

Legal & General Mixed Investment 20-60% Fund

**Annual Manager's Report**  
**for the year ended**  
**31 July 2018**

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

# Manager's Investment Report

## Investment Objective and Policy

This Fund aims to provide long-term growth of both capital and income. The Fund will invest in shares, fixed interest securities and other assets including those giving indirect exposure to commodities and real property. Between 20% and 60% of the Fund's property will be invested in shares.

Exposure to these asset classes will be achieved generally through investment in collective investment schemes but may also be achieved by investing directly in the assets. At times the Fund may be fully invested in collective investment schemes only or directly invested only. The collective investment schemes invested in may include those managed by Legal & General.

The Fund may also invest in other transferable securities, other collective investment schemes, money market instruments, deposits, cash or near cash.

The Fund will use derivatives for efficient portfolio management purposes.

## Manager's Investment Report

During the year under review, the mid price of the Fund's I-Class accumulation units rose by 2.81%. The Fund out-performed its benchmark as funds within the Investment Association Mixed Investment 20-60% Sector delivered an average return of 0.45% (Source: Lipper Hindsight).

**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.**

## Market/Economic Review

The global economic background has improved over the year under review, led by solid growth in the major developed economies, although recent indicators suggest there has been some loss of momentum, particularly in Europe. Despite a rise in commodity prices, with the oil price (Brent crude) recovering to \$79 per barrel in May, its highest level since 2014, inflationary pressures worldwide have remained subdued by historical standards.

In the US, economic activity remains in good shape, underpinned by improving consumer and business sentiment, a strong labour market and a recovery in the energy sector. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates three times over the review year. The Fed also began unwinding its asset purchase programme, known as quantitative easing (QE), in October. In December, Congress approved US President Donald Trump's tax reforms which include a cut in the main rate of corporation tax from 35% to 21%.

The Eurozone economy grew at its fastest pace for a decade in 2017 although there was some loss of momentum during the first half of 2018 with a slowdown in Germany and France, the region's two largest economies. The European Central Bank (ECB) announced it would cease its monthly asset purchase programme by the end of 2018. With inflation remaining subdued the ECB has signalled interest rates are likely to remain on hold until at least mid-2019.

In the UK, both economic and political uncertainties have heightened over the review year, with precariousness as to the outcome of the UK government's strategy on Brexit and the implications for trade with the EU. The UK economy grew at its slowest pace for six years during the first quarter of 2018. The Bank of England voted to

## Manager's Investment Report continued

increase interest rates to 0.5% on 2 November 2017, removing the emergency support announced in August 2016 in the wake of the EU referendum, but shelved plans for an additional rate hike in May.

Looking at the Asian economies, Japan recorded eight consecutive quarters of growth as monetary policy has remained loose, although the economy contracted during the first quarter of 2018 as an unexpected decline in household consumption offset a rise in business spending. The Chinese authorities have adopted a range of policy initiatives to facilitate the economy's transition from export and investment-driven growth towards consumption and services, while tightening regulation of shadow banking and encouraging debt reduction in the broader economy. Recent Chinese economic indicators suggest year-on-year growth remains in line with the government's 6.5% target.

Amongst other emerging economies, Brazil saw a turn in fortunes after a two-year recession ended in 2017, while Russia has recorded its sixth consecutive quarter of growth, given the boost of a recovery in commodity markets.

### Fund Review

The Fund produced a positive return over the review year.

The Fund's equities allocation was a key contributor to Fund performance. During the 2017 portion of the review year, this performance was driven by European and UK equities. Having suffered during early 2018, UK equities have contributed to performance more recently, alongside US stocks. REITs and infrastructure assets also added value. However, this was partially offset by the exposure to both local and hard currency emerging market debt.

We switched from a third party listed infrastructure ETF and invested into the newly launched L&G Global Infrastructure Index Fund. We reduced our global credit exposure as we believe it is a less attractive asset class as the economy moves into late cycle. We also reduced the duration of the fixed income portion by selling bunds and gilts. On the back of recent strong performance, we reduced our overweight REIT position.

### Outlook

Two countervailing forces are keeping markets in something of a holding pattern recently: growth in the global economy and company earnings, versus the ascent of populist economic policies. We may be due to learn soon which one will gain the upper hand. Trade wars continue to occupy markets' attention. Although there has yet to be any major fall-out, our economists do anticipate some damage to growth from trade wars over the next year, and as such have slightly revised down our GDP forecasts for both the US and China.

Given the backdrop of 'good growth and bad politics' and a mid-to-late cycle economy, we have kept our equities overweight versus our strategic allocation in the funds, but would look to reduce exposure if we saw recession pressures building. We also remain less positive on corporate bonds, as credit spreads are still not attractive despite some recent widening. Lastly, we continue to look to protect the portfolios through taking more of our fixed income exposure via global inflation-linked bonds and being more selective within emerging market equities.

