

Legal & General UK Select Equity Fund  
**Annual Manager's Report**  
for the year ended  
**30 September 2017**

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# Contents

	<b>Page Number</b>
Manager's Investment Report*	2
Authorised Status*	4
Directors' Statement	4
Statement of the Manager's Responsibilities	5
Statement of the Trustee's Responsibilities	6
Report of the Trustee	7
Portfolio Statement*	8
Independent Auditors' Report	11
Statement of Total Return	14
Statement of Change in Net Assets attributable to Unitholders	14
Balance Sheet	15
Notes to the Financial Statements	16
Distribution Tables	28
Fund Information*	30
Risk and Reward Profile*	36
General Information*	37

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

# Manager's Investment Report

## Investment Objective and Policy

The Fund aims to provide long-term capital growth by investing in a broad range of UK companies. Investments may also consist of UK registered stocks and Investment Funds.

By 'UK registered stock' we mean the stock of any company that is registered and eligible to be traded on a UK stock exchange.

## Manager's Investment Report

During the year under review, the price of the Fund's A-Class accumulation units rose by 11.16%, whilst the FTSE All-Share Index rose by 11.95% on a total return basis (Source: Bloomberg).

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

**The value of investments and any income from them may go down as well as up.**

## Market/Economic Review

UK equities performed well over the review year against a backdrop of increased inflation expectations, which rose amid an improving global growth outlook and as the economic policy discussion moved towards fiscal measures. There was a resulting rotation towards shares of companies whose profits do relatively well when economic activity accelerates ('cyclicals'). The shares of many internationally diversified companies continued to enjoy positive sentiment given the weakness of Sterling after the UK's decision to leave the European Union.

## Fund Review

The Fund marginally underperformed the benchmark Index over the review year. The Fund's underweight exposure to the mining sector, primarily not holding Glencore, was the principal detractor to relative returns. This was driven in part by the rotation towards cyclical areas of the market.

Private equity house 3i Group was the top positive contributor on the back of strong results from one of its key portfolio holdings; pan-European discount retailer, Action. Strong sales, margin expansion and encouraging outlook led to substantial net asset value and profits upgrades as well as improving sentiment resulting in a re-rating.

Politically driven market volatility and rate rises in the US helped NEX Group become another of the top performers. Investment in growth initiatives have weighed on profitability and sentiment more recently but it remains well placed to benefit from the regulatory driven trends towards electronic trading and tighter reporting requirements.

We initiated a new position in Marks & Spencer Group whose shares have lagged given concerns around their Clothing and Home divisions and the possible negative impact of Brexit. The depressed sentiment towards the stock has created a valuation opportunity, with the shares trading on a double-digit free cashflow yield and a dividend yield in excess of 5%.

We also added education business Pearson to the portfolio. The shares have lagged as their US higher-education division has struggled due to declining higher-education enrolments, and the challenges associated with an industry in transition from analogue to digital education sources. Although there are short-term headwinds, we believe that Pearson will emerge from this in a stronger competitive position, well-placed in the growing global education market.

We used renewed share price weakness to initiate a position in Capita. The shares have

## Manager's Investment Report continued

materially underperformed over the last two years on the back of a series of profit warnings which have led to a management overhaul, asset disposals and early adoption of the more prudent IFRS 15 accounting standard. In our opinion, these changes address some of their legacy issues and help put Capita on a stronger foundation for the incoming CEO to build off.

We also initiated a new position in Emerging Market asset manager, Ashmore, as a means of gaining diversified exposure to the attractive fundamentals of Emerging Markets. Ashmore has top performing funds and should also benefit as institutional investors reduce their underweight exposure to Emerging Market assets.

We exited our holding in healthcare and household goods manufacturer Reckitt Benckiser on the back of share price strength following its agreed takeover of American baby milk manufacturer Mead Johnson. In our opinion, Reckitt's valuation was very full. We also exited the holding in Tate & Lyle, which has performed very well and as a consequence the valuation opportunity has played out.

### Outlook

As this equity bull market has progressed, investors have increasingly sought out high-quality businesses with relatively safe profit streams. In part, this is a consequence of disappointing levels of profits earnings growth combined with continued monetary easing from central banks. For the UK equity market this backdrop has led to a prolonged period of outperformance of growth and lower-risk stocks. However, most of these now trade on elevated valuations. We believe that this presents significant valuation risk to investors and consequently the Fund has limited exposure to these areas, instead favouring the more lowly-valued areas where we feel there is potential for positive change in the years ahead.

