

Legal & General Ethical Trust  
**Interim Manager's Report**  
**for the period ended**  
**12 June 2017**  
**(Unaudited)**

**EVERY  
DAY  
MATTERS.®**





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# Manager's Investment Report

## Investment Objective and Policy

The investment objective of this Trust is to secure capital growth from a portfolio of securities for companies whose business conforms to a range of ethical and environmental guidelines.

Securities representing all such companies in the FTSE 350 Index will be held with weightings generally proportionate to their market capitalisation.

From time to time non-Index constituents and non ethical stocks may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

Companies will be considered eligible unless they are involved in the following activities:

Animal testing	Military – nature of involvement
Gambling	Non-sustainable Timber
Health & safety convictions	Nuclear power
Countries with poor human rights records	Ozone depleting chemicals
Intensive farming	Pornography
Investment Trusts	Tobacco
	Water pollution

Independent monitoring of companies is carried out by Ethical Investment Research Services (“EIRIS”) based on the criteria above.

## Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 9.55%. Although there is no published Index for those companies assessed as eligible by EIRIS, for comparison over the same period, the FTSE 350 Index (excluding Investment Trusts) rose by 9.34%; similarly, the broader based FTSE All-Share Index (excluding Investment Trusts) rose by 9.36%, both on a capital only 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

In the aftermath of the UK vote to leave the European Union in the June 2016 referendum, Sterling fell to a 31-year low against the US Dollar. For UK investors, the weakness of Sterling enhanced returns from international equities. During the period under review, UK equities rose sharply for the first month then gave a more sedate performance before recording sharp gains in the final few weeks. Personal Goods, Forestry & Paper and Electronic & Electrical Equipment sectors led the market higher, while Oil Equipment, Services & Distribution, Industrial Metals & Mining and Fixed Line Telecommunications underperformed the FTSE All-Share Index. Economic indicators suggested the UK economy had weathered the post-referendum volatility well and the UK economic indicators remained broadly positive. In this stable environment, the Conservatives aimed to take advantage of their healthy opinion poll lead over Labour and grow their majority to make a success of Brexit by announcing a snap general election. However, Sterling weakened against the Euro during May on the back of a narrowing in the polls, which showed Labour making significant ground against the Conservatives, leading the market to doubt the probability of a more substantial Conservative majority in the June election, which ended up being the case. European markets pushed higher as investors saw the pro-EU economic reformer

## Manager's Investment Report continued

Emmanuel Macron succeed in his bid for the French presidency in May. Inflation has been steadily increasing since the EU referendum pushing up to 2.9% in May. However, the average wage growth of 2.1% year on year in the three months to March intensified the debate over how long the Bank of England may leave interest rates at the record low of 0.25%.

In the US, the presidential election was the focus of attention and Donald Trump's unexpected victory led investors to discount the prospect of fiscal stimulus in the form of increased infrastructure spending and tax cuts. Although the strengthening Dollar remains a significant impediment for revenue growth, the latest quarterly earnings season has been broadly encouraging with results from leading IT and banking stocks exceeding forecasts. Financials have also been boosted by expectations that the new Republican administration will loosen the regulatory regime for the banking sector. However, indications that the incoming Trump administration would herald a protectionist approach to US trade policy preoccupied investors at the turn of the calendar year. The performance of major oil producers and mining stocks mirrored commodity prices, with the oil price selling off to \$46 per barrel level as the review period drew to a close. Companies also continued to place a strong emphasis on cost cutting to maintain profit margins.

### Trust Activity

The Trust's selection process excludes the Tobacco and Military industries, while the Oil & Gas, Banks, Mining, Pharmaceuticals & Biotechnology and Beverages sectors are markedly underweight. Such exclusions are compensated for by an increased weighting in Life Insurance, Mobile Telecommunications and Financial Services.

There are three principal reasons for changes to the distribution of investments in the Trust: first, changes in the list of companies which meet the ethical criteria; secondly, changes in the FTSE 350 ex Investment Trusts Index at its quarterly review; and finally, changes due to corporate activity and takeovers.

