

Legal & General  
(Alliance & Leicester) Capital Growth Fund

**Annual Manager's Report**  
**for the year ended**  
**28 February 2019**





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

# Manager's Investment Report

## Investment Objective and Policy

The objective of the Fund is to track the capital performance of the FTSE 350 Index (the 'Index') and to maintain a gross income yield equal to that of the Index.

Securities in the Index will be held with weightings generally proportionate to their official Index weighting. From time to time non-Index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

The Fund may hold derivatives for Efficient Portfolio Management purposes.

## Manager's Investment Report

During the year under review, the bid price of the Fund's accumulation units increased by 0.75%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Fund is valued using prevailing prices at 12 pm. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis, over the review year, the Fund decreased by 2.11% on a capital only basis, compared with the FTSE 350 Index decrease of 2.23% (Source: Bloomberg), producing a tracking difference of +0.12%.

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

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

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

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## Market/Economic Review

Despite closing 2017 on a positive note, UK equities faltered during the first quarter of 2018 recording three consecutive months of losses before rallying in April and May. Initially, Sterling strengthened with the currency reaching its highest level since the 2016 referendum, surpassing \$1.40 at the end of January. This caused a headwind for companies and sectors with high international earnings, notably food & beverages. Subsequently, the currency weakened providing a boost for the same companies. Although the Bank of England indicated interest rates may need to be increased as soon as May, the economy grew at its slowest pace for six years during the first quarter leading the Bank to adopt a more cautious approach, raising its benchmark base rate to 0.75% in August. The healthcare and energy sectors performed well, boosted by merger and acquisition activity and by the strength of the oil price. UK equities struggled from August onwards as Brexit-related headlines intensified, along with the probability attached to a no deal scenario.

In GBP terms, the UK major sectors such as Pharmaceuticals & Biotechnology (+24.25%), Industrial Metals & Mining (+18.22%) and Beverages (+18.01%) showed the largest positive returns during the review year, whilst Industrial Transportation (-35.86%), Automobiles & Parts (-35.20%) and Mobile Telecommunications (-33.36%) were the worst performing sectors on a price only basis.

## Manager's Investment Report continued

In the UK again in GBP terms, the large-cap FTSE 100 Index (-2.17%) has weathered market turbulence much better than the mid-cap focused FTSE 250 Index (-2.57%) and the FTSE SmallCap Index (-4.93%) that have greater domestic focus.

### Fund Review

Companies held within the Fund are held with weightings generally proportionate to those of the Index. Hence investment activity, other than to raise or invest cash, is only necessary when there are changes in the issued share capital or free float of the constituent companies, or to the constituents of the Index.

During the year under review there were four Index reviews carried out by FTSE. The March quarterly Index review resulted in seven additions and seven deletions. The largest additions were Pantheon International, Baillie Gifford Japan Trust and Games Workshop Group. The largest deletions were MITIE Group, Vectura Group and Hansteen Holdings. There were 44 changes to the free share capital of constituents with the largest increases being Royal Dutch Shell 'A' and Ocado Group and the largest decreases being Diageo and Rio Tinto.

The annual Index review in June resulted in four additions and four deletions. Promotions from FTSE SmallCap were Laird and Premier Oil, whilst IntegraFin and Energen Oil & Gas were both added to the FTSE All-Share universe. The largest deletions were Marston's, Woodford Patient Capital Trust and Pets At Home Group. There were 213 changes to the free share capital of constituents with the largest increases being BP and Royal Bank of Scotland Group and the largest decreases being Melrose Industries and Rio Tinto.

The September quarterly Index review resulted in Plus500, Avast, Vivo Energy and Amigo being added to the FTSE 350 and the FTSE All-Share universe replacing McCarthy & Stone, RDI REIT, Renewi and Alfa Financial Software Holdings which were demoted to the FTSE SmallCap. There were 46 changes to the free share capital of constituents with the largest increases being Melrose Industries and Standard Life Aberdeen and the largest decreases being Unilever (UK listing) and Ocado Group.

The December quarterly Index review resulted in six additions and deletions. Smithson Investment Trust, Aston Martin Lagonda Global and Funding Circle were movements into the FTSE All-Share universe whilst McCarthy & Stone, Acacia Mining and Woodford Patient Capital Trust were promoted from the FTSE SmallCap. Demotions included Kier Group, Thomas Cook and AA. There were 56 changes to the free share capital of constituents with the largest increases being Rolls-Royce and Polymetal International and the largest decreases being Royal Dutch Shell 'A' and Lloyds Banking Group.

Outside of the Index reviews there was a noticeable amount of overseas merger and acquisition (M&A) activity. Booker was deleted from the Index as a result of all stock merger with Tesco. Aldermore Group was acquired by FirstRand Limited for cash. GKN was taken over by Melrose Industries in exchange for stock. UBM was acquired by Informa in stock acquisition. Ladbroke's Coral Group merged with GVC. Virgin Money Holdings acquired by CYBG in an all stock deal. CME Group merged with NEX Group in cash and stock deal. Randgold Resources merged with Barrick Gold (Canada) in stock deal. The cash deals included Fidesa Group acquired by ION Bidco, Fenner by Michelin 'B', ZPG by Zephyr Bidco, Laird by AI Ladder Limited, Vedanta Resources by Volcan Investments Limited, SKY by Comcast, John Laing Infrastructure Fund by Jura Acquisitions Limited, Esure Group by Blue (BC) Bidco. As M&A targets were deleted from the Index a number of stocks

## Manager's Investment Report continued

were promoted from the FTSE Small Cap Index including Edinburgh Dragon Trust, VinaCapital Vietnam Opportunity Fund, Primary Health Properties, AA, JPMorgan Japanese Investment Trust, Fidelity Special Values, Keller, BlackRock Smaller Companies Trust, Hilton Food Group, BBGI SICAV, EI Group, Restaurant Group, HgCapital Trust and Sabre Insurance Group.

The largest Index change included Shire being acquired by Takeda Pharmaceuticals for cash and stock. Other significant changes included the Quilter spin-off from Old Mutual with Old Mutual being deleted from the Index as a result of change of domicile from UK to South Africa. RELX increased its weight in the Index as a result of simplification of RELX Group's corporate structure, moving from the dual parent holding company structure to a single parent company domiciled in UK. Royal Bank of Scotland Group increased its free float as a result of HMRC selling a portion of their stake and reducing its holding to 62.4%.