UK domestic-focused companies face specific challenges given that a prolonged period of uncertainty is likely as Brexit negotiations continue. As active investors, however, we are starting to see opportunities emerge as we note that much of this uncertainty is reflected in Sterling weakness, economic forecasts and profits forecasts as well as relative sector valuations. However, we continue to avoid domestic stocks that are exposed to high-ticket consumer spending in the UK (e.g. housebuilders and auto retailers). Here we believe valuations are less compelling and these stocks are more vulnerable to some of the challenges that the UK consumer is currently facing.

Schroder Investment Management (UK) Limited  
(Investment Adviser)  
23 October 2017

## 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)



S. D. Thomas  
(Director)

Legal & General (Unit Trust Managers) Limited  
21 November 2017

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

The Manager of the Fund is required by the FCA Collective Investment Schemes sourcebook (COLL) to prepare financial statements for each accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the net revenue and the net capital gains or losses on the Scheme property for the accounting period, and the financial position of the Fund at the end of that period. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed, the Prospectus and the COLL, maintain proper accounting records to enable them to ensure that the financial statements comply with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 and the COLL and take in these respects reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General UK Select Equity Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

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

## Report of the Trustee

### **Report of the Trustee to the Unitholders of the Legal & General UK Select Equity Fund ("the Fund") for the year ended 30 September 2017**

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 Limited  
UK Trustee and Depositary Services  
21 November 2017

# Portfolio Statement

## Portfolio Statement as at 30 September 2017

All investments are in ordinary shares or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 30 September 2016.

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	<b>UNITED KINGDOM</b>		
	— 97.69% (95.10%)		
	<b>Oil &amp; Gas Producers</b>		
	— 12.48% (10.27%)		
6,150,000	BP	29,440,050	6.32
1,250,000	Royal Dutch Shell 'B'	28,712,500	6.16
		<b>58,152,550</b>	<b>12.48</b>
	<b>Mining — 2.99% (1.02%)</b>		
400,000	Rio Tinto	13,914,000	2.99
	<b>Construction &amp; Materials</b>		
	— 4.74% (4.80%)		
3,500,000	Balfour Beatty	9,390,500	2.01
6,000,000	Melrose Industries	12,708,000	2.73
		<b>22,098,500</b>	<b>4.74</b>
	<b>Aerospace &amp; Defense</b>		
	— 4.41% (4.05%)		
1,800,000	BAE Systems	11,394,000	2.45
3,800,000	Cobham	5,555,600	1.19
403,046	Rolls-Royce	3,595,170	0.77
		<b>20,544,770</b>	<b>4.41</b>
	<b>General Industrials — 2.71% (2.54%)</b>		
800,000	Smiths Group	12,624,000	2.71
	<b>Support Services — 4.50% (4.83%)</b>		
400,000	Capita	2,278,726	0.49
3,750,000	G4S	10,432,500	2.24
2,750,000	Rentokil Initial	8,230,750	1.77
		<b>20,941,976</b>	<b>4.50</b>
	<b>Food Producers — 0.00% (0.64%)</b>		
	<b>Household Goods &amp; Home Construction — 0.00% (0.95%)</b>		
	<b>Personal Goods — 1.19% (0.99%)</b>		
128,000	Unilever	5,544,320	1.19
	<b>Tobacco — 7.35% (8.17%)</b>		
500,000	British American Tobacco	23,432,500	5.03
340,000	Imperial Brands	10,822,200	2.32
		<b>34,254,700</b>	<b>7.35</b>
	<b>Health Care Equipment &amp; Services</b>		
	— 0.00% (0.76%)		
	<b>Pharmaceuticals &amp; Biotechnology</b>		
	— 7.18% (9.71%)		
285,000	AstraZeneca	14,034,825	3.01
1,300,000	GlaxoSmithKline	19,422,000	4.17
		<b>33,456,825</b>	<b>7.18</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	<b>Food &amp; Drug Retailers</b> — 4.67% (3.65%)		
7,000,000	Tesco	13,125,000	2.82
3,650,000	WM Morrison Supermarkets	8,632,250	1.85
		<hr/>	<hr/>
		21,757,250	4.67
	<b>General Retailers — 2.69% (1.09%)</b>		
5,000,000	Debenhams	2,462,500	0.53
1,050,000	Halfords Group	3,661,350	0.79
1,800,000	Marks & Spencer Group	6,384,600	1.37
		<hr/>	<hr/>
		12,508,450	2.69
	<b>Media — 5.75% (4.80%)</b>		
520,000	Daily Mail & General Trust	3,255,200	0.70
750,000	Informa	4,995,000	1.07
875,000	Pearson	5,333,125	1.14
810,000	RELX	13,219,200	2.84
		<hr/>	<hr/>
		26,802,525	5.75
	<b>Travel &amp; Leisure — 1.28% (1.26%)</b>		
125,000	Carnival	5,962,500	1.28
	<b>Fixed Line Telecommunications</b> — 1.22% (1.92%)		
2,000,000	BT Group	5,689,000	1.22
	<b>Mobile Telecommunications</b> — 2.23% (3.25%)		
5,000,000	Vodafone Group	10,407,500	2.23
	<b>Electricity — 0.90% (0.85%)</b>		
1,350,000	Drax Group	4,202,550	0.90
	<b>Gas, Water &amp; Multiutilities</b> — 1.88% (1.92%)		
4,685,358	Centrica	8,766,305	1.88
	<b>Banks — 13.52% (8.61%)</b>		
3,000,000	Barclays	5,761,500	1.24
3,100,000	HSBC	22,754,000	4.89
21,000,000	Lloyds Banking Group	14,172,900	3.04
3,000,000	Royal Bank of Scotland Group	8,043,000	1.73
1,650,000	Standard Chartered	12,226,500	2.62
		<hr/>	<hr/>
		62,957,900	13.52
	<b>Nonlife Insurance — 1.10% (1.10%)</b>		
420,000	Jardine Lloyd Thompson Group	5,115,600	1.10
	<b>Life Insurance — 4.34% (3.78%)</b>		
2,900,000	Aviva	14,978,500	3.22
2,000,000	Legal & General Group	5,216,000	1.12
		<hr/>	<hr/>
		20,194,500	4.34
	<b>Financial Services — 6.05% (5.16%)</b>		
1,050,000	3i Group	9,597,000	2.06
588,087	Ashmore Group	1,991,851	0.43
1,250,000	NEX Group	8,250,000	1.77

