

Legal & General UK Select Equity Fund  
**Annual Manager's Report**  
for the year ended  
**30 September 2018**





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

# Manager's Investment Report

## Investment Objective and Policy

With effect from 1 November 2018, the Fund's Investment Objective and Policy has changed (Please see Significant Changes on page 40).

### Prior to 1 November 2018

The Fund aims to generate growth by investing predominantly in shares of UK companies. The Fund currently has a target to outperform the FTSE All Share Index (the "Index") by 1.25% per annum before charges, measured over rolling three year periods.

The investment policy is to manage the Fund actively, but with reference to the Index.

The Fund invests its assets predominantly in a broad range of shares of UK companies. These are companies that are incorporated or headquartered or which have their principal business activities in the UK. The Fund may also invest in collective investment schemes and hold shares in other UK listed companies.

The Fund's portfolio will be concentrated.

The Fund may use derivatives for Efficient Portfolio Management to reduce risk or cost, or to generate additional capital or income with no, or an acceptably low, level of risk. The Fund may also invest in cash or deposits.

### From 1 November 2018

The Fund aims to generate growth by investing predominantly in shares of UK companies. The Fund has a target to outperform the FTSE All Share Index (the "Index") by 3% per annum before charges, measured over rolling three year periods.

The Fund is actively managed. The Fund invests its assets predominantly in a broad range of shares of UK companies. These are companies that are incorporated or headquartered or which have their principal business activities in the UK. The Fund may also invest in collective investment schemes and hold shares in other UK listed companies. The collective investment schemes invested in may include those managed or operated by Legal & General.

The Fund's portfolio will be concentrated.

The Fund may use derivatives for Efficient Portfolio Management to reduce risk or cost, or to generate additional capital or income with no, or an acceptably low, level of risk. The Fund may also invest in cash or deposits.

## Managers Investment Report

During the year under review, the price of the Funds A-Class accumulation units rose by 2.03%, whilst the FTSE All Share Index rose by 5.80% on a total return basis (Source: Bloomberg).

### Review of the period 1 October 2017 to 7 June 2018

The below investment report covers the period when the Fund was managed by Schroder Investment Management Limited, up to 7 June 2018.

### Market/Economic Review

UK equities rallied sharply at the end of the period, as renewed Sterling weakness against a resurgent US Dollar lifted earnings forecasts for overseas earners. The currency gave back much of the gains earlier in the period after disappointing UK economic data pushed back expectations for a further rise in base rates. The Bank of England backed away from a much-anticipated rise in May after hiking in November for the first time in more than a decade.

## Manager's Investment Report continued

Merger and acquisition activity was a further support to the market. Low relative valuations, Sterling weakness and cheap financing has driven an increase in UK merger and acquisition activity.

### Fund Review

The Fund under-performed the FTSE All Share Index during the period.

Electronic markets and post trade business NEX Group was the single largest contributor to relative return after an offer from CME Group. Trading software provider Fidessa also performed well on the back of bid interest. A key tenet of our investment thesis was that the market was overlooking the potential for margin expansion, an opportunity that had not been missed by their peers given the level of bid interest. After counter offers, the ION bid price is very attractive. Tesco generated double-digit share price returns on the back of strong results, while energy companies BP and Royal Dutch Shell rallied in line with higher oil prices, which continued to climb in response to robust global demand and ongoing supply discipline.

The disappointments came from support services group Capita, which fell sharply following a profit warning, and interdealer voice broker TP ICAP following marginally disappointing full-year results. The company flagged the benefits of a rise in volatility and interest rates, but also warned of higher Brexit-related costs and foreign exchange headwinds. In our opinion the market reaction to the results was excessively negative. Cobham also performed poorly after it announced the sale of the AvComm and Wireless divisions. The market focused on the dilutive impact on earnings per share, rather than the benefits to the balance sheet of this early stage management-led turnaround.

In terms of activity we sold the residual holding in Debenhams due to balance sheet concerns, and exited the holding in B2B publisher Informa given concerns about the company's capital allocation decisions. We initiated new positions in Anglo American, global communications services group WPP, and Next. We also added to some existing portfolio holdings that we believe offer significant value, such as GlaxoSmithKline, Barclays and Pearson.

