

Legal & General Global Equity Index Fund  
**Final Manager's  
Short Report  
for the period ended  
12 January 2018**

**EVERY  
DAY  
MATTERS.®**





## Investment Objective and Policy

The investment objective of this Fund is to seek to provide both an income and capital growth by aiming to track the performance of the global equity markets, as represented by the FTSE World Index.

The Fund will invest primarily in the equities that make up the constituents of the FTSE World Index. Securities in the FTSE World Index will be held with weightings generally proportionate to their company's market capitalisation.

The Fund may also invest in other transferable securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes. The Fund may hold derivatives for the purpose of efficient portfolio management.

## Risk Profile

### Market Risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Fund may suffer through holding market positions in the face of market movements. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

### Currency Risk

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

## Fund Facts

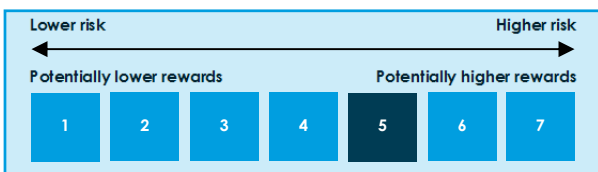
Period End Dates for Distributions:	15 Jan, 15 Jul (12 Jan)*	
Distribution Dates:	15 Mar, 15 Sep (12 Mar)*	
Ongoing Charges Figures:	12 Jan 18	15 Jan 17
R-Class	0.98%	0.98%
E-Class	0.98%	0.98%
F-Class	0.63%	0.65%
I-Class	0.39%	0.39%
C-Class	0.28%	0.28%

\* See Significant Changes on page 17

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Fund.

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

## Risk and Reward Profile



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

## Distribution Information

### R-Class

The distribution payable on 12 March 2018 is 0.8073p per unit for distribution units and 0.8909p per unit for accumulation units.

### E-Class

The distribution payable on 12 March 2018 is 0.8073p per unit for distribution units and 0.8909p per unit for accumulation units.

### F-Class

The distribution payable on 12 March 2018 is 1.1950p per unit for distribution units and 1.3426p per unit for accumulation units.

### I-Class

The distribution payable on 12 March 2018 is 1.4698p per unit for distribution units and 1.6750p per unit for accumulation units.

### C-Class

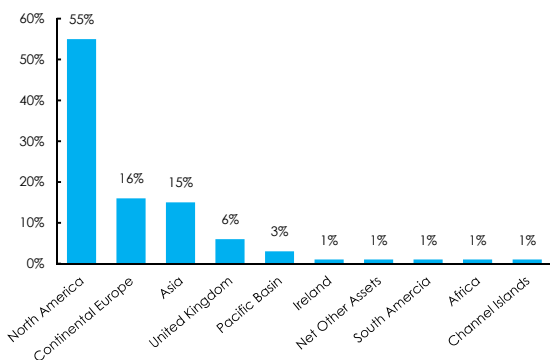
The distribution payable on 12 March 2018 is 0.5708p per unit for accumulation units.

## Portfolio Information

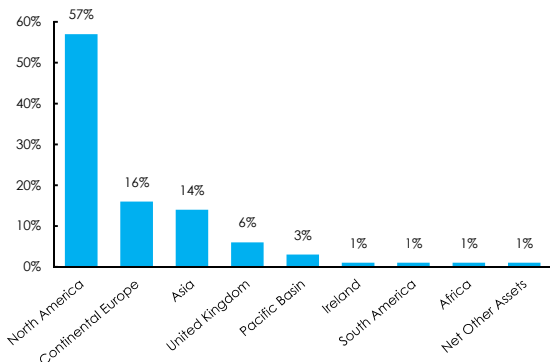
The top 10 holdings and their associated weighting at the current period and preceding year end were:

