

Legal & General Japan Index Trust

**Annual Manager's Report**  
**for the year ended**  
**24 October 2019**





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

# Manager's Investment Report

## Investment Objective and Policy

In line with the updated rules and guidance for the asset management industry published by the Financial Conduct Authority (FCA) in February 2019, we have clarified the Investment Objectives and Policies for our UK regulated funds.

The revised Investment Objective and Policy came into effect on 7 August 2019. The previous and revised Investment Objective and Policy are set out below.

### Prior to 7 August 2019

The objective of the Trust is to track the capital performance of the Japanese equity market as represented by the FTSE Japan Index by investment in a representative sample of stocks selected from all economic sectors.

Securities in the FTSE Japan Index will be held with weightings generally proportionate to their company's market capitalisation.

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 Trust may hold derivatives for the purpose of Efficient Portfolio Management.

### From 7 August 2019

The objective of the Trust is to provide growth by tracking the capital performance of the FTSE Japan Index, the "Benchmark Index". This objective is after the deduction of charges and taxation.

The Benchmark Index is comprised of shares in large and middle capitalisation companies in Japan in accordance with the Index provider's methodology.

The Trust is a Replicating Fund as it seeks to replicate as closely as possible the constituents of the Benchmark Index by holding all, or substantially all, of the assets comprising the Benchmark Index in similar proportions to their weightings in the Benchmark Index. The Trust will have at least 90% exposure to assets that are included in the Benchmark Index.

The Trust may also invest in shares in companies which are reasonably expected to become part of the Benchmark Index in the near future or are an alternative to a constituent of the Benchmark Index and collective investment schemes, including those managed or operated by the Manager or an associate of the Manager as well as money market instruments (such as treasury), bills, cash and permitted deposits.

The Trust may only use derivatives for Efficient Portfolio Management purposes.

## Manager's Investment Report continued

### Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class distribution units rose by 4.43%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for tracking purposes the Trust has been revalued using closing prices and foreign exchange rates. On this basis, over the review year, the Trust rose by 4.37% on a capital only basis compared with the FTSE World Japan Index rise of 4.47% (Source: Bloomberg), causing a tracking difference of -0.10%.

**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

Over the last 12 months, global economic indicators have highlighted a synchronised slowdown although activity continues to expand. The closely-watched global manufacturing PMI composite Index fell back to its lowest level for three and a half years in February. This was partly a result of the US-China trade dispute, but also reflective of a slowdown in the Chinese economy. The closely-watched Tankan survey of Japanese business confidence fell to a three-year low, with Japanese exports declining for the seventh-consecutive month in June. Worldwide, inflationary pressures have remained subdued by historical standards. Having risen to its highest level in four years in early October, the oil price (Brent crude) declined sharply to just over \$50 per barrel in December – its lowest level for 15 months, driven by increased levels of supply, notably US inventories, before rallying during the opening quarter of 2019.

The return to the Sterling investor was impacted by 4.06% appreciation of Yen. At the start of the year £1 would have bought ¥145.33, whilst by the end of the year the amount had decreased to ¥139.43.

The best performing sectors were Health Care Equipment & Services (+22.79%), Travel & Leisure (+19.70%) and Electronic & Electrical Equipment (+19.55%); the worst performing sectors were Oil & Gas Producers (-28.61%), Life Insurance (-21.38%) and Industrial Metals & Mining (-18.61%).

## Manager's Investment Report continued

### Trust Review

Companies held within the Trust 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 quarterly Index review in December 2018 resulted in 1 addition and no deletions. Softbank was the only addition due to its significant IPO. There were 47 changes to the free share capital of constituents with the largest increases being Takeda Pharmaceutical, SG and Suzuki Motor and the largest decreases being Tokio Marine, Astellas Pharmaceutical and NTT Docomo. The two-way Index turnover was 2.95%.

At the FTSE Japan annual Index review in March 2019, there were 3 additions and 7 deletions. Goldwin, SHO-BOND and Fuji Seal International were the largest additions, whereas JAFCO, Suruga Bank and Keiyo Bank were largest deletions from the Index. There were 52 changes to the free share capital of constituents with the largest increases being Pan Pacific International, Kyowa Exeo and Tokyu Fudosan the largest decreases being NTT Docomo, Toyota Motor and Sumitomo Realty & Development. The two-way Index turnover was 0.83%.

The quarterly Index review in June 2019 resulted in no additions and no deletions. There were 162 changes to the free share capital of constituents with the largest increases being Idemitsu Kosan, Pilot and M3 and the largest decreases being Toshiba, Shin-Etsu Chemical and Itochu. The two-way Index turnover was 0.49%.

At the semi-annual Index review in September 2019, there were 6 additions to the Index, with the largest being Anritsu, Net One Systems and Amano. There were 13 deletions including Nippon Gas, Shimachu and San-In Godo Bank. There were 61 changes to the free share capital of constituents with the largest increases being Recruit, Fanuc and Yahoo! Japan and the largest decreases being SoftBank Group, Nomura Research Institute and Mitsubishi. The two-way Index turnover was 1.18%.

Outside the reviews, there were several Index changes due to merger and acquisition activities. In March 2019, Idemitsu Kosan acquired Showa Shell Sekiyu through a share transfer. The merger created an oil giant that is expected to improve efficiency in crude oil procurement, refining and distribution. NTT Urban Development was deleted following the cash tender offer by NTT in December 2018 that aimed to build up its strength in real estate business. Japan Post Insurance increased its free float as a result of secondary offering valued at more than GBP 2 billion in April 2019.

### Outlook

With the Federal Reserve loosening its monetary stance once again, we think that the economic cycle is likely to grow longer yet. This is bullish, in our view, as it gives space for markets to go back to more mid-cycle dynamics – where investors tend to buy risk assets on the dip, instead of selling the rallies.

We believe credit risks over the coming year are less imminent. There are still severe warning signs over credit creation in China. But we struggle to identify a disaster catalyst, given the economy's fiscal space, the decent loan-to-deposit ratios within its banking sector, and its limited dependence on foreign investors. We believe the country has managed to stabilise its deleveraging process for now – and expect capital flight to subside or even reverse. A rebound in Chinese economic activity is likely, pepping up the outlook for global growth over 2019.

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

Political risk remains a worry, given rising populism, income inequality, and tensions between US and China – with no sign of fundamental improvement – as well as fractures in Europe.

The Trust remains well positioned to capture the market performance.

Legal & General Investment Management Limited

(Investment Adviser)

28 November 2019

## Authorised Status

### Authorised Status

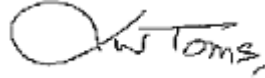
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

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



A. J. C. Craven  
(Director)



L. W. Toms  
(Director)

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



## Statement of Responsibilities

### Statement of the Manager's Responsibilities

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

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

- selecting suitable accounting policies and then applying 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 Trust'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 Trust 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 Trust 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 Japan Index Trust must ensure that the Trust 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 Trust and its investors.

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

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust 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 Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust'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 Japan Index Trust ("the Trust") for the year ended 24 October 2019**

