



MULTI MANAGER FUND RANGE

PASSION.

Our fund management team offers three funds to suit your investment needs. They have all been created first and foremost with performance in mind.

THE PERFORMANCE FEE EXPLAINED

INSURANCE. SAVINGS.
INVESTMENT MANAGEMENT.





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Legal & General's three Multi Manager Funds have been created with performance in mind. They include a performance fee designed to provide an incentive for the fund managers to continually strive to improve on the funds performance, which can help achieve greater long-term returns on your investment.

HOW DOES THE PERFORMANCE FEE WORK?

A PERFORMANCE FEE works because the fund manager only applies it when their fund outperforms their sector benchmark.

A benchmark is used by the investment industry to compare how something is performing against something else. Benchmarking is the process that appropriately compares and measures investment performance of identical portfolios.

In the case of the multi manager fund range, IMA sector averages are used as the benchmark. The IMA (Investment Management Association) is the trade body for the UK investment industry. They define a 'sector' as every investment of a given type in the market. All IMA sector benchmarks are calculated wholly independently of Legal & General, so you know the performance fee is fair.

All three of the Legal & General Multi Manager funds include a performance fee so the advantages of investing in our funds include:

- The fund managers remain motivated to continually improve upon the performance of the funds.
- If a performance fee is not earned, fees are kept to a minimum.

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The performance fee applies only to the underlying unit trust. The fund manager's performance fee applies to all product wrappers and is in addition to other fund management charges which will differ depending on the product you select. The method of calculating the performance fee is the same for all products. Please speak to your adviser for full details.

THE HIGH WATER MARK

To provide additional assurance to you, we will apply what is known as a 'high water mark'.

The investment must outperform the benchmark by a steadily increasing amount to consistently charge a performance fee. So, if it exceeds the benchmark and then underperforms, it must regain that underperformance before any further performance fee is paid.

EXAMPLE

If the fund outperforms the benchmark by 1% then falls back, it will need to exceed that 1% outperformance before you have any further performance fee to pay. If it then outperforms by 2% and then falls back to 1% outperformance, you will pay no performance fee until it exceeds that 2% outperformance. We measure the performance on a daily basis from launch of the fund.

► HOW DO WE WORK OUT THE PERFORMANCE FEE?

THE PERFORMANCE OF THE FUND will be measured from its launch, on a daily basis against the performance of the appropriate IMA sector at the close of business on each working day.

The performance fee is calculated as 20% of the amount by which the fund outperforms its sector average including the high water mark. So if the unit trust outperformed the high water mark by 1%, you would pay a maximum of 0.2% (20% of the outperformance).

The performance fee is capped at 1% in any year between 16 January and 15 January, this is in line with the fund's accounting year. We take a performance fee on a daily basis as a percentage of the fund value on that day.