Top 10 Holdings at 12 January 2018		Top 10 Holdings at 15 January 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Apple	1.99%	Legal & General	2.24%
Alphabet	1.47%	Japan Index Trust	2.24%
Microsoft	1.46%	Apple	1.72%
Amazon.com	1.13%	Alphabet	1.30%
Facebook	0.93%	Microsoft	1.28%
Johnson & Johnson	0.87%	Exxon Mobil	0.98%
JPMorgan Chase	0.86%	JP Morgan Chase	0.86%
Exxon Mobil	0.82%	Johnson & Johnson	0.85%
Berkshire Hathaway 'B'	0.66%	Amazon.com	0.85%
Bank of America	0.66%	Berkshire Hathaway 'B'	0.83%
		Facebook	0.77%

## Fund Holdings as at 12 January 2018



## Fund Holdings as at 15 January 2017



## Comparative Tables

### R-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	202.21	144.75	151.85
Return before operating charges*	22.43	61.58	(3.60)
Operating charges (calculated on average price)	(2.03)	(1.69)	(1.49)
Return after operating charges*	20.40	59.89	(5.09)
Distributions on income units	(2.39)	(2.43)	(2.01)
Closing net asset value per unit	220.22	202.21	144.75
* after direct transaction costs of:	0.09	0.03	0.02

#### Performance

Return after charges	10.09%	41.38%	(3.35)%
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#### Other Information

Closing net asset value (£)	2,038,510	1,170,165	634,031
Closing number of units	925,679	578,687	438,030
Operating charges†	0.98%	0.98%	0.97%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	222.10p	203.50p	152.60p
Lowest unit price	195.50p	139.80p	145.50p

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

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

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

## Comparative Tables

### R-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	221.44	156.46	161.99
Return before operating charges*	24.71	66.82	(3.93)
Operating charges (calculated on average price)	(2.22)	(1.84)	(1.60)
Return after operating charges*	22.49	64.98	(5.53)
Distributions	(2.63)	(2.63)	(2.14)
Retained distributions on accumulation units	2.63	2.63	2.14
Closing net asset value per unit	243.93	221.44	156.46
* after direct transaction costs of:	0.10	0.03	0.02

#### Performance

Return after charges	10.16%	41.53%	(3.41)%
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#### Other Information

Closing net asset value (£)	14,545,075	10,289,768	5,933,729
Closing number of units	5,962,756	4,646,711	3,792,502
Operating charges†	0.98%	0.98%	0.97%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	245.20p	221.80p	164.10p
Lowest unit price	214.10p	151.10p	156.40p

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## Comparative Tables

### E-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	202.21	144.75	151.85
Return before operating charges*	22.42	61.57	(3.59)
Operating charges (calculated on average price)	(2.02)	(1.68)	(1.50)
Return after operating charges*	20.40	59.89	(5.09)
Distributions on income units	(2.39)	(2.43)	(2.01)
Closing net asset value per unit	220.22	202.21	144.75
* after direct transaction costs of:	0.09	0.03	0.02

#### Performance

Return after charges	10.09%	41.37%	(3.35)%
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#### Other Information

Closing net asset value (£)	27,684,060	28,710,511	21,889,145
Closing number of units	12,571,216	14,198,344	15,122,442
Operating charges†	0.98%	0.98%	0.97%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	222.10p	203.50p	152.60p
Lowest unit price	195.50p	139.80p	145.50p

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## Comparative Tables

### E-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	221.44	156.46	161.99
Return before operating charges*	24.71	66.81	(3.93)
Operating charges (calculated on average price)	(2.22)	(1.83)	(1.60)
Return after operating charges*	22.49	64.98	(5.53)
Distributions	(2.63)	(2.63)	(2.14)
Retained distributions on accumulation units	2.63	2.63	2.14
Closing net asset value per unit	243.93	221.44	156.46
* after direct transaction costs of:	0.10	0.03	0.02

#### Performance

Return after charges	10.16%	41.53%	(3.41)%
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#### Other Information