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	<b>Financial Services — (cont.)</b>		
45,262	Sole Realisation	31,683	0.01
1,600,000	TP ICAP	8,288,000	1.78
		<hr/>	<hr/>
		28,158,534	6.05
	<b>Equity Investment Instruments — 3.98% (6.18%)</b>		
2,000,000	Schroder UK Smaller Companies 'I' Income <sup>1</sup>	18,519,998	3.98
	<b>Software &amp; Computer Services — 0.53% (2.80%)</b>		
110,000	Fidessa Group	2,445,300	0.53
	<b>CHANNEL ISLANDS — 0.81% (2.19%) Pharmaceuticals &amp; Biotechnology — 0.81% (2.19%)</b>		
100,000	Shire	3,800,000	0.81
	<b>Portfolio of investments<sup>2</sup></b>	<hr/>	<hr/>
		458,819,553	98.50
	<b>Net other assets</b>	<hr/>	<hr/>
		6,966,597	1.50
	<b>Total net assets</b>	<hr/>	<hr/>
		£465,786,150	100.00%

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

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

Total purchases for the year: £64,823,682.

Total sales for the year: £89,741,728.

# Independent Auditors' Report

## Independent auditors' report to the Unitholders of Legal & General UK Select Equity Fund

### Report on the audit of the financial statements

#### **Opinion**

In our opinion, Legal & General UK Select Equity Fund's financial statements:

- give a true and fair view of the financial position of the Fund as at 30 September 2017 and of the net revenue and, the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Manager's Report (the "Annual Report"), which comprise: the balance sheet as at 30 September 2017; the statement of total return, and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

# Independent Auditors' Report continued

## ***Reporting on other information***

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## ***Authorised Fund Manager's Report***

In our opinion, the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the Authorised Fund Manager for the financial statements***

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 5, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for 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.