With effect from 7 June 2018, the Investment Adviser for the Fund ceased being Schroder Investment Management (UK) Limited and is now managed by Legal & General Investment Management Limited.

Schroder Investment Management (UK) Limited  
(Investment Adviser)  
31 July 2018

### Review of the period 7 June 2018 to 30 September 2018

The Management of the Fund was transferred to Legal & General Investment Management on the 7 June 2018, the investment report below covers this period.

### Market/Economic Review

Overall, it was a difficult period for risk assets, with investors seeing the return of volatility. This was particularly notable in the month of September, which saw a return to favour towards value stocks at the end of the period. Trade war concerns and fears over the Italian budget were key top-down concerns, while Brexit fears continue to ebb and flow. At the market level, oil and gas stocks outperformed, given investors' appetite

## Manager's Investment Report continued

has been fed by a very strong oil price. Elsewhere, healthcare stocks were buoyant, with a number of companies hitting 12-month relative highs at the beginning of the period. On the flipside, general retailers, telecoms, utilities and banks were the biggest detractors during the third quarter.

### Fund Review

The Fund delivered a negative return over the period as political and economic Brexit uncertainty dampened UK investor sentiment.

Education publisher Pearson performed well relative to the wider market but remained broadly flat after the group's interim results saw a pullback from the market. The firm's underlying revenues were better than investors expected but cashflow conversion was seemingly worse. However, cybersecurity company Sophos Group was a major negative performer in the Fund. The shares fell heavily following the news that quarterly billings growth for the first quarter was weaker than expected. The trading update indicated that management is navigating tough comparatives following last year's global ransomware attack. As a result, billings growth of 6% was seen as a material disappointment by the market, largely due to its Enduser security business. Management says it expects to return to mid-teens constant currency billings growth and see more normalised renewal rates in the latter half of 2018.

Interdealer broker TP ICAP was also especially weak after a surprise profit warning. Synergy targets have been reduced and cost base pressures have notably increased. The CEO subsequently also announced departure from his position with immediate effect.

Our holding in asset manager Ashmore Group was sold due to concerns regarding its exposure to emerging markets (EM), which we expect to hamper both sentiment and performance given the challenging backdrop for EM. The proceeds were re-invested into Jupiter Fund Management, where despite short term concerns over outflows, we prefer a diversified approach and find a more efficient business model. In addition, there were several new fund launches in the second quarter and has recently seen an expansion of the multi-asset team.

In respect of trading, we added a new position in integrated travel company TUI Group. With synergies from the group merger in 2014 now having been fully realised, the company begins its second phase of the business transformation. Investment in its cruise and hotel operations, alongside the growth from digitalisation benefits, over the next couple of years should help drive future returns as the group moves to ring-fence its business from competition. While the travel industry has seen significant change in recent years, by owning its content, we expect TUI Group will be in a position to leverage greater revenues from its customers as it drives a higher cross-sell of products and acts as the end-to-end holiday provider.

We continue to rotate out of lower conviction holdings including; Next, Daily Mail and TP ICAP and into NMC, Just Eat and Coca Cola bottling. We believe stocks like NMC, a private hospital group in the Middle East, which have a fairly unique business model and dominant position in the market will enjoy significant opportunities for further expansion.

## Manager's Investment Report continued

### Outlook

Two countervailing forces have kept markets in a holding pattern recently: growth in the global economy and company earnings, and the ascent of populist economic policies. Trade wars continue to occupy markets' attention and although there has yet to be any major fall-out, our economists do anticipate some damage to growth over the next year. We are also closely monitoring the ongoing Brexit negotiations and the impact it may have on UK companies.

