)	(720,382)
Units converted	388,280	107,888
Closing Units	6,832,854	6,647,626

C-Class	Distribution	Accumulation
Opening Units	—	—
Units issued	2,000	6,379
Units cancelled	—	(262)
Units converted	—	10,800,862
Closing Units	2,000	10,806,979

L-Class	Distribution
Opening Units	99,039,920
Units issued	469,082
Units cancelled	(777,920)
Units converted	(8,287,420)
Closing Units	90,443,662

Notes to the Financial Statements continued

15. Ultimate controlling party and related party transactions

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

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Fund. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in 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 Fund plus any rebates paid by the Authorised Fund Manager to the Fund are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Fund, or rebates receivable by the Fund from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 27.15% (25.95% as at 24 January 2018) of the Fund's units in issue.

16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class distribution unit was 52.21p. The Net Asset Value per R-Class distribution unit for the Fund as at 12 noon on 12 March 2019 was 54.89p. This represents an increase of 5.13% from the year end value.

Distribution Tables

Distribution Tables for the year ended 24 January 2019

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

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

1st Interim dividend distribution in pence per unit			Period	
			25/01/18	to 24/04/18
R-Class			Distribution	Distribution
Distribution Units			24/06/18	24/06/17
Group 1	Revenue	Equalisation	0.8512	0.7260
Group 2	0.3663	0.4849	0.8512	0.7260
R-Class			Distribution	Distribution
Accumulation Units			24/06/18	24/06/17
Group 1	Revenue	Equalisation	1.1244	0.9171
Group 2	0.5192	0.6052	1.1244	0.9171
F-Class			Distribution	Distribution
Distribution Units			24/06/18	24/06/17
Group 1	Revenue	Equalisation	0.8795	0.7467
Group 2	—	0.8795	0.8795	0.7467
F-Class			Distribution	Distribution
Accumulation Units			24/06/18	24/06/17
Group 1	Revenue	Equalisation	1.1615	0.9423
Group 2	—	1.1615	1.1615	0.9423
I-Class			Distribution	Distribution
Distribution Units			24/06/18	24/06/17
Group 1	Revenue	Equalisation	0.9036	0.7632
Group 2	0.5650	0.3386	0.9036	0.7632
I-Class			Distribution	Distribution
Accumulation Units			24/06/18	24/06/17
Group 1	Revenue	Equalisation	1.1936	0.9647
Group 2	0.5142	0.6794	1.1936	0.9647
C-Class			Distribution	Distribution
Distribution Units¹			26/06/18	N/A
Group 1	Revenue	Equalisation	0.5604	N/A
Group 2	—	0.5604	0.5604	N/A
C-Class			Distribution	Distribution
Accumulation Units¹			24/06/18	N/A
Group 1	Revenue	Equalisation	0.5604	N/A
Group 2	—	0.5604	0.5604	N/A
L-Class			Distribution	Distribution
Distribution Units			24/06/18	24/06/17
Group 1	Revenue	Equalisation	0.9507	0.7979
Group 2	—	0.9507	0.9507	0.7979