Companies raising capital via rights issues included John Laing Group, Galliford Try, Provident Financial, Phoenix Group and DS Smith. The Weir Group and Metro Bank raised capital for growth via primary placings. Secondary placings that resulted in companies having their freely available share capital increased in the Index were made for ConvaTec Group and Just Group.

At the end of the year the three largest stocks in the Index were Royal Dutch Shell (9.14%), HSBC (5.77%) and BP (4.89%).

### Outlook

Following the rate hike in August to 0.75%, the Bank of England (BoE) is likely to stay on hold until next year. Despite above-target inflation, the BoE will be wary to hike again in the midst of a congested Brexit timetable. Better fiscal position opens up space for further easing, more likely to be deployed ahead of the next election, e.g. NHS spending. We have maintained our UK GDP growth rate expectation at 1.3% in 2018 and 1.5% in 2019. A Brexit 'No deal' scenario is still a possibility, however, we estimate the probability of this outcome to be low. Headline inflation is expected to stay below 3% unless oil rises further. Our view is that the fundamentals driving economic growth remain relatively strong, and global growth is synchronised and therefore see limited recession risks in the next 12 months.

The Fund remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited  
(Investment Adviser)  
28 March 2019

## Authorised Status

### Authorised Status

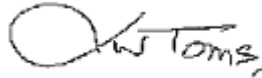
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

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



A. J. C. Craven  
(Director)



L. W. Toms  
(Director)

Legal & General (Unit Trust Managers) Limited  
17 April 2019

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

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

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

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

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



## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General (Alliance & Leicester) Capital Growth 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 (Alliance & Leicester) Capital Growth Fund ("the Fund") for the year ended 28 February 2019**

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

Northern Trust Global Services SE UK Branch  
UK Trustee and Depositary Services  
17 April 2019

# Portfolio Statement

## Portfolio Statement as at 28 February 2019

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 28 February 2018.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>UNITED KINGDOM</b>		
	<b>— 87.64% (88.00%)</b>		
	<b>Oil &amp; Gas Producers</b>		
	<b>— 13.72% (12.55%)</b>		
1,233,069	BP	6,567,326	4.65
36,855	Cairn Energy	75,184	0.05
4,019	Energean Oil & Gas	26,417	0.02
48,000	Premier Oil	36,192	0.03
31,905	Royal Dutch Shell 'A'	752,639	0.53
237,422	Royal Dutch Shell 'B'	5,643,521	3.99
258,047	Royal Dutch Shell 'A' (Dutch Listing)	6,091,074	4.31
91,821	Tullow Oil	202,373	0.14
		<b>19,394,726</b>	<b>13.72</b>
	<b>Oil Equipment, Services &amp; Distribution — 0.20% (0.22%)</b>		
9,600	Hunting	52,416	0.04
42,566	John Wood Group	225,515	0.16
		<b>277,931</b>	<b>0.20</b>
	<b>Chemicals — 0.76% (0.78%)</b>		
8,211	Croda International	391,829	0.28
37,440	Elementis	68,440	0.05
12,117	Johnson Matthey	375,506	0.27
247,923	Sirius Minerals	49,237	0.03
16,479	Synthomer	62,357	0.04
5,232	Victrex	122,638	0.09
		<b>1,070,007</b>	<b>0.76</b>
	<b>Forestry &amp; Paper — 0.29% (0.31%)</b>		
23,429	Mondi	413,990	0.29
	<b>Industrial Metals &amp; Mining — 0.17% (0.14%)</b>		
33,871	Evrax	190,152	0.14
17,747	Ferrexpo	46,532	0.03
		<b>236,684</b>	<b>0.17</b>
	<b>Mining — 5.07% (4.53%)</b>		
9,000	Acacia Mining	19,809	0.01
62,684	Anglo American	1,253,429	0.89
22,578	Antofagasta	212,730	0.15
131,729	BHP Group	2,310,527	1.63
11,467	Fresnillo	99,923	0.07
15,000	Hochschild Mining	30,195	0.02
14,310	KAZ Minerals	92,500	0.07
72,707	Rio Tinto	3,145,305	2.23
		<b>7,164,418</b>	<b>5.07</b>