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

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

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

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

## Portfolio Statement

### Portfolio Statement as at 24 October 2019

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 24 October 2018.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>EQUITIES — 98.50% (97.36%)</b>		
	<b>JAPAN — 98.50% (97.36%)</b>		
	<b>Oil &amp; Gas Producers</b>		
	<b>— 0.83% (1.22%)</b>		
30,165	Cosmo Energy	507,872	0.04
104,987	Idemitsu Kosan	2,428,775	0.18
409,200	Inpex	2,921,746	0.22
13,555	Japan Petroleum Exploration	266,738	0.02
1,381,014	JXTG	5,019,063	0.37
		<hr/>	
		11,144,194	0.83
		<hr/>	
	<b>Chemicals — 4.52% (4.41%)</b>		
72,078	Air Water	1,025,692	0.08
569,000	Asahi Kasei	4,846,849	0.36
123,480	Daicel	841,108	0.06
36,814	Denka	824,057	0.06
38,474	DIC	862,589	0.06
42,121	Hitachi Chemical	1,067,662	0.08
79,138	JSR	1,057,786	0.08
27,003	Kaneka	693,135	0.05
90,725	Kansai Paint	1,707,573	0.13
154,364	Kuraray	1,557,381	0.12
564,160	Mitsubishi Chemical	3,338,154	0.25
78,000	Mitsubishi Gas Chemical	849,320	0.06
78,340	Mitsui Chemicals	1,453,214	0.11
51,648	Nagase	592,251	0.04
79,004	Nippon Kayaku	757,586	0.06
68,514	Nippon Paint	2,979,226	0.22
14,200	Nippon Shokubai	677,285	0.05
61,548	Nissan Chemical Industries	1,968,787	0.15
71,450	Nitto Denko	2,944,661	0.22
32,400	NOF	815,475	0.06
179,726	Shin-Etsu Chemical	15,489,056	1.15
64,897	Showa Denko	1,399,389	0.10
15,100	Sumitomo Bakelite	475,469	0.03
675,500	Sumitomo Chemical	2,406,759	0.18
67,600	Taiyo Nippon Sanso	1,198,478	0.09
79,168	Teijin	1,235,682	0.09
92,300	Tokai Carbon	732,188	0.05
32,100	Tokuyama	659,175	0.05
672,965	Toray Industries	3,852,701	0.28
124,847	Tosoh	1,357,640	0.10
44,576	Ube Industries	731,087	0.05
65,800	Zeon	643,185	0.05
		<hr/>	
		61,040,600	4.52
		<hr/>	

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Forestry &amp; Paper — 0.16% (0.20%)</b>			
44,372	Nippon Paper Industries	590,557	0.04
388,100	Oji	1,593,376	0.12
		<b>2,183,933</b>	<b>0.16</b>
<b>Industrial Metals &amp; Mining — 0.95% (1.21%)</b>			
16,492	Daido Steel	547,562	0.04
21,300	Dowa	577,162	0.04
82,200	Hitachi Metals	731,302	0.06
227,326	JFE	2,215,586	0.16
140,386	Kobe Steel	584,385	0.04
28,773	Maruichi Steel Tube	594,347	0.04
22,000	Mitsui Mining & Smelting	460,096	0.03
370,448	Nippon Steel & Sumitomo Metal	4,117,022	0.31
106,100	Sumitomo Metal Mining	2,649,976	0.20
16,427	Yamato Kogyo	333,224	0.03
		<b>12,810,662</b>	<b>0.95</b>
<b>Construction &amp; Materials — 2.83% (2.72%)</b>			
81,081	AGC	2,046,517	0.15
24,994	Aica Kogyo	619,259	0.05
53,100	Comsys	1,222,731	0.09
119,500	Daikin Industries	12,760,306	0.94
119,800	Haseko	1,171,027	0.09
201,612	Kajima	2,147,791	0.16
49,047	Kandenko	361,759	0.03
61,600	Kinden	709,450	0.05
45,300	Kyowa Exeo	893,688	0.07
114,221	LIXIL	1,670,255	0.12
62,900	Maeda	455,852	0.03
27,400	Maeda Road Construction	460,732	0.03
23,000	Nippo	359,977	0.03
309,586	Obayashi	2,473,536	0.18
131,700	Penta-Ocean Construction	610,291	0.05
93,700	Sanwa	854,353	0.06
248,810	Shimizu	1,829,835	0.14
18,800	SHO-BOND	560,430	0.04
16,224	Sumitomo Osaka Cement	562,990	0.04
51,510	Taiheiyo Cement	1,164,051	0.09
91,400	Taisei	2,855,164	0.21
109,549	Toda	529,546	0.04
63,985	Toto	1,950,800	0.14
		<b>38,270,340</b>	<b>2.83</b>
<b>General Industrials — 1.12% (1.21%)</b>			
10,600	FP	497,254	0.04
20,800	Fuji Seal International	406,188	0.03
56,103	IHI	1,083,978	0.08
23,700	LINTEC	369,918	0.03
54,600	Mitsubishi Materials	1,189,048	0.09

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>General Industrials — (cont.)</b>		
98,430	Rengo	552,404	0.04
585,600	Sojitz	1,425,812	0.10
230,900	Toshiba	6,141,253	0.45
72,100	Toyo Seikan	897,303	0.07
99,843	Toyota Tsusho	2,619,882	0.19
		<hr/>	
		15,183,040	1.12
	<b>Electronic &amp; Electrical Equipment — 7.32% (6.18%)</b>		
94,939	Alps Alpine	1,456,082	0.11
17,900	Amano	408,348	0.03
58,424	Azbil	1,242,707	0.09
58,631	Fuji Electric	1,431,727	0.11
124,800	Fujikura	424,159	0.03
29,900	Furukawa Electric	640,471	0.05
56,240	Hamamatsu Photonics	1,656,441	0.12
14,557	Hirose Electric	1,418,768	0.10
416,942	Hitachi	12,497,549	0.93
16,000	Horiba	820,259	0.06
165,731	Hoya	10,472,583	0.78
50,912	Ibiden	850,998	0.06
19,000	Japan Aviation Electronics Industry	235,510	0.02
40,688	Keyence	19,246,821	1.43
137,500	Kyocera	6,912,638	0.51
24,196	Mabuchi Motor	707,464	0.05
191,101	Minebea Mitsumi	2,625,275	0.19
256,143	Murata Manufacturing	10,861,820	0.80
124,840	NGK Insulators	1,448,485	0.11
104,916	Nidec	11,596,300	0.86
38,842	Nippon Electric Glass	676,980	0.05
83,869	Omron	3,814,588	0.28
52,730	Taiyo Yuden	1,095,990	0.08
54,900	TDK	4,198,253	0.31
56,371	Ushio	637,555	0.05
106,905	Yokogawa Electric	1,503,734	0.11
		<hr/>	
		98,881,505	7.32
	<b>Industrial Engineering — 6.09% (5.72%)</b>		
139,996	Amada	1,215,503	0.09
42,193	Daifuku	1,720,217	0.13
12,200	Disco	1,851,082	0.14
49,206	DMG Mori Seiki	612,733	0.05
42,600	Ebara	971,823	0.07
90,705	Fanuc	13,707,438	1.01
126,690	Hino Motors	900,062	0.07
50,500	Hitachi Construction Machinery	973,198	0.07
22,814	Hoshizaki	1,477,459	0.11
228,485	Isuzu Motors	2,071,897	0.15
30,780	Japan Steel Works	512,512	0.04
91,059	JGC	1,029,226	0.08

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Industrial Engineering — (cont.)</b>			
68,922	Kawasaki Heavy Industries	1,280,477	0.09
410,400	Komatsu	7,520,650	0.56
497,568	Kubota	6,279,407	0.46
52,151	Kurita Water Industries	1,122,682	0.08
18,479	Kyudenko	480,271	0.04
124,288	MISUMI	2,284,255	0.17
889,131	Mitsubishi Electric	9,706,888	0.72
130,700	Mitsubishi Heavy Industries	4,111,751	0.30
46,200	Miura	1,088,586	0.08
55,433	Nabtesco	1,393,214	0.10
207,800	NTN	508,916	0.04
14,160	Okuma	644,035	0.05
36,000	OSG	587,091	0.04
119,781	Shimadzu	2,336,552	0.17
26,049	SMC	8,656,139	0.64
53,180	Sumitomo Heavy Industries	1,294,820	0.10
50,400	Tadano	400,168	0.03
54,128	THK	1,154,420	0.09
16,500	Toshiba Plant Systems & Services	248,702	0.02
20,900	Ulvac	704,361	0.05
114,600	Yaskawa Electric	3,367,140	0.25
		82,213,675	6.09
<b>Industrial Transportation — 0.93% (0.95%)</b>			
15,547	Fukuyama Transporting	428,490	0.03
20,300	Hitachi Transport System	458,026	0.04
21,500	Japan Airport Terminal	795,197	0.06
44,208	Kamigumi	775,871	0.06
38,826	Kawasaki Kisen Kaisha	436,072	0.03
28,592	Mitsubishi Logistics	563,865	0.04
52,558	Mitsui O.S.K. Lines	1,138,949	0.09
32,467	Nippon Express	1,353,823	0.10
69,360	Nippon Yusen	978,099	0.07
23,500	Sankyu	978,235	0.07
72,352	Seino	708,780	0.05
94,106	SG	1,736,267	0.13
163,785	Yamato	2,174,004	0.16
		12,525,678	0.93
<b>Support Services — 5.12% (5.07%)</b>			
8,900	ASKUL	183,969	0.01
27,400	Benefit One	415,148	0.03
23,630	GLORY	546,658	0.04
17,200	GMO Payment Gateway	928,447	0.07
623,165	Itochu	10,162,626	0.75
716,000	Marubeni	3,845,503	0.28
575,685	Mitsubishi	11,194,870	0.83
761,354	Mitsui	9,869,375	0.73
55,200	Monotaro	1,229,704	0.09