FTSE rebalances the Index every quarter and companies added to the Index are only added to the Trust once confirmation of their acceptability for inclusion is received from EIRIS.

There were two Index reviews during the review period. At the quarterly Index review in December 2016, there were four additions and four deletions. ConvaTec Group, NewRiver REIT were new stocks added to the FTSE All-Share universe, whilst Nostrum Oil & Gas and Ferrexpo were promotions from the FTSE SmallCap Index; all of these stocks were subsequently assessed as eligible by EIRIS with the exception of ConvaTec Group that was deemed an unacceptable stock. These additions replaced NCC Group, Laird, DFS Furniture and Countrywide, which were all demoted to the FTSE SmallCap Index.

At the quarterly Index review in March 2017, there were two additions and three deletions. Sanne Group and Northgate were promotions from the FTSE SmallCap Index; both of these stocks were subsequently assessed as eligible by EIRIS. These companies replaced International Personal Finance, Brown (N.) Group and CMC Markets which were all demoted to the FTSE SmallCap Index.

There was significant cross-border merger and acquisition activity that impacted the Trust outside the reviews as Henderson Group was deleted in May, following its acquisition of Janus (US). The new company Janus Henderson Global Investors was listed in the US and Australia, with FTSE assigning US nationality, and was replaced by Stobart, which was promoted from the FTSE SmallCap Index.

## Manager's Investment Report continued

The three largest stocks in the Trust at the end of the review period were Vodafone, Lloyds Banking Group and Prudential.

### Outlook

After triggering Article 50 of the Treaty of Lisbon on 29 March initiating the two years for Britain to negotiate an EU exit deal, David Davies, our Brexit Minister, is now in the process of determining our divorce settlement terms, with the first full round of negotiations in mid-July.

Following the depreciation of Sterling over the last twelve months since the referendum, inflation has now exceeded the 2% target and with the reduction in real wage growth and a weakening labour market, household spending is expected to ease.

On the flip side, UK factory output grew at the fastest rate since the mid 1990s as export orders are bolstered by Sterling's fall and domestic demand for manufactured goods remained strong, aiding the main FTSE UK indices to reach new highs during the review period.

The fall in the exchange rate is expected to be felt more strongly during 2017, raising questions about future growth expectations, and given this backdrop of uncertainty, the Trust remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited  
(Investment Adviser)  
5 July 2017

## Authorised Status

### Authorised Status

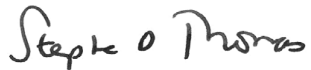
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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  
2 August 2017

# Portfolio Statement

## Portfolio Statement as at 12 June 2017

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 12 December 2016.

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	<b>Oil &amp; Gas Producers</b>		
	— <b>0.43% (0.51%)</b>		
194,669	Cairn Energy	378,631	0.12
31,000	Nostrum Oil & Gas	161,975	0.05
489,153	Tullow Oil	836,452	0.26
		<b>1,377,058</b>	<b>0.43</b>
	<b>Oil Equipment, Services &amp; Distribution</b>		
	— <b>0.07% (0.09%)</b>		
47,725	Hunting	237,050	0.07
	<b>Chemicals</b>		
	— <b>0.95% (0.97%)</b>		
67,760	Johnson Matthey	2,048,385	0.63
96,197	Synthomer	471,365	0.15
28,323	Victrex	536,155	0.17
		<b>3,055,905</b>	<b>0.95</b>
	<b>Forestry &amp; Paper</b>		
	— <b>0.82% (0.67%)</b>		
128,888	Mondi	2,648,648	0.82
	<b>Industrial Metals &amp; Mining</b>		
	— <b>0.16% (0.15%)</b>		
169,312	Evrz	336,253	0.10
93,049	Ferrexpo	179,957	0.06
		<b>516,210</b>	<b>0.16</b>
	<b>Mining</b>		
	— <b>2.27% (2.01%)</b>		
50,702	African Barrick Gold	136,693	0.04
124,530	Antofagasta	1,019,901	0.32
379,013	Centamin Egypt	670,474	0.21
59,469	Fresnillo	1,007,999	0.31
81,000	Hochschild Mining	242,595	0.07
90,958	Kaz Minerals	478,894	0.15
189,451	Petra Diamonds	236,245	0.07
91,229	Polymental International	891,307	0.28
32,576	Randgold Resources	2,470,890	0.76
30,537	Vedanta Resources	184,749	0.06
		<b>7,339,747</b>	<b>2.27</b>
	<b>Construction &amp; Materials</b>		
	— <b>2.88% (2.78%)</b>		
291,157	CRH	8,274,682	2.56
94,626	lstock	234,483	0.08
25,716	Keller Group	225,530	0.07
124,938	Melrose Industries	298,914	0.09
65,168	Polypipe Group	263,409	0.08
		<b>9,297,018</b>	<b>2.88</b>
	<b>General Industrials</b>		
	— <b>0.81% (0.87%)</b>		
145,471	RPC Group	1,135,401	0.35