## Portfolio Statement continued

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market Value £</b>	<b>% of Net Assets</b>
	<b>Construction &amp; Materials</b>		
	<b>— 0.57% (0.41%)</b>		
45,780	Balfour Beatty	131,388	0.09
21,100	Ibstock	52,328	0.04
12,383	Marshalls	67,302	0.05
290,508	Melrose Industries	503,596	0.35
13,000	Polypipe Group	54,158	0.04
		<b>808,772</b>	<b>0.57</b>
	<b>Aerospace &amp; Defense</b>		
	<b>— 1.84% (1.84%)</b>		
203,191	BAE Systems	947,277	0.67
149,600	Cobham	176,079	0.13
49,578	Meggitt	262,367	0.19
34,480	QinetiQ Group	104,819	0.07
104,550	Rolls-Royce	988,416	0.70
26,785	Senior	61,123	0.04
4,635	Ultra Electronics	57,103	0.04
		<b>2,597,184</b>	<b>1.84</b>
	<b>General Industrials — 0.70% (0.74%)</b>		
78,141	Coats Group	68,998	0.05
80,429	DS Smith	270,081	0.19
25,251	RPC Group	200,341	0.14
25,284	Smiths Group	360,297	0.26
14,590	Vesuvius	88,124	0.06
		<b>987,841</b>	<b>0.70</b>
	<b>Electronic &amp; Electrical Equipment</b>		
	<b>— 0.50% (0.47%)</b>		
24,088	Halma	372,400	0.26
18,737	Morgan Advanced Materials	48,229	0.04
2,110	Renishaw	89,717	0.06
7,447	Spectris	194,814	0.14
		<b>705,160</b>	<b>0.50</b>
	<b>Industrial Engineering</b>		
	<b>— 0.73% (0.81%)</b>		
11,760	Bodycote	89,200	0.07
4,600	Hill & Smith	54,142	0.04
17,055	IMI	159,123	0.11
55,694	Rotork	157,892	0.11
4,718	Spirax-Sarco Engineering	312,332	0.22
15,728	The Weir Group	253,928	0.18
		<b>1,026,617</b>	<b>0.73</b>
	<b>Industrial Transportation</b>		
	<b>— 0.29% (0.45%)</b>		
68,633	BBA Aviation	166,092	0.12
1,615	Clarkson	39,891	0.03
2,000	James Fisher & Sons	38,280	0.03
59,178	Royal Mail	163,390	0.11
		<b>407,653</b>	<b>0.29</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Support Services — 2.86% (2.79%)</b>		
15,593	Aggreko	111,084	0.08
31,220	Ashtead Group	616,595	0.44
31,654	Babcock International Group	167,070	0.12
49,509	BCA Marketplace	99,018	0.07
21,470	Bunzl	505,404	0.36
105,505	Capita	128,347	0.09
7,109	Diploma	95,971	0.07
27,731	Electrocomponents	151,855	0.11
21,250	Equiniti Group	43,244	0.03
17,099	Essentra	63,984	0.04
98,775	G4S	203,970	0.14
86,431	Hays	129,560	0.09
17,363	HomeServe	165,643	0.12
36,798	Howden Joinery Group	180,605	0.13
10,278	Intertek Group	522,945	0.37
19,630	PageGroup	87,314	0.06
115,972	Rentokil Initial	401,843	0.28
71,552	Serco Group	92,302	0.07
35,680	SIG	44,921	0.03
16,247	Travis Perkins	233,226	0.16
		<b>4,044,901</b>	<b>2.86</b>
	<b>Automobiles &amp; Parts — 0.05% (0.34%)</b>		
3,774	Aston Martin Lagonda Global	42,918	0.03
12,269	TI Fluid Systems	22,612	0.02
		<b>65,530</b>	<b>0.05</b>
	<b>Beverages — 3.27% (2.76%)</b>		
5,748	A.G. Barr	43,742	0.03
17,563	Britvic	159,736	0.11
152,405	Diageo	4,415,935	3.13
		<b>4,619,413</b>	<b>3.27</b>
	<b>Food Producers — 0.62% (0.61%)</b>		
22,347	Associated British Foods	503,031	0.36
7,524	Bakkavor Group	10,925	0.01
2,763	Cranwick	68,025	0.05
9,765	Dairy Crest Group	61,422	0.04
4,000	Hilton Food Group	36,240	0.02
29,278	Tate & Lyle	202,721	0.14
		<b>882,364</b>	<b>0.62</b>
	<b>Household Goods &amp; Home Construction — 3.18% (3.10%)</b>		
64,169	Barratt Developments	378,982	0.27
8,151	Bellway	244,612	0.17
8,039	Berkeley Group	314,646	0.22
8,775	Bovis Homes Group	93,015	0.07
27,288	Countryside Properties	87,649	0.06
17,237	Crest Nicholson	67,397	0.05

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Household Goods &amp; Home Construction — (cont.)</b>		
6,400	Galliford Try	48,288	0.03
34,000	McCarthy & Stone	42,126	0.03
19,519	Persimmon	471,774	0.33
39,569	Reckitt Benckiser Group	2,287,088	1.62
13,676	Redrow	83,834	0.06
212,835	Taylor Wimpey	377,569	0.27
		<b>4,496,980</b>	<b>3.18</b>
	<b>Leisure Goods — 0.04% (0.00%)</b>		
1,900	Games Workshop Group	58,900	0.04
	<b>Personal Goods — 2.39% (2.27%)</b>		
26,330	Burberry Group	497,242	0.35
12,951	PZ Cussons	24,840	0.02
2,837	Superdry	14,781	0.01
2,000	Ted Baker	36,120	0.03
70,253	Unilever (UK listing)	2,802,041	1.98
		<b>3,375,024</b>	<b>2.39</b>
	<b>Tobacco — 3.86% (5.44%)</b>		
143,918	British American Tobacco	3,957,745	2.80
60,295	Imperial Brands	1,504,662	1.06
		<b>5,462,407</b>	<b>3.86</b>
	<b>Health Care Equipment &amp; Services — 0.81% (0.86%)</b>		
91,381	ConvaTec Group	119,618	0.08
26,261	Mediclinic International	83,352	0.06
5,552	NMC Health	146,351	0.10
56,170	Smith & Nephew	799,018	0.57
		<b>1,148,339</b>	<b>0.81</b>
	<b>Pharmaceuticals &amp; Biotechnology — 7.22% (5.89%)</b>		
80,135	AstraZeneca	4,923,495	3.48
23,894	BTG	198,798	0.14
6,417	Dechra Pharmaceuticals	155,420	0.11
4,062	Genus	87,983	0.06
307,649	GlaxoSmithKline	4,647,961	3.29
8,718	Hikma Pharmaceuticals	143,411	0.10
45,677	Indivior	49,171	0.04
		<b>10,206,239</b>	<b>7.22</b>
	<b>Food &amp; Drug Retailers — 1.66% (1.45%)</b>		
6,669	Greggs	118,842	0.09
103,387	J Sainsbury	237,480	0.17
26,588	Ocado Group	272,128	0.19
616,092	Tesco	1,400,993	0.99
135,811	Wm Morrison Supermarkets	313,927	0.22
		<b>2,343,370</b>	<b>1.66</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>General Retailers — 1.46% (1.69%)</b>			
16,532	Card Factory	32,188	0.02
62,391	Dixons Carphone	82,543	0.06
6,343	Dunelm Group	52,266	0.04
12,950	Halfords Group	30,407	0.02
25,866	Inchcape	143,298	0.10
23,000	JD Sports Fashion	106,904	0.08
37,823	Just Eat	280,495	0.20
138,899	Kingfisher	337,802	0.24
99,831	Marks & Spencer Group	264,752	0.19
8,463	Next	427,551	0.30
75,697	Saga	91,518	0.07
12,449	Sports Direct International	33,338	0.02
23,765	Vivo Energy	29,716	0.02
7,016	WH Smith	145,371	0.10
		<hr/>	
		2,058,149	1.46
<b>Media — 2.92% (2.57%)</b>			
21,321	Ascential	78,248	0.06
58,445	Auto Trader Group	278,724	0.20
2,748	Euromoney Institutional Investor	34,955	0.02
78,729	Informa	552,993	0.39
229,757	ITV	293,515	0.21
35,048	Moneysupermarket.com Group	119,479	0.08
49,184	Pearson	414,129	0.29
120,632	RELX	2,078,489	1.47
58,040	Rightmove	279,114	0.20
		<hr/>	
		4,129,646	2.92
<b>Travel &amp; Leisure — 3.38% (3.45%)</b>			
10,838	Carnival	456,605	0.32
66,400	Cineworld Group	185,256	0.13
100,635	Compass Group	1,678,089	1.19
26,029	Domino's Pizza Group	59,997	0.04
15,979	easyJet	198,779	0.14
28,000	El Group	55,944	0.04
80,617	FirstGroup	71,547	0.05
2,785	Go-Ahead Group	56,090	0.04
19,021	Greene King	125,044	0.09
11,457	InterContinental Hotels Group	518,716	0.37
4,918	J D Wetherspoon	63,983	0.04
47,026	Merlin Entertainments	171,457	0.12
7,666	Millennium & Copthorne Hotels	35,302	0.02
14,050	Mitchells & Butlers	40,014	0.03
27,399	National Express Group	114,856	0.08
8,886	Rank Group	14,502	0.01
31,000	Restaurant Group	37,913	0.03
29,407	SSP Group	195,498	0.14
28,782	Stagecoach Group	45,504	0.03
11,608	Whitbread	562,756	0.40