Closing net asset value (£)	3,702,651	3,143,662	2,328,068
Closing number of units	1,517,902	1,419,633	1,487,969
Operating charges†	0.98%	0.98%	0.97%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	245.20p	221.80p	164.10p
Lowest unit price	214.10p	151.10p	156.40p

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## Comparative Tables

### F-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	203.55	145.53	152.75
Return before operating charges*	22.19	62.18	(3.69)
Operating charges (calculated on average price)	(1.31)	(1.09)	(1.12)
Return after operating charges*	20.88	61.09	(4.81)
Distributions on income units	(3.15)	(3.07)	(2.41)
Closing net asset value per unit	221.28	203.55	145.53
* after direct transaction costs of:	0.09	0.03	0.02

#### Performance

Return after charges	10.26%	41.97%	(3.15)%
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#### Other Information

Closing net asset value (£)	624	574	1,189
Closing number of units	282	282	817
Operating charges†	0.63%	0.65%	0.72%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	223.80p	205.00p	153.90p
Lowest unit price	196.60p	140.60p	146.70p

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## Comparative Tables

### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	225.64	158.93	164.13
Return before operating charges*	25.24	67.96	(4.01)
Operating charges (calculated on average price)	(1.46)	(1.25)	(1.19)
Return after operating charges*	23.78	66.71	(5.20)
Distributions	(3.52)	(3.36)	(2.60)
Retained distributions on accumulation units	3.52	3.36	2.60
Closing net asset value per unit	249.42	225.64	158.93
* after direct transaction costs of:	0.10	0.03	0.02

#### Performance

Return after charges	10.54%	41.97%	(3.17)%
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#### Other Information

Closing net asset value (£)	183,612	151,503	83,562
Closing number of units	73,615	67,144	52,578
Operating charges†	0.63%	0.65%	0.72%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	250.70p	226.00p	166.90p
Lowest unit price	218.20p	153.50p	159.10p

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## Comparative Tables

### I-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	203.35	145.52	152.69
Return before operating charges*	22.61	62.04	(3.65)
Operating charges (calculated on average price)	(0.81)	(0.69)	(0.57)
Return after operating charges*	21.80	61.35	(4.22)
Distributions on income units	(3.67)	(3.52)	(2.95)
Closing net asset value per unit	221.48	203.55	145.52
* after direct transaction costs of:	0.09	0.03	0.02

#### Performance

Return after charges	10.72%	42.16%	(2.76)%
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#### Other Information

Closing net asset value (£)	10,420,588	3,539,665	1,951,449
Closing number of units	4,705,030	1,740,683	1,340,983
Operating charges†	0.39%	0.39%	0.38%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	224.10p	205.20p	154.10p
Lowest unit price	196.60p	140.60p	147.00p

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## Comparative Tables

### I-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	229.37	161.10	165.81
Return before operating charges*	25.71	69.04	(4.07)
Operating charges (calculated on average price)	(0.92)	(0.77)	(0.64)
Return after operating charges*	24.79	68.27	(4.71)
Distributions	(4.16)	(3.92)	(3.20)
Retained distributions on accumulation units	4.16	3.92	3.20
Closing net asset value per unit	254.16	229.37	161.10
* after direct transaction costs of:	0.10	0.03	0.02

#### Performance

Return after charges	10.81%	42.38%	(2.84)%
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#### Other Information

Closing net asset value (£)	13,727,305	5,589,181	1,968,882
Closing number of units	5,401,074	2,436,716	1,222,123
Operating charges†	0.39%	0.39%	0.38%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	255.50p	229.70p	169.20p
Lowest unit price	221.80p	155.70p	161.30p

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## Comparative Tables

### C-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/01/17 to 12/01/18 <sup>1</sup> (pence per unit)	16/01/16 to 15/01/17 (pence per unit)	16/01/15 to 15/01/16 (pence per unit)
Opening net asset value per unit	72.35	50.76	52.15
Return before operating charges*	8.12	21.77	(1.25)
Operating charges (calculated on average price)	(0.21)	(0.18)	(0.14)
Return after operating charges*	7.91	21.59	(1.39)
Distributions	(1.39)	(1.32)	(1.07)
Retained distributions on accumulation units	1.39	1.32	1.07
Closing net asset value per unit	80.26	72.35	50.76
* after direct transaction costs of:	0.03	0.01	0.02