Legal & General Investment Management Limited  
(Investment Adviser)  
12 November 2018

## Authorised Status

### Authorised Status

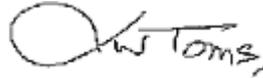
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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  
20 November 2018

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the 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 Select Equity 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 Select Equity Fund ("the Fund") for the year ended 30 September 2018**

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 Trustee and Depositary Services  
20 November 2018

## Portfolio Statement

### Portfolio Statement as at 30 September 2018

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 30 September 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>UNITED KINGDOM</b>		
	— 88.99% (97.69%)		
	<b>Oil &amp; Gas Producers</b>		
	— 10.93% (12.48%)		
3,900,000	BP	23,076,300	5.33
910,000	Royal Dutch Shell 'B'	24,256,050	5.60
		47,332,350	10.93
	<b>Mining — 4.62% (2.99%)</b>		
265,000	Anglo American	4,554,290	1.05
400,000	Rio Tinto	15,460,000	3.57
		20,014,290	4.62
	<b>Construction &amp; Materials</b>		
	— 4.67% (4.74%)		
3,500,000	Balfour Beatty	9,635,500	2.22
5,250,000	Melrose Industries	10,605,000	2.45
		20,240,500	4.67
	<b>Aerospace &amp; Defense</b>		
	— 3.72% (4.41%)		
1,500,000	BAE Systems	9,426,000	2.18
5,700,549	Cobham	6,689,594	1.54
		16,115,594	3.72
	<b>General Industrials — 2.78% (2.71%)</b>		
800,000	Smiths Group	12,040,000	2.78
	<b>Industrial Engineering</b>		
	— 1.91% (0.00%)		
470,000	The Weir Group	8,272,000	1.91
	<b>Support Services — 3.98% (4.50%)</b>		
305,000	Ashtead Group	7,466,400	1.73
2,000,000	Biffa	4,990,000	1.15
1,500,000	Rentokil Initial	4,761,000	1.10
		17,217,400	3.98
	<b>Food Producers — 1.89% (0.00%)</b>		
358,000	Associated British Foods	8,187,460	1.89
	<b>Household Goods &amp; Home Construction — 2.03% (0.00%)</b>		
126,000	Reckitt Benckiser Group	8,791,020	2.03
	<b>Personal Goods — 1.25% (1.19%)</b>		
128,000	Unilever	5,396,480	1.25
	<b>Tobacco — 4.18% (7.35%)</b>		
500,000	British American Tobacco	18,097,500	4.18

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Health Care Equipment &amp; Services</b> — 2.36% (0.00%)		
300,000	NMC Health	10,200,000	2.36
	<b>Pharmaceuticals &amp; Biotechnology</b> — 4.27% (7.18%)		
310,000	AstraZeneca	18,510,100	4.27
	<b>Food &amp; Drug Retailers</b> — 5.21% (4.67%)		
5,250,000	Tesco	12,600,000	2.91
3,850,000	Wm Morrison Supermarkets	9,963,800	2.30
		22,563,800	5.21
	<b>General Retailers — 3.65% (2.69%)</b>		
140,000	ASOS	7,960,400	1.84
1,165,000	Just Eat	7,866,080	1.81
		15,826,480	3.65
	<b>Media — 2.50% (5.75%)</b>		
315,000	Pearson	2,830,590	0.65
500,000	RELX	7,997,500	1.85
		10,828,090	2.50
	<b>Travel &amp; Leisure — 2.98% (1.28%)</b>		
100,000	Carnival	4,756,000	1.10
2,608,950	Cineworld Group	8,166,014	1.88
		12,922,014	2.98
	<b>Fixed Line Telecommunications</b> — 0.79% (1.22%)		
1,500,000	BT Group	3,402,750	0.79
	<b>Mobile Telecommunications</b> — 1.81% (2.23%)		
4,750,000	Vodafone Group	7,854,600	1.81
	<b>Electricity — 0.00% (0.90%)</b>		
	<b>Gas, Water &amp; Multi-utilities</b> — 0.00% (1.88%)		
	<b>Banks — 12.39% (13.52%)</b>		
5,000,000	Barclays	8,616,000	1.99
3,000,000	HSBC	20,118,000	4.65
4,750,000	Royal Bank of Scotland Group	11,756,250	2.71
2,075,000	Standard Chartered	13,161,725	3.04
		53,651,975	12.39
	<b>Nonlife Insurance — 0.00% (1.10%)</b>		
	<b>Life Insurance — 2.17% (4.34%)</b>		
1,930,000	Aviva	9,402,960	2.17
	<b>Financial Services — 4.40% (6.05%)</b>		
1,175,000	3i Group	11,115,500	2.57
1,970,000	Jupiter Fund Management	7,935,160	1.83

