

Legal & General Future World Climate  
Change Equity Factors Index Fund

**Final Manager's  
Short Report  
for the period ended  
31 January 2019**





## **Investment Objective and Policy**

The investment objective of the Fund is to seek to provide both income and capital growth by tracking the performance of the FTSE All-World excluding Controversial Weapons Climate Balanced Factor Index (the “Index”).

The Fund invests almost exclusively in the shares of companies that make up the Index. However, it may exclude shares of companies from the Index in accordance with the Manager’s climate impact pledge (the “Climate Impact Pledge”) and tracking error. The Fund may also invest in the shares of companies which are reasonably expected, at the manager’s discretion, to become part of the Index. The Fund may also hold units in other collective investment schemes, money market instruments, cash, near cash and derivatives for efficient portfolio management purposes. From time to time non-Index constituents may be held as a result of a corporate action.

The Index methodology is designed to reflect the performance of a global and diversified basket of securities where their weights are varied to (i) achieve balanced exposures to Value, Quality, Low Volatility and Size factors and (ii) to account for risks and opportunities associated with climate change.

## **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:	31 Jan, 31 Jul
Distribution Dates:	31 Mar, 30 Sep
Ongoing Charges Figures:	31 Jan 19
R-Class	0.60%
I-Class	0.30%
C-Class	0.23%
L-Class	0.09%

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

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

## Risk and Reward Profile



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

## **Distribution Information**

### **R-Class**

The distribution payable on 31 March 2019 is 0.3650p per unit for distribution units and 0.3691p per unit for accumulation units.

### **I-Class**

The distribution payable on 31 March 2019 is 0.4371p per unit for distribution units and 0.4430p per unit for accumulation units.

### **C-Class**

The distribution payable on 31 March 2019 is 0.4544p per unit for distribution units and 0.4617p per unit for accumulation units.

### **L-Class**

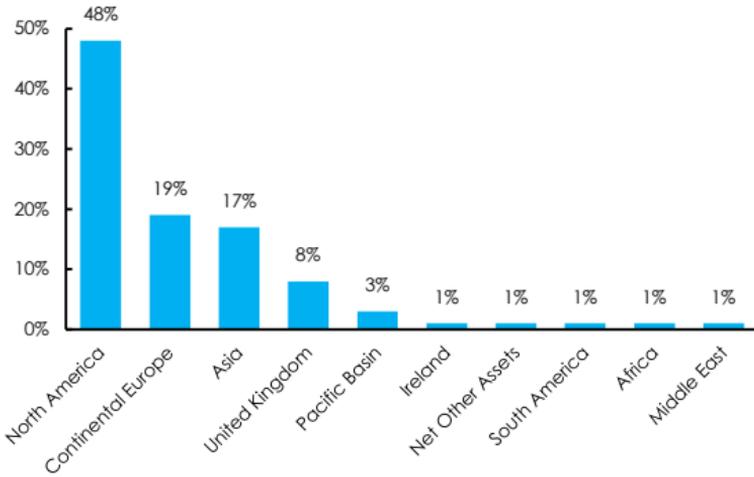
The distribution payable on 31 March 2019 is 0.4885p per unit for distribution units and 0.4971p per unit for accumulation units.

## Portfolio Information

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

Top 10 Holdings at 31 January 2019	
Holding	Percentage of Net Asset Value
Apple	1.00%
Procter & Gamble	0.64%
Microsoft	0.62%
Johnson & Johnson	0.60%
Costco Wholesale	0.59%
ExxonMobil	0.58%
CVS Health	0.55%
TOTAL	0.53%
Royal Dutch Shell 'A'	0.53%
Samsung Electronics	0.52%

## Fund Holdings as at 31 January 2019



There are no comparative figures shown as the Fund launched 18 January 2018.