## Authorised Status

### Authorised Status

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

### Directors' Statement

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



A. J. C. Craven  
(Director)



S. D. Thomas  
(Director)

Legal & General (Unit Trust Managers) Limited  
20 September 2018

## 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 Fund and of the net income and net gains or losses on the property of the Fund for the period.

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

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

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

## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General Mixed Investment 20-60% Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

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

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

## Report of the Trustee

### **Report of the Trustee to the Unitholders of the Legal & General Mixed Investment 20-60% Fund ("the Fund") for the year ended 31 July 2018**

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

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

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

Northern Trust Global Services PLC  
UK Trustee and Depositary Services  
20 September 2018

## Portfolio Statement

### Portfolio Statement as at 31 July 2018

All investments are in investment grade securities or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 31 July 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>GOVERNMENT BONDS</b>		
	<b>— 2.85% (2.39%)</b>		
EUR8,360,000	Spain Government Bond 2.15% 31/10/2025	8,101,452	0.94
USD20,704,000	US Treasury Index-Linked 0.625% 15/01/2026	16,448,662	1.91
		<b>24,550,114</b>	<b>2.85</b>
	<b>FUNDS INVESTED IN SHARES</b>		
	<b>— 46.42% (42.34%)</b>		
38,830,113	Legal & General (N) Tracker Trust 'I' Inc <sup>1</sup>	76,534,152	8.88
21,821,155	Legal & General European Index Trust 'I' Inc <sup>1</sup>	64,961,578	7.53
51,183,011	Legal & General Global Emerging Markets Index Fund 'L' Inc <sup>1</sup>	29,906,234	3.47
65,049,362	Legal & General Global Infrastructure Index Fund 'L' Inc <sup>1</sup>	37,279,789	4.32
54,887,637	Legal & General Global Real Estate Dividend Index Fund 'L' Inc <sup>1</sup>	34,244,396	3.97
56,592,337	Legal & General Japan Index Trust 'I' Inc <sup>1</sup>	31,323,858	3.63
22,368,115	Legal & General Pacific Index Trust 'I' Inc <sup>1</sup>	24,739,135	2.87
12,523,017	Legal & General UK Index Trust 'L' Inc <sup>1</sup>	21,439,406	2.49
29,376,038	Legal & General UK Mid Cap Index Fund 'L' Inc <sup>1</sup>	16,829,532	1.95
14,634,533	Legal & General US Index Trust 'I' Inc <sup>1</sup>	62,987,031	7.31
		<b>400,245,111</b>	<b>46.42</b>
	<b>FUNDS INVESTED IN INTEREST BEARING SECURITIES</b>		
	<b>— 41.25% (45.94%)</b>		
19,736	Legal & General All Stocks Index Linked Gilt Index Trust 'I' Inc <sup>1</sup>	23,190	—
89,184,877	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc <sup>1</sup>	50,576,744	5.87
111,506,996	Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc <sup>1</sup>	59,243,667	6.87
64,281,022	Legal & General Global Inflation Linked Bond Index Fund 'L' Inc <sup>1</sup>	33,496,841	3.88
87,271,106	Legal & General High Income Trust 'I' Inc <sup>1</sup>	42,230,488	4.90
165,165,101	Legal & General Sterling Corporate Bond Index Fund 'L' Inc <sup>1</sup>	91,683,147	10.63

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>FUNDS INVESTED IN INTEREST BEARING SECURITIES — (cont.)</b>		
64,688,786	LGIM Global Corporate Bond Fund 'B' Acc <sup>1</sup>	78,461,029	9.10
		<hr/>	<hr/>
		355,715,106	41.25
	<b>EQUITY INVESTMENT INSTRUMENTS — 0.00% (2.90%)</b>		
	<b>FUTURES CONTRACTS — -0.21% (0.02%)</b>		
121	Australia 10 Year Future Expiry September 2018	82,348	0.01
(55)	Euro-Bund Future Expiry September 2018	(9,808)	—
63	Euro-OAT Future Expiry September 2018	22,969	—
(137)	Long Gilt Future Expiry September 2018	4,276	—
194	DJ US Real Estate Future Expiry September 2018	135,220	0.02
131	E-Mini Russell 2000 Index Future Expiry September 2018	84,323	0.01
554	Euro STOXX 50 Future Expiry September 2018	284,189	0.03
17	FTSE 100 Index Future Expiry September 2018	9,014	—
298	FTSE 250 Index Future Expiry September 2018	(115,314)	(0.01)
(257)	MSCI Emerging Markets Index Future Expiry September 2018	338,119	0.04
99	OSE Topix Future Expiry September 2018	(62,381)	(0.01)
227	SGX SP Future Expiry August 2018	62,602	0.01
466	STOXX 600 Utilities Index Future Expiry September 2018	219,178	0.03
(70)	CHF/USD Currency Future Expiry September 2018	68,654	0.01
(257)	EUR/GBP Currency Future Expiry September 2018	(299,841)	(0.04)
(107)	EUR/USD Currency Future Expiry September 2018	126,460	0.01
2,201	GBP/USD Currency Future Expiry September 2018	(2,747,350)	(0.32)
220	INR/USD Currency Future Expiry August 2018	20,057	—
98	JPY/USD Currency Future Expiry September 2018	(39,192)	—
500	USD/KRW Currency Future Expiry August 2018	(12,939)	—
		<hr/>	<hr/>
		(1,829,416)	(0.21)

## Portfolio Statement continued

**Portfolio of investments<sup>2</sup>**

**Net other assets<sup>3</sup>**

**Total net assets**

778,680,915	90.31
83,521,640	9.69
<b>£862,202,555</b>	<b>100.00%</b>

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

<sup>2</sup> Including investment liabilities.