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Support Services — (cont.)</b>			
73,100	Persol	1,081,469	0.08
568,191	Recruit	14,288,626	1.06
88,233	Secom	6,232,551	0.46
29,155	Sohgo Security Services	1,180,328	0.09
510,496	Sumitomo	6,276,713	0.47
122,188	Toppa Printing	1,739,644	0.13
		<b>69,175,631</b>	<b>5.12</b>
<b>Automobiles &amp; Parts — 10.14% (10.13%)</b>			
76,780	Aisin Seiki	2,053,084	0.15
269,043	Bridgestone	8,577,287	0.63
203,791	Denso	7,227,464	0.53
35,893	GS Yuasa	502,567	0.04
786,076	Honda Motor	16,442,385	1.22
107,781	JTEKT	1,025,069	0.08
50,800	Koito Manufacturing	2,031,227	0.15
253,441	Mazda Motor	1,804,537	0.13
294,870	Mitsubishi Motors	1,044,285	0.08
85,736	NGK Spark Plug	1,292,897	0.10
76,174	NHK Spring	473,187	0.03
40,400	Nifco	777,981	0.06
879,225	Nissan Motor	4,259,481	0.32
30,700	Nissan Shatai	209,119	0.02
53,100	NOK	647,574	0.05
190,100	NSK	1,379,058	0.10
63,197	Stanley Electric	1,358,219	0.10
279,224	Subaru	6,130,623	0.45
333,600	Sumitomo Electric Industries	3,471,694	0.26
85,137	Sumitomo Rubber Industries	836,457	0.06
192,400	Suzuki Motor	6,838,593	0.51
24,090	Tokai Rika	333,004	0.02
49,200	Toyo Tire	508,675	0.04
35,014	Toyoda Gosei	571,261	0.04
26,497	Toyota Boshoku	292,870	0.02
70,782	Toyota Industries	3,199,140	0.24
1,128,968	Toyota Motor	60,336,514	4.47
24,600	TS Tech	609,497	0.04
123,832	Yamaha Motor	1,922,203	0.14
49,050	Yokohama Rubber	826,528	0.06
		<b>136,982,480</b>	<b>10.14</b>
<b>Beverages — 1.36% (1.44%)</b>			
173,581	Asahi Breweries	6,702,636	0.50
61,075	Coca-Cola Bottlers	1,099,368	0.08
24,500	Ito En	920,150	0.07
37,200	Kagome	723,265	0.05
360,373	Kirin	5,923,308	0.44
28,567	Sapporo	562,964	0.04
55,100	Suntory Beverage & Food	1,839,247	0.13



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Beverages — (cont.)</b>		
83,035	Takara	648,019	0.05
		<b>18,418,957</b>	<b>1.36</b>
	<b>Food Producers — 1.99% (2.08%)</b>		
218,929	Ajinomoto	3,195,148	0.24
8,500	Ariake Japan	503,130	0.04
35,400	Calbee	848,013	0.06
24,418	Ezaki Glico	856,920	0.06
21,900	Fuji Oil	505,854	0.04
32,494	House Foods	939,648	0.07
58,594	Itoham Yonekyu	289,093	0.02
51,271	Kewpie	898,000	0.07
81,226	Kikkoman	3,015,818	0.22
16,400	Maruha Nichiro	334,199	0.03
18,100	Megmilk Snow Brand	332,784	0.03
59,700	Meiji	3,388,818	0.25
6,100	Mitsubishi Shokuhin	121,083	0.01
19,100	Morinaga & Company	720,069	0.05
19,000	Morinaga Milk Industry	574,531	0.04
45,460	NH Foods	1,514,216	0.11
50,419	Nichirei	883,077	0.07
112,740	Nisshin Seifun	1,675,162	0.12
30,138	Nissin Foods	1,738,732	0.13
39,514	Toyo Suisan Kaisha	1,249,860	0.09
56,511	Yakult Honsha	2,469,399	0.18
56,632	Yamazaki Baking	788,907	0.06
		<b>26,842,461</b>	<b>1.99</b>
	<b>Household Goods &amp; Home Construction — 1.48% (1.41%)</b>		
290,882	Daiwa House Industry	7,686,749	0.57
24,400	Fujitsu General	318,822	0.02
39,700	Kokuyo	445,605	0.03
112,200	Makita	2,839,984	0.21
14,978	Pilot	446,495	0.03
17,251	Rinnai	950,908	0.07
28,498	Sanrio	442,568	0.03
157,201	Sekisui Chemical	1,963,143	0.15
256,500	Sekisui House	4,235,219	0.32
62,150	Sumitomo Forestry	689,603	0.05
		<b>20,019,096</b>	<b>1.48</b>
	<b>Leisure Goods — 4.77% (4.79%)</b>		
103,310	Casio Computer	1,304,162	0.10
19,400	Daiichikosho	706,446	0.05
17,690	GungHo Online Entertainment	297,837	0.02
41,600	Konami	1,471,783	0.11
86,700	Namco Bandai	4,345,732	0.32
182,400	Nexon	1,611,021	0.12
153,400	Nikon	1,510,415	0.11
48,091	Nintendo	13,000,235	0.96

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Leisure Goods — (cont.)</b>			
954,846	Panasonic	6,197,321	0.46
93,400	Sega Sammy	1,052,351	0.08
72,895	Sharp	648,519	0.05
35,755	Shimano	4,064,308	0.30
565,327	Sony	25,583,428	1.90
72,428	Yamaha	2,559,873	0.19
		<b>64,353,431</b>	<b>4.77</b>
<b>Personal Goods — 2.92% (2.63%)</b>			
12,150	ABC-Mart	642,838	0.05
83,000	Asics	1,112,370	0.08
127,847	Citizen Watch	513,932	0.04
28,400	Fancl	566,770	0.04
16,800	Goldwin	960,834	0.07
214,436	Kao	12,630,071	0.94
12,500	Kose	1,630,630	0.12
109,625	Lion	1,714,979	0.13
66,195	Nisshinbo	423,014	0.03
6,600	Noevir	267,670	0.02
15,250	Paltac	561,858	0.04
47,800	Pigeon	1,726,971	0.13
35,200	Pola Orbis	644,166	0.05
174,500	Shiseido	10,649,174	0.79
41,200	Toyobo	435,671	0.03
172,118	Unicharm	4,363,990	0.32
27,382	Wacoal	549,582	0.04
		<b>39,394,520</b>	<b>2.92</b>
<b>Tobacco — 0.69% (0.84%)</b>			
532,300	Japan Tobacco	9,374,419	0.69
<b>Health Care Equipment &amp; Services — 1.51% (1.37%)</b>			
85,600	Asahi Intecc	1,704,626	0.13
17,700	Mani	317,215	0.02
35,100	Nihon Kohden	799,474	0.06
54,857	Nipro	488,042	0.03
512,700	Olympus	5,319,070	0.39
84,288	Sysmex	4,136,365	0.31
289,940	Terumo	7,158,794	0.53
49,165	Topcon	520,249	0.04
		<b>20,443,835</b>	<b>1.51</b>
<b>Pharmaceuticals &amp; Biotechnology — 6.73% (6.28%)</b>			
81,028	Alfresa	1,403,565	0.10
849,850	Astellas Pharmaceutical	10,722,242	0.79
97,246	Chugai Pharmaceutical	5,888,089	0.44
286,700	Daiichi Sankyo	13,789,120	1.02
120,366	Eisai	6,474,947	0.48
31,000	Hisamitsu Pharmaceutical	1,108,935	0.08
16,100	Kaken Pharmaceutical	603,520	0.04