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>General Industrials — (cont.)</b>			
329,578	Smith (DS)	1,467,611	0.46
		2,603,012	0.81
<b>Electronic &amp; Electrical Equipment — 0.94% (0.80%)</b>			
132,577	Halma	1,496,794	0.46
12,635	Renishaw	462,568	0.14
41,588	Spectris	1,094,180	0.34
		3,053,542	0.94
<b>Industrial Engineering — 1.72% (1.66%)</b>			
68,109	Bodycote	517,969	0.16
27,047	Hill & Smith	376,224	0.12
95,602	IMI	1,176,860	0.36
301,957	Rotork	715,336	0.22
25,684	Spirax-Sarco Engineering	1,385,652	0.43
75,868	Weir Group	1,401,282	0.43
		5,573,323	1.72
<b>Industrial Transportation — 0.67% (0.62%)</b>			
8,733	Clarkson	228,456	0.07
14,313	James Fisher & Sons	239,027	0.07
319,116	Royal Mail	1,386,878	0.43
108,000	Stobart Group	303,912	0.10
		2,158,273	0.67
<b>Support Services — 8.85% (8.17%)</b>			
209,449	AA	465,815	0.14
117,840	Bunzl	2,822,268	0.87
232,701	Capita Group	1,271,711	0.39
42,695	Diploma	474,768	0.15
151,566	Electrocomponents	912,427	0.28
329,710	Experian	5,314,925	1.65
76,252	Grafton Group	573,415	0.18
470,373	Hays	785,053	0.24
90,726	Homeserve	669,104	0.21
214,389	Howden Joinery Group	953,817	0.30
56,465	Intertek Group	2,440,982	0.76
108,345	Michael Page International	505,863	0.16
120,650	Mitie Group	327,323	0.10
44,896	Northgate	238,847	0.07
24,027	PayPoint	227,295	0.07
171,704	Paysafe	861,096	0.27
642,741	Rentokil Initial	1,791,962	0.55
31,624	Sanne Group	203,659	0.06
87,833	Travis Perkins	1,382,491	0.43
88,552	Wolseley	4,325,765	1.34
660,506	Worldpay	2,035,019	0.63
		28,583,605	8.85