In preparing the financial statements, the Authorised Fund Manager is responsible for 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 the Authorised Fund Manager either intend to wind up or terminate the Fund, or have no realistic alternative but to do so.

### ***Auditors' responsibilities for the audit of the financial statements***

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditors' Report continued

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the Fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 November 2017

#### **Notes:**

- a) The maintenance and integrity of the Legal & General website is the responsibility of the Authorised Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Financial Statements

### Statement of Total Return for the year ended 30 September 2017

Notes	30/09/17		30/09/16	
	£	£	£	£
<b>Income</b>				
Net capital gains	3	38,913,867		59,883,724
Revenue	4	17,238,559	16,096,713	
Expenses	5	(6,226,175)	(6,401,161)	
Interest payable and similar charges	7	–	–	
<b>Net revenue before taxation</b>		<u>11,012,384</u>	<u>9,695,552</u>	
Taxation	6	–	–	
<b>Net revenue after taxation for the year</b>		<u>11,012,384</u>	<u>9,695,552</u>	
<b>Total return before distributions</b>		<u>49,926,251</u>	<u>69,579,276</u>	
Distributions	7	(11,012,384)	(9,695,552)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£38,913,867</b></u>	<u><b>£59,883,724</b></u>	

### Statement of Change in Net Assets attributable to Unitholders for the year ended 30 September 2017

	30/09/17		30/09/16	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		457,528,716		422,379,640
<b>Amounts received on issue of units</b>		11,824,327	16,509,981	
<b>Amounts paid on cancellation of units</b>		<u>(53,241,487)</u>	<u>(50,742,190)</u>	
		(41,417,160)	(34,232,209)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		38,913,867	59,883,724	
<b>Retained distributions on accumulation units</b>		<u>10,760,727</u>	<u>9,497,561</u>	
<b>Closing net assets attributable to Unitholders</b>		<u><b>£465,786,150</b></u>	<u><b>£457,528,716</b></u>	

## Financial Statements continued

### Balance Sheet as at 30 September 2017

	Notes	30/09/17 £	30/09/16 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		458,819,553	445,124,723
<b>Current assets:</b>			
Debtors	8	3,116,734	684,719
Cash and bank balances	9	<u>7,287,663</u>	<u>12,931,281</u>
<b>Total assets</b>		<b><u>469,223,950</u></b>	<b><u>458,740,723</u></b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Distributions payable		(1,940)	(124)
Other creditors	10	<u>(3,435,860)</u>	<u>(1,211,883)</u>
<b>Total liabilities</b>		<b><u>(3,437,800)</u></b>	<b><u>(1,212,007)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£465,786,150</u></b>	<b><u>£457,528,716</u></b>

# Notes to the Financial Statements

## 1. Statement of Compliance

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

## 2. Summary of Significant Accounting Policies

### (a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The principal accounting policies which have been applied consistently are set out below.

### (b) Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

### (c) Recognition of revenue

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

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

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

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

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

Rebates received from underlying collective investment schemes are treated as revenue or capital depending on the treatment of the Manager's fees in the underlying Fund.

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 year. All remaining revenue is distributed in accordance with the COLL.

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

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

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

### (f) Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 29 September 2017, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price. 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.

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

### (g) Taxation

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

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

## 3. Net capital gains

The net capital gains during the year comprise:

Non-derivative securities

Net capital gains

	30/09/17	30/09/16
	£	£
	38,913,867	59,883,724
	<u>38,913,867</u>	<u>59,883,724</u>

## Notes to the Financial Statements continued

### 4. Revenue

	30/09/17	30/09/16
	£	£
UK Franked dividends	16,239,199	14,489,960
Non-taxable overseas dividends	24,490	32,234
UK Franked distributions	238,098	388,571
Management fee rebates	138,475	232,031
Franked stock dividends	598,297	927,882
Bank interest	—	26,035
	<u>17,238,559</u>	<u>16,096,713</u>

### 5. Expenses

	30/09/17	30/09/16
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>6,226,175</u>	<u>6,401,161</u>
Total expenses	<u>6,226,175</u>	<u>6,401,161</u>

Audit fees of £8,320 plus VAT on Audit fees of £1,664 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £8,195 plus VAT of £1,639.