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Pharmaceuticals &amp; Biotechnology</b>		
	<b>— (cont.)</b>		
13,300	Kissei Pharmaceutical	262,195	0.02
27,218	Kobayashi Pharmaceutical	1,659,667	0.12
111,900	Kyowa Hakko Kirin	1,640,310	0.12
71,787	MediPal	1,237,342	0.09
24,600	Miraca	458,440	0.03
94,518	Mitsubishi Tanabe Pharmaceutical	846,289	0.06
12,042	Mochida Pharmaceutical	358,973	0.03
23,800	Nippon Shinyaku	1,592,294	0.12
196,655	Ono Pharmaceutical	2,791,439	0.21
186,900	Otsuka Holdings	6,001,212	0.44
39,600	PeptiDream	1,458,988	0.11
45,700	Rohto Pharmaceutical	1,036,017	0.08
160,005	Santen Pharmaceutical	2,090,699	0.16
18,204	Sawai Pharmaceutical	766,877	0.06
125,814	Shionogi	5,496,879	0.41
70,835	Sumitomo Dainippon Pharmaceutical	911,907	0.07
34,009	Suzuken	1,405,980	0.10
18,369	Taisho Pharmaceutical	1,021,715	0.08
21,000	Takara Bio	333,923	0.03
687,431	Takeda Pharmaceutical	18,803,905	1.39
30,794	Tsumura	648,847	0.05
		<b>90,814,316</b>	<b>6.73</b>
	<b>Food &amp; Drug Retailers</b>		
	<b>— 0.72% (0.77%)</b>		
13,071	Ain	573,972	0.04
4,200	Cosmos Pharmaceutical	669,345	0.05
102,536	FamilyMart	2,097,528	0.15
7,500	Kusuri no Aoki	409,666	0.03
20,397	Lawson	891,301	0.07
31,800	Matsumotokiyoshi	858,273	0.06
16,800	Sugi	731,722	0.05
30,996	Sundrug	775,712	0.06
15,700	Tsuruha	1,358,655	0.10
23,500	Welcia	1,068,843	0.08
9,700	Yaoko	347,682	0.03
		<b>9,782,699</b>	<b>0.72</b>
	<b>General Retailers — 3.90% (4.10%)</b>		
319,100	Aeon	5,005,686	0.37
28,887	Autobacs Seven	361,775	0.03
33,477	Benesse	699,164	0.05
72,655	Bic Camera	606,439	0.04
52,600	DeNA	707,201	0.05
23,038	Fast Retailing	11,226,754	0.83
40,435	H2O Retailing	356,847	0.03
151,677	Isetan Mitsukoshi	964,949	0.07
18,642	Izumi	545,737	0.04
117,270	J Front Retailing	1,173,929	0.09

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>General Retailers — (cont.)</b>		
56,028	Kakaku.com	984,918	0.07
86,800	K's Holdings	762,930	0.06
91,651	Marui	1,617,679	0.12
33,962	Nitori	3,826,547	0.28
234,232	Pan Pacific International	2,809,715	0.21
51,863	Park24	969,469	0.07
349,801	Rakuten	2,605,026	0.19
102,660	Ryohin Keikaku	1,706,440	0.13
347,026	Seven & I	10,496,022	0.78
10,524	Shimamura	673,280	0.05
69,120	Takashimaya	611,973	0.05
94,500	USS	1,367,705	0.10
317,820	Yamada Denki	1,168,679	0.09
74,700	ZOZO	1,344,622	0.10
		<b>52,593,486</b>	<b>3.90</b>
	<b>Media — 0.98% (1.00%)</b>		
129,844	Dai Nippon Printing	2,639,466	0.19
101,100	Dentsu	2,808,068	0.21
20,600	Fuji Media	210,187	0.02
109,210	Hakuhodo	1,256,997	0.09
186,300	M3	3,482,485	0.26
11,600	Nippon Television	116,867	0.01
4,400	Shochiku	497,639	0.04
51,600	SKY Perfect JSAT	163,952	0.01
51,806	Toho	1,710,797	0.13
15,003	Tokyo Broadcasting System	183,717	0.01
8,700	TV Asahi	106,162	0.01
		<b>13,176,337</b>	<b>0.98</b>
	<b>Travel &amp; Leisure — 5.73% (4.99%)</b>		
49,996	ANA	1,321,891	0.10
81,500	Central Japan Railway	13,264,900	0.98
164,571	East Japan Railway	11,950,361	0.88
14,900	H.I.S.	299,695	0.02
99,837	Hankyu Hanshin	3,075,949	0.23
23,627	Heiwa	377,045	0.03
51,200	Japan Airlines	1,222,849	0.09
42,827	Keihan	1,565,649	0.12
112,587	Keikyū	1,736,396	0.13
50,619	Keio	2,479,388	0.18
64,566	Keisei Electric Railway	2,086,072	0.15
79,438	Kintetsu	3,335,127	0.25
11,100	Kyoritsu Maintenance	382,408	0.03
70,500	Kyushu Railway	1,814,685	0.13
89,658	Nagoya Railroad	2,160,576	0.16
48,800	Nankai Electric Railway	973,887	0.07
35,446	Nishi-Nippon Railroad	632,977	0.05
135,163	Odakyu Electric Railway	2,609,584	0.19
84,600	Oriental Land	10,012,227	0.74

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Travel &amp; Leisure — (cont.)</b>		
28,600	Resorttrust	356,956	0.03
24,200	Sankyo	654,879	0.05
97,700	Seibu	1,340,771	0.10
90,800	Skylark	1,260,992	0.09
36,633	Sotetsu	751,999	0.06
91,510	Tobu Railway	2,368,554	0.18
218,477	Tokyu	3,225,990	0.24
81,452	West Japan Railway	5,449,393	0.40
42,500	Zensho	693,397	0.05
		<b>77,404,597</b>	<b>5.73</b>
	<b>Fixed Line Telecommunications — 0.81% (0.75%)</b>		
285,570	Nippon Telegraph & Telephone	10,912,782	0.81
	<b>Mobile Telecommunications — 4.32% (4.08%)</b>		
9,837	Hikari Tsushin	1,625,297	0.12
784,454	KDDI	16,713,718	1.24
526,832	NTT Docomo	10,812,876	0.80
722,900	SoftBank	7,688,215	0.57
741,638	SoftBank Group	21,531,096	1.59
		<b>58,371,202</b>	<b>4.32</b>
	<b>Electricity — 1.24% (1.43%)</b>		
311,300	Chubu Electric Power	3,651,939	0.27
135,517	Chugoku Electric Power	1,400,132	0.10
77,900	Electric Power Development	1,485,656	0.11
83,187	Hokkaido Electric Power	354,598	0.03
81,798	Hokuriku Electric Power	456,727	0.03
321,900	Kansai Electric Power	2,905,192	0.22
204,400	Kyushu Electric Power	1,592,254	0.12
72,585	Shikoku Electric Power	551,436	0.04
209,300	Tohoku Electric Power	1,670,774	0.12
716,000	Tokyo Electric Power	2,699,316	0.20
		<b>16,768,024</b>	<b>1.24</b>
	<b>Gas, Water &amp; Multi-utilities — 0.58% (0.62%)</b>		
176,744	Osaka Gas	2,689,273	0.20
42,202	Toho Gas	1,298,724	0.09
197,820	Tokyo Gas	3,904,047	0.29
		<b>7,892,044</b>	<b>0.58</b>
	<b>Banks — 5.77% (6.85%)</b>		
35,350	77 Bank	424,039	0.03
50,323	Aozora	1,003,203	0.08
34,429	Bank of Kyoto	1,050,914	0.08
268,872	Chiba Bank	1,123,074	0.08
71,722	Chugoku Bank	545,904	0.04
518,900	Concordia Financial	1,607,978	0.12
70,451	Fukuoka Financial	1,063,406	0.08