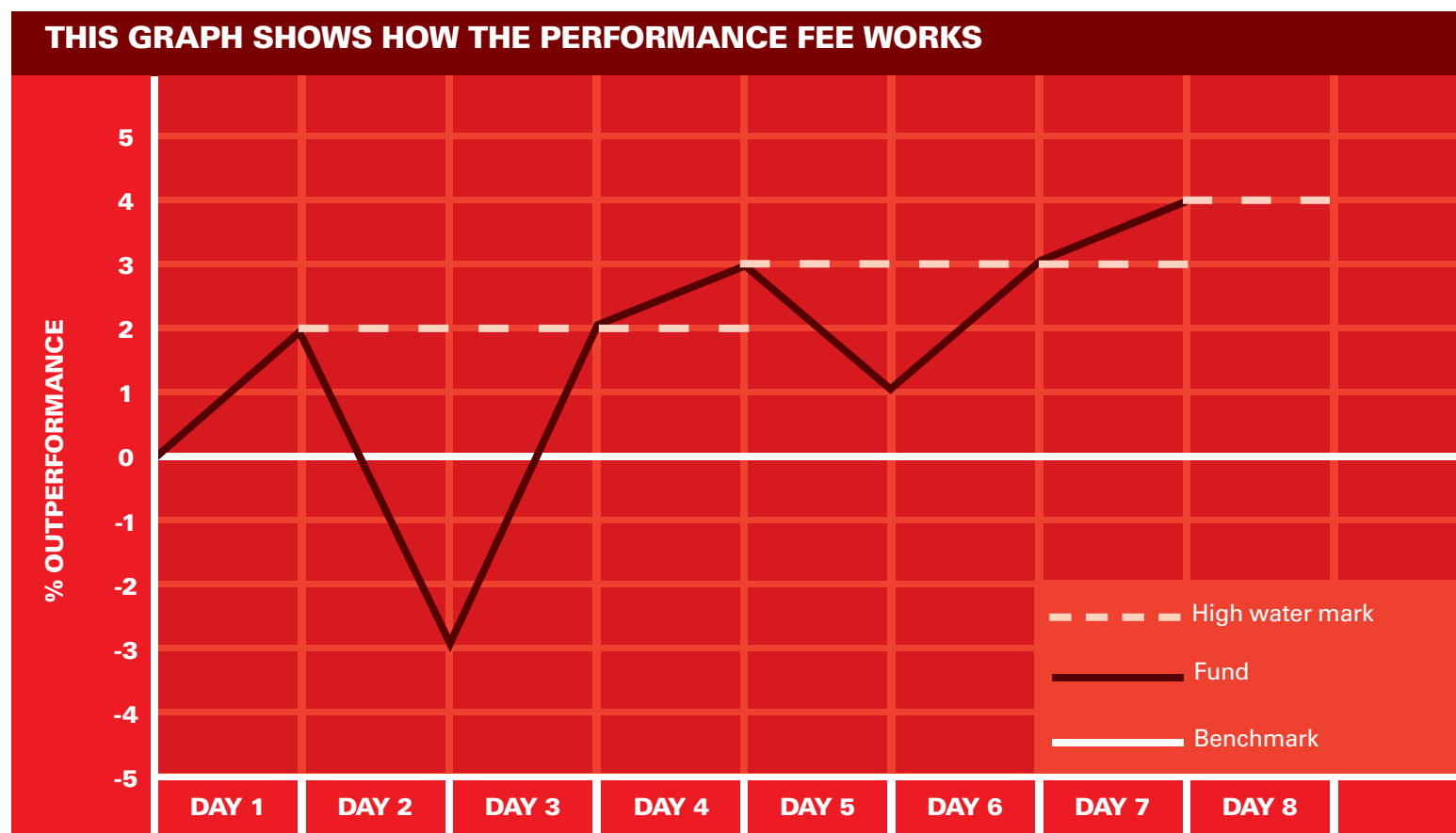
Each percentage taken is added together until the 1% maximum is reached. After that, we take no more performance fee, even if the fund continues to outperform its benchmark, until the beginning of the next set 12 month period on 16 January.

WHAT HAPPENS TO THE PERFORMANCE FEE IN A FALLING MARKET?

If both the fund and the IMA sector benchmark fall, but the fund falls less than the benchmark, you may still have to pay a performance fee. For example, if the sector benchmark falls by 5% and the fund falls by 3%, assuming the high water mark is set at 1%, you could pay a performance fee.

▶ PERFORMANCE FEE IN PRACTICE

IN THE FOLLOWING EXAMPLE, you can see that the performance fee is only payable on the days that it actually outperforms both the benchmark and the high water mark. This means that the fee is only payable on three out of the eight days shown, even though the fund actually outperforms the sector on seven of those eight days.



This is not a projection, the figures shown are designed to demonstrate how the charging structure works in practice and are likely to be very different to what might actually occur. The value of your investment can fall as well as rise, is not guaranteed and you may not get back your full investment.



DAY ONE

The fund has outperformed the benchmark so a performance fee can be taken, as long as the 1% annual cap has not been reached. The high water mark is set at 2% outperformance of the benchmark.

DAY TWO

The fund's performance against the benchmark has declined and so no performance fee is taken.

DAY THREE

The performance against the benchmark has improved but no performance fee is taken, as the level of outperformance is not above the high water mark of 2%. It's only when the outperformance exceeds its previous high that the performance fee is taken.

DAY FOUR

The fund has exceeded the high water mark and so a performance fee can be taken, as long as the 1% annual cap has not been reached. The high water mark is now set at 3%.

DAY FIVE

The fund's performance against the benchmark has been declining and therefore no performance fee is taken.

DAY SIX

The performance against the benchmark has started to improve but no performance fee has been taken as the level of outperformance is still below the high water mark of 3%. It's only when the outperformance exceeds this latest high water mark that a performance fee is taken.

DAY SEVEN

The fund has outperformed and exceeded the high water mark and so a performance fee can be taken, as long as the 1% annual cap has not been reached. The high water mark is now set at 4%.

REMEMBER

The performance fee can vary, so what you get back will vary depending on the performance of the fund.

Past performance is not a guide to the future.

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IMPORTANT NOTES

The value of the investment returns will be reduced by a performance fee charged to the fund if it meets its stated outperformance criteria.

The value of an investment in these funds can fall as well as rise, is not guaranteed and you may get back less than you invest. Although there is no fixed term, you should consider these funds as a medium to long-term investment of five years, or longer.



www.legalandgeneral.com

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We are authorised and regulated by the Financial Services Authority.

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