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>Beverages — 0.74% (0.58%)</b>			
29,914	A.G. Barr	192,347	0.06
87,198	Britvic	608,206	0.19
68,742	Coca-Cola HBC	1,580,379	0.49
		<hr/>	<hr/>
		2,380,932	0.74
<b>Food Producers — 0.82% (0.72%)</b>			
17,349	Cranswick	510,928	0.16
53,166	Dairy Crest Group	325,908	0.10
244,304	Greencore Group	599,033	0.19
162,172	Tate & Lyle	1,204,127	0.37
		<hr/>	<hr/>
		2,639,996	0.82
<b>Household Goods &amp; Home Construction — 2.59% (2.29%)</b>			
353,190	Barratt Developments	2,014,949	0.62
42,871	Bellway	1,223,110	0.38
45,116	Berkeley Group	1,418,898	0.44
47,138	Bovis Homes Group	429,427	0.13
83,866	Crest Nicholson Holdings	491,455	0.15
187,866	McCarthy & Stone	330,456	0.10
79,243	Redrow Group	435,044	0.14
1,145,530	Taylor Wimpey	2,037,898	0.63
		<hr/>	<hr/>
		8,381,237	2.59
<b>Personal Goods — 1.07% (1.03%)</b>			
155,383	Burberry Group	2,714,541	0.84
65,318	PZ Cussons	221,428	0.07
18,292	Supergroup	273,465	0.09
9,881	Ted Baker	237,737	0.07
		<hr/>	<hr/>
		3,447,171	1.07
<b>Health Care Equipment &amp; Services — 2.16% (1.96%)</b>			
137,231	Mediclinic International	1,097,162	0.34
28,516	NMC Health	652,446	0.20
311,141	Smith & Nephew	4,191,069	1.30
96,194	Spire Healthcare Group	319,749	0.10
86,980	United Drug	707,582	0.22
		<hr/>	<hr/>
		6,968,008	2.16
<b>Pharmaceuticals &amp; Biotechnology — 5.34% (5.70%)</b>			
134,173	BTG	882,858	0.27
32,139	Dechra Pharmaceuticals	599,392	0.19
21,760	Genus	410,176	0.13
48,804	Hikma Pharmaceuticals	805,266	0.25
254,837	Indivior	824,143	0.25
312,629	Shire	13,471,184	4.17
229,407	Vectura Group	258,083	0.08
		<hr/>	<hr/>
		17,251,102	5.34

## Portfolio Statement continued

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market value £</b>	<b>% of Net Assets</b>
	<b>Food &amp; Drug Retailers — 2.93% (3.31%)</b>		
34,579	Greggs	377,948	0.12
759,438	Morrison (Wm) Supermarkets	1,843,915	0.57
156,442	Ocado Group	441,949	0.14
586,806	Sainsbury (J)	1,548,581	0.48
2,850,189	Tesco	5,242,923	1.62
		<b>9,455,316</b>	<b>2.93</b>
	<b>General Retailers — 3.68% (4.03%)</b>		
57,858	AO World	71,455	0.02
278,753	B&M European Value Retail	985,392	0.30
106,835	Card Factory	339,308	0.10
413,098	Debenhams	196,180	0.06
18,618	Dignity	452,045	0.14
349,248	Dixons Carphone	1,096,289	0.34
35,555	Dunelm Group	219,374	0.07
67,500	Halfords Group	244,215	0.08
129,885	JD Sports Fashion	566,039	0.18
194,229	Just Eat	1,287,738	0.40
787,346	Kingfisher	2,439,985	0.76
49,633	Next	2,106,921	0.65
132,265	Pets at Home Group	209,376	0.06
386,066	Saga	780,239	0.24
84,383	Sports Direct International	249,774	0.08
37,882	WH Smith	654,980	0.20
		<b>11,899,310</b>	<b>3.68</b>
	<b>Media — 4.18% (6.94%)</b>		
140,212	Ascential	496,911	0.15
336,187	Auto Trader Group	1,334,326	0.41
367,932	BSkyB	3,587,337	1.11
112,301	Entertainment One	250,431	0.08
18,949	Euromoney Institutional Investor	208,439	0.07
289,126	Informa	1,967,502	0.61
1,304,168	ITV	2,404,886	0.74
185,461	Moneysupermarket.com Group	642,808	0.20
31,225	Rightmove	1,309,889	0.41
136,861	United Business Media	979,241	0.30
91,750	Zoopla Property Group	317,822	0.10
		<b>13,499,592</b>	<b>4.18</b>
	<b>Travel &amp; Leisure — 6.30% (5.68%)</b>		
62,817	Carnival	3,129,543	0.97
69,031	Cineworld Group	479,075	0.15
169,095	Domino's Pizza UK & Ireland	535,862	0.17
87,412	easyJet	1,160,831	0.36
424,601	FirstGroup	595,291	0.18
14,503	Go-Ahead Group	257,428	0.08
108,706	Greene King	774,530	0.24
66,245	Intercontinental Hotels Group	2,890,269	0.89