Distribution Tables continued

2nd Interim dividend distribution in pence per unit				Period	
				25/04/18	to
R-Class				Distribution	Distribution
Distribution Units		Revenue	Equalisation	24/09/18	24/09/17
Group 1		0.7386	—	0.7386	0.8539
Group 2		0.0864	0.6522	0.7386	0.8539
R-Class				Distribution	Distribution
Accumulation Units		Revenue	Equalisation	24/09/18	24/09/17
Group 1		0.9854	—	0.9854	1.0883
Group 2		0.2526	0.7328	0.9854	1.0883
F-Class				Distribution	Distribution
Distribution Units		Revenue	Equalisation	24/09/18	24/09/17
Group 1		0.7646	—	0.7646	0.8790
Group 2		0.0477	0.7169	0.7646	0.8790
F-Class				Distribution	Distribution
Accumulation Units		Revenue	Equalisation	24/09/18	24/09/17
Group 1		1.0238	—	1.0238	1.1233
Group 2		—	1.0238	1.0238	1.1233
I-Class				Distribution	Distribution
Distribution Units		Revenue	Equalisation	24/09/18	24/09/17
Group 1		0.7861	—	0.7861	0.8995
Group 2		0.2600	0.5261	0.7861	0.8995
I-Class				Distribution	Distribution
Accumulation Units		Revenue	Equalisation	24/09/18	24/09/17
Group 1		1.0530	—	1.0530	1.1516
Group 2		0.3227	0.7303	1.0530	1.1516
C-Class				Distribution	Distribution
Distribution Units¹		Revenue	Equalisation	24/09/18	N/A
Group 1		0.5770	—	0.5770	N/A
Group 2		—	0.5770	0.5770	N/A
C-Class				Distribution	Distribution
Accumulation Units¹		Revenue	Equalisation	24/09/18	N/A
Group 1		0.5830	—	0.5830	N/A
Group 2		—	0.5830	0.5830	N/A
L-Class				Distribution	Distribution
Distribution Units		Revenue	Equalisation	24/09/18	24/09/17
Group 1		0.8296	—	0.8296	0.9410
Group 2		—	0.8296	0.8296	0.9410

Distribution Tables continued

3rd Interim dividend distribution in pence per unit			Period	
			25/07/18	to 24/10/18
R-Class			Distribution	Distribution
Distribution Units			24/12/18	24/12/17
Group 1	0.7424	—	0.7424	0.8203
Group 2	0.0336	0.7088	0.7424	0.8203
R-Class			Distribution	Distribution
Accumulation Units			24/12/18	24/12/17
Group 1	1.0065	—	1.0065	1.0624
Group 2	0.2594	0.7471	1.0065	1.0624
F-Class			Distribution	Distribution
Distribution Units			24/12/18	24/12/17
Group 1	0.7676	—	0.7676	0.8451
Group 2	—	0.7676	0.7676	0.8451
F-Class			Distribution	Distribution
Accumulation Units			24/12/18	24/12/17
Group 1	1.0419	—	1.0419	1.0942
Group 2	—	1.0419	1.0419	1.0942
I-Class			Distribution	Distribution
Distribution Units			24/12/18	24/12/17
Group 1	0.7905	—	0.7905	0.8667
Group 2	—	0.7905	0.7905	0.8667
I-Class			Distribution	Distribution
Accumulation Units			24/12/18	24/12/17
Group 1	1.0722	—	1.0722	1.1221
Group 2	0.7520	0.3202	1.0722	1.1221
C-Class			Distribution	Distribution
Distribution Units¹			24/12/18	N/A
Group 1	0.6192	—	0.6192	N/A
Group 2	—	0.6192	0.6192	N/A
C-Class			Distribution	Distribution
Accumulation Units¹			24/12/18	N/A
Group 1	0.6336	—	0.6336	N/A
Group 2	—	0.6336	0.6336	N/A
L-Class			Distribution	Distribution
Distribution Units			24/12/18	24/12/17
Group 1	0.8366	—	0.8366	0.9082
Group 2	—	0.8366	0.8366	0.9082

Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			25/10/18	to 24/01/19
R-Class			Distribution	Distribution
Distribution Units	Revenue	Equalisation	24/03/19	24/03/18
Group 1	0.5110	—	0.5110	0.4189
Group 2	0.0657	0.4453	0.5110	0.4189
R-Class			Distribution	Distribution
Accumulation Units	Revenue	Equalisation	24/03/19	24/03/18
Group 1	0.6990	—	0.6990	0.5497
Group 2	0.2017	0.4973	0.6990	0.5497
F-Class			Distribution	Distribution
Distribution Units	Revenue	Equalisation	24/03/19	24/03/18
Group 1	0.5297	—	0.5297	0.4322
Group 2	—	0.5297	0.5297	0.4322
F-Class			Distribution	Distribution
Accumulation Units	Revenue	Equalisation	24/03/19	24/03/18
Group 1	0.7246	—	0.7246	0.5671
Group 2	—	0.7246	0.7246	0.5671
I-Class			Distribution	Distribution
Distribution Units	Revenue	Equalisation	24/03/19	24/03/18
Group 1	0.5456	—	0.5456	0.4437
Group 2	0.1282	0.4174	0.5456	0.4437
I-Class			Distribution	Distribution
Accumulation Units	Revenue	Equalisation	24/03/19	24/03/18
Group 1	0.7465	—	0.7465	0.5822
Group 2	0.1824	0.5641	0.7465	0.5822
C-Class			Distribution	Distribution
Distribution Units¹	Revenue	Equalisation	24/03/19	N/A
Group 1	0.4290	—	0.4290	N/A
Group 2	—	0.4290	0.4290	N/A
C-Class			Distribution	Distribution
Accumulation Units¹	Revenue	Equalisation	24/03/19	N/A
Group 1	0.4412	—	0.4412	N/A
Group 2	—	0.4412	0.4412	N/A
L-Class			Distribution	Distribution
Distribution Units	Revenue	Equalisation	24/03/19	24/03/18
Group 1	0.5861	—	0.5861	0.4660
Group 2	0.0798	0.5063	0.5861	0.4660

