

Legal & General UK Equity Income Fund
Interim Manager's Report
for the period ended
24 July 2021
(Unaudited)



Contents

	Page Number
Manager's Investment Report	2
Authorised Status	5
Directors' Statement	5
Portfolio Statement	6
Statement of Total Return	9
Statement of Change in Net Assets attributable to Unitholders	9
Balance Sheet	10
Notes to the Financial Statements	11
Fund Information	12
Risk and Reward Profile	14
General Information	15

Manager's Investment Report

Investment Objective and Policy

The objective of the Fund is to provide income and growth above those of the FTSE All Share TR Net Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 2% per annum. This objective is before the deduction of any charges and measured over rolling 3 year periods.

The Fund is actively managed and will invest at least 80% in the shares of UK companies. These are the companies that are incorporated, headquartered or which have their principal business activities in the UK, or companies that are listed in the UK and constituents of the Benchmark Index.

Over a market cycle (typically 3 to 5 years), the Fund will comprise on average 40 to 60 companies selected by the Manager following research of each company.

The Fund may also invest in other shares, collective investment schemes including those managed or operated by the Manager or an affiliate of the Manager as well as participatory notes, preference shares, cash, permitted deposits and money market instruments (such as treasury bills).

In addition, the Fund is also permitted to receive and hold warrants and convertible bonds as a result of corporate actions.

The Fund may only hold derivatives for the purpose of Efficient Portfolio Management.

Manager's Investment Report

During the period under review, the published price of the Fund's R-Class accumulation units rose by 8.60%.

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

Over the past six months, markets have been dominated by the twin forces of continued support from central banks and increasingly successful vaccination rollouts across developed markets.

Having trailed other developed countries in its early response to the pandemic, the UK's decision to order early and prioritise vaccines has been a notable success, giving the country's equity markets a head start on Europe, where the vaccination rollout was later and slower. UK small and mid-cap indices outperformed the more internationally facing FTSE 100 Index, partly as a result of the country's early success in vaccinations allowing domestically oriented companies to capitalise on economic reopening, and partly as a result of UK Sterling rising versus the US Dollar, dampening overseas earnings from the giants of the FTSE 100 Index. The UK also benefited over much of the past six months from the resurgence of long-overlooked value stocks, as its leading equity indices are heavily loaded with big names in the category. Later in the review period, UK equities lost ground on their US and European counterparts, though the return over six months remained comfortably within positive territory.

Fund Review

Over the six-month period, there were two distinct parts to the returns of the market and the Fund. In the first three months equity markets rose, anticipating the economic recovery. This favoured the Fund's positioning, with companies like airline Easyjet and recruitment consultancy Page Group seeing strong share prices. In terms of style movements, Value stocks were strong compared to their rival styles of Quality and

Manager's Investment Report continued

Growth. The Fund is managed with a Value style, and so delivered returns above the UK Index. During April, with the increase in the Delta variant of COVID-19, the yields on Government bonds started to fall again, reversing the previous months' rise. This changed the market pattern, with Quality – Growth stocks leading. The Fund was able to hold onto its previous gains, but slightly lagged the market. Hence, over the six-month period, the Fund outperformed the FTSE All Share Index by 0.5% when compared on a total return basis (Source: Bloomberg).

The Fund was reasonably active during these movements. Having benefitted from stocks that were linked to the economy reopening, we reduced several positions in March and April. We sold Easyjet during April and reduced travel retailer SSP. This proved fortuitous timing as the Delta variant meant a weaker summer flying season than previously expected. Banks were also significant contributors to the Fund's return, both from an overweight allocation and good stock selection. The sector rose as higher interest rates and bond yields will increase their profits, whilst the Bank of England is allowing them to pay significant dividends to investors from September.

Significant detractors from the Fund's return included the Oil and Gas sector, particularly the services company John Wood. Despite the price of Brent crude rising from the \$50s to over \$70, the whole sector lagged behind the broad market. Investors are focusing on carbon emissions and companies' plans to reach the Paris Accord limits on climate change. The path for the oil sector is not clear enough for some investors. On this note, we sold the holding of Thungela Resources, a thermal coal mining company that we received when it was spun out of Anglo American.

The UK market is lowly valued compared to other advanced economies' markets. Coupled with cheap debt available to trade acquirers or private equity, there has been a number of takeover bids for quoted UK companies. The Fund was aided by holding positions in food retailer Morrisons, and aerospace and defence company Meggitt.