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Travel &amp; Leisure — (cont.)</b>			
51,058	William Hill	94,457	0.07
		<b>4,782,309</b>	<b>3.38</b>
<b>Fixed Line Telecommunications — 0.86% (0.94%)</b>			
530,646	BT Group	1,140,093	0.81
36,430	TalkTalk Telecom Group	35,592	0.02
3,201	Telecom Plus	45,454	0.03
		<b>1,221,139</b>	<b>0.86</b>
<b>Mobile Telecommunications — 1.70% (2.46%)</b>			
29,784	Inmarsat	112,733	0.08
1,687,730	Vodafone Group	2,289,912	1.62
		<b>2,402,645</b>	<b>1.70</b>
<b>Electricity — 0.62% (0.59%)</b>			
9,300	ContourGlobal	16,443	0.01
26,757	Drax Group	95,576	0.07
64,479	SSE	769,879	0.54
		<b>881,898</b>	<b>0.62</b>
<b>Gas, Water &amp; Multi-utilities — 2.23% (1.95%)</b>			
367,344	Centrica	460,649	0.33
214,482	National Grid	1,814,947	1.28
26,250	Pennon Group	201,862	0.14
15,565	Severn Trent	311,923	0.22
43,213	United Utilities Group	362,125	0.26
		<b>3,151,506</b>	<b>2.23</b>
<b>Banks — 10.36% (11.88%)</b>			
2,311	Bank of Georgia Group	38,871	0.03
1,082,064	Barclays	1,779,779	1.26
9,521	Close Brothers Group	143,196	0.10
73,854	CYBG	143,055	0.10
1,268,682	HSBC	7,789,707	5.51
4,539,631	Lloyds Banking Group	2,860,875	2.02
5,161	Metro Bank	53,055	0.04
290,126	Royal Bank of Scotland Group	768,834	0.54
172,884	Standard Chartered	1,037,823	0.74
2,000	TBC Bank Group	30,200	0.02
		<b>14,645,395</b>	<b>10.36</b>
<b>Nonlife Insurance — 0.94% (0.94%)</b>			
12,564	Admiral Group	274,900	0.19
33,581	Beazley	182,009	0.13
88,316	Direct Line Insurance Group	312,727	0.22
19,348	Hastings Group	44,036	0.03
7,617	Jardine Lloyd Thompson Group	145,180	0.10
66,372	RSA Insurance Group	334,250	0.24



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Nonlife Insurance — (cont.)</b>		
15,200	Sabre Insurance Group	40,584	0.03
		<hr/> 1,333,686	<hr/> 0.94
	<b>Life Insurance — 3.76% (4.48%)</b>		
247,555	Aviva	1,041,711	0.74
50,223	Just Group	52,031	0.04
380,976	Legal & General Group	1,055,685	0.74
38,233	Phoenix Group	264,075	0.19
164,084	Prudential	2,590,886	1.83
32,898	St. James's Place	316,545	0.22
		<hr/> 5,320,933	<hr/> 3.76
	<b>Real Estate Investment &amp; Services — 0.27% (0.25%)</b>		
47,088	Capital & Counties Properties	119,698	0.09
10,209	CLS	23,940	0.02
286	Daejan	16,731	0.01
40,911	Grainger	99,823	0.07
7,952	Savills	70,892	0.05
11,537	St. Modwen Properties	46,471	0.03
		<hr/> 377,555	<hr/> 0.27
	<b>Real Estate Investment Trusts — 1.98% (1.84%)</b>		
141,268	Assura	80,664	0.06
9,287	Big Yellow Group	89,294	0.06
62,361	British Land	371,422	0.26
27,300	Civitas Social Housing	26,972	0.02
6,407	Derwent London	207,138	0.15
17,502	Great Portland Estates	131,808	0.09
50,165	Hammerson	187,115	0.13
60,362	Intu Properties	67,666	0.05
46,379	Land Securities Group	412,588	0.29
43,451	LondonMetric Property	82,600	0.06
18,399	NewRiver REIT	40,386	0.03
42,012	Primary Health Properties	51,087	0.04
13,315	Safestore	80,689	0.06
68,014	SEGRO	443,859	0.32
15,033	Shaftesbury	131,163	0.09
109,510	Trifax Big Box REIT	155,504	0.11
16,065	UNITE Group	145,308	0.10
9,210	Workspace Group	88,923	0.06
		<hr/> 2,794,186	<hr/> 1.98
	<b>Financial Services — 2.89% (3.03%)</b>		
60,169	3i Group	564,746	0.40
6,729	Amigo	15,682	0.01
25,720	Ashmore Group	108,075	0.08
17,488	Brewin Dolphin	54,213	0.04
9,100	Charter Court Financial Services	27,919	0.02
16,216	Hargreaves Lansdown	277,618	0.20