<sup>3</sup> Includes £62,571,919 of nominals in the LGIM Sterling Liquidity Fund Class 1 which is shown as a cash equivalent in the balance sheet of the Fund.

Total purchases for the year: £396,068,930.

Total sales for the year: £55,446,573.

# Independent Auditor's Report

## Independent auditor's report to the Unitholders of Legal & General Mixed Investment 20-60% Fund ('the Fund')

### **Opinion**

We have audited the financial statements of the Fund for the year ended 31 July 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Fund and the accounting policies set out on pages 15 to 16.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 31 July 2018 and of the net revenue and the net capital gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

### **Basis for opinion**

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

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

### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **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.

## Independent Auditor's Report continued

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

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

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

### ***Manager's responsibilities***

As explained more fully in their statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

Jatin Patel  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square,  
London E14 5GL  
20 September 2018

## Financial Statements

### Statement of Total Return for the year ended 31 July 2018

Notes	31/07/18		31/07/17	
	£	£	£	£
<b>Income</b>				
Net capital gains	3	6,902,107		14,105,276
Revenue	4	17,457,053	6,979,381	
Expenses	5	(2,225,692)	(953,521)	
Interest payable and similar charges	7	(11,038)	(5,273)	
<b>Net revenue before taxation</b>		<u>15,220,323</u>	<u>6,020,587</u>	
Taxation	6	(1,936,152)	(783,853)	
<b>Net revenue after taxation for the year</b>		<u>13,284,171</u>	<u>5,236,734</u>	
<b>Total return before distributions</b>		20,186,278	19,342,010	
Distributions	7	(13,284,171)	(5,244,281)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£6,902,107</b></u>	<u><b>£14,097,729</b></u>	

### Statement of Change in Net Assets attributable to Unitholders for the year ended 31 July 2018

	31/07/18		31/07/17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		460,770,064		113,211,711
Amounts received on issue of units	382,065,073		329,266,581	
Amounts paid on cancellation of units	(2,916,869)		(3,445,566)	
		<u>379,148,204</u>		<u>325,821,015</u>
<b>Dilution levy</b>		36,001		441,075
<b>Change in net assets attributable to Unitholders from investment activities</b>		6,902,107		14,097,729
<b>Retained distributions on accumulation units</b>		<u>15,346,179</u>		<u>7,198,534</u>
<b>Closing net assets attributable to Unitholders</b>		<u><b>£862,202,555</b></u>		<u><b>£460,770,064</b></u>

## Financial Statements continued

### Balance Sheet as at 31 July 2018

	Notes	31/07/18 £	31/07/17 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		781,967,740	433,200,170
<b>Current assets:</b>			
Debtors	8	7,715,582	7,986,559
Cash and bank balances	9	14,783,055	7,329,993
Cash equivalents	9	62,571,919	14,937,615
<b>Total assets</b>		<b>867,038,296</b>	<b>463,454,337</b>
<b>LIABILITIES</b>			
Investment liabilities		(3,286,825)	(1,989,310)
<b>Creditors:</b>			
Bank overdrafts	9	(179,217)	(1,573)
Distributions payable		(12,613)	(12,826)
Other creditors	10	(1,357,086)	(680,564)
<b>Total liabilities</b>		<b>(4,835,741)</b>	<b>(2,684,273)</b>
<b>Net assets attributable to Unitholders</b>		<b>£862,202,555</b>	<b>£460,770,064</b>

# Notes to the Financial Statements

## 1. Statement of Compliance

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

## 2. Summary of Significant Accounting Policies

### (a) Basis of Preparation

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

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

### (b) Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

### (c) Recognition of Revenue

Bond revenue is accounted for on an effective yield basis, calculated with reference to the purchase price. If the Manager believes that future commitments will not be met due to the bond issuer showing signs of financial distress, revenue accruals will be discounted. Any resultant revenue from these issues will then be treated on a receipts basis.

Revenue from distribution and accumulation units in Collective Investment Schemes is recognised when the distribution is quoted ex-dividend.

Equalisation on distributions received from Collective Investment Schemes is treated as capital property of the Fund.

Rebates received from underlying Collective Investment Schemes are treated as revenue or capital depending on the treatment of the Manager's fees in the underlying Fund.

Revenue from offshore funds is recognised when it is reported.

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

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the Fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission is deducted from the cost of those shares.