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Banks — (cont.)</b>		
201,300	Gunma Bank	528,930	0.04
214,162	Hachijuni Bank	707,995	0.05
135,574	Hiroshima Bank	537,250	0.04
61,099	Hokuhoku Financial	475,518	0.04
130,549	Iyo Bank	544,369	0.04
190,880	Japan Post Bank	1,458,314	0.11
82,500	Kansai Mirai Financial	418,234	0.03
185,088	Kyushu Financial	603,950	0.05
485,400	Mebuki Financial	956,567	0.07
5,639,260	Mitsubishi UFJ Financial	22,713,549	1.68
11,452,241	Mizuho Financial	13,606,630	1.01
72,548	Nishi-Nippon Financial	413,884	0.03
966,459	Resona	3,261,249	0.24
312,800	Seven Bank	694,599	0.05
23,800	Shiga Bank	440,642	0.03
74,741	Shinsei Bank	919,498	0.07
220,331	Shizuoka Bank	1,304,178	0.10
593,269	Sumitomo Mitsui Financial	16,240,917	1.20
165,000	Sumitomo Mitsui Trust	4,641,806	0.34
108,240	Yamaguchi Financial	588,138	0.04
		<b>77,874,735</b>	<b>5.77</b>
	<b>Nonlife Insurance — 1.66% (1.64%)</b>		
224,129	MS&AD Insurance	5,535,481	0.41
154,114	Sompo	4,703,091	0.35
296,900	Tokio Marine	12,214,909	0.90
		<b>22,453,481</b>	<b>1.66</b>
	<b>Life Insurance — 1.11% (1.41%)</b>		
490,294	Dai-ichi Life	6,278,628	0.47
605,705	Japan Post	4,329,144	0.32
89,400	Japan Post Insurance	1,102,393	0.08
65,400	Sony Financial	1,104,840	0.08
247,579	T&D	2,161,957	0.16
		<b>14,976,962</b>	<b>1.11</b>
	<b>Real Estate Investment &amp; Services — 2.36% (2.34%)</b>		
55,964	AEON Mall	699,684	0.05
30,279	Daito Trust Construction	3,024,587	0.23
152,386	Hulic	1,257,794	0.09
66,900	Iida	853,606	0.06
531,015	Mitsubishi Estate	7,945,134	0.59
421,188	Mitsui Fudosan	8,175,458	0.61
49,000	Nomura Real Estate	884,463	0.07
28,400	Open House	573,462	0.04
48,800	Relo	897,579	0.07
180,405	Sumitomo Realty & Development	5,155,045	0.38
83,315	Tokyo Tatemono	924,445	0.07

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Real Estate Investment &amp; Services — (cont.)</b>		
275,927	Tokyu Fudosan	1,402,752	0.10
		<hr/>	<hr/>
		31,794,009	2.36
	<b>Financial Services — 2.01% (2.30%)</b>		
165,460	Acom	513,912	0.04
47,834	AEON Financial Service	565,593	0.04
78,244	Credit Saison	865,385	0.06
19,044	Daishi Hokuetsu Financial	378,831	0.03
712,228	Daiwa Securities	2,548,807	0.19
9,000	Fuyo General Lease	462,039	0.03
18,600	Hitachi Capital	322,322	0.02
90,100	Ichigo	281,777	0.02
239,224	Japan Exchange	3,028,449	0.23
48,145	Matsui Securities	308,355	0.02
206,240	Mitsubishi UFJ Lease & Finance	979,267	0.07
54,200	Nihon M&A Center	1,158,278	0.09
1,502,500	Nomura	5,399,433	0.40
248,100	Orient	258,634	0.02
575,200	Orix	6,813,528	0.51
98,190	SBI	1,647,562	0.12
22,200	Tokyo Century	805,237	0.06
23,700	Zenkoku Hoshu	760,650	0.06
		<hr/>	<hr/>
		27,098,059	2.01
	<b>Software &amp; Computer Services — 1.89% (1.72%)</b>		
39,470	Capcom	789,663	0.06
40,898	CyberAgent	1,166,610	0.09
30,000	GMO internet	376,143	0.03
41,088	Itochu Techno-Solutions	847,558	0.06
10,600	Justsystems	325,448	0.02
27,640	Koei Tecmo	474,240	0.03
25,209	LINE	698,384	0.05
22,500	Net One Systems	480,353	0.04
30,200	Nihon Unisys	745,009	0.06
127,797	Nomura Research Institute	2,103,286	0.16
14,352	NS Solutions	369,424	0.03
278,700	NTT Data	2,849,619	0.21
30,800	OBIC	2,744,556	0.20
6,400	OBIC Business Consultants	200,381	0.01
15,274	Oracle Japan	994,614	0.07
48,086	Otsuka	1,419,714	0.11
19,700	SCSK	717,370	0.05
36,368	Square Enix	1,345,104	0.10
17,100	TechnoPro	809,499	0.06
35,000	TIS	1,611,887	0.12
51,395	Trend Micro	1,996,303	0.15
1,038,100	Yahoo! Japan	2,468,256	0.18
		<hr/>	<hr/>
		25,533,421	1.89

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Technology Hardware &amp; Equipment</b>		
	<b>— 3.96% (3.50%)</b>		
87,085	Advantest	3,351,498	0.25
45,000	Anritsu	706,553	0.05
102,234	Brother Industries	1,478,909	0.11
462,938	Canon	9,812,206	0.73
19,800	Canon Marketing Japan	330,958	0.02
161,908	Fujifilm	5,514,339	0.41
85,443	Fujitsu	5,473,593	0.41
30,340	Hitachi High-Technologies	1,408,107	0.10
211,403	Konica Minolta	1,215,105	0.09
111,164	NEC	3,655,111	0.27
329,100	Renesas Electronics	1,609,627	0.12
300,398	Ricoh	2,091,262	0.16
39,658	Rohm	2,409,723	0.18
18,400	SCREEN	997,164	0.07
128,812	Seiko Epson	1,436,627	0.11
110,358	SUMCO	1,397,074	0.10
69,485	Tokyo Electron	10,575,068	0.78
		<b>53,462,924</b>	<b>3.96</b>
	<b>FUTURES CONTRACTS</b>		
	<b>— 0.01% (-0.13%)</b>		
35	OSE TOPIX Index Future Expiry December 2019	55,110	0.01
20	SGX Nikkei 225 Index Future Expiry December 2019	3,213	—
		<b>58,323</b>	<b>0.01</b>
<b>Portfolio of investments<sup>1</sup></b>		<b>1,330,225,858</b>	<b>98.51</b>
<b>Net other assets</b>		<b>20,150,758</b>	<b>1.49</b>
<b>Total net assets</b>		<b>£1,350,376,616</b>	<b>100.00%</b>

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

Total purchases for the year: £271,585,653.

Total sales for the year: £213,867,066.



# Independent Auditor's Report

## Independent auditor's report to the Unitholders of Legal & General Japan Index Trust ('the Trust')

### **Opinion**

We have audited the financial statements of the Trust for the year ended 24 October 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 Trust and the accounting policies set out on pages 28 to 29.

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 Trust as at 24 October 2019 and of the net revenue and the net capital gains on the property of the Trust 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 Trust 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 Trust'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 Trust's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a trust 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 Trust to cease their operations, and as they have concluded that the Trust'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 Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust'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 Trust 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 Trust 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 7, 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 Trust'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 Trust 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 Trust'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 Trust'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 Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square,  
London E14 5GL  
17 December 2019

## Financial Statements

### Statement of Total Return for the year ended 24 October 2019

Notes	24/10/19		24/10/18	
	£	£	£	£
<b>Income</b>				
Net capital gains/ (losses)	3	55,477,850		(35,129,383)
Revenue	4	33,767,292	27,684,581	
Expenses	5	(3,065,470)	(4,568,527)	
Interest payable and similar charges	7	(46,594)	(39,696)	
<b>Net revenue before taxation</b>		<u>30,655,228</u>	<u>23,076,358</u>	
Taxation	6	(3,351,523)	(2,741,011)	
<b>Net revenue after taxation for the year</b>		<u>27,303,705</u>	<u>20,335,347</u>	
<b>Total return before distributions</b>		<u>82,781,555</u>	<u>(14,794,036)</u>	
Distributions	7	(25,302,476)	(20,338,072)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£57,479,079</b></u>	<u><b>£(35,132,108)</b></u>	