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Financial Services — (cont.)</b>			
23,227	IG Group	131,697	0.09
12,244	Integrafin	43,044	0.03
18,578	Intermediate Capital Group	192,468	0.14
42,670	Investec	209,467	0.15
55,483	IP Group	56,593	0.04
31,484	John Laing Group	121,213	0.08
27,562	Jupiter Fund Management	92,994	0.06
19,779	London Stock Exchange Group	896,186	0.63
100,146	Man Group	138,252	0.10
15,834	OneSavings Bank	62,133	0.04
18,183	Paragon Banking Group	77,787	0.05
17,004	Provident Financial	103,112	0.07
122,423	Quilter	159,738	0.11
3,624	Rathbone Brothers	82,192	0.06
7,055	Schroders	192,178	0.14
3,067	Sole Realisation <sup>1</sup>	—	—
154,636	Standard Life Aberdeen	376,152	0.27
33,896	TP ICAP	107,823	0.08
		<b>4,091,282</b>	<b>2.89</b>
<b>Equity Investment Instruments — 2.46% (2.15%)</b>			
6,162	Aberforth Smaller Companies Trust	75,300	0.05
21,797	Alliance Trust	160,208	0.11
5,800	Baillie Gifford Japan Trust	42,456	0.03
8,111	Bankers Investment Trust	68,295	0.05
3,000	BlackRock Smaller Companies Trust	39,300	0.03
7,343	British Empire Trust	52,429	0.04
2,222	Caledonia Investments	65,993	0.05
22,827	City of London Investment Trust	90,966	0.06
14,395	Dexion 'B' Shares <sup>1</sup>	151	—
8,801	Edinburgh Dragon Trust	32,476	0.02
11,677	Edinburgh Investment Trust	73,215	0.05
3,000	F&C Global Smaller Companies	38,850	0.03
23,490	Fidelity China Special Situations	51,561	0.04
26,817	Fidelity European Values	58,997	0.04
12,000	Fidelity Special Values	30,120	0.02
9,300	Finsbury Growth & Income Trust	73,842	0.05
34,779	Foreign & Colonial Investment Trust	234,758	0.17
71,567	Greencoat UK Wind	97,904	0.07
4,600	Herald Investment Trust	56,810	0.04
2,200	HgCapital Trust	43,780	0.03
13,842	JPMorgan American Investment Trust	58,690	0.04
8,705	JPMorgan Emerging Markets Investment Trust	76,952	0.06
7,000	JPMorgan Indian Investment Trust	44,730	0.03
10,500	JPMorgan Japanese Investment Trust	39,900	0.03
6,900	Jupiter European Opportunities Trust	48,507	0.03
53,310	Mercantile Investment Trust	104,701	0.07

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Equity Investment Instruments — (cont.)</b>		
13,860	Monks Investment Trust	112,543	0.08
8,424	Murray International Trust	98,561	0.07
3,500	Pantheon International	72,800	0.05
16,908	Perpetual Income and Growth Investment Trust	53,937	0.04
120	Personal Assets Trust	47,640	0.03
8,527	Polar Capital Technology Trust	104,029	0.07
8,119	RIT Capital Partners	162,786	0.12
10,000	Schroder AsiaPacific Fund	42,400	0.03
5,107	Scottish Investment Trust	40,039	0.03
90,944	Scottish Mortgage Investment Trust	447,808	0.32
3,800	Smithson Investment Trust	41,906	0.03
4,314	Temple Bar Investment Trust	54,960	0.04
16,090	Templeton Emerging Markets Investment Trust	118,744	0.08
21,578	TR Property Investment Trust	81,673	0.06
11,313	Witan Investment Trust	114,261	0.08
50,000	Woodford Patient Capital Trust	41,700	0.03
3,242	Worldwide Healthcare Trust	86,399	0.06
		<b>3,483,077</b>	<b>2.46</b>
	<b>Software &amp; Computer Services — 0.97% (1.02%)</b>		
15,781	Avast	48,203	0.03
4,074	AVEVA Group	123,035	0.09
4,680	Computacenter	51,854	0.04
4,700	FDM Group	38,117	0.03
7,500	Funding Circle	25,875	0.02
23,470	Micro Focus International	435,838	0.31
3,400	Micro Focus International ADR	64,611	0.05
69,575	Sage Group	456,969	0.32
8,110	Softcat	60,419	0.04
19,064	Sophos Group	62,416	0.04
		<b>1,367,337</b>	<b>0.97</b>
	<b>Technology Hardware &amp; Equipment — 0.04% (0.00%)</b>		
38,000	Spirent Communications	56,544	0.04
	<b>IRELAND — 1.80% (1.97%)</b>		
	<b>Construction &amp; Materials — 0.88% (0.90%)</b>		
52,514	CRH	1,247,733	0.88
	<b>General Industrials — 0.23% (0.27%)</b>		
15,179	Smurfit Kappa Group	323,009	0.23
	<b>Support Services — 0.36% (0.34%)</b>		
6,232	DCC	404,769	0.28
14,006	Grafton Group	110,367	0.08
		<b>515,136</b>	<b>0.36</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Food Producers — 0.04% (0.06%)</b>		
29,508	Greencore Group	58,352	0.04
	<b>Health Care Equipment &amp; Services — 0.07% (0.09%)</b>		
15,960	UDG Healthcare	91,850	0.07
	<b>Travel &amp; Leisure — 0.22% (0.31%)</b>		
5,129	Paddy Power Belfair	309,791	0.22
	<b>BERMUDA — 0.26% (0.25%)</b>		
	<b>Food Producers — 0.00% (0.02%)</b>		
	<b>Nonlife Insurance — 0.26% (0.23%)</b>		
17,578	Hiscox	277,205	0.20
13,035	Lancashire	85,640	0.06
		362,845	0.26
	<b>CANADA — 0.06% (0.05%)</b>		
	<b>Media — 0.06% (0.05%)</b>		
21,586	Entertainment One	88,978	0.06
	<b>CAYMAN ISLANDS — 0.04% (0.18%)</b>		
	<b>Life Insurance — 0.00% (0.14%)</b>		
	<b>Equity Investment Instruments — 0.04% (0.04%)</b>		
13,000	Vietnam Enterprise Investments	59,410	0.04
	<b>CHANNEL ISLANDS — 4.63% (6.67%)</b>		
	<b>Oil Equipment, Services &amp; Distribution — 0.05% (0.06%)</b>		
16,153	Petrofac	67,633	0.05
	<b>Mining — 1.72% (2.37%)</b>		
66,284	Centamin	60,584	0.04
739,103	Glencore	2,247,612	1.59
14,843	Polymetal International	128,629	0.09
		2,436,825	1.72
	<b>Industrial Transportation — 0.02% (0.03%)</b>		
21,000	Stobart Group	31,332	0.02
	<b>Support Services — 1.43% (1.30%)</b>		
57,746	Experian	1,125,181	0.80
14,619	Ferguson	747,908	0.53
45,512	IWG	104,313	0.07
8,000	Sanne Group	41,280	0.03
		2,018,682	1.43
	<b>Pharmaceuticals &amp; Biotechnology — 0.00% (1.19%)</b>		
	<b>Media — 0.46% (0.90%)</b>		
78,586	WPP	649,906	0.46
	<b>Travel &amp; Leisure — 0.07% (0.06%)</b>		
3,174	Wizz Air	97,347	0.07