## Comparative Tables

### R-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.09)
Operating charges (calculated on average price)	(0.30)
Return after operating charges*	(0.39)
Distributions on income units	(0.95)
Closing net asset value per unit	48.66
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.78)%
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#### Other Information

Closing net asset value (£)	42,726
Closing number of units	87,811
Operating charges <sup>†</sup>	0.60%
Direct transaction costs	0.08%

#### Prices

Highest unit price	52.59p
Lowest unit price	45.85p

<sup>1</sup> There are no comparative figures shown as the Fund launched on 18 January 2018.

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

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

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

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

## Comparative Tables continued

### R-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.11)
Operating charges (calculated on average price)	(0.30)
Return after operating charges*	(0.41)
Distributions	(0.96)
Retained distributions on accumulation units	0.96
Closing net asset value per unit	49.59
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.82)%
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#### Other Information

Closing net asset value (£)	1,018,744
Closing number of units	2,054,487
Operating charges <sup>†</sup>	0.60%
Direct transaction costs	0.08%

#### Prices

Highest unit price	53.19p
Lowest unit price	45.86p

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## Comparative Tables continued

### I-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.08)
Operating charges (calculated on average price)	(0.15)
Return after operating charges*	(0.23)
Distributions on income units	(1.11)
Closing net asset value per unit	48.66
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.46)%
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#### Other Information

Closing net asset value (£)	371,267
Closing number of units	763,043
Operating charges <sup>†</sup>	0.30%
Direct transaction costs	0.08%

#### Prices

Highest unit price	52.60p
Lowest unit price	45.89p

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## Comparative Tables continued

### I-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.11)
Operating charges (calculated on average price)	(0.15)
Return after operating charges*	(0.26)
Distributions	(1.11)
Retained distributions on accumulation units	1.11
Closing net asset value per unit	49.74
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.52)%
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#### Other Information

Closing net asset value (£)	2,383,674
Closing number of units	4,792,223
Operating charges <sup>†</sup>	0.30%
Direct transaction costs	0.08%

#### Prices

Highest unit price	53.29p
Lowest unit price	45.88p

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## Comparative Tables continued

### C-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.09)
Operating charges (calculated on average price)	(0.11)
Return after operating charges*	(0.20)
Distributions on income units	(1.15)
Closing net asset value per unit	48.65
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.40)%
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#### Other Information

Closing net asset value (£)	98,070,699
Closing number of units	201,568,818
Operating charges <sup>†</sup>	0.23%
Direct transaction costs	0.08%

#### Prices

Highest unit price	52.60p
Lowest unit price	45.89p

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## Comparative Tables continued

### C-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.12)
Operating charges (calculated on average price)	(0.11)
Return after operating charges*	(0.23)
Distributions	(1.15)
Retained distributions on accumulation units	1.15
Closing net asset value per unit	49.77
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.46)%
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#### Other Information

Closing net asset value (£)	439,761
Closing number of units	883,576
Operating charges <sup>†</sup>	0.23%
Direct transaction costs	0.08%

#### Prices

Highest unit price	53.30p
Lowest unit price	45.88p

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## Comparative Tables continued

### L-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.09)
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	(0.13)
Distributions on income units	(1.22)
Closing net asset value per unit	48.65
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.26)%
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#### Other Information

Closing net asset value (£)	973
Closing number of units	2,000
Operating charges <sup>†</sup>	0.09%
Direct transaction costs	0.08%

#### Prices

Highest unit price	52.60p
Lowest unit price	45.90p

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## Comparative Tables continued

### L-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	18/01/18 to 31/01/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(0.11)
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	(0.15)
Distributions	(1.23)
Retained distributions on accumulation units	1.23
Closing net asset value per unit	49.85
* after direct transaction costs of:	0.04

#### Performance

Return after charges	(0.30)%
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#### Other Information

Closing net asset value (£)	99,609,455
Closing number of units	199,825,860
Operating charges <sup>†</sup>	0.09%
Direct transaction costs	0.08%

#### Prices

Highest unit price	53.36p
Lowest unit price	45.90p

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## **Manager's Investment Report**

During the period under review, the bid price of the Fund's R-Class accumulation units fell by 0.88%. 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, the Fund rose by 0.10% on a capital only basis, compared to the sterling capital return of the FTSE All-World excluding CW Climate Balanced Factor Index rise of 0.66% (Source: Bloomberg), producing a tracking difference of -0.56%.