¹ C-Class units launched on 28 February 2018.

In the tables above and preceding pages, a distribution pay rate of N/A denotes that the Class was not in existence as at the applicable XD date, and therefore no distribution payment was made.

Fund Information

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

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

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

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

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

Fund Information continued

Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	24/01/19 (pence per unit)	24/01/18 (pence per unit)	24/01/17 (pence per unit)
Opening net asset value per unit	63.20	59.42	54.73
Return before operating charges*	(7.26)	7.69	8.24
Operating charges (calculated on average price)	(0.89)	(1.09)	(1.01)
Return after operating charges*	(8.15)	6.60	7.23
Distributions on income units	(2.84)	(2.82)	(2.54)
Closing net asset value per unit	52.21	63.20	59.42
* after direct transaction costs of:	0.11	0.11	0.16

Performance

Return after charges	(12.90)%	11.11%	13.21%
----------------------	----------	--------	--------

Other Information

Closing net asset value (£)	117,751,425	150,658,580	151,014,666
Closing number of units	225,527,831	238,379,890	254,156,558
Operating charges [†]	1.53%	1.75%	1.76%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

Highest unit price	64.72p	68.06p	65.39p
Lowest unit price	49.31p	59.24p	51.19p

[†] 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	24/01/19 (pence per unit)	24/01/18 (pence per unit)	24/01/17 (pence per unit)
Opening net asset value per unit	83.48	75.02	66.14
Return before operating charges*	(9.82)	9.86	10.13
Operating charges (calculated on average price)	(1.20)	(1.40)	(1.25)
Return after operating charges*	(11.02)	8.46	8.88
Distributions	(3.82)	(3.62)	(3.12)
Retained distributions on accumulation units	3.82	3.62	3.12
Closing net asset value per unit	72.46	83.48	75.02
* after direct transaction costs of:	0.15	0.14	0.19

Performance

Return after charges	(13.20)%	11.28%	13.43%
----------------------	----------	--------	--------

Other Information

Closing net asset value (£)	38,346,095	45,109,062	42,367,750
Closing number of units	52,921,502	54,033,037	56,472,846
Operating charges†	1.53%	1.75%	1.76%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

Highest unit price	86.69p	86.95p	81.80p
Lowest unit price	67.77p	74.78p	61.88p

† 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 Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	24/01/19 (pence per unit)	24/01/18 (pence per unit)	24/01/17 (pence per unit)
Opening net asset value per unit	65.26	61.05	55.95
Return before operating charges*	(7.51)	7.91	8.44
Operating charges (calculated on average price)	(0.63)	(0.80)	(0.74)
Return after operating charges*	(8.14)	7.11	7.70
Distributions on income units	(2.94)	(2.90)	(2.60)
Closing net asset value per unit	54.18	65.26	61.05
* after direct transaction costs of:	0.12	0.11	0.16

Performance

Return after charges	(12.47)%	11.65%	13.76%
----------------------	----------	--------	--------

Other Information

Closing net asset value (£)	31,663	37,827	50,906
Closing number of units	58,436	57,962	83,388
Operating charges [†]	1.03%	1.25%	1.26%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