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.

## Notes to the Financial Statements continued

### 2. Summary of Significant Accounting Policies continued

#### (e) Distribution Policy

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

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

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

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

All investments are valued at their fair value as at 3pm on 31 July 2018, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price, excluding any accrued interest. The fair value for units in Collective Investment Schemes is the cancellation price or bid price for dual priced funds and single price for single priced funds. 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.

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 3pm on 31 July 2018, being the last working day of the accounting year.

#### (i) Derivative Instruments

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

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

## Notes to the Financial Statements continued

### 3. Net capital gains

	31/07/18	31/07/17
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	8,694,941	13,723,236
Derivative securities	(1,866,288)	295,080
Forward currency contracts	1,769	—
Currency (losses)/gains	(38,496)	49,225
Management fee rebates	110,181	37,735
Net capital gains	<u>6,902,107</u>	<u>14,105,276</u>

### 4. Revenue

	31/07/18	31/07/17
	£	£
Bond Interest	190,901	75,636
UK Franked distributions	5,277,819	1,902,915
Interest distributions	9,624,423	4,380,776
Management fee rebates	447,242	193,526
Taxable overseas distributions	219,602	26,630
Non-taxable overseas distributions	371,937	236,147
Futures revenue	1,292,091	159,807
Underwriting commission	—	61
Bank interest	33,038	3,883
	<u>17,457,053</u>	<u>6,979,381</u>

### 5. Expenses

	31/07/18	31/07/17
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>2,225,692</u>	<u>953,521</u>
Total expenses	<u>2,225,692</u>	<u>953,521</u>

Audit fees of £9,800 plus VAT of £ 1,960 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £9,250 plus VAT of £1,850.

## Notes to the Financial Statements continued

### 6. Taxation

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

	31/07/18	31/07/17
	£	£
Corporation tax	1,936,152	783,853
Current tax [note 6(b)]	1,936,152	783,853
Deferred tax [note 6(c)]	—	—
Total taxation	<u>1,936,152</u>	<u>783,853</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>15,220,323</u>	<u>6,020,587</u>
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	3,044,065	1,204,117
<b>Effects of:</b>		
Capitalised revenue subject to taxation	22,036	7,547
Revenue not subject to taxation	<u>(1,129,949)</u>	<u>(427,811)</u>
Current tax	<u>1,936,152</u>	<u>783,853</u>

#### (c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

## 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:

	31/07/18	31/07/17
	£	£
Interim distribution	7,758,136	2,927,290
Final distribution	<u>7,617,580</u>	<u>4,298,743</u>
	15,375,716	7,226,033
Add: Revenue deducted on cancellation of units	16,165	21,471
Less: Revenue received on creation of units	<u>(2,107,710)</u>	<u>(2,003,223)</u>
<b>Distributions for the year</b>	<b>13,284,171</b>	<b>5,244,281</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	<u>11,038</u>	<u>5,273</u>
	<u>13,295,209</u>	<u>5,249,554</u>

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

	31/07/18	31/07/17
	£	£
Net revenue after taxation for the year	13,284,171	5,236,734
Tax relief on capital revenue	—	<u>7,547</u>
<b>Distributions for the year</b>	<b>13,284,171</b>	<b>5,244,281</b>

### 8. Debtors

	31/07/18	31/07/17
	£	£
Accrued revenue	2,100,621	1,312,645
Amounts receivable for creation of units	5,412,997	6,624,997
CIS tax recoverable	142,419	19,594
Management fee rebates	<u>59,545</u>	<u>29,323</u>
	<u>7,715,582</u>	<u>7,986,559</u>

## Notes to the Financial Statements continued

### 9. Net uninvested cash

	31/07/18	31/07/17
	£	£
Amounts held at futures clearing houses and brokers	9,575,182	3,843,468
Cash and bank balances	5,207,873	3,486,525
Bank overdrafts	(179,217)	(1,573)
Cash equivalents	<u>62,571,919</u>	<u>14,937,615</u>
Net uninvested cash	<u>77,175,757</u>	<u>22,266,035</u>

### 10. Other creditors

	31/07/18	31/07/17
	£	£
Accrued expenses	238,434	126,478
Amounts payable for cancellation of units	5,000	84,000
Corporation tax payable	1,113,652	469,153
Purchases awaiting settlement	—	933
	<u>1,357,086</u>	<u>680,564</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31 July 2017: same).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

The investments of a Fund in financial securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in such instruments. Legal & General (Unit Trust Managers) Limited (UTM) is the Authorised Fund Manager and has responsibility for ensuring appropriate risk management processes are implemented for each Unit Trust.

The UTM Board has delegated the risk oversight function to the Fund Manager Oversight Committee (FMOC), a committee of the Legal & General Investment Management (Holdings) Limited (LGIMH) Board that meets monthly. The primary objective of the FMOC is to ensure proper oversight of the investment management activities and associated services performed by LGIM, its delegates and other Fund Managers, under the Investment Management Agreement (IMA), on behalf of UTM in its capacity as Authorised Fund Manager. The committee consists of senior members of LGIMH and members of the UTM Board. Other senior staff members are also in attendance, as required by the agenda.