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The FTSE All-World excluding Controversial Weapons Climate Balanced Factor Index is calculated by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this product.

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## **Market/Economic Review**

International equities fell sharply during December 2018, and recorded their worst period since the global financial crisis. A combination of factors ensured the period ended on a disappointing note. Concerns that the Federal Reserve was raising US interest rates too quickly, the risk of a prolonged federal government shutdown in the US, the ongoing US-China trade dispute and weaker global economic indicators all combined to trigger widespread risk aversion amongst investors. In contrast with previous months, the US underperformed international indices with energy stocks and technology amongst the weakest sectors. The oil price fell back to a 15-month low in mid-December, driven by concerns over a supply glut, as shale production in the US continues to grow rapidly while OPEC producers appear unwilling to cut production. In the IT sector, microchip maker Nvidia's struggles continued in December, with the shares halving in value over the final quarter of 2018 while concerns over a slowdown in iPhone sales drove Apple shares lower. Weaker economic indicators in Europe and Japan added to investors' concerns in these markets, with official data highlighting the Japanese economy recorded its steepest contraction since the second quarter of 2014, during the three months to September. However, both Asia Pacific

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

excluding Japan and emerging markets proved relatively resilient with losses much smaller than those recorded in developed 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.

During the review period there were two Index reviews carried out by FTSE. The March 2018 semi-annual Index review resulted in 117 additions and 127 deletions. The largest addition was Kinnevik (Sweden) and the largest deletion was Symantec (US). Of the 1,906 changes to the free share capital of constituents the largest decrease in weight was for Boeing in the US and the largest increase was for Royal Dutch Shell 'A' in the United Kingdom. The two-way Index turnover was 25.05%.

The September 2018 semi-annual Index review resulted in no additions and 110 deletions. The largest deletion was Ericsson (Sweden). Of the 1,914 changes to the free share capital of constituents the largest decrease in weight was for Equity Residential in the US and the largest increase was for BASF in Germany. The two-way Index turnover was 22.58%.

The five largest constituents of the Index at the end of the review period were Apple, Procter & Gamble, Microsoft, Johnson & Johnson and Costco Wholesale. These companies, which together account for 3.5% of the value of the Index, are all based in the US.

The three largest countries by market value in the Index were the US (46.5%), Japan (9.3%) and United Kingdom (7.8%).

### **Outlook**

Two countervailing forces have kept markets in a holding pattern recently: global economy and company earnings growth, and the ascent of populist economic policies. Trade wars continue to occupy markets' attention and although there has yet to be any major fall-out, our economists do anticipate some damage to growth over the next year, and have slightly revised down our economic growth (GDP) forecasts for both US and China. The Federal Reserve has continued to raise US interest rates, likely to lead to a stronger Dollar over time.

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

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

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

A copy 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 since launch, the annualised Tracking Error of the Fund is 0.22%. This Tracking Error is within the anticipated Tracking Error level set out in the Fund's Prospectus of +/-0.60% 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.

## **Minimum Investment Amounts**

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

R-Class	£100
I-Class	£1,000,000
C-Class	£100,000,000
L-Class*	£100,000

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

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

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

## **Other Information**

The information in this report is designed to enable unitholders to understand how the Fund has performed during the 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**

### **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 Future World Climate Change Equity Factors Index 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.

**Authorised Fund Manager**

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

**Trustee**

Northern Trust Global Services SE UK Branch

50 Bank Street,

Canary Wharf,

London E14 5NT

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

**Independent Auditors**

KPMG LLP

15 Canada Square,

London E14 5GL

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

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