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Financial Services — (cont.)</b>		
45,262	Sole Realisation (SVG Capital) <sup>1</sup>	—	—
		19,050,660	4.40
	<b>Equity Investment Instruments — 0.00% (3.98%)</b>		
	<b>Software &amp; Computer Services — 4.50% (0.53%)</b>		
243,000	AVEVA Group	7,115,040	1.64
2,545,000	Sophos Group	12,383,970	2.86
		19,499,010	4.50
	<b>CHANNEL ISLANDS — 3.71% (0.81%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology — 2.34% (0.81%)</b>		
218,000	Shire	10,117,380	2.34
	<b>Media — 0.93% (0.00%)</b>		
360,000	WPP	4,033,800	0.93
	<b>Travel &amp; Leisure — 0.44% (0.00%)</b>		
66,941	Wizz Air	1,909,970	0.44
	<b>GERMANY — 1.55% (0.00%)</b>		
	<b>Travel &amp; Leisure — 1.55% (0.00%)</b>		
458,000	TUI	6,714,280	1.55
	<b>LUXEMBOURG — 1.57% (0.00%)</b>		
	<b>General Retailers — 1.57% (0.00%)</b>		
1,760,000	B&M European Value Retail	6,816,480	1.57
	<b>NETHERLANDS — 1.04% (0.00%)</b>		
	<b>Industrial Engineering — 1.04% (0.00%)</b>		
95,000	RHI Magnesita	4,497,300	1.04
	<b>SWITZERLAND — 1.51% (0.00%)</b>		
	<b>Beverages — 1.51% (0.00%)</b>		
250,000	Coca-Cola HBC	6,542,500	1.51
	<b>Portfolio of investments<sup>2</sup></b>	426,048,743	98.37
	<b>Net other assets</b>	7,079,332	1.63
	<b>Total net assets</b>	£433,128,075	100.00%

<sup>1</sup> Delisted securities are valued at the Manager's best assessment of their fair and reasonable value.

<sup>2</sup> All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the year: £180,001,314.

Total sales for the year: £210,998,499.

# Independent Auditor's Report

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

### **Opinion**

We have audited the financial statements of the Fund for the year ended 30 September 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Fund and the accounting policies set out on pages 17 and 18.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 30 September 2018 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.

### **Going concern**

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

### **Other information**

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

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

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

## Independent Auditor's Report continued

### ***Matters on which we are required to report by exception***

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

- proper accounting records for the 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 7, 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.

### ***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](http://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.

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

# Financial Statements

## Statement of Total Return for the year ended 30 September 2018

Notes	30/09/18		30/09/17	
	£	£	£	£
<b>Income</b>				
Net capital (losses)/ gains	3	(1,738,014)		38,913,867
Revenue	4	17,612,229	17,238,559	
Expenses	5	(5,945,807)	(6,226,175)	
Interest payable and similar charges	7	—	—	
<b>Net revenue before taxation</b>		<u>11,666,422</u>	<u>11,012,384</u>	
Taxation	6	—	—	
<b>Net revenue after taxation for the year</b>		<u>11,666,422</u>	<u>11,012,384</u>	
<b>Total return before distributions</b>		<u>9,928,408</u>	<u>49,926,251</u>	
Distributions	7	<u>(11,666,422)</u>	<u>(11,012,384)</u>	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£(1,738,014)</b></u>	<u><b>£38,913,867</b></u>	

## Statement of Change in Net Assets attributable to Unitholders for the year ended 30 September 2018

	30/09/18		30/09/17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		465,786,150		457,528,716
<b>Amounts received on issue of units</b>		9,971,169	11,824,327	
<b>Amounts paid on cancellation of units</b>		<u>(52,250,472)</u>	<u>(53,241,487)</u>	
		<u>(42,279,303)</u>	<u>(41,417,160)</u>	
<b>Change in net assets attributable to Unitholders from investment activities</b>		(1,738,014)		38,913,867
<b>Retained distributions on accumulation units</b>		<u>11,359,242</u>	<u>10,760,727</u>	
<b>Closing net assets attributable to Unitholders</b>		<u><b>£433,128,075</b></u>	<u><b>£465,786,150</b></u>	