#### Performance

Return after charges	10.93%	42.54%	(2.67)%
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#### Other Information

Closing net asset value (£)	36,718,476	4,775,619	751,701
Closing number of units	45,751,037	6,600,515	1,480,899
Operating charges†	0.28%	0.28%	0.27%
Direct transaction costs	0.04%	0.02%	0.01%

#### Prices

Highest unit price	80.68p	72.48p	53.32p
Lowest unit price	69.98p	49.07p	50.84p

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## **Manager's Investment Report**

During the period under review, the bid price of the Fund's R-Class distribution units rose by 8.81%. 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 3pm. Therefore, for tracking purposes the Fund has been revalued using closing prices and foreign exchange rates. On this basis, over the review period, from close of business on 13 January 2017 to the close of business on 12 January 2018, the Fund rose by 9.30% on a capital only basis, compared with the FTSE World Index increase of 9.46% (Source: Bloomberg), producing a tracking difference of -0.16%.

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## **Market/Economic Review**

The global economic background has improved over the past 12 months, led by a modest acceleration in the major developed economies. Despite a rise in commodity prices, inflationary pressures worldwide have remained subdued.

In the US, economic activity has rebounded after a disappointing first quarter of 2017, as both consumer spending and business capital expenditure have picked up. Donald Trump's unexpected victory in the November presidential election focused investors on the prospect of increased infrastructure spending and tax cuts, and the Republican administration finally tabled tax reforms in September that are now subject to approval by Congress. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates three times over the last 12 months. The Fed also began unwinding its asset purchase programme, known as quantitative easing, in October.

In recent months the recovery in economic activity has been most pronounced in the Eurozone, with economic confidence recording its highest level for more than a decade. In the UK, both economic and political uncertainty have heightened over the last 12 months, particularly as the June general election resulted in a hung parliament and Brexit negotiations began. The Bank of England voted to increase interest rates to 0.5% in November, removing the emergency support announced in August 2016 in the wake of the

## **Manager's Investment Report continued**

EU referendum. Both the European Central Bank and the Bank of Japan continued with the unorthodox policy of negative interest rates.

In Japan, exports have been a significant contributor to growth. The Chinese authorities have adopted a range of policy initiatives to facilitate the economy's transition from export and investment-driven growth towards consumption and services, with growth remaining well above the government's full year target of 6.5%. Both the Brazilian and Russian economies saw a turn of fortunes as the year progressed, given the boost of a recovery in commodity markets.

### **Fund Review**

Companies held within the Fund are held with weightings generally proportionate to those of the benchmark Index. Therefore, investment activity, other than to raise or invest cash, is only necessary when there are changes to the benchmark Index, or as a result of a corporate action.

The March semi-annual Index review resulted in 31 additions, of which the largest were IHS Markit and IDEXX Laboratories (both US). There were also 23 deletions, the largest being Alnylam Pharmaceuticals and Versum Materials (both US). There were a further 277 changes to the free share capital of constituents, with the largest increase being Dow Chemical (US) and the largest decrease being Apple (US). The changes resulted in two-way Index turnover of approximately 0.99%.

The June quarterly Index review resulted in three additions, of which the largest was ConvaTec Group (UK), and seven deletions with the largest being Actelion (Switzerland). There were a further 2153 changes to the free share capital of constituents, with the largest increase being NIT (Japan) and the largest decrease being Wells Fargo & Company (US). The changes resulted in two-way Index turnover of approximately 2.45%.