Each Fund has Investment Guidelines, an Investment Objective and Investment Restrictions, against which the fund manager will operate. These are set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager, reviewed by the LGIM Operational Risk and Compliance Teams and approved senior members of LGIMH on behalf of the UTM board. The Schedule provides the detail needed to determine the risk profile for each fund. Fund managers are not permitted to invest into any new instruments without first gaining approval from UTM.

The Investment Objective and Policy of this Fund is detailed on page 2.

#### (a) Market Risk arising from other price risk

Market Risk arises mainly from uncertainty about future prices. It represents the potential loss the Fund may suffer through holding market positions in the face of market movements.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar instruments traded in the market.

The assets held by the Fund can be seen in the Portfolio Statement starting on page 8. Movements in the prices of these investments result in movements in the performance of the Fund. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Fund's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 31 July 2018, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £38,934,046 (31 July 2017: £21,560,543).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (b) Interest Rate Risk

Interest Rate Risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Fund is exposed to interest rate risk through its holdings in debt securities and underlying collective investment schemes that pay interest distributions. The market value of debt securities and any floating rate payments from debt securities held (and interest rate swaps) may fluctuate as a result of changes in interest rates. This risk is managed by the active monitoring and adjustment of the investments held directly by this Fund and within each underlying Fund that invests in debt securities, in line with the stated investment objective and policy of the Fund.

At 31 July 2018, if interest rates on the Fund increased or decreased by 1 basis point, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £252,593. This represents the Manager's best estimate of a reasonable possible shift in interest rates, having regard to historical volatility of those rates.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (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.

As this Fund invests in other collective investment schemes that hold investment instruments in overseas financial securities, there is currency risk in respect of the financial instruments held by those schemes.

Forward currency contracts and currency futures were utilised in both the current year and the preceding year.

At 31 July 2018, 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 £1,351,986 (31 July 2017: £217,600).

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

31/07/18 Currency	Net foreign currency assets		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian Dollar	144	82	226
Euro	(39,235)	8,618	(30,617)
Indian Rupee	4,874	—	4,874
Japanese Yen	8,558	(62)	8,496
South Korean Won	(3,449)	—	(3,449)
Swiss Franc	(6,738)	—	(6,738)
US Dollar	(125,060)	17,069	(107,991)

31/07/17 Currency	Net foreign currency assets		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian Dollar	180	(68)	112
Euro	1,542	3,349	4,891
Japanese Yen	28	89	117
South Korean Won	112	(28)	84
Swiss Franc	24	—	24
US Dollar	1,791	8,011	9,802

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (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.

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

The Fund's investments in bonds expose it to the default risk of the bond issuer with regards interest payments and principal repayments. At the balance sheet date none of the bonds held by the Fund's had low credit ratings (sub-investment grade).

As this Fund invests in Collective Investment Schemes, there is credit risk in respect of the assets held by these Schemes.

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

#### (e) Liquidity Risk

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

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

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

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

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

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

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

Futures are used to adjust the duration and interest rate risk of the Fund, and to adjust the equities exposure of the Fund, in a cost effective manner. The effect of these instruments was to increase the exposure of the Fund to bonds and equities by £48,038,209 (31 July 2017: increase the exposure by £49,202,380), representing 5.57% of the net asset value (31 July 2017: 10.68%).

This results in an effective equity exposure at the year end of 95.88% (31 July 2017: 104.27%) of net assets, which means that the gains or losses of the Fund will be 0.9588 (31 July 2017: 1.0427) times the gains or losses if the Fund was fully invested in equities.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (g) Fair Value

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

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 requires the classification of the Fund's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Fund's financial instruments as at the balance sheet date were:

<b>31/07/18</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	17,906,071	(3,286,825)
Level 2 - Observable Market Data	764,061,669	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>781,967,740</b>	<b>(3,286,825)</b>

<b>31/07/17</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	22,735,250	(1,989,310)
Level 2 - Observable Market Data	410,464,920	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>433,200,170</b>	<b>(1,989,310)</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

31/07/18	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	17,432	—	—	—	—	17,432
Collective Investment Schemes	365,177	—	—	53	0.01	365,230
Debt Securities	13,407	—	—	—	—	13,407
<b>Total</b>	<b>396,016</b>	<b>—</b>	<b>—</b>	<b>53</b>	<b>0.01</b>	<b>396,069</b>

31/07/18	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	28,673	—	—	—	—	28,673
Collective Investment Schemes	26,774	—	—	—	—	26,774
<b>Total</b>	<b>55,447</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>55,447</b>

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.01%

31/07/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	8,284	—	—	—	—	8,284
Collective Investment Schemes	300,883	—	—	138	0.05	301,021
Debt Securities	13,522	—	—	—	—	13,522
<b>Total</b>	<b>322,689</b>	<b>—</b>	<b>—</b>	<b>138</b>	<b>0.05</b>	<b>322,827</b>

31/07/17	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Collective Investment Schemes	4,438	—	—	—	—	4,438
Debt Securities	4,247	—	—	—	—	4,247
<b>Total</b>	<b>8,685</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,685</b>

Commissions and taxes as % of average net assets

Commissions	0.00%
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 0.25% (31 July 2017: 0.18%).