## Financial Statements continued

### Balance Sheet as at 30 September 2018

	Notes	30/09/18 £	30/09/17 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		426,048,743	458,819,553
<b>Current assets:</b>			
Debtors	8	7,073,558	3,116,734
Cash and bank balances	9	<u>6,657,197</u>	<u>7,287,663</u>
<b>Total assets</b>		<b><u>439,779,498</u></b>	<b><u>469,223,950</u></b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Bank overdrafts	9	(2,701,514)	—
Distributions payable		(1,360)	(1,940)
Other creditors	10	<u>(3,948,549)</u>	<u>(3,435,860)</u>
<b>Total liabilities</b>		<b><u>(6,651,423)</u></b>	<b><u>(3,437,800)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£433,128,075</u></b>	<b><u>£465,786,150</u></b>

# 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.

Revenue from distribution and accumulation units in Collective Investment Schemes is recognised when the distribution is quoted ex-dividend.

Equalisation on distributions received from Collective Investment Schemes is treated as capital property of the Fund.

Rebates received from underlying Collective Investment Schemes are treated as revenue or capital depending on the treatment of the Manager's fees in the underlying Fund.

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

All other revenue is recognised on an accruals basis.

### (d) Treatment of Expenses

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

## Notes to the Financial Statements continued

### 2. Summary of Significant Accounting Policies continued

#### (e) Distribution Policy

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

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

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

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

#### (f) Basis of Valuation of Investments

All investments are valued at their fair value as at 12 noon on 28 September 2018, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price.

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

#### (g) Taxation

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

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

### 3. Net capital (losses)/gains

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

Non-derivative securities

Net capital (losses)/gains

30/09/18	30/09/17
£	£
(1,738,014)	38,913,867
<u>(1,738,014)</u>	<u>38,913,867</u>

## Notes to the Financial Statements continued

### 4. Revenue

	30/09/18	30/09/17
	£	£
UK Franked dividends	17,035,824	16,239,199
Non-taxable overseas dividends	154,057	24,490
UK Franked distributions	300,670	238,098
Management fee rebates	67,071	138,475
Franked stock dividends	47,156	598,297
Underwriting commission	676	—
Bank interest	6,775	—
	<u>17,612,229</u>	<u>17,238,559</u>

### 5. Expenses

	30/09/18	30/09/17
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>5,945,807</u>	<u>6,226,175</u>
Total expenses	<u>5,945,807</u>	<u>6,226,175</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 £8,320 plus VAT of £1,664.

## Notes to the Financial Statements continued

### 6. Taxation

#### (a) Analysis of taxation charge in year

	30/09/18	30/09/17
	£	£
Corporation tax	—	—
Current tax [note 6(b)]	—	—
Deferred tax [note 6(c)]	—	—
Total taxation	—	—

#### (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	11,666,422	11,012,384
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	2,333,284	2,202,477
<b>Effects of:</b>		
Revenue not subject to taxation	(3,507,541)	(3,420,017)
Excess management expenses not utilised	1,174,257	1,217,540
Current tax	—	—

#### (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 £28,653,428 (30 September 2017: £27,479,171) 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 (30 September 2017: same).

## Notes to the Financial Statements continued

### 7. Distributions

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

	30/09/18	30/09/17
	£	£
Interim distribution	4,513,397	4,221,848
Final distribution	<u>6,848,282</u>	<u>6,541,688</u>
	11,361,679	10,763,536
Add: Revenue deducted on cancellation of units	374,289	342,192
Less: Revenue received on creation of units	<u>(69,546)</u>	<u>(93,344)</u>
<b>Distributions for the year</b>	<b>11,666,422</b>	<b>11,012,384</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	—	—
	<u>11,666,422</u>	<u>11,012,384</u>

### 8. Debtors

	30/09/18	30/09/17
	£	£
Accrued revenue	667,589	652,840
Amounts receivable for creation of units	4,996	25,995
Management fee rebates	260	22,346
Sales awaiting settlement	<u>6,400,713</u>	<u>2,415,553</u>
	<u>7,073,558</u>	<u>3,116,734</u>