## Notes to the Financial Statements continued

### 6. Taxation

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

	30/09/17	30/09/16
	£	£
Corporation tax	—	—
Current tax [note 6(b)]	—	—
Deferred tax [note 6(c)]	—	—
Total taxation	—	—

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

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

Net revenue before taxation	11,012,384	9,695,552
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2016: 20%)	2,202,477	1,939,110
<b>Effects of:</b>		
Revenue not subject to taxation	(3,420,017)	(2,982,153)
Excess management expenses not utilised	1,217,540	1,043,043
Current tax	—	—

#### (c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year. At the year end there is a potential deferred tax asset of £27,479,171 (30 September 2016: £26,261,631) due to surplus management expenses.

It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amounts and therefore no deferred tax asset has been recognised (30 September 2016: same).

## Notes to the Financial Statements continued

### 7. Distributions

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

	30/09/17	30/09/16
	£	£
Interim distribution	4,221,848	3,668,034
Final distribution	<u>6,541,688</u>	<u>5,829,886</u>
	10,763,536	9,497,920
Add: Revenue deducted on cancellation of units	342,192	305,317
Less: Revenue received on creation of units	<u>(93,344)</u>	<u>(107,685)</u>
<b>Distributions for the year</b>	<b>11,012,384</b>	<b>9,695,552</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	—	—
	<u>11,012,384</u>	<u>9,695,552</u>

### 8. Debtors

	30/09/17	30/09/16
	£	£
Accrued revenue	652,840	570,634
Amounts receivable for creation of units	25,995	53,334
Management fee rebates	22,346	60,751
Sales awaiting settlement	<u>2,415,553</u>	<u>—</u>
	<u>3,116,734</u>	<u>684,719</u>

### 9. Net uninvested cash

	30/09/17	30/09/16
	£	£
Cash and bank balances	<u>7,287,663</u>	<u>12,931,281</u>
Net uninvested cash	<u>7,287,663</u>	<u>12,931,281</u>

## Notes to the Financial Statements continued

### 10. Other creditors

	30/09/17	30/09/16
	£	£
Accrued expenses	499,122	499,536
Amounts payable for cancellation of units	658,013	712,347
Purchases awaiting settlement	<u>2,278,725</u>	<u>—</u>
	<u>3,435,860</u>	<u>1,211,883</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30 September 2016: same).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

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

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

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

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

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

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

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

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

At 30 September 2017, 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 £22,940,978 (30 September 2016: £22,256,236).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (b) Interest Rate Risk

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

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

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

#### (c) Foreign Currency Risk

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

At the year end the Fund had no significant exposures to currencies other than Sterling (30 September 2016: same).

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

#### (d) Credit Risk

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

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 in this Fund and the underlying Collective Investment Schemes by appraising the credit profile of financial instruments and issuers in line with the Fund's investment objective and policy.

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

#### (e) Liquidity Risk

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

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

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (f) Fair Value

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

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014, and subsequently amended by Financial Reporting Exposure Draft 62 (FRED62), requires the classification of the Fund's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Fund's financial instruments as at the balance sheet date were:

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

<b>30/09/16</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	416,875,949	—
Level 2 - Observable Market Data	28,248,774	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>445,124,723</b>	<b>—</b>

#### **Level 1**

The unadjusted quoted price in an active market for assets or liabilities that the entity can access at the measurement date.

#### **Level 2**

Valuation techniques using observable inputs other than quoted prices within Level 1.

#### **Level 3**

Valuation techniques using unobservable inputs.

## Notes to the Financial Statements continued

### 13. Portfolio transaction costs

30/09/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	64,469	41	0.06	314	0.49	64,824
<b>Total</b>	<b>64,469</b>	<b>41</b>	<b>0.06</b>	<b>314</b>	<b>0.49</b>	<b>64,824</b>

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

Commissions and taxes as % of average net assets

Commissions	0.02%
Taxes	0.07%

30/09/16	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	73,347	42	0.06	310	0.42	73,699
<b>Total</b>	<b>73,347</b>	<b>42</b>	<b>0.06</b>	<b>310</b>	<b>0.42</b>	<b>73,699</b>

30/09/16	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	101,978	(74)	0.07	—	—	101,904
Collective Investment Schemes	653	—	—	—	—	653
<b>Total</b>	<b>102,631</b>	<b>(74)</b>	<b>0.07</b>	<b>—</b>	<b>—</b>	<b>102,557</b>

Commissions and taxes as % of average net assets

Commissions	0.03%
Taxes	0.07%

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

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.06% (30 September 2016: 0.06%).