### Statement of Change in Net Assets attributable to Unitholders for the year ended 24 October 2019

	24/10/19		24/10/18	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		1,250,003,872		1,279,228,723
<b>Amounts received on issue of units</b>		483,240,906	342,062,892	
<b>Amounts paid on cancellation of units</b>		(382,440,378)	(343,801,864)	
<b>Amounts paid on in-specie transactions</b>		<u>(70,871,461)</u>	<u>—</u>	
		29,929,067	(1,738,972)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		57,479,079	(35,132,108)	
<b>Retained distributions on accumulation units</b>		12,964,115	7,645,753	
<b>Unclaimed distributions</b>		<u>483</u>	<u>476</u>	
<b>Closing net assets attributable to Unitholders</b>		<u><b>£1,350,376,616</b></u>	<u><b>£1,250,003,872</b></u>	

## Financial Statements continued

### Balance Sheet as at 24 October 2019

	Notes	24/10/19 £	24/10/18 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		1,330,225,858	1,217,023,083
<b>Current assets:</b>			
Debtors	8	14,738,951	11,567,317
Cash and bank balances	9	<u>17,561,571</u>	<u>38,255,708</u>
<b>Total assets</b>		<b><u>1,362,526,380</u></b>	<b><u>1,266,846,108</u></b>
<b>LIABILITIES</b>			
Investment liabilities		—	(1,700,507)
<b>Creditors:</b>			
Bank overdrafts	9	(12,693)	(11,352)
Distributions payable		(11,741,288)	(12,699,627)
Other creditors	10	<u>(395,783)</u>	<u>(2,430,750)</u>
<b>Total liabilities</b>		<b><u>(12,149,764)</u></b>	<b><u>(16,842,236)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£1,350,376,616</u></b>	<b><u>£1,250,003,872</u></b>

# Notes to the Financial Statements

## 1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment 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 Trust 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, on an annual basis, in accordance with the COLL.

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

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

## 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 24 October 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 24 October 2019, being the last working day of the accounting year.

#### (i) Derivative Instruments

The Trust 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 Trust 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 Trust 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.

## Notes to the Financial Statements continued

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

	24/10/19	24/10/18
	£	£
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	55,470,930	(32,616,746)
Derivative securities	(1,103,208)	(1,868,280)
Forward currency contracts	363,739	138,769
Currency gains/(losses)	<u>746,389</u>	<u>(783,126)</u>
Net capital gains/(losses)	<u>55,477,850</u>	<u>(35,129,383)</u>

### 4. Revenue

	24/10/19	24/10/18
	£	£
Non-taxable overseas dividends	33,514,709	27,409,072
Futures revenue	236,692	268,292
Bank interest	<u>15,891</u>	<u>7,217</u>
	<u>33,767,292</u>	<u>27,684,581</u>

### 5. Expenses

	24/10/19	24/10/18
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>3,065,470</u>	<u>4,568,527</u>
Total expenses	<u>3,065,470</u>	<u>4,568,527</u>

Audit fees of £9,167 plus VAT of £1,833 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £8,900 plus VAT of £1,780.



## Notes to the Financial Statements continued

### 6. Taxation

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

	24/10/19	24/10/18
	£	£
Overseas tax	3,351,523	2,741,011
Current tax [note 6(b)]	3,351,523	2,741,011
Deferred tax [note 6(c)]	—	—
Total taxation	<u>3,351,523</u>	<u>2,741,011</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>30,655,228</u>	<u>23,076,358</u>
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2018: 20%)	6,131,046	4,615,272
<b>Effects of:</b>		
Overseas tax	3,351,523	2,741,011
Revenue not subject to taxation	(6,702,942)	(5,481,815)
Excess management expenses not utilised	<u>571,896</u>	<u>866,543</u>
Current tax	<u>3,351,523</u>	<u>2,741,011</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 £6,488,512 (24 October 2018: £5,916,616) due to surplus management expenses.

It is unlikely the Trust will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised (24 October 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:

	24/10/19	24/10/18
	£	£
Final distribution	24,705,403	20,345,380
	<u>24,705,403</u>	<u>20,345,380</u>
Add: Revenue deducted on cancellation of units	2,830,976	1,564,777
Add: Revenue deducted on in-specie transactions	100,780	—
Less: Revenue received on creation of units	(2,334,683)	(1,572,085)
<b>Distributions for the year</b>	<b>25,302,476</b>	<b>20,338,072</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	46,594	39,696
	<u>25,349,070</u>	<u>20,377,768</u>

The differences between the net revenue after taxation and the distributions for the year are as follows:

	24/10/19	24/10/18
	£	£
Net revenue after taxation for the year	27,303,705	20,335,347
Equalisation effect of conversions	(2,001,229)	2,725
<b>Distributions for the year</b>	<b>25,302,476</b>	<b>20,338,072</b>

### 8. Debtors

	24/10/19	24/10/18
	£	£
Accrued revenue	11,671,009	10,114,242
Amounts receivable for creation of units	3,064,941	1,448,941
Receivable for foreign exchange contracts	3,001	4,134
	<u>14,738,951</u>	<u>11,567,317</u>

## Notes to the Financial Statements continued

### 9. Net uninvested cash

	24/10/19	24/10/18
	£	£
Amounts held at futures clearing houses and brokers	282,578	2,113,450
Cash and bank balances	17,278,993	36,142,258
Bank overdrafts	(12,693)	(11,352)
Net uninvested cash	<u>17,548,878</u>	<u>38,244,356</u>

### 10. Other creditors

	24/10/19	24/10/18
	£	£
Accrued expenses	129,896	243,850
Amounts payable for cancellation of units	265,887	2,167,013
Purchases awaiting settlement	—	19,887
	<u>395,783</u>	<u>2,430,750</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (24 October 2018: same).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

The investments of a Trust 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 Trust 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 Trust 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 Trust 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 Trust can be seen in the Portfolio Statement starting on page 10. Movements in the prices of these investments result in movements in the performance of the Trust. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Trust's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 24 October 2019, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £66,511,293 (24 October 2018: £60,766,129).

## 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 Trust'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 Trust.

#### (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 and the preceding year.

At 24 October 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 £13,335,113 (24 October 2018: £12,533,084).

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

24/10/19 Currency	Net foreign currency assets		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Japanese Yen	3,285	1,330,226	1,333,511

24/10/18 Currency	Net foreign currency assets		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Japanese Yen	37,986	1,215,323	1,253,309

#### (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 Trust'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 Trust is the liability to Unitholders for any cancellation of units.

The Trust 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 Trust made use of the following derivatives:

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

Futures are used to adjust the equities exposure of the Trust in a cost effective manner. The effect of these instruments was to increase the exposure of the Trust to equities by £5,739,424 (24 October 2018: increase the exposure by £27,177,316), representing 0.43% of the net asset value (24 October 2018: 2.17%).

This results in an effective equity exposure at the year end of 98.93% (24 October 2018: 99.39%) of net assets, which means that the gains or losses of the Trust will be 0.9893 (24 October 2018: 0.9939) times the gains or losses if the Trust 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 Trust'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 Trust's financial instruments as at the balance sheet date were:

<b>24/10/19</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	1,330,225,858	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>1,330,225,858</b>	<b>—</b>

<b>24/10/18</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	1,217,023,083	(1,700,507)
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>1,217,023,083</b>	<b>(1,700,507)</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

<b>24/10/19</b>	<b>Value</b>	<b>Commissions</b>		<b>Taxes</b>		<b>Total</b>
<b>Purchases</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>
Equities	271,508	78	0.03	—	—	271,586
<b>Total</b>	<b>271,508</b>	<b>78</b>	<b>0.03</b>	<b>—</b>	<b>—</b>	<b>271,586</b>

<b>24/10/19</b>	<b>Value</b>	<b>Commissions</b>		<b>Taxes</b>		<b>Total</b>
<b>Sales</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>
Equities	213,909	(42)	0.02	—	—	213,867
<b>Total</b>	<b>213,909</b>	<b>(42)</b>	<b>0.02</b>	<b>—</b>	<b>—</b>	<b>213,867</b>

Commissions and taxes as % of average net assets

Commissions	0.01%
Taxes	0.00%

<b>24/10/18</b>	<b>Value</b>	<b>Commissions</b>		<b>Taxes</b>		<b>Total</b>
<b>Purchases</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>
Equities	109,377	33	0.03	—	—	109,410
<b>Total</b>	<b>109,377</b>	<b>33</b>	<b>0.03</b>	<b>—</b>	<b>—</b>	<b>109,410</b>

<b>24/10/18</b>	<b>Value</b>	<b>Commissions</b>		<b>Taxes</b>		<b>Total</b>
<b>Sales</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>
Equities	123,957	(36)	0.03	—	—	123,921
<b>Total</b>	<b>123,957</b>	<b>(36)</b>	<b>0.03</b>	<b>—</b>	<b>—</b>	<b>123,921</b>

Commissions and taxes as % of average net assets

Commissions	0.01%
Taxes	0.00%

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 0.15% (24 October 2018: 0.14%).