Highest unit price	66.94p	66.81p	63.98p
Lowest unit price	51.16p	60.88p	52.34p

[†] 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	24/01/19 (pence per unit)	24/01/18 (pence per unit)	24/01/17 (pence per unit)
Opening net asset value per unit	86.18	77.06	67.59
Return before operating charges*	(10.17)	10.16	10.38
Operating charges (calculated on average price)	(0.84)	(1.04)	(0.91)
Return after operating charges*	(11.01)	9.12	9.47
Distributions	(3.95)	(3.73)	(3.19)
Retained distributions on accumulation units	3.95	3.73	3.19
Closing net asset value per unit	75.17	86.18	77.06
* after direct transaction costs of:	0.16	0.15	0.20

Performance

Return after charges	(12.78)%	11.83%	14.01%
----------------------	----------	--------	--------

Other Information

Closing net asset value (£)	38,184	52,736	38,824
Closing number of units	50,794	61,192	50,381
Operating charges†	1.03%	1.25%	1.26%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

Highest unit price	89.63p	87.65p	80.01p
Lowest unit price	70.29p	76.82p	63.25p

† 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	24/01/19 (pence per unit)	24/01/18 (pence per unit)	24/01/17 (pence per unit)
Opening net asset value per unit	67.02	62.45	57.01
Return before operating charges*	(7.71)	8.11	8.62
Operating charges (calculated on average price)	(0.49)	(0.57)	(0.52)
Return after operating charges*	(8.20)	7.54	8.10
Distributions on income units	(3.03)	(2.97)	(2.66)
Closing net asset value per unit	55.79	67.02	62.45
* after direct transaction costs of:	0.12	0.12	0.16

Performance

Return after charges	(12.24)%	12.07%	14.21%
----------------------	----------	--------	--------

Other Information

Closing net asset value (£)	3,811,789	4,905,057	4,799,926
Closing number of units	6,832,854	7,318,876	7,686,493
Operating charges†	0.78%	0.87%	0.87%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

Highest unit price	68.80p	68.61p	65.43p
Lowest unit price	52.66p	62.28p	53.34p

† 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	24/01/19 (pence per unit)	24/01/18 (pence per unit)	24/01/17 (pence per unit)
Opening net asset value per unit	88.53	78.86	68.91
Return before operating charges*	(10.46)	10.39	10.59
Operating charges (calculated on average price)	(0.65)	(0.72)	(0.64)
Return after operating charges*	(11.11)	9.67	9.95
Distributions	(4.07)	(3.82)	(3.26)
Retained distributions on accumulation units	4.07	3.82	3.26
Closing net asset value per unit	77.42	88.53	78.86
* after direct transaction costs of:	0.16	0.15	0.20

Performance

Return after charges	(12.55)%	12.26%	14.44%
----------------------	----------	--------	--------

Other Information

Closing net asset value (£)	5,146,493	4,893,655	118,149,996
Closing number of units	6,647,626	5,527,660	149,830,941
Operating charges†	0.78%	0.87%	0.87%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

Highest unit price	92.15p	90.04p	81.87p
Lowest unit price	72.37p	78.61p	64.49p

† 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

C-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	28/02/18 to 24/01/19 ¹ (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(3.87)
Operating charges (calculated on average price)	(0.24)
Return after operating charges*	(4.11)
Distributions on income units	(2.19)
Closing net asset value per unit	43.70
* after direct transaction costs of:	0.09

Performance

Return after charges	(8.22)%
----------------------	---------

Other Information

Closing net asset value (£)	874
Closing number of units	2,000
Operating charges [†]	0.50%
Direct transaction costs	0.19%

Prices

Highest unit price	53.80p
Lowest unit price	41.26p

¹ C-Class units launched on 28 February 2018.

[†] 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

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	28/02/18 to 24/01/19 ¹ (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(4.02)
Operating charges (calculated on average price)	(0.22)
Return after operating charges*	(4.24)
Distributions	(2.22)
Retained distributions on accumulation units	2.22
Closing net asset value per unit	45.76
* after direct transaction costs of:	0.09

Performance

Return after charges	(8.48)%
----------------------	---------

Other Information

Closing net asset value (£)	4,945,266
Closing number of units	10,806,979
Operating charges [†]	0.50%
Direct transaction costs	0.19%

Prices

Highest unit price	54.39p
Lowest unit price	42.77p

¹ C-Class units launched on 28 February 2018.

