

Legal & General Real Capital Builder Fund

**Final Manager's Report  
for the period ended  
31 December 2018**





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

# Manager's Investment Report

## Investment Objective and Policy

The Fund's objective is to grow capital, at the rate of inflation (CPI) +4% per annum on average over a rolling five year period and to manage volatility so that it remains around two thirds of the MSCI World Index. There is no guarantee that the objective will be met over any time period and capital is at risk. This objective is before the deduction of any charges and assumes any income is reinvested.

The Fund seeks to achieve capital growth by investing mainly in equities. The Fund will also invest in fixed income securities to help manage volatility and to protect capital.

The Fund's portfolio will be concentrated.

The Fund may invest in any region of the world, including emerging markets, and in any currency.

The Fund may also invest in permitted deposits, money market instruments, cash, near cash and units in collective investment schemes. The collective investment schemes in which the Fund invests will include those managed by Legal & General.

The Fund may use derivatives for efficient portfolio management only.

## Manager's Investment Report

During the period under review since the launch of the fund on 24 October 2017, the bid price of the Fund's I-Class distribution units fell by 10.60%.

**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.**

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

## Market/Economic Review

Although the global economy remains on track for another year of solid growth, in contrast to 2017 growth has become less synchronised and more uneven across countries and regions, with some loss of momentum in recent months. Worldwide, inflationary pressures have remained subdued by historical standards. Having risen to its highest level in four years in early October, the oil price (Brent crude) declined sharply to just over \$50 per barrel in December, its lowest level for 15 months, driven by increased levels of supply, notably US inventories.

In the UK, both economic and political uncertainties have heightened over the last 12 months, with precariousness as to the outcome of Brexit negotiations and the implications for trade with the EU. Although the UK government negotiated a draft withdrawal agreement with the EU, it is highly uncertain whether this will receive the consent of Parliament. Although UK GDP grew at its slowest pace for six years during the first quarter of 2018, the economy picked up subsequently underpinned by consumer demand and exports. UK equities have underperformed global indices over the last 12 months as uncertainty over Brexit negotiations has weighed on investor sentiment. The best performing sectors were pharmaceuticals, which were a focal point for merger and acquisition activity, along with beverages and food retailers. Amongst the weakest sectors were construction, general retailers and tobacco, the latter weighed down by regulatory risks. More internationally orientated FTSE 100 Index constituents weathered market conditions better than mid-cap and smaller companies.

# Manager's Investment Report continued

## Fund Review

The Fund delivered a negative return over the period under review. This was most acute during the sell-off in equity markets through mid-September to mid-November where a combination of factors resulted in the underperformance. These included; a cyclical slowdown in autos and semis, trade war concerns affecting China exposed stocks, a sharp equity market rotation from growth to value stocks, and several stock specific factors. We also saw a small negative from our fixed income, where we have a barbell approach to duration, with short duration corporates and longer duration treasuries.

In terms of attribution, our positions in Valeo, AMS, KION Group, British American Tobacco, Samsonite International, Daimler, Coway, Johnson Matthey and Mylan were the largest detractors in the period. The cyclical slowdown in autos, semiconductor and industrials impacted negatively a number of these names. In the second half of the period, global auto production volumes saw a sharp decline, driven initially in Europe by a new, once in a decade, emissions testing scheme which resulted in a bottleneck for vehicles between production and auto dealerships. This was exacerbated by China auto market demand slowing down as trade war talks put pressure on the economy and hurt consumer sentiment. These changes impacted our holdings in Valeo, Daimler and Johnson Matthey, cyclical companies which we view as being well positioned for some of the structural changes underway in the auto sector. The semiconductor industry similarly reacted to an abrupt slowdown in volume expectations due to a combination of reduced capital expenditure from end customers and concerns of smartphone saturation, which particularly impacted our investment in ams, a leading provider of 3D sensing technology for smartphones. Other top-down headwinds included the early fall-out from a China slowdown and trade war. In addition, the equity market rotation from growth to value was equally unhelpful to our positions in NMC Health and Alibaba Group. For positive contributions, the most significant outperformers were Edward Lifesciences, Mastercard, Moncler and Auto Trader Group.

On trading activity, we introduced new positions in Amadeus IT Group, B&M European Value Retail, Fortive, Moncler, Novo Nordisk and Microsoft. Holdings in Coty, Cabot Microelectronics, Criteo, Lundin Petroleum and Varian Medical Systems were all sold.