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>Travel &amp; Leisure — (cont.)</b>			
593,073	International Consolidated Airlines Group	3,460,581	1.07
201,683	Marston's	258,154	0.08
249,549	Merlin Entertainments	1,250,241	0.39
43,920	Millennium & Copthorne Hotels	196,366	0.06
74,859	Mitchells & Butlers	173,224	0.05
150,096	National Express	542,897	0.17
64,846	Restaurant Group	219,569	0.07
162,658	SSP Group	777,505	0.24
482,023	Thomas Cook Group	453,102	0.14
26,062	Wetherspoon (JD)	252,932	0.08
64,093	Whitbread	2,556,029	0.79
16,010	Wizz Air	384,560	0.12
		<b>20,347,989</b>	<b>6.30</b>
<b>Fixed Line Telecommunications — 2.88% (3.59%)</b>			
2,936,193	BT Group	8,720,493	2.70
177,487	TalkTalk Telecom Group	301,728	0.09
22,132	Telecom Plus	287,273	0.09
		<b>9,309,494</b>	<b>2.88</b>
<b>Mobile Telecommunications — 6.82% (6.52%)</b>			
157,166	Inmarsat	1,287,975	0.40
9,304,988	Vodafone Group	20,745,471	6.42
		<b>22,033,446</b>	<b>6.82</b>
<b>Electricity — 1.81% (1.89%)</b>			
142,610	Drax Group	503,556	0.16
356,783	Scottish & Southern Energy	5,337,474	1.65
		<b>5,841,030</b>	<b>1.81</b>
<b>Gas, Water &amp; Multi-utilities — 3.81% (4.02%)</b>			
1,211,956	National Grid	12,301,353	3.81
<b>Banks — 6.97% (6.26%)</b>			
80,692	Aldermore Group	184,704	0.06
13,217	Bank of Georgia Holdings	486,386	0.15
301,851	CYBG	813,187	0.25
24,160,164	Lloyds Banking Group	16,817,890	5.21
25,697	Metro Bank	946,677	0.29
1,152,778	Royal Bank of Scotland	2,876,181	0.89
39,161	Shawbrook Group	132,756	0.04
97,490	Virgin Money Holdings	269,950	0.08
		<b>22,527,731</b>	<b>6.97</b>
<b>Nonlife Insurance — 2.11% (1.98%)</b>			
70,245	Admiral Group	1,449,154	0.45
183,634	Beazley	853,531	0.26
482,459	Direct Line Insurance Group	1,712,729	0.53
97,567	Esure Group	270,748	0.08