## 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 40. 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 32 to 38. The distributions per unit class are given in the distribution tables on pages 29 and 30. All classes have the same rights on winding up.

<b>F-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	1,673	157,145
Units issued	—	71,504
Units cancelled	—	—
Units converted	—	—
Closing Units	1,673	228,649

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	1,883,985	136,347,096
Units issued	748,774	111,172,279
Units cancelled	(671,734)	(2,941,682)
Units converted	—	—
Closing Units	1,961,025	244,577,693

<b>C-Class</b>	<b>Accumulation</b>
Opening Units	605,323,749
Units issued	509,231,099
Units cancelled	(604,423)
Units converted	—
Closing Units	1,113,950,425

<b>D-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	883,348	10,299,779
Units issued	204,972	2,593,091
Units cancelled	(174,930)	(428,469)
Units converted	—	—
Closing Units	913,390	12,464,401

## Notes to the Financial Statements continued

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

The Manager is regarded as a related party to the Fund because it provides key management personnel services to the Fund. The ultimate controlling party of the Manager is Legal & General Group Plc. Subsidiaries of Legal & General Group Plc are also considered related parties to the Fund.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Fund. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

Equalisation amounts relating to creations and cancellations of units are shown within note 7. Fees received by the Authorised Fund Manager from the Fund plus any rebates paid by the Authorised Fund Manager to the Fund are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Fund, or rebates receivable by the Fund from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 15.46% (13.32% as at 31 July 2017) of the Fund's units in issue.

### 16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per I-Class accumulation unit was 62.48p. The Net Asset Value per I-Class accumulation unit for the Fund as at 3pm on 18 September 2018 was 61.68p. This represents a decrease of 1.28% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 31 July 2018

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

Equalisation is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Interim dividend distribution in pence per unit			Period			
			01/08/17	to 31/01/18		
<b>F-Class</b>						
<b>Distribution Units</b>			<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>31/03/18</b>		<b>31/03/17</b>	
Group 1	0.6043	—	0.6043		0.5769	
Group 2	—	0.6043	0.6043		0.5769	
<b>F-Class</b>						
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>31/03/18</b>		<b>31/03/17</b>	
Group 1	0.6161	—	0.6161		0.5725	
Group 2	0.2107	0.4054	0.6161		0.5725	
<b>I-Class</b>						
<b>Distribution Units</b>			<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>31/03/18</b>		<b>31/03/17</b>	
Group 1	0.6411	—	0.6411		0.6133	
Group 2	0.1789	0.4622	0.6411		0.6133	
<b>I-Class</b>						
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>31/03/18</b>		<b>31/03/17</b>	
Group 1	0.6776	—	0.6776		0.6352	
Group 2	0.2818	0.3958	0.6776		0.6352	
<b>C-Class</b>						
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>31/03/18</b>		<b>31/03/17</b>	
Group 1	0.7262	—	0.7262		0.6720	
Group 2	0.2904	0.4358	0.7262		0.6720	
<b>D-Class</b>						
<b>Distribution Units</b>			<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>31/03/18</b>		<b>31/03/17</b>	
Group 1	0.5008	—	0.5008		0.4749	
Group 2	0.1614	0.3394	0.5008		0.4749	
<b>D-Class</b>						
<b>Accumulation Units</b>			<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>31/03/18</b>		<b>31/03/17</b>	
Group 1	0.5216	—	0.5216		0.4874	
Group 2	0.1585	0.3631	0.5216		0.4874	

## Distribution Tables continued

Final dividend distribution in pence per unit			Period	
			01/02/18	to 31/07/18
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	0.4488	—	0.4488	0.4751
Group 2	—	0.4488	0.4488	0.4751
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	0.4627	—	0.4627	0.4802
Group 2	—	0.4627	0.4627	0.4802
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	0.4831	—	0.4831	0.5097
Group 2	0.2222	0.2609	0.4831	0.5097
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	0.5163	—	0.5163	0.5341
Group 2	0.3479	0.1684	0.5163	0.5341
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	0.5652	—	0.5652	0.5811
Group 2	0.3077	0.2575	0.5652	0.5811
<b>D-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	0.3426	—	0.3426	0.3638
Group 2	0.1654	0.1772	0.3426	0.3638
<b>D-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	0.3598	—	0.3598	0.3791
Group 2	0.2275	0.1323	0.3598	0.3791

## Fund Information

The Comparative Tables on pages 32 to 38 give the performance of each active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Fund's performance disclosed in the Manager's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by a fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## Fund Information continued