Whilst we are disappointed with the performance, our focus remains on investments in companies that are well positioned for the long term, with strong and/or improving trends, and good long term fundamentals. We therefore remain focused on analysing companies over a multi-year view, rather than focusing too heavily on a single quarter, and turnover on the Fund continues to be low.

## Outlook

While we maintain the view that economic fundamentals remain positive, we are conscious of the risk that market sentiment becomes a self-fulfilling prophecy by limiting companies' willingness to invest, thereby slowing growth further. This is somewhat offset by the fact that valuations have reset meaningfully. However, our focus is on continuing to improve the quality of the portfolio by identifying companies with strong structural trends that can offset potential cyclical slowdowns.

Legal & General Investment Management Limited  
(Investment Adviser)  
29 January 2019

## Authorised Status

### Authorised Status

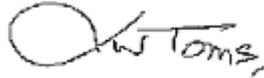
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

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



A. J. C. Craven  
(Director)



L. W. Toms  
(Director)

Legal & General (Unit Trust Managers) Limited  
20 February 2019

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

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

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

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

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

## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General Real Capital Builder 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 Real Capital Builder Fund ("the Fund") for the period ended 31 December 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 February 2019

# Portfolio Statement

## Portfolio Statement as at 31 December 2018

All investments are in investment grade securities, ordinary shares or collective investment schemes unless otherwise stated. There are no comparative figures shown as the Fund launched 24 October 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>CORPORATE BONDS — 23.27%</b>		
	<b>UNITED KINGDOM — 14.29%</b>		
GBP2,932,000	Anglian Water Services Financing 2.625% 15/06/2027	2,744,839	1.38
GBP3,157,000	Arqiva Financing 4.04% 30/06/2020	3,238,186	1.63
GBP1,552,000	Aviva 6.625% 03/06/2041	1,673,200	0.84
GBP2,675,000	BUPA Finance 2% 05/04/2024	2,632,641	1.32
GBP2,917,000	Cadent Finance 2.125% 22/09/2028	2,720,601	1.37
GBP2,661,000	Experian Finance 2.125% 27/09/2024	2,660,606	1.34
GBP3,348,000	Imperial Brands Finance 5.5% 28/09/2026	3,816,586	1.92
GBP2,304,000	Lloyds Bank 7.625% 22/04/2025	2,854,375	1.43
GBP2,692,000	Next 5.375% 26/10/2021	2,915,506	1.47
GBP3,274,000	Northumbrian Water Finance 2.375% 05/10/2027	3,165,814	1.59
		<b>28,422,354</b>	<b>14.29</b>
	<b>CHANNEL ISLANDS — 1.22%</b>		
GBP2,025,000	Heathrow Funding 7.125% 14/02/2024	2,430,518	1.22
	<b>CONTINENTAL EUROPE — 3.18%</b>		
	<b>France — 1.33%</b>		
GBP2,220,000	Orange 5.25% 05/12/2025	2,637,214	1.33
	<b>Netherlands — 1.85%</b>		
GBP1,438,000	Innogy Finance 6.5% 20/04/2021	1,584,705	0.80
GBP2,072,000	Volkswagen Financial Services 2.75% 02/10/2020	2,097,800	1.05
		<b>3,682,505</b>	<b>1.85</b>
	<b>NORTH AMERICA — 4.58%</b>		
	<b>Canada — 1.07%</b>		
GBP2,157,000	Royal Bank of Canada 1.125% 22/12/2021	2,137,270	1.07
	<b>Cayman Islands — 0.75%</b>		
GBP1,143,000	Yorkshire Water Services Odsal Finance 6.454% 28/05/2027	1,481,410	0.75
	<b>United States — 2.76%</b>		
GBP3,512,000	Digital Stout 3.3% 19/07/2029	3,392,958	1.71
GBP2,158,000	Wells Fargo 2% 28/07/2025	2,086,337	1.05
		<b>5,479,295</b>	<b>2.76</b>
	<b>GOVERNMENT BONDS — 8.80%</b>		
	<b>UNITED KINGDOM — 8.80%</b>		
GBP2,384,000	United Kingdom Gilt 5% 07/03/2025	2,953,039	1.48
GBP2,670,000	United Kingdom Gilt 1.5% 22/07/2026	2,750,009	1.38
GBP2,975,000	United Kingdom Gilt 4.25% 07/12/2027	3,751,428	1.89