### 9. Net uninvested cash

	30/09/18	30/09/17
	£	£
Cash and bank balances	6,657,197	7,287,663
Bank overdrafts	<u>(2,701,514)</u>	—
Net uninvested cash	<u>3,955,683</u>	<u>7,287,663</u>

## Notes to the Financial Statements continued

### 10. Other creditors

	30/09/18	30/09/17
	£	£
Accrued expenses	462,453	499,122
Amounts payable for cancellation of units	949,012	658,013
Purchases awaiting settlement	<u>2,537,084</u>	<u>2,278,725</u>
	<u>3,948,549</u>	<u>3,435,860</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30 September 2017: 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 10. 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 30 September 2018, 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 £21,302,437 (30 September 2017: £22,940,978).

## 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.

At the year end the Fund had no significant exposures to currencies other than Sterling (30 September 2017: same).

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

#### (d) Credit Risk

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

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

#### (e) Liquidity Risk

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

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

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (f) Fair Value

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

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

<b>30/09/18</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	426,048,743	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>426,048,743</b>	<b>—</b>

<b>30/09/17</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	440,299,555	—
Level 2 - Observable Market Data	18,519,998	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>458,819,553</b>	<b>—</b>

#### 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

30/09/18	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	179,278	59	0.03	664	0.37	180,001
<b>Total</b>	<b>179,278</b>	<b>59</b>	<b>0.03</b>	<b>664</b>	<b>0.37</b>	<b>180,001</b>
30/09/18	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	191,301	(70)	0.04	—	—	191,231
Collective Investment Schemes	19,767	—	—	—	—	19,767
<b>Total</b>	<b>211,068</b>	<b>(70)</b>	<b>0.04</b>	<b>—</b>	<b>—</b>	<b>210,998</b>

Commissions and taxes as % of average net assets

Commissions	0.03%
Taxes	0.15%

30/09/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	64,469	41	0.06	314	0.49	64,824
<b>Total</b>	<b>64,469</b>	<b>41</b>	<b>0.06</b>	<b>314</b>	<b>0.49</b>	<b>64,824</b>
30/09/17	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	74,993	(55)	0.07	—	—	74,938
Collective Investment Schemes	14,804	—	—	—	—	14,804
<b>Total</b>	<b>89,797</b>	<b>(55)</b>	<b>0.07</b>	<b>—</b>	<b>—</b>	<b>89,742</b>

Commissions and taxes as % of average net assets

Commissions	0.02%
Taxes	0.07%

Transaction costs consist of expenses incurred in the process of the purchase and sales of securities above the cost of the securities.

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.05% (30 September 2017: 0.06%).

## 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 38. 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 36. The distributions per unit class are given in the distribution tables on pages 29 and 30. All classes have the same rights on winding up.

<b>R-Class</b>	<b>Accumulation</b>
Opening Units	324,824
Units issued	10,260
Units cancelled	(70,335)
Units converted	—
Closing Units	264,749

<b>A-Class</b>	<b>Accumulation</b>
Opening Units	120,040,989
Units issued	134,156
Units cancelled	(13,579,294)
Units converted	—
Closing Units	106,595,851

<b>F-Class</b>	<b>Accumulation</b>
Opening Units	274
Units issued	—
Units cancelled	—
Units converted	—
Closing Units	274

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	35,908	12,068,439
Units issued	4,677	2,571,254
Units cancelled	(17,667)	(1,000,541)
Units converted	—	—
Closing Units	22,918	13,639,152

## 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 0.07% (0.00% as at 30 September 2017) 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 A-Class accumulation unit was 357.45p. The Net Asset Value per A-Class accumulation unit for the Fund as at 12 noon on 19 November 2018 was 326.70p. This represents a decrease of 8.60% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 30 September 2018

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

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

Interim dividend distribution in pence per unit			Period	
			01/10/17	to 31/03/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/18</b>	<b>31/05/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	2.8941	—	2.8941	2.4744
Group 2	1.8890	1.0051	2.8941	2.4744
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/18</b>	<b>31/05/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	3.4349	—	3.4349	2.9714
Group 2	1.7766	1.6583	3.4349	2.9714
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/18</b>	<b>31/05/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	3.8467	—	3.8467	3.3430
Group 2	—	3.8467	3.8467	3.3430
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>31/05/18</b>	<b>31/05/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	4.0396	—	4.0396	3.6742
Group 2	1.4060	2.6336	4.0396	3.6742
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/18</b>	<b>31/05/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	4.6079	—	4.6079	4.1037
Group 2	2.0355	2.5724	4.6079	4.1037

## Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			01/04/18	to 30/09/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/11/18</b>	<b>30/11/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	5.2931	—	5.2931	4.2809
Group 2	1.9045	3.3886	5.2931	4.2809
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/11/18</b>	<b>30/11/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	5.5262	—	5.5262	4.8239
Group 2	2.2418	3.2844	5.5262	4.8239
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/11/18</b>	<b>30/11/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	6.2226	—	6.2226	5.2737
Group 2	—	6.2226	6.2226	5.2737
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/11/18</b>	<b>30/11/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	5.9328	—	5.9328	5.4025
Group 2	2.1037	3.8291	5.9328	5.4025
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/11/18</b>	<b>30/11/17</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	6.9079	—	6.9079	6.0911
Group 2	3.1794	3.7285	6.9079	6.0911

## Fund Information

The Comparative Tables on pages 32 to 36 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 Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	348.74	314.67	268.73
Return before operating charges*	12.00	39.74	50.72
Operating charges (calculated on average price)	(5.61)	(5.67)	(4.78)
Return after operating charges*	6.39	34.07	45.94
Distributions	(8.19)	(6.76)	(6.29)
Retained distributions on accumulation units	8.19	6.76	6.29
Closing net asset value per unit	355.13	348.74	314.67
* after direct transaction costs of:	0.62	0.29	0.28

#### Performance

Return after charges	1.83%	10.83%	17.10%
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#### Other Information

Closing net asset value (£)	940,207	1,132,779	1,195,559
Closing number of units	264,749	324,824	379,937
Operating charges†	1.58%	1.68%	1.68%
Direct transaction costs	0.17%	0.09%	0.10%

#### Prices

Highest unit price	379.50p	359.20p	317.80p
Lowest unit price	331.80p	310.60p	251.50p

† 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.**

## Fund Information continued

### Comparative Tables continued

#### A-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	350.30	315.13	268.73
Return before operating charges*	12.05	39.85	50.75
Operating charges (calculated on average price)	(4.90)	(4.68)	(4.35)
Return after operating charges*	7.15	35.17	46.40
Distributions	(8.96)	(7.80)	(6.29)
Retained distributions on accumulation units	8.96	7.80	6.29
Closing net asset value per unit	357.45	350.30	315.13
* after direct transaction costs of:	0.62	0.29	0.28

#### Performance

Return after charges	2.04%	11.16%	17.27%
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#### Other Information

Closing net asset value (£)	381,029,817	420,501,878	425,009,769
Closing number of units	106,595,851	120,040,989	134,866,686
Operating charges†	1.37%	1.38%	1.53%
Direct transaction costs	0.17%	0.09%	0.10%

#### Prices

Highest unit price	381.90p	360.50p	318.20p
Lowest unit price	333.80p	311.20p	251.50p

† 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.**

## Fund Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	357.30	320.93	272.65
Return before operating charges*	12.48	40.41	51.69
Operating charges (calculated on average price)	(4.09)	(4.04)	(3.41)
Return after operating charges*	8.39	36.37	48.28
Distributions	(10.07)	(8.62)	(7.44)
Retained distributions on accumulation units	10.07	8.62	7.44
Closing net asset value per unit	365.69	357.30	320.93
* after direct transaction costs of:	0.64	0.30	0.29

#### Performance

Return after charges	2.35%	11.33%	17.71%
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#### Other Information

Closing net asset value (£)	1,002	979	43,095
Closing number of units	274	274	13,428
Operating charges†	1.12%	1.18%	1.18%
Direct transaction costs	0.17%	0.09%	0.10%

#### Prices

Highest unit price	390.20p	367.60p	324.10p
Lowest unit price	340.80p	315.30p	255.70p