## Notes to the Financial Statements continued

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 37. 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 31 to 35. The distributions per unit class are given in the distribution tables on pages 28 and 29. All classes have the same rights on winding up.

<b>R-Class</b>	<b>Accumulation</b>
Opening Units	379,937
Units issued	62,494
Units cancelled	(117,607)
Units converted	–
Closing Units	324,824

<b>A-Class</b>	<b>Accumulation</b>
Opening Units	134,866,686
Units issued	75,203
Units cancelled	(14,900,900)
Units converted	–
Closing Units	120,040,989

<b>F-Class</b>	<b>Accumulation</b>
Opening Units	13,428
Units issued	–
Units cancelled	(13,154)
Units converted	–
Closing Units	274

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	2,689	9,583,621
Units issued	33,848	3,173,403
Units cancelled	(629)	(688,585)
Units converted	–	–
Closing Units	35,908	12,068,439

## Notes to the Financial Statements continued

### 15. Ultimate controlling party and related party transactions

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

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Fund. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

Equalisation amounts relating to creations and cancellations of units are shown within note 7. Fees received by the Authorised Fund Manager from the Fund plus any rebates paid by the Authorised Fund Manager to the Fund are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Fund, or rebates receivable by the Fund from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 0.00% (0.02% as at 30 September 2016) of the Fund's units in issue.

### 16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per A-Class accumulation unit was 350.30p. The Net Asset Value per A-Class accumulation unit for the Fund as at 12 noon on 20 November 2017 was 348.40p. This represents an decrease of 0.54% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 30 September 2017

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

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

Interim dividend distribution in pence per unit			Period	
			01/10/16	to 31/03/17
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/17</b>	<b>31/05/16</b>
Group 1	Revenue	Equalisation	2.4744	2.3464
Group 2	1.6980	0.7764	2.4744	2.3464
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/17</b>	<b>31/05/16</b>
Group 1	Revenue	Equalisation	2.9714	2.3464
Group 2	1.6500	1.3214	2.9714	2.3464
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/17</b>	<b>31/05/16</b>
Group 1	Revenue	Equalisation	3.3430	3.0941
Group 2	—	3.3430	3.3430	3.0941
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>31/05/17</b>	<b>31/05/16</b>
Group 1	Revenue	Equalisation	3.6742	3.4107
Group 2	1.5986	2.0756	3.6742	3.4107
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>31/05/17</b>	<b>31/05/16</b>
Group 1	Revenue	Equalisation	4.1037	3.7025
Group 2	1.8836	2.2201	4.1037	3.7025

## Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			01/04/17	to 30/09/17
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>
			<b>30/11/17</b>	<b>30/11/16</b>
Group 1	4.2809	—	4.2809	3.9490
Group 2	0.9032	3.3777	4.2809	3.9490
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>
			<b>30/11/17</b>	<b>30/11/16</b>
Group 1	4.8239	—	4.8239	3.9515
Group 2	1.9313	2.8926	4.8239	3.9515
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>
			<b>30/11/17</b>	<b>30/11/16</b>
Group 1	5.2737	—	5.2737	4.3483
Group 2	—	5.2737	5.2737	4.3483
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>Revenue</b>	<b>Equalisation</b>
			<b>30/11/17</b>	<b>30/11/16</b>
Group 1	5.4025	—	5.4025	4.5972
Group 2	3.6679	1.7346	5.4025	4.5972
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>
			<b>30/11/17</b>	<b>30/11/16</b>
Group 1	6.0911	—	6.0911	5.0586
Group 2	2.8361	3.2550	6.0911	5.0586

## Fund Information

The Comparative Tables on pages 31 to 35 give the performance of each active share class in the Fund.

