

Legal & General UK Equity Income Fund
**Annual Manager's
Short Report
for the year ended
24 January 2019**



Investment Objective and Policy

The objective of the Fund is to provide an income in excess of the FTSE All Share Index yield and to provide capital growth over the long term.

The Manager will seek to achieve the investment objective by investing predominantly in the securities of companies domiciled in the UK or in companies which have a significant part of their activities in the UK but which are domiciled or quoted on a regulated market outside the UK. The Fund may also invest in other non-UK domiciled securities which are traded in the UK. The Fund may use depositary receipts and derivatives both for Efficient Portfolio Management and investment purposes*.

The Fund may also invest in other transferable securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes.

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

Risk Profile

Market 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. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Currency Risk

This Fund holds investments in overseas financial securities. The performance of the Fund may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Fund Facts

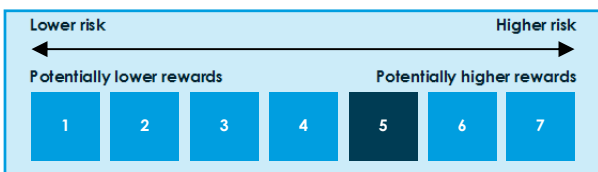
Period End Dates for Distributions:	24 Jan, 24 Apr, 24 Jul, 24 Oct	
Distribution Dates:	24 Mar, 24 Jun, 24 Sep, 24 Dec	
Ongoing Charges Figures:	24 Jan 19	24 Jan 18
R-Class	1.53%	1.75%
F-Class	1.03%	1.25%
I-Class	0.78%	0.87%
C-Class†	0.50%	—
L-Class	0.03%	0.12%

† C-Class Units launched on 28 February 2018.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a fund and is calculated based on the last period's figures.

Risk and Reward Profile



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

Distribution Information

R-Class

The distribution payable on 24 March 2019 is 0.5110p per unit for distribution units and 0.6990p per unit for accumulation units.

F-Class

The distribution payable on 24 March 2019 is 0.5297p per unit for distribution units and 0.7246p per unit for accumulation units.

I-Class

The distribution payable on 24 March 2019 is 0.5456p per unit for distribution units and 0.7465p per unit for accumulation units.

C-Class

The distribution payable on 24 March 2019 is 0.4290p per unit for distribution units and 0.4412p per unit for accumulation units.

L-Class

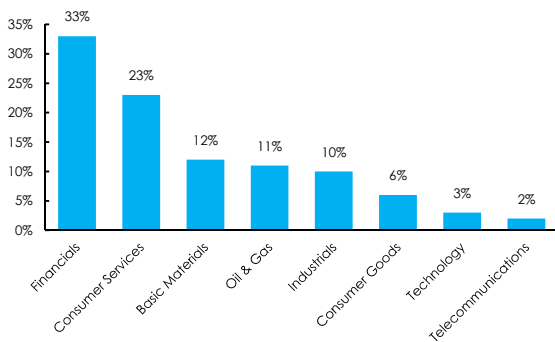
The distribution payable on 24 March 2019 is 0.5861p per unit for distribution units.

Portfolio Information

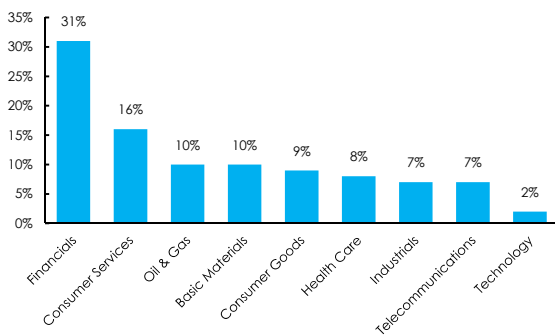
The top 10 holdings and their associated weighting at the current and preceding year ends were:

Top 10 Holdings at 24 January 2019		Top 10 Holdings at 24 January 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Lloyds Banking Group	4.17%	BP	5.04%
Rio Tinto	3.85%	Rio Tinto	4.66%
Barclays	3.56%	Royal Dutch Shell 'B'	4.51%
BHP Group	3.40%	Vodafone Group	4.25%
Royal Dutch Shell 'B'	3.31%	Lloyds Banking Group	4.25%
Whitbread	3.28%	HSBC	4.22%
BP	3.28%	Prudential	4.00%
GVC	3.08%	British American Tobacco	2.95%
Tesco	3.05%	GlaxoSmithKline	2.92%
Micro Focus International	3.02%	BHP Billiton	2.83%

Fund Holdings as at 24 January 2019



Fund Holdings as at 24 January 2018



Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(12.90)%	11.11%	13.21%
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Other Information

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

Prices

Highest unit price	64.72p	68.06p	65.39p
Lowest unit price	49.31p	59.42p	51.19p

† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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.

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(13.20)%	11.28%	13.43%
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Other Information

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

Prices

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

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Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(12.47)%	11.65%	13.76%
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Other Information

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

Prices

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

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Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(12.78)%	11.83%	14.01%
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Other Information

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

Prices

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

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

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(12.24)%	12.07%	14.21%
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Other Information

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

Prices

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

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Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(12.55)%	12.26%	14.44%
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Other Information

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

Prices

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

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

Comparative Tables continued

C-Class Distribution Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(8.22)%
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Other Information

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

Prices

Highest unit price	53.80p
Lowest unit price	41.26p

¹ C-Class Units launched on 28 February 2018.

[†] Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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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.

Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(8.48)%
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Other Information

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

Prices

Highest unit price	54.39p
Lowest unit price	42.77p

¹ C-Class Units launched on 28 February 2018.

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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.

Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

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

Performance

Return after charges	(11.61)%	12.92%	15.04%
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Other Information

Closing net asset value (£)	53,446,559	69,709,915	85,362,125
Closing number of units	90,443,662	99,039,920	131,001,908
Operating charges†	0.03%	0.12%	0.12%
Direct transaction costs	0.19%	0.18%	0.27%

Prices

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

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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.

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Manager's Investment Report

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

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Market/Economic Review

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

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

Fund Review

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

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

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

Shares in gaming company GVC also detracted from performance later in the year, despite positive signs in the first six months.

Manager's Investment Report continued

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

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

Outlook

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

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

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

Manager's Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0370 050 0955, by writing to the Manager or are available on the internet at www.legalandgeneral.com/investments/fund-information/managers-reports.

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

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.

Minimum Investment Amounts

The minimum initial lump sum investment amounts for each class are as follows:

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

In addition, monthly contributions can be made into the R-Class with a minimum amount of £20, and F-Class with a minimum amount of £50 per month.

Class F units are only available to:

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

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

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

Other Information

The information in this report is designed to enable unitholders to understand how the Fund has performed during the year under review and how it is invested at the year end. Further information on the activities and performance of the Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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

Significant Changes

New Unit Class: C-Class

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

Change of Auditor

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

General Data Protection Regulation (GDPR)

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

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

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

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

Trustee

Northern Trust Global Services SE UK Branch

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

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

Legal & General
(Unit Trust Managers) Limited
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