[†] 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	24/01/19 (pence per unit)	24/01/18 (pence per unit)	24/01/17 (pence per unit)
Opening net asset value per unit	70.47	65.16	59.04
Return before operating charges*	(8.16)	8.50	8.95
Operating charges (calculated on average price)	(0.02)	(0.08)	(0.07)
Return after operating charges*	(8.18)	8.42	8.88
Distributions on income units	(3.20)	(3.11)	(2.76)
Closing net asset value per unit	59.09	70.47	65.16
* after direct transaction costs of:	0.13	0.12	0.17

Performance

Return after charges	(11.61)%	12.92%	15.04%
----------------------	----------	--------	--------

Other Information

Closing net asset value (£)	53,446,559	69,790,915	85,362,125
Closing number of units	90,443,662	99,039,920	131,001,908
Operating charges†	0.03%	0.12%	0.12%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

Highest unit price	72.51p	72.13p	68.27p
Lowest unit price	55.75p	65.00p	55.27p

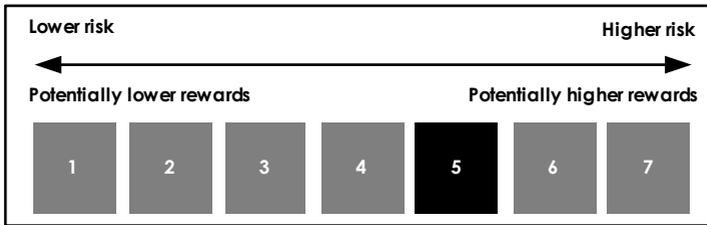
† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated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

Past performance is not a guide to future performance.

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

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

Risk and Reward Profile (unaudited)



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

General Information (unaudited)

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 £100
	F-Class* £500
	I-Class £1,000,000
	C-Class** £20,000,000
	L-Class*** £100,000

Minimum monthly contributions:	R-Class £20
	F-Class* £50
	I-Class N/A
	C-Class** N/A
	L-Class*** N/A

Valuation point: 12 noon

Fund management fees:	R-Class Annual 1.53%
	F-Class* Annual 1.03%
	I-Class Annual 0.78%
	C-Class** Annual 0.50%
	L-Class*** Annual 0.03%

Initial charge: Nil for all existing unit classes

* Class F units are only available to:

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

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

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

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 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.

Dual Pricing Arrangement

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

General Information (unaudited) continued

Remuneration Disclosure

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

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it as at 31 December 2017. At the time of publishing, figures as at 31 December 2018 were not yet available, we shall publish this data in the Fund's interim report, due to be published in September 2019:

Controlled Functions

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	110

Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
17	2,188	3,163	210

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 pro-rated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

General Information (unaudited) continued

Material Risk Takers

As at 31 December 2017, UTM engaged the services of Legal & General Investment Management's Active 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 pro-rated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Legal & General Investment Management's Active Equities Fund Management team.

General Information (unaudited) continued

Significant Changes

New Unit Class: C-Class

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

Change of Auditor

With effect from 28 April 2018, PricewaterhouseCoopers LLP ceased to be Independent Auditors of the Fund and KPMG LLP have been appointed. The change of Auditor has no impact on the way the Fund 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 Equity Income Fund, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at www.lgim.com/UTMprivacy (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

General Information (unaudited) continued

Authorised Fund Manager

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

Directors of the Manager

R. M. Bartley (resigned 31 December 2018)
A. J. C. Craven
S. Hynes
H. Morrissey
H. Solomon
S. D. Thomas (resigned 17 October 2018)
L. W. Toms
A. R. Toutouchi*
M. J. Zinkula

*Non-executive Director

Secretary

J. McCarthy

Registrar

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

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

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

Trustee

Northern Trust Global Services SE UK Branch
Trustee and 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
(Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
Registered office:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com