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Real Estate Investment &amp; Services</b>		
	<b>— 0.05% (0.06%)</b>		
35,451	F&C Commercial Property Trust	43,038	0.03
39,626	UK Commercial Property Trust	33,880	0.02
		<hr/>	<hr/>
		76,918	0.05
	<b>Equity Investment Instruments</b>		
	<b>— 0.83% (0.70%)</b>		
34,512	3i Infrastructure	92,993	0.07
17,000	Apax Global Alpha	24,225	0.02
48,660	GCP Infrastructure Investments	62,479	0.04
7,541	Genesis Emerging Markets Fund	52,033	0.04
5,583	HarbourVest Global Private Equity	79,279	0.06
108,339	HICL Infrastructure Company	179,193	0.13
95,978	International Public Partnerships	150,301	0.11
48,183	NB Global Floating Rate Income Fund	42,931	0.03
14,200	Pershing Square	176,932	0.12
73,068	Renewables Infrastructure Group	86,074	0.06
3,642	Riverstone Energy	37,294	0.03
57,909	Sequoia Economic Infrastructure Income Fund	63,700	0.04
26,597	Syncona	74,737	0.05
12,900	VinaCapital Vietnam Opportunity Fund	43,473	0.03
		<hr/>	<hr/>
		1,165,644	0.83
	<b>GERMANY — 0.16% (0.30%)</b>		
	<b>Travel &amp; Leisure — 0.16% (0.30%)</b>		
27,955	TUI	226,100	0.16
	<b>GIBRALTAR — 0.02% (0.02%)</b>		
	<b>Travel &amp; Leisure — 0.02% (0.02%)</b>		
13,376	888	23,502	0.02
	<b>ISLE OF MAN — 0.21% (0.24%)</b>		
	<b>Travel &amp; Leisure — 0.21% (0.22%)</b>		
34,171	GVC	224,332	0.16
18,506	Playtech	79,058	0.05
		<hr/>	<hr/>
		303,390	0.21
	<b>Real Estate Investment Trusts</b>		
	<b>— 0.00% (0.02%)</b>		
	<b>ISRAEL — 0.04% (0.00%)</b>		
	<b>Financial Services — 0.04% (0.00%)</b>		
6,615	Plus500	53,582	0.04
	<b>LUXEMBOURG — 0.16% (0.13%)</b>		
	<b>General Retailers — 0.13% (0.13%)</b>		
51,425	B&M European Value Retail	180,399	0.13
	<b>Equity Investment Instruments</b>		
	<b>— 0.03% (0.00%)</b>		
33,400	BBGI SICAV	51,937	0.03
		<hr/>	<hr/>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>NETHERLANDS — 0.07% (0.04%)</b>		
	<b>Industrial Engineering</b>		
	— 0.07% (0.04%)		
2,160	RHI Magnesita	95,602	0.07
	<b>SPAIN — 0.44% (0.44%)</b>		
	<b>Travel &amp; Leisure — 0.44% (0.44%)</b>		
101,624	International Consolidated Airlines Group	615,841	0.44
	<b>SWITZERLAND — 0.23% (0.21%)</b>		
	<b>Beverages — 0.23% (0.21%)</b>		
12,546	Coca-Cola HBC	319,170	0.23
	<b>FUTURES CONTRACTS</b>		
	— 0.16% (-0.01%)		
55	FTSE 100 Index Future Expiry March 2019	231,862	0.16
<b>Portfolio of investments<sup>2</sup></b>		135,594,513	95.92
<b>Net other assets</b>		5,769,273	4.08
<b>Total net assets</b>		<b>£141,363,786</b>	<b>100.00%</b>

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

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

Total purchases for the year: £3,959,333.

Total sales for the year: £11,004,454.

# Independent Auditor's Report

## Independent auditor's report to the Unitholders of Legal & General (Alliance & Leicester) Capital Growth Fund ('the Fund')

### **Opinion**

We have audited the financial statements of the Fund for the year ended 28 February 2019 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Fund and the accounting policies set out on pages 26 to 27.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 28 February 2019 and of the net revenue and the net capital losses on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

### **Basis for opinion**

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

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

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

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

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

### **Going concern**

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

## Independent Auditor's Report continued

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

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

### **Other information**

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

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

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

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

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

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

### **Manager's responsibilities**

As explained more fully in their statement set out on page 6, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report continued

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

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

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

### ***The purpose of our audit work and to whom we owe our responsibilities***

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

## Financial Statements

### Statement of Total Return for the year ended 28 February 2019

Notes	28/02/19		28/02/18	
	£	£	£	£
<b>Income</b>				
Net capital (losses)/ gains	3	(4,056,890)		1,490,999
Revenue	4	6,196,236	5,739,001	
Expenses	5	(881,596)	(1,520,275)	
Interest payable and similar charges	7	(142)	(573)	
<b>Net revenue before taxation</b>		<u>5,314,498</u>	<u>4,218,153</u>	
Taxation	6	(49,847)	(6,800)	
<b>Net revenue after taxation for the year</b>		<u>5,264,651</u>	<u>4,211,353</u>	
<b>Total return before distributions</b>		<u>1,207,761</u>	<u>5,702,352</u>	
Distributions	7	(5,264,651)	(4,211,353)	
<b>Change in Unitholders' Funds from investment activities</b>		<u><b>£(4,056,890)</b></u>	<u><b>£1,490,999</b></u>	

### Statements of Change in Unitholders' Funds for the year ended 28 February 2019

	28/02/19		28/02/18	
	£	£	£	£
<b>Opening net assets</b>		148,952,550		152,732,031
Amounts received on issue of units		114,586	163,566	
Amounts paid on cancellation of units		(8,841,952)	(9,592,884)	
		<u>(8,727,366)</u>	<u>(9,429,318)</u>	
<b>Change in Unitholders' Funds from investment activities</b>		(4,056,890)		1,490,999
<b>Retained distributions on accumulation units</b>		5,195,147	4,158,838	
<b>Unclaimed distributions</b>		345	—	
<b>Closing net assets</b>		<u><b>£141,363,786</b></u>	<u><b>£148,952,550</b></u>	