† 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.**

## Fund Information continued

### Comparative Tables continued

#### I-Class Distribution Units

##### Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	317.48	292.08	254.86
Return before operating charges*	10.67	36.93	47.34
Operating charges (calculated on average price)	(2.51)	(2.45)	(2.12)
Return after operating charges*	8.16	34.48	45.22
Distributions on income units	(9.97)	(9.08)	(8.00)
Closing net asset value per unit	315.67	317.48	292.08
* after direct transaction costs of:	0.56	0.28	0.27

##### Performance

Return after charges	2.57%	11.80%	17.74%
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##### Other Information

Closing net asset value (£)	72,346	113,999	7,854
Closing number of units	22,918	35,908	2,689
Operating charges <sup>†</sup>	0.78%	0.79%	0.79%
Direct transaction costs	0.17%	0.09%	0.10%

##### Prices

Highest unit price	342.90p	331.70p	299.40p
Lowest unit price	301.70p	288.60p	238.90p

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

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

## Fund Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	364.89	326.31	276.19
Return before operating charges*	12.57	41.37	52.44
Operating charges (calculated on average price)	(2.92)	(2.79)	(2.32)
Return after operating charges*	9.65	38.58	50.12
Distributions	(11.52)	(10.19)	(8.76)
Retained distributions on accumulation units	11.52	10.19	8.76
Closing net asset value per unit	374.54	364.89	326.31
* after direct transaction costs of:	0.65	0.31	0.29

#### Performance

Return after charges	2.64%	11.82%	18.15%
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#### Other Information

Closing net asset value (£)	51,084,703	44,036,515	31,272,439
Closing number of units	13,639,152	12,068,439	9,583,621
Operating charges†	0.78%	0.79%	0.79%
Direct transaction costs	0.17%	0.09%	0.10%

#### Prices

Highest unit price	399.40p	374.90p	329.50p
Lowest unit price	348.60p	322.40p	259.40p

† 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.**

## Risk and Reward Profile (unaudited)



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Fund's unit price has moved up and down in the past. If the Fund has less than five years' track record, the number also reflects the rate at which a representative benchmark has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- This Fund is in category five because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

## General Information (unaudited)

### Constitution

Launch date:	2 January 1996
Period end dates for distributions:	30 September, 31 March
Distribution dates:	30 November, 31 May
Minimum initial lump sum investment:	R-Class £20 A-Class £20 F-Class* £20 I-Class £1,000,000
Valuation point:	12 noon
Fund management fees:	R-Class Annual 1.37%† A-Class Annual 1.37% F-Class* Annual 1.00%† I-Class Annual 0.78%
Initial charge:	R-Class Nil A-Class Nil F-Class* Nil I-Class Nil

† With effect from 7 June 2018 – See Significant Changes on page 40.

\* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the 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.

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://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.

### 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](http://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.

## General Information (unaudited) continued

### Prospectus and Manager's Reports

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

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

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

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

### 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 Select Equity 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:

### Controlled Functions

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	187

### Material Risk Takers

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
17	2,188	3,163	357

## General Information (unaudited) continued

### 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.

### Material Risk Takers

As at the 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 prorated 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.

### Significant Changes

#### Change of Investment Objective and Policy

With effect from 1 November 2018 the Fund's Investment Objective and Policy has changed to enhance the Fund's performance potential and give the Investment Manager greater flexibility in managing the Fund. The Fund's Investment Objective and Policy can be found on page 2.

#### Change of Investment Adviser

With effect from 7 June 2018, the Investment Adviser of the Fund transferred from Schroder Investment Management (UK) Limited to Legal and General Investment Management Limited.

#### Change in Fund Management Fee (FMF)

With effect from 7 June 2018, the FMF for two share classes were reduced as shown below:

	Old FMF	New FMF
R-Class	1.67%	1.37%
F-Class	1.17%	1.00%

#### 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 Information (unaudited) continued**

### **Significant Changes continued**

#### **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 Select Equity 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](http://www.lgim.com/UTMprivacy) (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

## General Information (unaudited) continued

### Authorised Fund Manager

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

### Directors of the Manager

R. M. Bartley  
A. J. C. Craven  
S. Hynes  
H. Morrissey  
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  
Trustee and Depositary Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

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

### 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:  
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[www.legalandgeneral.com](http://www.legalandgeneral.com)