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

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

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

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

## Fund Information continued

### Comparative Tables

#### R-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	30/09/17 (pence per unit)	30/09/16 (pence per unit)	30/09/15 (pence per unit)
Opening net asset value per unit	314.67	268.73	273.49
Return before operating charges*	39.74	50.72	(0.01)
Operating charges (calculated on average price)	(5.67)	(4.78)	(4.75)
Return after operating charges*	34.07	45.94	(4.76)
Distributions	(6.76)	(6.29)	(5.25)
Retained distributions on accumulation units	6.76	6.29	5.25
Closing net asset value per unit	348.74	314.67	268.73
* after direct transaction costs of:	0.29	0.28	0.16

#### Performance

Return after charges	10.83%	17.10%	(1.74)%
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#### Other Information

Closing net asset value (£)	1,132,779	1,195,559	1,204,067
Closing number of units	324,824	379,937	448,064
Operating charges†	1.68%	1.68%	1.67%
Direct transaction costs	0.09%	0.10%	0.06%

#### Prices

Highest unit price	359.20p	317.80p	305.00p
Lowest unit price	310.60p	251.50p	252.60p

† 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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

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

## Fund Information continued

### Comparative Tables continued

#### A-Class Accumulation Units

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

Accounting Year ending	30/09/17 (pence per unit)	30/09/16 (pence per unit)	30/09/15 (pence per unit)
Opening net asset value per unit	315.13	268.73	273.49
Return before operating charges*	39.85	50.75	(0.01)
Operating charges (calculated on average price)	(4.68)	(4.35)	(4.75)
Return after operating charges*	35.17	46.40	(4.76)
Distributions	(7.80)	(6.29)	(5.25)
Retained distributions on accumulation units	7.80	6.29	5.25
Closing net asset value per unit	350.30	315.13	268.73
* after direct transaction costs of:	0.29	0.28	0.16

#### Performance

Return after charges	11.16%	17.27%	(1.74)%
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#### Other Information

Closing net asset value (£)	420,501,878	425,009,769	409,187,135
Closing number of units	120,040,989	134,866,686	152,269,041
Operating charges†	1.38%	1.53%	1.67%
Direct transaction costs	0.09%	0.10%	0.06%

#### Prices

Highest unit price	360.50p	318.20p	305.00p
Lowest unit price	311.20p	251.50p	252.60p

† 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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

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

## Fund Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	30/09/17 (pence per unit)	30/09/16 (pence per unit)	30/09/15 (pence per unit)
Opening net asset value per unit	320.93	272.65	276.23
Return before operating charges*	40.41	51.69	(0.21)
Operating charges (calculated on average price)	(4.04)	(3.41)	(3.37)
Return after operating charges*	36.37	48.28	(3.58)
Distributions	(8.62)	(7.44)	(6.74)
Retained distributions on accumulation units	8.62	7.44	6.74
Closing net asset value per unit	357.30	320.93	272.65
* after direct transaction costs of:	0.30	0.29	0.17

#### Performance

Return after charges	11.33%	17.71%	(1.30)%
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#### Other Information

Closing net asset value (£)	979	43,095	1,216
Closing number of units	274	13,428	446
Operating charges†	1.18%	1.18%	1.17%
Direct transaction costs	0.09%	0.10%	0.06%

#### Prices

Highest unit price	367.60p	324.10p	309.00p
Lowest unit price	315.30p	255.70p	255.10p

† 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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

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

## Fund Information continued

### Comparative Tables continued

#### I-Class Distribution Units

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

Accounting Year ending	30/09/17 (pence per unit)	30/09/16 (pence per unit)	30/09/15 (pence per unit)
Opening net asset value per unit	292.08	254.86	265.34
Return before operating charges*	36.93	47.34	(0.73)
Operating charges (calculated on average price)	(2.45)	(2.12)	(2.16)
Return after operating charges*	34.48	45.22	(2.89)
Distributions on income units	(9.08)	(8.00)	(7.59)
Closing net asset value per unit	317.48	292.08	254.86
* after direct transaction costs of:	0.28	0.27	0.16

##### Performance

Return after charges	11.80%	17.74%	(1.09)%
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##### Other Information

Closing net asset value (£)	113,999	7,854	2,885
Closing number of units	35,908	2,689	1,132
Operating charges†	0.79%	0.79%	0.78%
Direct transaction costs	0.09%	0.10%	0.06%

##### Prices

Highest unit price	331.70p	299.40p	294.40p
Lowest unit price	288.60p	238.90p	245.10p

† 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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