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>UNITED KINGDOM — (cont.)</b>			
GBP2,714,000	United Kingdom Gilt 4.25% 07/06/2032	3,611,373	1.82
GBP1,896,000	United Kingdom Gilt 4.5% 07/09/2034	2,645,722	1.33
GBP1,251,000	United Kingdom Gilt 4.25% 07/09/2039	1,783,876	0.90
		<b>17,495,447</b>	<b>8.80</b>
<b>EQUITIES — 58.92%</b>			
<b>UNITED KINGDOM — 11.14%</b>			
360,862	Auto Trader Group	1,619,549	0.81
153,211	British American Tobacco	3,841,766	1.93
130,071	Johnson Matthey	3,619,876	1.82
124,682	NMC Health	3,411,300	1.72
1,700,000	Nomura Bank International	4,927,990	2.48
79,029	Reckitt Benckiser Group	4,739,369	2.38
		<b>22,159,850</b>	<b>11.14</b>
<b>IRELAND — 2.22%</b>			
63,003	Medtronic	4,403,499	2.22
<b>CONTINENTAL EUROPE — 17.08%</b>			
<b>Austria — 0.62%</b>			
66,200	Ams	1,240,545	0.62
<b>Denmark — 3.31%</b>			
13,163	Genmab	1,678,903	0.84
137,404	Novo Nordisk	4,906,972	2.47
		<b>6,585,875</b>	<b>3.31</b>
<b>France — 1.40%</b>			
121,772	Valeo	2,780,522	1.40
<b>Germany — 3.91%</b>			
79,095	Daimler	3,255,984	1.64
114,152	KION Group	4,520,986	2.27
		<b>7,776,970</b>	<b>3.91</b>
<b>Italy — 1.31%</b>			
100,173	Moncler	2,596,385	1.31
<b>Luxembourg — 3.90%</b>			
1,249,565	B&M European Value Retail	3,508,778	1.76
1,911,084	Samsonite International	4,252,070	2.14
		<b>7,760,848</b>	<b>3.90</b>
<b>Netherlands — 1.70%</b>			
158,087	Mylan	3,376,435	1.70
<b>Spain — 0.93%</b>			
33,740	Amadeus IT Group	1,842,820	0.93

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>NORTH AMERICA — 22.34%</b>		
	<b>Cayman Islands — 2.04%</b>		
37,144	Alibaba Group	4,047,206	2.04
	<b>United States — 20.30%</b>		
81,236	Activision Blizzard	2,977,635	1.50
6,164	Alphabet 'A'	5,053,968	2.54
44,547	Aspen Technology	2,822,217	1.42
74,198	Charles Schwab	2,384,936	1.20
21,544	Edwards Lifesciences	2,536,414	1.28
31,039	Facebook	3,237,848	1.63
73,422	Fortive	3,834,413	1.93
40,398	Honeywell International	4,136,302	2.08
59,569	JPMorgan Chase & Co.	4,516,663	2.27
17,569	Mastercard	2,561,320	1.29
35,692	Microsoft	2,806,608	1.41
6,733	Resideo Technologies	105,783	0.05
19,402	Thermo Fisher Scientific	3,378,179	1.70
		<b>40,352,286</b>	<b>20.30</b>
	<b>ASIA — 6.14%</b>		
	<b>Hong Kong — 3.04%</b>		
931,322	AlA Group	6,053,462	3.04
	<b>Japan — 0.93%</b>		
8,897	Nintendo	1,854,469	0.93
	<b>South Korea — 2.17%</b>		
82,862	Coway	4,304,056	2.17
	<b>FORWARD CURRENCY CONTRACTS</b>		
	<b>— -0.74%</b>		
USD(62,625,045)	Sold US Dollars		
GBP47,500,000	for Sterling (Expires 05/02/2019) <sup>1</sup>	(1,463,920)	(0.74)
<b>Portfolio of investments<sup>2,3</sup></b>		<b>179,437,321</b>	<b>90.25</b>
<b>Net other assets<sup>4</sup></b>		<b>19,373,655</b>	<b>9.75</b>
<b>Total net assets</b>		<b>£198,810,976</b>	<b>100.00%</b>

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

<sup>2</sup> Including investment liabilities.

<sup>3</sup> All investments are admitted to an official stock exchange unless otherwise stated.

<sup>4</sup> Includes £17,156,803 of nominals in LGIM Sterling Liquidity Fund Class 1 and \$323,815 of nominals in LGIM US Dollar Liquidity Fund Class 1 which are shown as cash equivalent in the balance sheet of the Fund.