## Notes to the Financial Statements continued

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 53. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 43 to 51. The distributions per unit class are given in the distribution table on page 41. All classes have the same rights on winding up.

<b>R-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	741,796,787	97,447,020
Units issued	207,665,507	26,994,140
Units cancelled	(229,862,799)	(29,713,034)
Units converted	(686,812,303)	(990,342)
Closing Units	32,787,192	93,737,784

<b>F-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	15,180	305,774
Units issued	4,105	19,786
Units cancelled	(4,004)	(44,746)
Units converted	(9,566)	4,559
Closing Units	5,715	285,373

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	621,857,089	461,914,720
Units issued	288,318,986	250,894,893
Units cancelled	(197,811,927)	(147,358,104)
Units converted	83,706,879	(68,127,738)
Closing Units	796,071,027	497,323,771

<b>C-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	186,375,647	135,404,891
Units issued	44,161,580	48,740,720
Units cancelled	(31,783,268)	(157,725,322)
Units converted	9,574,610	122,584,093
Closing Units	208,328,569	149,004,382

<b>L-Class</b>	<b>Accumulation</b>
Opening Units	—
Units issued	87,396
Units cancelled	(5,065,666)
Units converted	554,990,487
Closing Units	550,012,217

## Notes to the Financial Statements continued

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

The Manager is regarded as a related party to the Trust because it provides key management personnel services to the Trust. 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 Trust.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Trust. 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 Trust plus any rebates paid by the Authorised Fund Manager to the Trust are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Trust, or rebates receivable by the Trust from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 30.50% (39.29% as at 24 October 2018) of the Trust'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 distribution unit was 54.42p. The Net Asset Value per R-Class distribution unit for the Trust as at 12 noon on 11 December 2019 was 55.43p. This represents an increase of 1.86% from the year end value.

## Distribution Table

### Distribution Table for the year ended 24 October 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.

Final dividend distribution in pence per unit			Period	
			25/10/18	to 24/10/19
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.9207	—	0.9207	0.6576
Group 2	0.1762	0.7445	0.9207	0.6576
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	1.0481	—	1.0481	0.7394
Group 2	0.5966	0.4515	1.0481	0.7394
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	1.0120	—	1.0120	0.8431
Group 2	0.0719	0.9401	1.0120	0.8431
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	1.1828	—	1.1828	0.9701
Group 2	0.6258	0.5570	1.1828	0.9701
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	1.1332	—	1.1332	0.9616
Group 2	0.8265	0.3067	1.1332	0.9616
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	1.3817	—	1.3817	1.1512
Group 2	0.7111	0.6706	1.3817	1.1512
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	1.1604	—	1.1604	0.9878
Group 2	0.7040	0.4564	1.1604	0.9878
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	1.4180	—	1.4180	1.1848
Group 2	0.9658	0.4522	1.4180	1.1848
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>24/12/19</b>	<b>24/12/18</b>
	<b>Revenue</b>	<b>Equalisation</b>		
Group 1	0.5442	—	0.5442	N/A
Group 2	0.4366	0.1076	0.5442	N/A

In the above table, a distribution pay rate of N/A denotes that the class was not in existence as at the applicable XD date, and therefore no distribution was made. Please refer to the comparative table on page 43 to 51 for the launch date of this class.

## Trust Information

The Comparative Tables on pages 43 to 51 give the performance of each active unit class in the Trust.

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 Trust'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 Trust.

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.

## Trust Information continued

### Comparative Tables

#### R-Class Distribution Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	52.34	53.82	49.67
Return before operating charges*	3.28	(0.43)	5.03
Operating charges (calculated on average price)	(0.28)	(0.39)	(0.42)
Return after operating charges*	3.00	(0.82)	4.61
Distributions on income units	(0.92)	(0.66)	(0.46)
Closing net asset value per unit	54.42	52.34	53.82
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	5.73%	(1.52)%	9.28%
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#### Other Information

Closing net asset value (£)	17,842,504	388,244,951	503,353,540
Closing number of units	32,787,192	741,796,787	935,225,404
Operating charges <sup>†</sup>	0.53%	0.71%	0.83%
Direct transaction costs	0.01%	0.01%	0.00%

#### Prices

Highest unit price	57.21p	57.91p	54.38p
Lowest unit price	48.88p	51.20p	46.68p

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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.**

## Trust Information continued

### Comparative Tables continued

#### R-Class Accumulation Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	59.59	60.52	55.38
Return before operating charges*	3.74	(0.49)	5.61
Operating charges (calculated on average price)	(0.32)	(0.44)	(0.47)
Return after operating charges*	3.42	(0.93)	5.14
Distributions	(1.05)	(0.74)	(0.51)
Retained distributions on accumulation units	1.05	0.74	0.51
Closing net asset value per unit	63.01	59.59	60.52
* after direct transaction costs of:	0.01	—	—

#### Performance

Return after charges	5.74%	(1.54)%	9.28%
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#### Other Information

Closing net asset value (£)	59,061,899	58,068,840	60,184,617
Closing number of units	93,737,784	97,447,020	99,444,691
Operating charges†	0.53%	0.71%	0.83%
Direct transaction costs	0.01%	0.01%	0.00%

#### Prices

Highest unit price	65.13p	65.11p	60.64p
Lowest unit price	55.65p	57.57p	52.05p

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## Trust Information continued

### Comparative Tables continued

#### F-Class Distribution Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	52.43	53.92	49.76
Return before operating charges*	3.28	(0.45)	5.06
Operating charges (calculated on average price)	(0.19)	(0.20)	(0.19)
Return after operating charges*	3.09	(0.65)	4.87
Distributions on income units	(1.01)	(0.84)	(0.71)
Closing net asset value per unit	54.51	52.43	53.92
* after direct transaction costs of:	—	—	—

##### Performance

Return after charges	5.89%	(1.21)%	9.79%
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##### Other Information

Closing net asset value (£)	3,115	7,959	8,185
Closing number of units	5,715	15,180	15,180
Operating charges†	0.37%	0.37%	0.37%
Direct transaction costs	0.01%	0.01%	0.00%

##### Prices

Highest unit price	57.45p	58.20p	54.74p
Lowest unit price	49.08p	51.40p	46.79p

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## Trust Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	61.27	62.02	56.49
Return before operating charges*	3.84	(0.52)	5.74
Operating charges (calculated on average price)	(0.23)	(0.23)	(0.21)
Return after operating charges*	3.61	(0.75)	5.53
Distributions	(1.18)	(0.97)	(0.80)
Retained distributions on accumulation units	1.18	0.97	0.80
Closing net asset value per unit	64.88	61.27	62.02
* after direct transaction costs of:	0.01	—	—

#### Performance

Return after charges	5.89%	(1.21)%	9.79%
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#### Other Information

Closing net asset value (£)	185,154	187,346	238,579
Closing number of units	285,373	305,774	384,694
Operating charges†	0.37%	0.37%	0.37%
Direct transaction costs	0.01%	0.01%	0.00%

#### Prices

Highest unit price	67.15p	66.94p	62.14p
Lowest unit price	57.36p	59.11p	53.12p

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## Trust Information continued

### Comparative Tables continued

#### I-Class Distribution Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	52.29	53.78	49.62
Return before operating charges*	3.27	(0.45)	5.07
Operating charges (calculated on average price)	(0.08)	(0.08)	(0.08)
Return after operating charges*	3.19	(0.53)	4.99
Distributions on income units	(1.13)	(0.96)	(0.83)
Closing net asset value per unit	54.35	52.29	53.78
* after direct transaction costs of:	—	—	—