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

## Fund Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

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

Accounting Year ending	30/09/17 (pence per unit)	30/09/16 (pence per unit)	30/09/15 (pence per unit)
Opening net asset value per unit	326.31	276.19	278.59
Return before operating charges*	41.37	52.44	(0.12)
Operating charges (calculated on average price)	(2.79)	(2.32)	(2.28)
Return after operating charges*	38.58	50.12	(2.40)
Distributions	(10.19)	(8.76)	(8.05)
Retained distributions on accumulation units	10.19	8.76	8.05
Closing net asset value per unit	364.89	326.31	276.19
* after direct transaction costs of:	0.31	0.29	0.17

#### Performance

Return after charges	11.82%	18.15%	(0.86)%
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#### Other Information

Closing net asset value (£)	44,036,515	31,272,439	11,984,337
Closing number of units	12,068,439	9,583,621	4,339,090
Operating charges†	0.79%	0.79%	0.78%
Direct transaction costs	0.09%	0.10%	0.06%

#### Prices

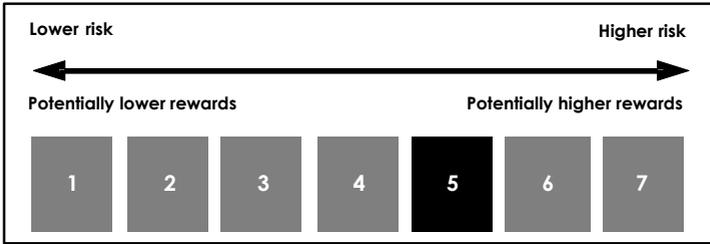
Highest unit price	374.90p	329.50p	312.50p
Lowest unit price	322.40p	259.40p	257.40p

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

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

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

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category is based on the rate at which the value of the Fund has moved up and down in the past.
- This Fund is in category five because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

## General Information

### Constitution

Launch date:	2 January 1996
Period end dates for distributions:	30 September, 31 March
Distribution dates:	30 November, 31 May
Minimum initial lump sum investment:	R-Class £20 A-Class £20 F-Class* £500 I-Class £1,000,000
Valuation point:	12 noon
Fund management fees:	R-Class Annual 1.67% A-Class Annual 1.37% F-Class* Annual 1.17% I-Class Annual 0.78%
Initial charge:	R-Class Nil† A-Class Nil F-Class* Nil I-Class Nil

\* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries and platforms in relation to their investment in units in the Fund and
- (ii) authorised intermediaries or 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.

† With effect from 6 June 2017 – See Significant Changes on page 40.

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://www.legalandgeneral.com/investments/fund-information/daily-fund-prices) immediately after they become available.

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

### Buying and Selling Units

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

### ISA Status

This Fund may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

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

## **General Information continued**

### **Prospectus and Manager's Reports**

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

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

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

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

## General Information continued

### Remuneration Disclosure

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

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it:

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Scheme (Pro-rated) (£'000)
16	3,278	5,980	120

### Controlled Functions

As at 31 December 2016, Legal & General Unit Trust Managers Limited (UTM) engaged the services of five 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, one LGIMH employee plus one LGR employee were also engaged in Director Services during the year, but resigned in 2016. UTM also engaged the services of a further five LGIMH employees and a further two 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 and Significant Management Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have pro-rated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

### Material Risk Takers

A copy of the Schroder Investment Management (UK) Limited remuneration policy is available from the Authorised Fund Manager on request.

### Significant Changes

#### Removal of the Initial Charge for R-Class

With effect from 6 June 2017, the initial charge for R-Class units has been removed. Prior to this change, the initial charge was 5%. The removal of the initial charge will provide better value for investors, as there is no longer a cost of setting up the investment.

#### Removal of Initial Commission

With effect from 6 June 2017, initial commission will no longer be paid on the Fund. The initial commission was intended to reflect the costs incurred by the product provider and the intermediary for setting up and selling the business, however, Legal & General no longer consider it appropriate to continue to pay commission on such transactions.

## 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  
A. J. C. Craven  
S. Hynes  
H. Solomon  
S. D. Thomas  
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 Limited  
Trustee and Depositary Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

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

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### Investment Adviser

Schroder Investment Management (UK) Limited  
31 Gresham Street  
London EC2V 7QA  
Authorised and regulated by the Financial Conduct Authority



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

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