The September quarterly Index review resulted in 57 additions, of which the largest was Align Technology (US), and 17 deletions with the largest being Cameco (Canada). There were a further 244 changes to the free share capital of constituents, with the largest increase being Vale (Brazil) and the largest decrease being Illinois Tool Works (US). The changes resulted in two-way Index turnover of approximately 1.34%.

The December quarterly Index review resulted in six additions, of which the largest was Delivery Hero AG (Germany), and nine deletions with the largest being Christian Dior (France). There were a further 342 changes to the free share capital of constituents, with the largest increase being Berkshire Hathaway 'B' (US) and the largest decrease being Apple (US). The changes resulted in two-way Index turnover of approximately 0.75%.



## **Manager's Investment Report continued**

Outside the Index reviews, E.ON (Netherlands) had an increase in share in issue following an equity offering; Credit Suisse Group (Switzerland) increased its capital via rights issue worth £3.2 billion and Panasonic (Japan) acquired Panasonic Industrial Devices (Japan – non-index constituent).

British American Tobacco agreed to acquire stake in Reynolds American in a cash and stock deal worth £47 billion. Invitation Hoomes announced the acquisition of Starwood Waypoint Homes in a stock deal worth £6 billion. Japan Post holding announced a secondary offer of 914 million shares worth £8.4 billion.

At the end of the review period, the three largest countries in the Fund were US (51.3%), Japan (9.1%) and UK (6.1%), while the three largest stocks were Apple (2.0%), Alphabet (1.5%) and Microsoft (1.5%).

### **Outlook**

Behind all the flashing headlines, global markets have progressively moved to price in a scenario of above-trend economic growth and below-trend inflation. This trend towards a 'goldilocks' environment gave equity investors more reasons to celebrate in October. In particular, those investing in Japanese equities, which gained over 5% in local terms, were heartened by signs of global growth and the re-election of the government of the current Prime Minister Shinzo Abe.

The rest of Asia-Pacific and emerging markets were not far behind. The push by the Catalan government towards independence had little impact on markets. Instead, it was overshadowed by the growing optimism about the progress towards tax cuts in the US, keeping US equity returns in the positive territory for the twelfth month in a row.

We believe the level of systemic risk has slightly improved. Despite the ever-present short-term risks that bring uncertainty, we think it seems unlikely for any of them to escalate into a disaster at the moment or that these are at least appropriately priced into markets. Such risks include, for example, the US debt ceiling, geopolitical tensions with North Korea and the Chinese economy. Whilst we remain negative on emerging market equities relative to developed markets, we have upgraded our view on local currency-denominated emerging market debt and local currencies on the basis of the favourable economic backdrop and limited recession probability.

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

Legal & General Investment Management Limited  
(Investment Adviser)  
18 January 2018

## **Manager's Report and Accounts**

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

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

## **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 period, the annualised Tracking Error of the Fund is 0.01%, whilst over the last three years to the end of December 2017, the annualised Tracking Error of the Fund is 0.03%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.75% per annum.

## **Minimum Investment Amounts**

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

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

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

\* F-Class units are only available to:

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

\*\* C-Class Units are only available to distributors who actively market and distribute such Units (or whom the manager believes intends to do so) and to whom the Manager has confirmed by letter that they meet the criteria for investment in such Units.

## **Other Information**

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

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

## **Significant Changes**

### **Removal of Initial Commission**

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

### **Closure of E-Class**

As at 12 January 2018, the E-Class was closed. All unitholders in the E-Class as at 12 January 2018 have been moved into the R-Class which is identical to the E-Class. The terms and charges are identical between the classes.

### **Change of Accounting Date**

The Fund's Annual accounting date, usually 15 January, has been moved to 12 January 2018 in order to facilitate the closure of E-Class as detailed above. As such, the Fund's corresponding distribution payment date, usually 15 March has been moved to 12 March 2018. The accounting and distribution payment dates will revert to their normal dates after this event.

**Authorised Fund Manager**

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

**Trustee**

Northern Trust Global Services Limited

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







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Financial Conduct Authority**

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