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	<b>Nonlife Insurance — (cont.)</b>		
110,209	Hastings Group Holdings	347,820	0.11
99,666	Hiscox	1,220,909	0.38
42,811	Jardine Lloyd Thompson Group	509,879	0.16
67,641	Lancashire Holdings	467,399	0.14
		6,832,169	2.11
	<b>Life Insurance — 10.87% (10.47%)</b>		
1,416,601	Aviva	7,557,566	2.34
199,848	Just Retirement Group	263,200	0.08
2,077,521	Legal & General Group	5,316,376	1.65
137,759	Phoenix Group	1,069,010	0.33
902,859	Prudential	16,093,462	4.98
181,854	St James's Place Capital	2,144,059	0.66
693,171	Standard Life	2,688,117	0.83
		35,131,790	10.87
	<b>Real Estate Investment &amp; Services — 0.87% (0.90%)</b>		
258,948	Capital & Counties Properties	761,566	0.24
54,960	CLS Holdings	108,876	0.03
1,676	Daejan Holdings	106,091	0.03
148,922	Grainger Trust	390,027	0.12
33,722	Kennedy Wilson Europe Real Estate	347,336	0.11
46,283	Savills	398,497	0.12
56,681	St Modwen Properties	199,460	0.06
79,316	Unite Group	516,744	0.16
		2,828,597	0.87
	<b>Real Estate Investment Trusts — 4.42% (4.33%)</b>		
571,312	Assura	344,216	0.11
50,706	Big Yellow Group	403,113	0.13
359,343	British Land	2,269,251	0.70
34,936	Derwent London	953,403	0.30
108,055	Great Portland Estates	656,974	0.20
278,263	Hammerson	1,644,534	0.51
270,638	Hansteen Holdings	336,403	0.10
308,939	Intu Properties	822,087	0.26
264,826	Land Securities	2,820,397	0.87
218,695	LondonMetric Property	363,471	0.11
80,904	NewRiver REIT	289,151	0.09
436,270	Redefine International	171,498	0.05
73,281	Safestore Holdings	323,023	0.10
348,793	SEGRO	1,740,477	0.54
80,166	Shaffesbury	777,209	0.24
39,001	Workspace Group	352,959	0.11
		14,268,166	4.42
	<b>Financial Services — 6.45% (6.19%)</b>		
334,044	3i Group	3,098,258	0.96
347,448	Aberdeen Asset Management	1,015,243	0.32
80,573	Allied Minds	108,773	0.03

## Portfolio Statement continued

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market value £</b>	<b>% of Net Assets</b>
	<b>Financial Services — (cont.)</b>		
129,519	Ashmore Group	465,880	0.14
96,615	Brewin Dolphin	328,588	0.10
52,403	Close Brothers Group	812,770	0.25
85,009	Hargreaves Lansdown	1,178,225	0.37
100,327	Intermediate Capital	875,353	0.27
221,428	Investec	1,277,640	0.40
247,141	IP Group	328,945	0.10
124,497	John Laing Group	360,792	0.11
146,652	Jupiter Fund Management	729,154	0.23
110,675	London Stock Exchange	3,800,579	1.18
529,377	Man Group	822,652	0.26
110,881	NEX Group	719,618	0.22
51,064	Onesavings Bank	201,243	0.06
99,725	Paragon Group	459,533	0.14
51,863	Provident Financial	1,528,921	0.47
17,376	Rathbone Brothers	457,510	0.14
39,710	Schroders	1,246,497	0.39
14,076	SVG Capital	103,670	0.03
194,824	Tullett Prebon	914,893	0.28
		<b>20,834,737</b>	<b>6.45</b>
	<b>Software &amp; Computer Services — 1.84% (1.80%)</b>		
23,269	Aveva Group	452,815	0.14
23,316	Computacenter	195,505	0.06
13,649	Fidessa Group	327,440	0.10
77,831	Micro Focus International	1,888,958	0.59
377,908	Sage Group	2,583,001	0.80
37,346	Softcat	147,703	0.05
78,836	Sophos Group	337,103	0.10
		<b>5,932,525</b>	<b>1.84</b>
	<b>Technology Hardware &amp; Equipment — 0.00% (0.05%)</b>		
	<b>Portfolio of investments<sup>1</sup></b>	<b>320,555,082</b>	<b>99.23</b>
	<b>Net other assets</b>	<b>2,486,811</b>	<b>0.77</b>
	<b>Total net assets</b>	<b>£323,041,893</b>	<b>100.00%</b>

<sup>1</sup> All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the period: £13,621,991.

Total sales for the period: £29,052,321.