## Financial Statements continued

### Balance Sheet as at 28 February 2019

	Notes	28/02/19 £	28/02/18 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		135,594,513	146,723,556
<b>Current assets:</b>			
Debtors	8	932,633	811,106
Cash and bank balances	9	5,203,229	1,972,500
<b>Total assets</b>		<b>141,730,375</b>	<b>149,507,162</b>
<b>LIABILITIES</b>			
Investment liabilities		—	(22,770)
<b>Creditors:</b>			
Bank overdrafts	9	(195,050)	(183,139)
Other creditors	10	(171,539)	(348,703)
<b>Total liabilities</b>		<b>(366,589)</b>	<b>(554,612)</b>
<b>Net Assets</b>		<b>£141,363,786</b>	<b>£148,952,550</b>
<b>Unitholders' Funds</b>		<b>£141,363,786</b>	<b>£148,952,550</b>

# Notes to the Financial Statements

## 1. Statement of Compliance

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

## 2. Summary of Significant Accounting Policies

### (a) Basis of Preparation

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

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

### (b) Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

### (c) Recognition of Revenue

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

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

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

Revenue from derivative instruments is treated in accordance with note 2(i).

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.

### (e) Distribution Policy

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

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

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

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

## Notes to the Financial Statements continued

### 2. Summary of Significant Accounting Policies continued

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

All investments are valued at their fair value as at 12 noon on 28 February 2019, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price. The fair value for derivative instruments is the cost of closing out the contract on the last working day of the accounting year.

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

#### (g) Taxation

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

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

#### (h) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 28 February 2019, being the last working day of the accounting year.

#### (i) Derivative Instruments

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

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

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

	28/02/19	28/02/18
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(4,150,967)	1,511,079
Derivative securities	83,948	(14,812)
Forward currency contracts	13,226	—
Currency losses	(3,097)	(5,268)
Net capital (losses)/gains	<u>(4,056,890)</u>	<u>1,490,999</u>

## Notes to the Financial Statements continued

### 4. Revenue

	28/02/19	28/02/18
	£	£
UK Franked dividends	5,046,130	4,124,565
Taxable overseas dividends	3,139	—
Non-taxable overseas dividends	870,948	334,453
Interest distributions	1,705	3,369
Property dividend distributions	15,872	21,711
Property interest distributions	88,172	84,690
Futures revenue	46,208	27,416
Franked stock dividends	108,588	1,139,015
Unfranked stock dividends	10,705	2,305
Bank interest	4,769	1,477
	<u>6,196,236</u>	<u>5,739,001</u>

### 5. Expenses

	28/02/19	28/02/18
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>881,596</u>	<u>1,520,275</u>
Total expenses	<u>881,596</u>	<u>1,520,275</u>

Audit fees of £8,900 plus VAT of £1,780 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £7,890 plus VAT of £1,578.

## Notes to the Financial Statements continued

### 6. Taxation

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

	28/02/19	28/02/18
	£	£
Overseas tax	49,847	6,800
Current tax [note 6(b)]	49,847	6,800
Deferred tax [note 6(c)]	—	—
Total taxation	<u>49,847</u>	<u>6,800</u>

#### (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	<u>5,314,498</u>	<u>4,218,153</u>
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2018: 20%)	1,062,900	843,631
<b>Effects of:</b>		
Overseas tax	49,847	6,800
Revenue not subject to taxation	(1,208,936)	(1,123,949)
Excess management expenses not utilised	<u>146,036</u>	<u>280,318</u>
Current tax	<u>49,847</u>	<u>6,800</u>

#### (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 £11,914,227 (28 February 2018: £11,768,191) due to surplus management expenses.

It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised (28 February 2018: 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:

	28/02/19	28/02/18
	£	£
Interim distribution	3,133,523	2,619,404
Final distribution	2,061,624	1,539,434
	<u>5,195,147</u>	<u>4,158,838</u>
Add: Revenue deducted on cancellation of units	70,146	53,141
Less: Revenue received on creation of units	(642)	(626)
<b>Distributions for the year</b>	<b>5,264,651</b>	<b>4,211,353</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	142	573
	<u>5,264,793</u>	<u>4,211,926</u>

### 8. Debtors

	28/02/19	28/02/18
	£	£
Accrued revenue	904,543	804,903
CIS tax recoverable	—	392
Overseas tax recoverable	28,021	5,196
PID tax recoverable	69	615
	<u>932,633</u>	<u>811,106</u>

### 9. Net uninvested cash

	28/02/19	28/02/18
	£	£
Amounts held at futures clearing houses and brokers	—	123,648
Cash and bank balances	5,203,229	1,848,852
Amounts due to futures clearing houses and brokers	(23,212)	—
Bank overdrafts	(171,838)	(183,139)
Net uninvested cash	<u>5,008,179</u>	<u>1,789,361</u>



## Notes to the Financial Statements continued

### 10. Other creditors

	28/02/19	28/02/18
	£	£
Accrued expenses	56,824	93,960
Amounts payable for cancellation of units	107,616	254,743
Purchases awaiting settlement	7,099	—
	<u>171,539</u>	<u>348,703</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (28 February 2018: 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 9. 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 28 February 2019, 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 £6,779,726 (28 February 2018: £7,335,039).

## 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.

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

At 28 February 2019, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £61,850 (28 February 2018: £62,497).

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

28/02/19 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Euro	29	6,091	6,120
US Dollar	—	65	65

28/02/18 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Euro	5	6,020	6,025
US Dollar	14	210	224

#### (d) Credit Risk

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

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

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (e) Liquidity Risk

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

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

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

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

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

At the balance sheet date the Fund made use of the following derivatives:

##### **Futures (excluding Currency Futures)**

Futures are used to adjust the equities exposure of the Fund in a cost effective manner. The effect of these instruments was to increase the exposure of the Fund by £3,880,525 (28 February 2018: increase the exposure by £869,340), representing 2.75% of the net asset value (28 February 2018: 0.58%).