Outlook

Looking towards the rest of the year, we return to the outlook written in January. The economic recovery has been strong, as we anticipated. More recently there have been some concerns caused by the need for further lock-downs due to the Delta variant. However, vaccination success and lockdown fatigue mean we expect the overall global economy to continue its strong recovery. Current levels of inflation are high, as expected, due to certain price swings in commodities like oil and other elements including used car prices, shipping and flight costs. More significantly for markets, there are also initial signs of more concerning inflation drivers like wage increases. The monetary policy debate, specifically the timing of when quantitative easing is reduced and when interest rates rise, is beginning. We expect this to be a key element in bond market movements, which are likely to drive equity market returns overall and the style returns within markets. For the Fund, a tightening of monetary policy would be expected to favour our Value style compared to the rest of the market.

Legal & General Investment Management Limited
(Investment Adviser)
7 September 2021

Manager's Investment Report continued

Important Note from the Manager

Since January 2020, global financial markets have been affected by the COVID-19 coronavirus. The virus has caused major uncertainty and disruption to businesses and everyday life. Financial markets have reacted sharply to this news, with concerns regarding the economic impact this may have on a global scale. The long-term impact on the global economy and markets will depend upon the overall scale and the duration of the outbreak, the success of vaccine rollout programs, as well as on the actions taken by governments and central banks.

Legal & General (Unit Trust Managers) Limited
March 2021

Authorised Status

Authorised Status

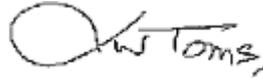
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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
16 September 2021

Portfolio Statement

Portfolio Statement as at 24 July 2021

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 24 January 2021.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 90.02% (92.37%)		
	General Industrials — 3.92% (4.06%)		
1,052,971	DS Smith	4,479,338	1.92
2,948,948	Melrose Industries	4,681,455	2.00
		9,160,793	3.92
	Food Producers — 1.99% (1.84%)		
629,067	Tate & Lyle	4,655,096	1.99
	Personal Goods — 3.41% (1.40%)		
194,000	Unilever	7,971,460	3.41
	Tobacco — 6.11% (6.84%)		
236,522	British American Tobacco	6,526,825	2.79
495,000	Imperial Brands	7,751,700	3.32
		14,278,525	6.11
	Banks — 9.35% (8.35%)		
3,741,221	Barclays	6,274,776	2.69
10,797,734	Lloyds Banking Group	4,960,479	2.12
2,651,168	Natwest Group	5,279,801	2.26
1,228,000	Standard Chartered	5,328,292	2.28
		21,843,348	9.35
	Life Insurance — 6.82% (6.90%)		
910,394	Aviva	3,525,956	1.51
935,244	Phoenix Group	6,451,313	2.76
434,727	Prudential	5,957,934	2.55
		15,935,203	6.82
	Real Estate Investment Trusts		
	— 3.37% (3.07%)		
384,843	Great Portland Estates	2,847,838	1.22
718,097	Land Securities Group	5,009,445	2.15
		7,857,283	3.37
	Gas, Water and Multi-utilities		
	— 1.69% (1.65%)		
431,000	National Grid	3,954,425	1.69
	Non-life Insurance — 2.66% (3.62%)		
2,095,933	Direct Line Insurance Group	6,197,674	2.66
	Pharmaceuticals and Biotechnology — 2.83% (2.79%)		
467,000	GlaxoSmithKline	6,608,050	2.83
	Retailers — 5.22% (5.58%)		
4,073,154	Dixons Carphone	5,026,272	2.16
87,300	Next	7,151,616	3.06
		12,177,888	5.22