Total purchases for the period: £377,071,405.

Total sales for the period: £173,225,952.

# Independent Auditor's Report

## Independent auditor's report to the Unitholders of Legal & General Real Capital Builder Fund ('the Fund')

### **Opinion**

We have audited the financial statements of the Fund for the period ended 31 December 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 16 to 17.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 31 December 2018 and of the net revenue and the net capital losses on the property of the Fund for the period then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

### **Basis for opinion**

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

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

### **The impact of uncertainties due to Britain exiting the European Union on our audit**

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

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

### **Going concern**

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

## Independent Auditor's Report continued

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

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

### **Other information**

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

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

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

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

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

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

### **Manager's responsibilities**

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

## Independent Auditor's Report continued

### ***Auditor's responsibilities***

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

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

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

## Financial Statements

### Statement of Total Return for the period ended 31 December 2018

	Notes	24/10/17 to 31/12/18 <sup>1</sup>	
		£	£
<b>Income</b>			
Net capital losses	3		(24,694,782)
Revenue	4	4,868,273	
Expenses	5	(172,770)	
Interest payable and similar charges	7	(15,846)	
<b>Net revenue before taxation</b>		<u>4,679,657</u>	
Taxation	6	(533,399)	
<b>Net revenue after taxation for the period</b>			<u>4,146,258</u>
<b>Total return before distributions</b>			<u>(20,548,524)</u>
Distributions	7		<u>(4,146,258)</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>			<u><b>£(24,694,782)</b></u>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 31 December 2018

	24/10/17 to 31/12/18 <sup>1</sup>	
	£	£
<b>Opening net assets attributable to Unitholders</b>		
Amounts received on issue of units	969,247	
Amounts received on in-specie transactions	218,441,068	
Amounts paid on cancellation of units	(50,970)	
		<u>219,359,345</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u>(24,694,782)</u>
<b>Retained distributions on accumulation units</b>		<u>4,146,413</u>
<b>Closing net assets attributable to Unitholders</b>		<u><b>£198,810,976</b></u>

<sup>1</sup>There are no comparative figures shown as the Fund launched 24 October 2017.

## Financial Statements continued

### Balance Sheet as at 31 December 2018

	Notes	31/12/18 <sup>1</sup> £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments		180,901,241
<b>Current assets:</b>		
Debtors	8	889,841
Cash and bank balances	9	2,203,283
Cash equivalents	9	17,410,418
<b>Total assets</b>		<b><u>201,404,783</u></b>
<b>LIABILITIES</b>		
<b>Investment liabilities</b>		
		(1,463,920)
<b>Creditors:</b>		
Bank overdrafts	9	(793,381)
Distributions payable		(30)
Other creditors	10	(336,476)
<b>Total liabilities</b>		<b><u>(2,593,807)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£198,810,976</u></b>

<sup>1</sup>There are no comparative figures shown as the Fund launched 24 October 2017.

# 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.

Bond revenue is accounted for on an effective yield basis, calculated with reference to the purchase price. If the Manager believes that future commitments will not be met due to the bond issuer showing signs of financial distress, revenue accruals will be discounted. Any resultant revenue from these issues will then be treated on a receipts basis.

Revenue from offshore funds is recognised when it is reported.

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.

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 31 December 2018, being the last working day of the accounting period.

The fair value for non-derivative securities is bid market price, excluding any accrued interest. The fair value for units in Collective Investment Schemes is the cancellation price or bid price for dual priced funds and single price for single priced funds. The fair value for derivative instruments is the cost of closing out the contract on the last working day of the accounting period.

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

#### (g) Taxation

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

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

#### (h) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 31 December 2018, being the last working day of the accounting period.

#### (i) Derivative Instruments

The Fund may make use of financial derivative instruments for Efficient Portfolio Management (EPM) purposes. EPM aims to reduce risk, reduce costs, or generate additional capital or income for the Fund with an acceptably low level of risk. These aims allow for tactical asset allocation, which is a temporary switch in investment exposure through the use of derivatives rather than trading the underlying securities.