##### Performance

Return after charges	6.10%	(0.99)%	10.06%
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##### Other Information

Closing net asset value (£)	432,684,456	325,138,992	256,555,527
Closing number of units	796,071,027	621,857,089	477,058,030
Operating charges†	0.15%	0.15%	0.15%
Direct transaction costs	0.01%	0.01%	0.00%

##### Prices

Highest unit price	57.35p	58.17p	54.71p
Lowest unit price	48.85p	51.30p	46.68p

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## Trust Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	63.75	64.39	58.51
Return before operating charges*	4.00	(0.54)	5.97
Operating charges (calculated on average price)	(0.10)	(0.10)	(0.09)
Return after operating charges*	3.90	(0.64)	5.88
Distributions	(1.38)	(1.15)	(0.97)
Retained distributions on accumulation units	1.38	1.15	0.97
Closing net asset value per unit	67.65	63.75	64.39
* after direct transaction costs of:	0.01	—	—

#### Performance

Return after charges	6.12%	(0.99)%	10.05%
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#### Other Information

Closing net asset value (£)	336,439,581	294,457,798	346,552,117
Closing number of units	497,323,771	461,914,720	538,240,890
Operating charges†	0.15%	0.15%	0.15%
Direct transaction costs	0.01%	0.01%	0.00%

#### Prices

Highest unit price	69.92p	69.64p	64.51p
Lowest unit price	59.56p	61.43p	55.04p

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## Trust Information continued

### Comparative Tables continued

#### C-Class Distribution Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	52.27	53.76	49.61
Return before operating charges*	3.27	(0.45)	5.05
Operating charges (calculated on average price)	(0.05)	(0.05)	(0.05)
Return after operating charges*	3.22	(0.50)	5.00
Distributions on income units	(1.16)	(0.99)	(0.85)
Closing net asset value per unit	54.33	52.27	53.76
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	6.16%	(0.93)%	10.08%
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#### Other Information

Closing net asset value (£)	113,192,219	97,412,034	82,554,382
Closing number of units	208,328,569	186,375,647	153,561,267
Operating charges <sup>†</sup>	0.10%	0.10%	0.10%
Direct transaction costs	0.01%	0.01%	0.00%

#### Prices

Highest unit price	57.35p	58.03p	54.72p
Lowest unit price	48.95p	51.19p	46.66p

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

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## Trust Information continued

### Comparative Tables continued

#### C-Class Accumulation Units

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

Accounting Year ending	24/10/19 (pence per unit)	24/10/18 (pence per unit)	24/10/17 (pence per unit)
Opening net asset value per unit	63.87	64.48	58.57
Return before operating charges*	4.01	(0.54)	5.97
Operating charges (calculated on average price)	(0.06)	(0.07)	(0.06)
Return after operating charges*	3.95	(0.61)	5.91
Distributions	(1.42)	(1.18)	(1.01)
Retained distributions on accumulation units	1.42	1.18	1.01
Closing net asset value per unit	67.82	63.87	64.48
* after direct transaction costs of:	0.01	—	—

#### Performance

Return after charges	6.18%	(0.95)%	10.09%
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#### Other Information

Closing net asset value (£)	101,050,080	86,485,952	29,781,776
Closing number of units	149,004,382	135,404,891	46,186,600
Operating charges†	0.10%	0.10%	0.10%
Direct transaction costs	0.01%	0.01%	0.00%

#### Prices

Highest unit price	70.09p	69.60p	64.61p
Lowest unit price	59.82p	61.40p	55.10p

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## Trust Information continued

### Comparative Tables continued

#### L-Class Accumulation Units

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

Accounting Period ending	25/04/19 to 24/10/19 <sup>1</sup> (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	2.73
Operating charges (calculated on average price)	(0.02)
Return after operating charges*	2.71
Distributions	(0.54)
Retained distributions on accumulation units	0.54
Closing net asset value per unit	52.71
* after direct transaction costs of:	—

#### Performance

Return after charges	5.42%
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#### Other Information

Closing net asset value (£)	289,917,608
Closing number of units	550,012,217
Operating charges <sup>†</sup>	0.06%
Direct transaction costs	0.01%

#### Prices

Highest unit price	54.47p
Lowest unit price	48.03p

<sup>1</sup> L-Class Accumulation units launched on 25 April 2019.

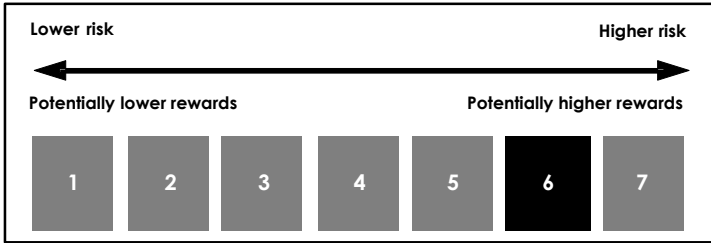
<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a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

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## Risk and Reward Profile (unaudited)



- The Risk and Reward Indicator table demonstrates where the Trust 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 Trust. The shaded area in the table above shows the Trust's ranking on the Risk and Reward Indicator.
- The Trust is in category six 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 trust in the lowest category is not a risk free investment.

## General Information (unaudited)

### Constitution

Launch date:	13 June 1989
Period end date for distribution:	24 October
Distribution date:	24 December
Minimum initial lump sum investment:	R-Class £100 F-Class* £500 I-Class £1,000,000 C-Class** £100,000,000 L-Class*** £100,000
Minimum monthly contributions:	R-Class £20 F-Class* £50 I-Class N/A C-Class** N/A L-Class*** N/A
Valuation point:	12 noon
Fund management fees:	R-Class Annual 0.53% F-Class* Annual 0.37% I-Class Annual 0.15% C-Class** Annual 0.10% L-Class*** Annual 0.06%
Initial charge:	Nil for all existing unit classes

\* Class F units are available to:

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

\*\* Class C units are 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.

\*\*\* Class L units are only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

### 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.

## General Information (unaudited) continued

### Buying and Selling Units

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

### ISA Status

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

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

### Prospectus and Manager's 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.

### Information on Tracking Error

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

Using monthly returns, over the review year, the annualised Tracking Error of the Trust is 0.07%, whilst over the last three years to the end of October 2019, the annualised Tracking Error of the Trust is 0.09%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/-0.50% per annum.



## 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 Japan Index Trust, as a UCITS Scheme, is required to disclose the aggregate remuneration paid by the UCITS Manager and by the UCITS Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITS Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it as at 31 December 2018:

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Trust (Pro-rated) (£'000)
36	7,644	13,053	494

### Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Trust (Pro-rated) (£'000)
24	2,667	3,393	20

### Controlled Functions

During 2018, Legal & General Unit Trust Managers Limited (UTM) engaged the services of seven employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further one employee of Legal & General Resources (LGR) to act as Director. In addition, there was one non-executive Director. UTM also engaged the services of a further 24 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**

During 2018, UTM engaged the services of Legal & General Investment Management's Index Fund Management Team, which consists of 24 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 Trust. 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 Index Fund Management Team.

### **Assessment of Value**

We will be publishing Assessment of Value reports for our funds on [legalandgeneral.com](http://legalandgeneral.com) and [lgim.com](http://lgim.com) on 30 April 2020. Please look out for further information nearer the time.

### **Significant Changes**

#### **New Unit Class: L-Class**

L-Class accumulation units were launched on 25 April 2019.

#### **Change in Investment Objective and Policy**

In line with the updated rules and guidance for the asset management industry published by the Financial Conduct Authority (FCA) in February 2019, we have clarified the Investment Objectives and Policies for our UK regulated funds.

The revised Investment Objective and Policy came into effect on 7 August 2019. The previous and revised Investment Objective and Policy are set out on page 2.

#### **Publication of Short Report Discontinued**

With effect from 20 September 2019, the Short Report for this Trust will no longer be issued.

## 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)  
E. Cowhey\* (appointed 9 October 2019)  
A. J. C. Craven  
S. Hynes  
H. Morrissey  
H. Solomon  
L. W. Toms  
A. R. Toutouchi\*  
M. J. Zinkula (resigned 15 July 2019)

\*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

**Authorised and regulated by the  
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)