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Precious Metals and Mining — 9.67% (9.33%)		
168,489	Anglo American	5,015,075	2.15
400,997	BHP Group	9,074,562	3.88
143,988	Rio Tinto	8,498,172	3.64
		<hr/>	
		22,587,809	9.67
	Industrial Support Services — 2.19% (2.15%)		
671,322	De La Rue	1,080,828	0.46
664,000	PageGroup	4,037,120	1.73
		<hr/>	
		5,117,948	2.19
	Oil, Gas and Coal — 7.53% (6.89%)		
2,973,000	BP	8,538,456	3.66
1,331,000	John Wood Group	2,870,967	1.23
456,834	Royal Dutch Shell 'B'	6,178,223	2.64
		<hr/>	
		17,587,646	7.53
	Telecommunications Service Providers — 5.51% (4.28%)		
3,608,000	BT Group	6,636,916	2.84
5,240,000	Vodafone Group	6,240,840	2.67
		<hr/>	
		12,877,756	5.51
	Household Goods and Home Construction — 2.25% (2.51%)		
3,168,000	Taylor Wimpey	5,244,624	2.25
	Personal Care, Drug and Grocery Stores — 3.84% (3.98%)		
2,330,000	Tesco	5,485,985	2.35
1,310,000	Wm Morrison Supermarkets	3,487,220	1.49
		<hr/>	
		8,973,205	3.84
	Aerospace and Defense — 5.57% (4.38%)		
1,220,000	BAE Systems	6,729,520	2.88
881,000	Meggitt	3,901,949	1.67
712,000	QinetiQ Group	2,372,384	1.02
		<hr/>	
		13,003,853	5.57
	Investment Banking and Brokerage Services — 2.95% (4.51%)		
1,042,000	Brewin Dolphin	3,725,150	1.59
1,394,727	M&G	3,167,425	1.36
		<hr/>	
		6,892,575	2.95
	Travel and Leisure — 3.14% (5.42%)		
1,266,127	SSP Group	3,061,495	1.31
140,000	Whitbread	4,275,600	1.83
		<hr/>	
		7,337,095	3.14
	Software and Computer Services — 0.00% (2.82%)		

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	IRELAND — 1.39% (1.37%)		
	Industrial Support Services		
	— 1.39% (1.37%)		
54,000	DCC	3,246,480	1.39
	CHANNEL ISLANDS — 4.53% (3.03%)		
	Media — 2.57% (2.20%)		
630,000	WPP	5,996,340	2.57
	Investment Banking and Brokerage		
	Services — 1.28% (0.00%)		
1,561,000	TP ICAP Group	3,006,486	1.28
	Real Estate Investment and Services		
	— 0.68% (0.83%)		
3,701,585	Grit Real Estate Income Group	1,591,681	0.68
	ISLE OF MAN — 2.18% (1.92%)		
	Travel and Leisure — 2.18% (1.92%)		
275,000	Entain	5,083,375	2.18
	Portfolio of investments¹	229,186,618	98.12
	Net other assets	4,387,616	1.88
	Total net assets	£233,574,234	100.00%

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

Total purchases for the period: £18,730,576.

Total sales for the period: £30,963,853.

Financial Statements

Statement of Total Return for the period ended 24 July 2021

	24/07/21		24/07/20	
	£	£	£	£
Income				
Net capital gains/ (losses)		16,662,268		(78,315,758)
Revenue	4,650,350		3,886,222	
Expenses	(1,107,025)		(1,014,464)	
Interest payable and similar charges	(119)		(219)	
Net revenue before taxation	<u>3,543,206</u>		<u>2,871,539</u>	
Taxation	126,057		—	
Net revenue after taxation for the period		<u>3,669,263</u>		<u>2,871,539</u>
Total return before distributions		20,331,531		(75,444,219)
Distributions		<u>(4,776,288)</u>		<u>(3,885,989)</u>
Change in net assets attributable to Unitholders from investment activities		<u>£15,555,243</u>		<u>£(79,330,208)</u>

Statement of Change in Net Assets attributable to Unitholders for the period ended 24 July 2021

	24/07/21		24/07/20	
	£	£	£	£
Opening net assets attributable to Unitholders		227,727,628		278,583,138
Amounts received on issue of units	6,978,743		2,599,666	
Amounts paid on cancellation of units	<u>(19,143,740)</u>		<u>(6,009,098)</u>	
Change in net assets attributable to Unitholders from investment activities		(12,164,997)		(3,409,432)
Retained distributions on accumulation units		15,555,243		(79,330,208)
Unclaimed distributions		2,439,169		1,873,289
Unclaimed distributions		<u>17,191</u>		<u>—</u>
Closing net assets attributable to Unitholders		<u>£233,574,234</u>		<u>£197,716,787</u>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