### Comparative Tables

#### F-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Year ending	01/08/17 to 31/07/18 (pence per unit)	01/08/16 to 31/07/17 (pence per unit)	01/06/16 to 31/07/16 <sup>1</sup> (pence per unit)
Opening net asset value per unit	56.55	53.35	50.00
Return before operating charges*	1.71	4.57	3.44
Operating charges (calculated on average price)	(0.31)	(0.32)	(0.05)
Return after operating charges*	1.40	4.25	3.39
Distributions on income units	(1.05)	(1.05)	(0.04)
Closing net asset value per unit	56.90	56.55	53.35
* after direct transaction costs of**:	—	—	—

#### Performance

Return after charges	2.48%	7.97%	6.78%
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#### Other Information

Closing net asset value (£)	952	946	1,067
Closing number of units	1,673	1,673	2,000
Operating charges <sup>†</sup>	0.55%	0.57%	0.58%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	58.17p	57.69p	53.57p
Lowest unit price	54.50p	52.94p	49.89p

<sup>1</sup> F-Class Units launched 1 June 2016.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

**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.**

## Fund Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	01/08/17 to 31/07/18 (pence per unit)	01/08/16 to 31/07/17 (pence per unit)	01/06/16 to 31/07/16 <sup>1</sup> (pence per unit)
Opening net asset value per unit	57.66	53.40	50.00
Return before operating charges*	1.80	4.59	3.45
Operating charges (calculated on average price)	(0.32)	(0.33)	(0.05)
Return after operating charges*	1.48	4.26	3.40
Distributions	(1.08)	(1.05)	(0.04)
Retained distributions on accumulation units	1.08	1.05	0.04
Closing net asset value per unit	59.14	57.66	53.40
* after direct transaction costs of <sup>2</sup> :	—	—	—

#### Performance

Return after charges	2.57%	7.98%	6.80%
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#### Other Information

Closing net asset value (£)	135,225	90,605	1,068
Closing number of units	228,649	157,145	2,000
Operating charges <sup>†</sup>	0.55%	0.57%	0.58%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	59.32p	58.34p	53.57p
Lowest unit price	56.19p	52.99p	49.89p

<sup>1</sup> F-Class Units launched 1 June 2016.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

**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.**

## Fund Information continued

### Comparative Tables continued

#### I-Class Distribution Units

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

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	57.58	54.34	51.08
Return before operating charges*	1.79	4.63	4.52
Operating charges (calculated on average price)	(0.27)	(0.27)	(0.25)
Return after operating charges*	1.52	4.36	4.27
Distributions on income units	(1.12)	(1.12)	(1.01)
Closing net asset value per unit	57.98	57.58	54.34
* after direct transaction costs of**:	—	—	—

#### Performance

Return after charges	2.64%	8.02%	8.36%
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#### Other Information

Closing net asset value (£)	1,137,079	1,084,856	712,561
Closing number of units	1,961,025	1,883,985	1,311,300
Operating charges†	0.46%	0.48%	0.49%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	59.26p	58.79p	54.95p
Lowest unit price	55.53p	53.93p	47.26p

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## Fund Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	60.86	56.30	51.90
Return before operating charges*	1.90	4.84	4.65
Operating charges (calculated on average price)	(0.28)	(0.28)	(0.25)
Return after operating charges*	1.62	4.56	4.40
Distributions	(1.19)	(1.17)	(1.03)
Retained distributions on accumulation units	1.19	1.17	1.03
Closing net asset value per unit	62.48	60.86	56.30
* after direct transaction costs of**:	—	—	—

#### Performance

Return after charges	2.66%	8.10%	8.48%
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#### Other Information

Closing net asset value (£)	152,817,491	82,981,075	41,022,004
Closing number of units	244,577,693	136,347,096	72,857,881
Operating charges†	0.46%	0.48%	0.49%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	62.66p	61.58p	56.49p
Lowest unit price	59.35p	55.88p	48.58p

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## Fund Information continued

### Comparative Tables continued

#### C-Class Accumulation Units

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

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	61.11	56.46	51.95
Return before operating charges*	1.91	4.85	4.70
Operating charges (calculated on average price)	(0.19)	(0.20)	(0.19)
Return after operating charges*	1.72	4.65	4.51
Distributions	(1.29)	(1.25)	(1.10)
Retained distributions on accumulation units	1.29	1.25	1.10
Closing net asset value per unit	62.83	61.11	56.46
* after direct transaction costs of**:	—	—	—

#### Performance

Return after charges	2.81%	8.24%	8.68%
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#### Other Information

Closing net asset value (£)	699,940,406	369,923,009	67,341,311
Closing number of units	1,113,950,425	605,323,749	119,272,893
Operating charges†	0.31%	0.33%	0.35%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	63.01p	61.82p	56.64p
Lowest unit price	59.65p	56.04p	48.68p

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## Fund Information continued