This results in an effective equity exposure at the year end of 98.67% (28 February 2018: 99.07%) of net assets, which means that the gains or losses of the Fund will be 0.9867 (28 February 2018: 0.9907) times the gains or losses if the Fund was fully invested in equities.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (g) Fair Value

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

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 requires the classification of the Fund's financial instruments held at the 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>28/02/19</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	135,594,513	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>135,594,513</b>	<b>—</b>

<b>28/02/18</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	146,723,556	(22,770)
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>146,723,556</b>	<b>(22,770)</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

28/02/19	Value	Commissions	Taxes		Total	
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	3,947	1	0.03	11	0.30	3,959
<b>Total</b>	<b>3,947</b>	<b>1</b>	<b>0.03</b>	<b>11</b>	<b>0.30</b>	<b>3,959</b>

28/02/19	Value	Commissions	Taxes		Total	
Sales	£'000	£'000	%	£'000	%	£'000
Equities	11,006	(2)	0.02	—	—	11,004
<b>Total</b>	<b>11,006</b>	<b>(2)</b>	<b>0.02</b>	<b>—</b>	<b>—</b>	<b>11,004</b>

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.01%

28/02/18	Value	Commissions	Taxes		Total	
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	5,772	1	0.02	17	0.29	5,790
<b>Total</b>	<b>5,772</b>	<b>1</b>	<b>0.02</b>	<b>17</b>	<b>0.29</b>	<b>5,790</b>

28/02/18	Value	Commissions	Taxes		Total	
Sales	£'000	£'000	%	£'000	%	£'000
Equities	11,131	(3)	0.03	(1)	—	11,127
<b>Total</b>	<b>11,131</b>	<b>(3)</b>	<b>0.03</b>	<b>(1)</b>	<b>—</b>	<b>11,127</b>

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.01%

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

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.05% (28 February 2018: 0.05%).

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 42. 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 page 40. The distributions per unit class are given in the distribution tables on page 38. All classes have the same rights on winding up.

R-Class	Accumulation
Opening Units	93,379,602
Units issued	69,974
Units cancelled	(5,479,107)
Units converted	—
Closing Units	87,970,469

## 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% (0.00% as at 28 February 2018) 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 R-Class accumulation unit was 160.69p. The Net Asset Value per R-Class accumulation unit for the Fund as at 12 noon on 15 April 2019 was 169.50p. This represents an increase of 5.48% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 28 February 2019

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	
			01/03/18	to 31/08/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>31/10/18</b>	<b>31/10/17</b>
Group 1	3.4668	—	3.4668	2.7208
Group 2	2.1830	1.2838	3.4668	2.7208

Final dividend distribution in pence per unit			Period	
			01/09/18	to 28/02/19
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>30/04/19</b>	<b>30/04/18</b>
Group 1	2.3435	—	2.3435	1.6485
Group 2	1.4947	0.8488	2.3435	1.6485



## Fund Information

The Comparative Tables on page 40 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	28/02/19 (pence per unit)	28/02/18 (pence per unit)	28/02/17 (pence per unit)
Opening net asset value per unit	159.51	153.81	126.67
Return before operating charges*	2.16	7.27	29.14
Operating charges (calculated on average price)	(0.98)	(1.57)	(2.00)
Return after operating charges*	1.18	5.70	27.14
Distributions	(5.81)	(4.37)	(3.63)
Retained distributions on accumulation units	5.81	4.37	3.63
Closing net asset value per unit	160.69	159.51	153.81
* after direct transaction costs of:	0.02	0.02	0.02

#### Performance

Return after charges	0.74%	3.71%	21.42%
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#### Other Information

Closing net asset value (£)	141,363,786	148,952,550	152,732,031
Closing number of units	87,970,469	93,379,602	99,299,971
Operating charges†	0.60%	0.98%	1.43%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest unit price	175.00p	170.20p	160.00p
Lowest unit price	148.60p	152.40p	125.20p

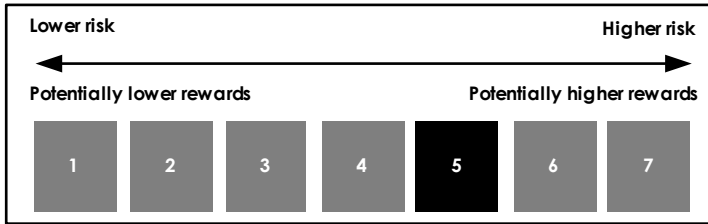
† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated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

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

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

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

## Risk and Reward Profile (unaudited)



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

## General Information (unaudited)

### Constitution

Launch date:	26 February 1996
Period end dates for distributions:	28 February, 31 August
Distribution dates:	30 April, 31 October
Minimum initial lump sum investment:	£500
Minimum monthly contributions:	£50
Valuation point:	12 noon
Fund management fees:	Annual 0.52%† (0.82% Prior to 1 June 2018)
Initial charge:	Nil

† With effect from 1 June 2018 - See Significant Changes on page 45.

### 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.

### 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.

## General Information (unaudited) continued

### Information on Tracking Error

The 'Tracking Error' of a Fund is the measure of the volatility of the differences between the return of the Fund and the return of the benchmark Index. It provides an indication of how closely the Fund is tracking the performance of the benchmark Index after considering things such as Fund charges and taxation.

Using monthly returns, over the review year, the annualised Tracking Error of the Fund is 0.09%, whilst over the last three years to the end of February 2019, the annualised Tracking Error of the Fund is 0.15%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.50% per annum.

### Dual Pricing Arrangement

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

## General Information (unaudited) 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 (Alliance & Leicester) Capital Growth 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 we manage as at 31 December 2017. At the time of publishing, figures as at 31 December 2018 were not yet available, we shall publish this data in the Scheme's interim report, due to be published October 2019.

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	63

### Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
22	2,281	3,000	2

### Controlled Functions

As at 31 December 2017, Legal & General Unit Trust Managers Limited (UTM) engaged the services of six employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition, there was one non-executive Director. UTM also engaged the services of a further 20 LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

## General Information (unaudited) continued

### Material Risk Takers

As at 31 December 2017, UTM engaged the services of Legal & General Investment Management's Fixed Income Fund Management team, which consists of 54 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Fixed Income Fund Management team.

### Significant Changes

#### Change of Fund Management Fees (FMF)

With effect from 1 June 2018, the FMF for R-Class Accumulation units have been reduced from 0.82% to 0.52%.

#### Change of Auditor

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

#### General Data Protection Regulation (GDPR)

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

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

## General Information (unaudited) continued

### Authorised Fund Manager

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

### Directors of the Manager

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

\*Non-executive Director

### Secretary

J. McCarthy

### Registrar

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

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

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

### Trustee

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

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

### Independent Auditors

KPMG LLP  
15 Canada Square,  
London E14 5GL

### Investment Adviser

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









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Financial Conduct Authority**

Legal & General  
(Unit Trust Managers) Limited  
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Registered office:  
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[www.legalandgeneral.com](http://www.legalandgeneral.com)