Derivative instruments held within the Fund have been accounted for and taxed in accordance with the Statement of Recommended Practice for Authorised Funds (IA SORP 2014). Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

## Notes to the Financial Statements continued

### 3. Net capital losses

The net capital losses during the period comprise:

	24/10/17 to 31/12/18
	£
Non-derivative securities	(21,841,235)
Derivative securities	15,070
Forward currency contracts	(2,340,862)
Currency losses	<u>(527,755)</u>
Net capital losses	<u>(24,694,782)</u>

### 4. Revenue

	24/10/17 to 31/12/18
	£
UK Franked dividends	636,289
Non-taxable overseas dividends	2,404,478
Bond Interest	1,759,755
Taxable overseas distributions	66,373
Bank interest	<u>1,378</u>
	<u>4,868,273</u>

### 5. Expenses

Payable to the Manager, associates of the Manager and agents of either of them:

Fund management fees	<u>172,770</u>
Total expenses	<u>172,770</u>

Audit fees of £9,800 plus VAT of £1,960 have been borne by the Manager out of its fund management fee.

## Notes to the Financial Statements continued

### 6. Taxation

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

	<b>24/10/17 to 31/12/18</b>
	<b>£</b>
Corporation tax	327,779
Overseas tax	205,620
Current tax [note 6(b)]	533,399
Deferred tax [note 6(c)]	—
Total taxation	533,399

#### (b) Factors affecting taxation charge for the period

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	4,679,657
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	935,931
<b>Effects of:</b>	
Overseas tax	205,620
Revenue not subject to taxation	(608,152)
Current tax	533,399

#### (c) Provision for deferred tax

There is no deferred tax provision in the current period.

## 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:

	<b>24/10/17 to 31/12/18</b>
	<b>£</b>
First interim distribution	478,071
Interim distribution	1,933,929
Final distribution	1,734,481
	<u>4,146,481</u>
Add: Revenue deducted on cancellation of units	23
Less: Revenue received on creation of units	(246)
	<u>4,146,258</u>
<b>Distributions for the period</b>	
<b>Interest payable and similar charges</b>	
Bank overdraft interest	4,683
Futures expense	11,163
	<u>4,162,104</u>

### 8. Debtors

	<b>31/12/18</b>
	<b>£</b>
Accrued revenue	792,180
Overseas tax recoverable	97,661
	<u>889,841</u>

### 9. Net uninvested cash

	<b>31/12/18</b>
	<b>£</b>
Amounts held at futures clearing houses and brokers	49,332
Cash and bank balances	2,153,951
Amounts due to futures clearing houses and brokers	(49,262)
Bank overdrafts	(744,119)
Cash equivalents	17,410,418
Net uninvested cash	<u>18,820,320</u>

## Notes to the Financial Statements continued

### 10. Other creditors

Accrued expenses  
Corporation tax payable

31/12/18
£
8,697
<u>327,779</u>
<u>336,476</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

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

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

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

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

#### **(a) Market Risk arising from other price risk**

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

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

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

At 31 December 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 £8,971,866.

## 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 is exposed to interest rate risk through its holdings in debt securities. The market value of debt securities and any floating rate payments from debt securities held (and interest rate swaps) may fluctuate as a result of changes in interest rates. This risk is managed by the active monitoring and adjustment of the investments held by the Fund, in line with the stated investment objective and policy of the Fund.

At 31 December 2018, if interest rates on the Fund increased or decreased by 1 basis point, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £41,173. This represents the Manager's best estimate of a reasonable possible shift in interest rates, having regard to historical volatility of those rates.

The interest rate profile of the Fund's net assets and liabilities at the balance sheet date was:

31/12/18	Total £'000	Floating rate £'000	Fixed rate £'000	No interest £'000
Portfolio	179,437	1,673*	62,093	115,671
Other assets	20,504	19,614†	—	890
Other liabilities	(1,130)	(793)†	—	(337)
<b>Total</b>	<b>198,811</b>	<b>20,494</b>	<b>62,093</b>	<b>116,224</b>

\* The Fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

† The Fund's floating rate other assets and liabilities are represented by its bank balances and overdraft facilities. Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

Currency	Fixed Rate Financial Assets	
	Weighted average Interest rate %	Weighted average Period for which Rate is fixed Years
31/12/18	31/12/18	31/12/18
Sterling	2.31	7.62

The bonds shown in the Portfolio Statement with open maturity dates are assumed to mature on 31 December 2049 for the purpose of calculating the weighted average period for which the rate is fixed.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (c) Foreign Currency Risk

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

As this Fund invests in other collective investment schemes that hold investment instruments in overseas financial securities, there is currency risk in respect of the financial instruments held by those schemes.

Forward currency contracts were utilised during the current period.

At 31 December 2018, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £486,740.