## Financial Statements

### Statement of Total Return for the period ended 12 June 2017

	12/06/17		12/06/16	
	£	£	£	£
<b>Income</b>				
Net capital gains/ (losses)		27,557,296		(7,199,134)
Revenue	5,727,270		5,525,346	
Expenses	(1,370,196)		(1,315,420)	
Interest payable and similar charges	(23)		(96)	
<b>Net revenue before taxation</b>	<u>4,357,051</u>		<u>4,209,830</u>	
Taxation	(2,590)		–	
<b>Net revenue after taxation for the period</b>		<u>4,354,461</u>		<u>4,209,830</u>
<b>Total return before distributions</b>		<u>31,911,757</u>		<u>(2,989,304)</u>
Distributions		<u>(4,356,329)</u>		<u>(4,214,215)</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£27,555,428</b></u>		<u><b>£(7,203,519)</b></u>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 12 June 2017

	12/06/17		12/06/16	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		310,304,707		290,038,417
Amounts received on issue of units	8,256,792		20,764,107	
Amounts paid on cancellation of units	<u>(24,733,549)</u>		<u>(10,673,588)</u>	
		<u>(16,476,757)</u>		<u>10,090,519</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		27,555,428		(7,203,519)
Retained distributions on accumulation units		1,654,320		1,616,034
Unclaimed distributions		<u>4,195</u>		<u>–</u>
<b>Closing net assets attributable to Unitholders</b>		<u><b>£323,041,893</b></u>		<u><b>£294,541,451</b></u>

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

## Financial Statements continued

### Balance Sheet as at 12 June 2017

	12/06/17 £	12/12/16 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	320,555,082	308,873,532
<b>Current assets:</b>		
Debtors	2,113,156	1,357,461
Cash and bank balances	3,850,059	2,844,415
<b>Total assets</b>	<b>326,518,297</b>	<b>313,075,408</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distributions payable	(2,684,475)	(1,848,768)
Other creditors	(791,929)	(921,933)
<b>Total liabilities</b>	<b>(3,476,404)</b>	<b>(2,770,701)</b>
<b>Net assets attributable to Unitholders</b>	<b>£323,041,893</b>	<b>£310,304,707</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. Accounting Policies

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

### (a) Basis of Preparation

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

## Trust Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	140,585,760	214,613,919	65.51
Accumulation Units	74,248,165	77,728,574	95.52
F-Class			
Distribution Units	105,324	159,875	65.88
Accumulation Units	254,505	256,698	99.15
I-Class			
Distribution Units	60,274,910	92,100,836	65.44
Accumulation Units	47,573,229	45,499,081	104.56

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

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

### Ongoing Charges Figures

	12 Jun 17	12 Dec 16
R-Class	1.05%	1.15%
F-Class	0.45%	0.45%
I-Class	0.31%	0.31%

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

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

### Distribution Information

#### R-Class

The distribution payable on 12 August 2017 is 0.7917p per unit for distribution units and 1.1404p per unit for accumulation units.

#### F-Class

The distribution payable on 12 August 2017 is 1.0283p per unit for distribution units and 1.5238p per unit for accumulation units.

#### I-Class

The distribution payable on 12 August 2017 is 1.0680p per unit for distribution units and 1.6789p per unit for accumulation units.

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Trust's risk and reward category in the future.
- The category is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust 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 Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

## General Information

### Constitution

Launch date:	5 July 1999
Period end dates for distributions:	12 June, 12 December
Distribution dates:	12 August, 12 February
Minimum initial lump sum investment:	R-Class £500 F-Class* £500 I-Class £1,000,000
Minimum monthly contributions:	R-Class £50 F-Class* £50 I-Class N/A
Valuation point:	12 noon
Fund management fees:	R-Class Annual 0.95%† (1.15% Prior to 6 June 2017) F-Class* Annual 0.45% I-Class Annual 0.31%
Initial charge:	R-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 Trust 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 19.

### 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 Trust 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.

### **Dual Pricing Arrangement**

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Trust. 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 Trust in the form of a payment from the Manager. This provides an enhanced return to the Trust, through the size of any return will be dependent on the size of subscriptions and redemptions.

### **Significant Changes**

#### **Change of FMF for R-Class**

With effect from 6 June 2017, the Fund Management Fee (FMF) has been reduced from 1.15% to 0.95%.

#### **Removal of Initial Commission**

With effect from 6 June 2017, initial commission will no longer be paid on the Trust. 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 (appointed 29 June 2016)  
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

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



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

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