Financial Statements continued

Balance Sheet as at 24 July 2021

	24/07/21 £	24/01/21 £
ASSETS		
Fixed assets:		
Investments	229,186,618	224,754,035
Current assets:		
Debtors	874,926	531,103
Cash and bank balances	5,264,176	3,513,683
Total assets	235,325,720	228,798,821
LIABILITIES		
Creditors:		
Bank overdrafts	(41,986)	(43,668)
Distributions payable	(1,070,023)	(635,817)
Other creditors	(639,477)	(391,708)
Total liabilities	(1,751,486)	(1,071,193)
Net assets attributable to Unitholders	£233,574,234	£227,727,628

Notes to the Financial Statements

1. Statement of Compliance

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

2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

(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. In making this assessment, and in response to COVID-19, the Manager has considered, amongst other things, factors such as Fund size, cash flows through the Fund and Fund liquidity.

Fund Information

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	87,470,473	176,138,942	49.66
Accumulation Units	41,828,803	54,444,325	76.83
F-Class			
Distribution Units	10,704	20,536	52.12
Accumulation Units	16,441	20,396	80.61
I-Class			
Distribution Units	4,627,858	8,569,343	54.00
Accumulation Units	4,599,805	5,506,259	83.54
C-Class			
Distribution Units	852	2,000	42.60
Accumulation Units	43,544,676	87,573,598	49.72
L-Class			
Distribution Units	18,488,714	31,713,781	58.30
Accumulation Units	32,985,908	66,570,485	49.55

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.

Ongoing Charges Figures

	24 Jul 21	24 Jan 21
R-Class	1.43%	1.43%
F-Class	1.03%	1.03%
I-Class	0.78%	0.78%
C-Class	0.50%	0.50%
L-Class	0.03%	0.03%

The Ongoing Charges Figure (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.

Fund Information continued

Distribution Information

R-Class

The distribution payable on 24 September 2021 is 0.4807p per unit for distribution units and 0.7345p per unit for accumulation units.

F-Class

The distribution payable on 24 September 2021 is 0.5037p per unit for distribution units and 0.7701p per unit for accumulation units.

I-Class

The distribution payable on 24 September 2021 is 0.5220p per unit for distribution units and 0.7977p per unit for accumulation units.

C-Class

The distribution payable on 24 September 2021 is 0.4130p per unit for distribution units and 0.4745p per unit for accumulation units.

L-Class

The distribution payable on 24 September 2021 is 0.5627p per unit for distribution units and 0.4724p per unit for accumulation units.

Risk and Reward Profile



- The 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 six 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

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

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

Valuation point: 12 noon

Fund management fees:	R-Class	Annual 1.43%
	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 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 only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

*** Class F are closed to new subscriptions.

Pricing and Dealing

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

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

Buying and Selling Units

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

General Information continued

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

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.

Significant Change

Change of Depositary

The depositary of the Fund has changed with effect from 30 October 2021. The depositary is the entity we are required by regulation to appoint to carry out certain services in relation to the Fund, namely, safekeeping of the assets, cash monitoring and regulatory oversight.

As you may know, the depositary of the Fund was Northern Trust Global Services SE, UK branch ("NTGS-UK"). NTGS-UK is the UK branch of Northern Trust Global Services SE, which is a bank established in Luxembourg, and was permitted to provide trustee and depositary services into the UK by virtue of having extra permissions in the UK.

As a consequence of the UK's decision to leave the European Union, however, the UK financial services regulator which regulates NTGS-UK, the Financial Conduct Authority ("FCA"), has provided that UK branches of EU banks are no longer able to provide trustee and depositary services into the UK and those services have to be provided from a UK incorporated company. The FCA has provided a grace period for firms to implement the new rules which came into force on 1 January 2021.

In order to comply with the new rules, Northern Trust has established Northern Trust Investor Services Limited ("NTISL") to be the new trustee and depositary. NTISL is a company established in England and Wales and is authorised by the FCA to be a trustee and depositary. NTISL will provide the same services as NTGS-UK with the same processes and procedures in place. The change of depositary took place on 30 October 2021 and we have amended the Prospectus of the Fund to reflect the details of NTISL as from that date.

General Information continued

Authorised Fund Manager

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

Directors of the Manager

A. Clare*
E. Cowhey*
A. J. C. Craven
S. Hynes
H. Solomon
L. W. Toms
A. R. Toutouchi*

*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

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London E14 5NT

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