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

31/12/18 Currency	Net foreign currency assets		Total £'000
	Monetary exposures £'000	Non-monetary exposures £'000	
Danish Krone	6	6,586	6,592
Euro	145	14,997	15,142
Hong Kong Dollar	139	10,306	10,445
Japanese Yen	—	1,854	1,854
South Korean Won	—	4,304	4,304
Swedish Krona	1	—	1
Swiss Franc	—	1,241	1,241
US Dollar	(48,012)	57,107	9,095

#### (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.

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

The Fund's investments in bonds expose it to the default risk of the bond issuer with regards interest payments and principal repayments. At the balance sheet date none of the bonds held by the Fund's had low credit ratings (sub-investment grade).

As this Fund invests in Collective Investment Schemes, there is credit risk in respect of the assets held by these Schemes.

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

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (e) Liquidity Risk

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

The Fund can also be exposed to liquidity risk through its commitments under derivative contracts, whereby additional margin payments or collateral payments may need to be posted with the counterparty or clearing house.

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

#### (f) Derivative Risk - Sensitivity Analysis

Derivative Risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

At the balance sheet date, no derivatives were held that could impact the Fund in a significant way.

#### (g) 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 period 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:

31/12/18 Basis of Valuation	Assets £	Liabilities £
Level 1 - Quoted Prices	173,306,808	—
Level 2 - Observable Market Data	7,594,433	(1,463,920)
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>180,901,241</b>	<b>(1,463,920)</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

31/12/18	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	274,163	45	0.02	116	0.04	274,324
Debt Securities	102,747	—	—	—	—	102,747
<b>Total</b>	<b>376,910</b>	<b>45</b>	<b>0.02</b>	<b>116</b>	<b>0.04</b>	<b>377,071</b>

31/12/18	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	136,725	(39)	0.03	(13)	0.01	136,673
Debt Securities	36,553	—	—	—	—	36,553
<b>Total</b>	<b>173,278</b>	<b>(39)</b>	<b>0.03</b>	<b>(13)</b>	<b>0.01</b>	<b>173,226</b>

Commissions and taxes as % of average net assets

Commissions 0.04%

Taxes 0.06%

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 0.16%.

## 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 40. 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 33 to 38. The distributions per unit class are given in the distribution tables on pages 29 to 31. All classes have the same rights on winding up.

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	—	—
Units issued	5,879	638,033
Units cancelled	(2)	(100,810)
Units converted	—	—
Closing Units	5,877	537,223

<b>C-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	—	—
Units issued	2,000	2,000
Units cancelled	—	—
Units converted	—	—
Closing Units	2,000	2,000

<b>L-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	—	—
Units issued	2,002	438,162,182
Units cancelled	(2)	(2)
Units converted	—	—
Closing Units	2,000	438,162,180

## 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 period end, the Manager and its associates held 99.88% 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 I-Class distribution unit was 44.44p. The Net Asset Value per I-Class distribution unit for the Fund as at 12 noon on 18 February 2019 was 47.77p. This represents an increase of 7.49% from the period end value.

## Distribution Tables

### Distribution Tables for the period ended 31 December 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.

1st dividend distribution in pence per unit			Period	
			24/10/17	to 31/12/17 <sup>1</sup>
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>28/02/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.0630	—	0.0630	N/A
Group 2	—	0.0630	0.0630	N/A
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>28/02/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.0631	—	0.0631	N/A
Group 2	0.0464	0.0167	0.0631	N/A
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units<sup>2</sup></b>			<b>28/02/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	—	—	N/A	N/A
Group 2	—	—	N/A	N/A
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units<sup>2</sup></b>			<b>28/02/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	—	—	N/A	N/A
Group 2	—	—	N/A	N/A
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>28/02/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.1090	—	0.1090	N/A
Group 2	—	0.1090	0.1090	N/A
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>28/02/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.1090	—	0.1090	N/A
Group 2	0.1042	0.0048	0.1090	N/A

## Distribution Tables continued

Interim dividend distribution in pence per unit			Period	
			01/01/18	to 30/06/18 <sup>1</sup>
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>31/08/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.3147	—	0.3147	N/A
Group 2	0.1775	0.1372	0.3147	N/A
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/08/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.3145	—	0.3145	N/A
Group 2	0.2749	0.0396	0.3145	N/A
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units<sup>2</sup></b>			<b>31/08/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.3615	—	0.3615	N/A
Group 2	—	0.3615	0.3615	N/A
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units<sup>2</sup></b>			<b>31/08/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.3615	—	0.3615	N/A
Group 2	—	0.3615	0.3615	N/A
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>31/08/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.4405	—	0.4405	N/A
Group 2	—	0.4405	0.4405	N/A
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/08/18</b>	<b>N/A</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.4409	—	0.4409	N/A
Group 2	—	0.4409	0.4409	N/A

## Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			01/07/18	to 31/12/18 <sup>1</sup>
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>28/02/19</b>	<b>N/A</b>
Group 1	0.2805	—	0.2805	N/A
Group 2	—	0.2805	0.2805	N/A
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>28/02/19</b>	<b>N/A</b>
Group 1	0.2805	—	0.2805	N/A
Group 2	0.0995	0.1810	0.2805	N/A
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units<sup>2</sup></b>			<b>28/02/19</b>	<b>N/A</b>
Group 1	0.2910	—	0.2910	N/A
Group 2	—	0.2910	0.2910	N/A
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units<sup>2</sup></b>			<b>28/02/19</b>	<b>N/A</b>
Group 1	0.2910	—	0.2910	N/A
Group 2	—	0.2910	0.2910	N/A
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>28/02/19</b>	<b>N/A</b>
Group 1	0.3950	—	0.3950	N/A
Group 2	—	0.3950	0.3950	N/A
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>28/02/19</b>	<b>N/A</b>
Group 1	0.3955	—	0.3955	N/A
Group 2	—	0.3955	0.3955	N/A

<sup>1</sup> There are no comparative figures shown as the Fund launched 24 October 2017.

<sup>2</sup> C-Class units launched on 28 February 2018.

In the above tables, a distribution pay rate of N/A denotes that the class was not in existence as at the applicable XD date, and therefore no distribution was made. Please refer to the comparative tables on pages 33 to 38 for the launch date of these classes.

## Fund Information

The Comparative Tables on pages 33 to 38 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

#### I-Class Distribution Units

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

Accounting Period ending	24/10/17 to 31/12/18 (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(4.57)
Operating charges (calculated on average price)	(0.33)
Return after operating charges*	(4.90)
Distributions on income units	(0.66)
Closing net asset value per unit	44.44
* after direct transaction costs of:	0.06

##### Performance

Return after charges	(9.80)%
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##### Other Information

Closing net asset value (£)	2,612
Closing number of units	5,877
Operating charges <sup>†</sup>	0.57%
Direct transaction costs	0.10%

##### Prices

Highest unit price	51.90p
Lowest unit price	44.29p

<sup>1</sup> There are no comparative figures shown as the Fund launched 24 October 2017.

<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.

**Past performance is not a guide to future performance.**

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

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

## Fund Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

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

Accounting Period ending	24/10/17 to 31/12/18 (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(4.60)
Operating charges (calculated on average price)	(0.34)
Return after operating charges*	(4.94)
Distributions	(0.66)
Retained distributions on accumulation units	0.66
Closing net asset value per unit	45.06
* after direct transaction costs of:	0.06

#### Performance

Return after charges	(9.88)%
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#### Other Information

Closing net asset value (£)	242,074
Closing number of units	537,223
Operating charges <sup>†</sup>	0.57%
Direct transaction costs	0.10%

#### Prices

Highest unit price	52.06p
Lowest unit price	44.63p

<sup>1</sup> There are no comparative figures shown as the Fund launched 24 October 2017.

<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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## Fund Information continued

### Comparative Tables continued

#### C-Class Distribution Units

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

Accounting Period ending	24/10/17 to 31/12/18 (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(4.54)
Operating charges (calculated on average price)	(0.21)
Return after operating charges*	(4.75)
Distributions on income units	(0.65)
Closing net asset value per unit	44.60
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(9.50)%
----------------------	---------

#### Other Information

Closing net asset value (£)	892
Closing number of units	2,000
Operating charges <sup>†</sup>	0.50%
Direct transaction costs	0.10%

#### Prices

Highest unit price	52.13p
Lowest unit price	44.49p

<sup>1</sup> There are no comparative figures shown as C-Class Units launched on 28 February 2018.