### Comparative Tables continued

#### D-Class Distribution Units

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

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	57.60	54.36	51.11
Return before operating charges*	1.79	4.63	4.50
Operating charges (calculated on average price)	(0.55)	(0.55)	(0.50)
Return after operating charges*	1.24	4.08	4.00
Distributions on income units	(0.84)	(0.84)	(0.75)
Closing net asset value per unit	58.00	57.60	54.36
* after direct transaction costs of**:	—	—	—

##### Performance

Return after charges	2.15%	7.51%	7.83%
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##### Other Information

Closing net asset value (£)	529,779	508,842	543,689
Closing number of units	913,390	883,348	1,000,174
Operating charges†	0.95%	0.97%	0.98%
Direct transaction costs	0.00%	0.00%	0.00%

##### Prices

Highest unit price	59.18p	58.72p	54.87p
Lowest unit price	55.51p	53.95p	47.28p

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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## Fund Information continued

### Comparative Tables continued

#### D-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	60.01	55.79	51.68
Return before operating charges*	1.88	4.79	4.62
Operating charges (calculated on average price)	(0.58)	(0.57)	(0.51)
Return after operating charges*	1.30	4.22	4.11
Distributions	(0.88)	(0.87)	(0.77)
Retained distributions on accumulation units	0.88	0.87	0.77
Closing net asset value per unit	61.31	60.01	55.79
* after direct transaction costs of**:	—	—	—

#### Performance

Return after charges	2.17%	7.56%	7.95%
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#### Other Information

Closing net asset value (£)	7,641,623	6,180,731	3,590,002
Closing number of units	12,464,401	10,299,779	6,434,737
Operating charges†	0.95%	0.97%	0.98%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	61.65p	60.78p	56.01p
Lowest unit price	58.33p	55.37p	48.25p

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

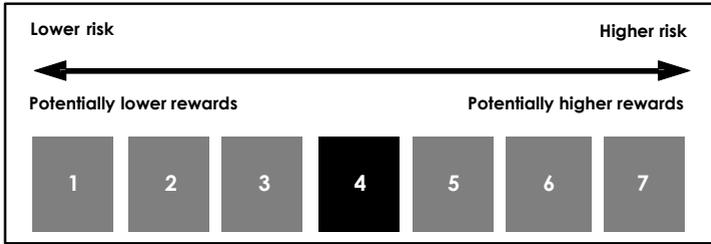
† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated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

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## Risk and Reward Profile (unaudited)



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Fund's unit price has moved up and down in the past. If the Fund has less than five years' track record, the number also reflects the rate at which a representative mix of the underlying funds has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- This Fund is in category four because the mix of different asset types in which the Fund invests has a balancing effect on the rate at which the Fund share price moves up and down. This type of fund is generally considered to be higher risk than one investing only in bonds and lower risk than one investing only in company shares.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

## General Information (unaudited)

### Constitution

Launch date:	30 June 2014
Period end dates for distributions:	31 January, 31 July
Distribution dates:	31 March, 30 September
Minimum initial lump sum investment:	F-Class* £20 I-Class £1,000,000 C-Class** £100,000,000 D-Class £100
Valuation point:	3pm
Fund management fees:	F-Class* Annual 0.54% I-Class Annual 0.45% C-Class** Annual 0.30% D-Class Annual 0.94%
Initial charges:	F-Class* Nil I-Class Nil C-Class** Nil D-Class Nil

\* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Fund 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 Fund, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

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

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://www.legalandgeneral.com/investments/fund-information/daily-fund-prices) immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

### Buying and Selling Units

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

## **General Information (unaudited) continued**

### **ISA Status**

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

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

### **Prospectus and Manager's Reports**

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

## General Information (unaudited) continued

### 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 Mixed Investment 20-60% Fund, as a UCITs Scheme, is required to disclose the aggregate remuneration paid by the UCITs Manager and by the UCITs Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITs Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

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

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	259

### Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
28	3,121	5,015	219

### Controlled Functions

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

## General Information (unaudited) continued

### Material Risk Takers

As at the 31 December 2017, UTM engaged the services of Legal & General Investment Management's Multi-Asset Allocation Fund Management team, which consists of 28 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Multi-Asset Allocation Fund Management team.

### Significant Changes

#### Change of Auditor

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

#### General Data Protection Regulation (GDPR)

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

We will use the personal data you have provided to us in connection with an investment in units of Legal & General Mixed Investment 20-60% Fund, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at [www.lgim.com/UTMprivacy](http://www.lgim.com/UTMprivacy) (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

## General Information (unaudited) continued

### Authorised Fund Manager

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

### Directors of the Manager

R. M. Bartley  
A. J. C. Craven  
S. Hynes  
H. Morrissey  
H. Solomon  
S. D. Thomas  
L. W. Toms  
A. R. Toutouchi\*  
M. J. Zinkula

\*Non-executive Director

### Secretary

J. McCarthy

### Registrar

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

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

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

### Trustee

Northern Trust Global Services PLC  
Trustee and Depository 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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[www.legalandgeneral.com](http://www.legalandgeneral.com)