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

## Fund Information continued

### Comparative Tables continued

#### C-Class Accumulation Units

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

Accounting Period ending	24/10/17 to 31/12/18 (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(4.59)
Operating charges (calculated on average price)	(0.21)
Return after operating charges*	(4.80)
Distributions	(0.65)
Retained distributions on accumulation units	0.65
Closing net asset value per unit	45.20
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(9.60)%
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#### Other Information

Closing net asset value (£)	904
Closing number of units	2,000
Operating charges <sup>†</sup>	0.50%
Direct transaction costs	0.10%

#### Prices

Highest unit price	52.26p
Lowest unit price	44.80p

<sup>1</sup> There are no comparative figures shown as C-Class Units launched on 28 February 2018.

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

## Fund Information continued

### Comparative Tables continued

#### L-Class Distribution Units

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

Accounting Period ending	24/10/17 to 31/12/18 (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(4.57)
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	(4.61)
Distributions on income units	(0.94)
Closing net asset value per unit	44.45
* after direct transaction costs of:	0.06

#### Performance

Return after charges	(9.22)%
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#### Other Information

Closing net asset value (£)	889
Closing number of units	2,000
Operating charges <sup>†</sup>	0.07%
Direct transaction costs	0.10%

#### Prices

Highest unit price	52.00p
Lowest unit price	44.33p

<sup>1</sup> There are no comparative figures shown as the Fund launched 24 October 2017.

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

# Fund Information continued

## Comparative Tables continued

### L-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	24/10/17 to 31/12/18 (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(4.64)
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	(4.68)
Distributions	(0.95)
Retained distributions on accumulation units	0.95
Closing net asset value per unit	45.32
* after direct transaction costs of:	0.06

#### Performance

Return after charges	(9.36)%
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#### Other Information

Closing net asset value (£)	198,563,605
Closing number of units	438,162,180
Operating charges <sup>†</sup>	0.07%
Direct transaction costs	0.10%

#### Prices

Highest unit price	52.27p
Lowest unit price	44.86p

<sup>1</sup> There are no comparative figures shown as the Fund launched 24 October 2017.

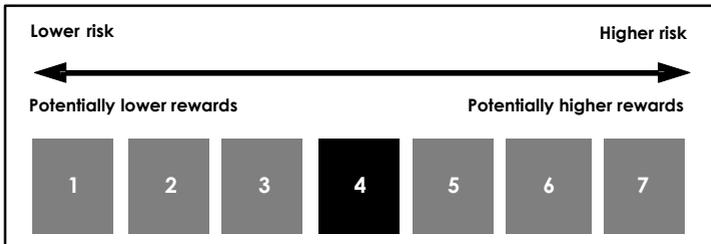
<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund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

**Past performance is not a guide to future performance.**

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## Risk and Reward Profile (unaudited)



- This Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table above shows the Fund's ranking on the Risk and Reward Indicator.
- The Fund is in category four because the mix of different asset types in which the Fund invests has a balancing effect on the rate at which the Fund share price moves up and down. This type of fund is generally considered to be higher risk than one investing only in bonds and lower risk than one existing only in company shares
- Even a fund in the lowest category is not a risk free investment.

## General Information

### Constitution

Launch date:	24 October 2017
Period end dates for distributions:	30 June, 31 December
Distribution dates:	31 August, 28 February
Minimum initial lump sum investment:	I-Class £1,000,000 C-Class* £20,000,000 L-Class** £100,000
Valuation point:	12 noon
Fund management fees:	I-Class Annual 0.55% (0.65% prior to 2 January 2018) C-Class* Annual 0.50% L-Class** Annual 0.05% (0.15% prior to 2 January 2018)
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.

\*\* L-Class is only available to Legal & General group clients.

### 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. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

### 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.

## General Information continued

### Dual Pricing Arrangement

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

### 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 Real Capital Builder 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. At the time of publishing, figures as at 31 December 2018 were not yet available. We shall publish this data in the scheme's interim report, due to be published in August 2019.

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	89

### Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
28	3,121	5,015	75

### 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 twenty LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

## General Information continued

### Material Risk Takers

As at the 31 December 2017, UTM engaged the services of Legal & General Investment Management's Multi Asset Allocation Fund Management team, which consists of 28 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 Multi Asset Allocation Fund Management team.

### Significant Changes

#### New Unit Class: C-Class

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

### 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 Real Capital Builder 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 continued

### Authorised Fund Manager

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

### Directors of the Manager

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

\*Non-executive Director

### Secretary

J. McCarthy

### Registrar

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

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

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

### Trustee

Northern Trust Global Services SE  
Trustee and Depository Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

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

### Independent Auditors

KPMG LLP  
15 Canada Square,  
London E14 5GL

### Investment Adviser

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





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

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

