

Legal & General UK Select Equity Fund
**Annual Manager's
Short Report
for the year ended
30 September 2018**



Investment Objective and Policy

With effect from 1 November 2018, the Fund's Investment Objective and Policy has changed (Please see Significant Changes on page 13).

Prior to 1 November 2018

The Fund aims to generate growth by investing predominantly in shares of UK companies. The Fund currently has a target to outperform the FTSE All Share Index (the "Index") by 1.25% per annum before charges, measured over rolling three year periods.

The investment policy is to manage the Fund actively, but with reference to the Index.

The Fund invests its assets predominantly in a broad range of shares of UK companies. These are companies that are incorporated or headquartered or which have their principal business activities in the UK. The Fund may also invest in collective investment schemes and hold shares in other UK listed companies.

The Fund's portfolio will be concentrated.

The Fund may use derivatives for Efficient Portfolio Management to reduce risk or cost, or to generate additional capital or income with no, or an acceptably low, level of risk. The Fund may also invest in cash or deposits.

From 1 November 2018

The Fund aims to generate growth by investing predominantly in shares of UK companies. The Fund has a target to outperform the FTSE All Share Index (the "Index") by 3% per annum before charges, measured over rolling three year periods.

The Fund is actively managed. The Fund invests its assets predominantly in a broad range of shares of UK companies. These are companies that are incorporated or headquartered or which have their principal business activities in the UK. The Fund may also invest in collective investment schemes and hold shares in other UK listed companies. The collective investment schemes invested in may include those managed or operated by Legal & General.

The Fund's portfolio will be concentrated.

The Fund may use derivatives for Efficient Portfolio Management to reduce risk or cost, or to generate additional capital or income with no, or an acceptably low, level of risk. The Fund may also invest in cash or deposits.

Risk Profile

Market risk

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

Currency risk

This Fund can hold investments denominated in foreign currencies. The performance of the Fund may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

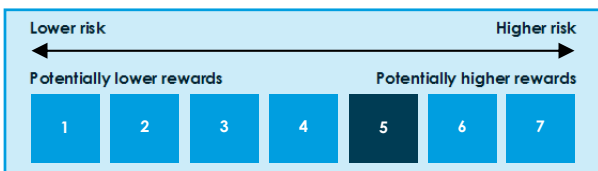
Fund Facts

Period End Dates for Distributions:	31 Mar, 30 Sep	
Distribution Dates:	31 May, 30 Nov	
Ongoing Charges Figures:	30 Sep 18	30 Sep 17
R-Class	1.58%	1.68%
A-Class	1.37%	1.38%
F-Class	1.12%	1.18%
I-Class	0.78%	0.79%

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

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

Risk and Reward Profile



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

Distribution Information

R-Class

The distribution payable on 30 November 2018 is 5.2931p per unit for accumulation units.

A-Class

The distribution payable on 30 November 2018 is 5.5262p per unit for accumulation units.

F-Class

The distribution payable on 30 November 2018 is 6.2226p per unit for accumulation units.

I-Class

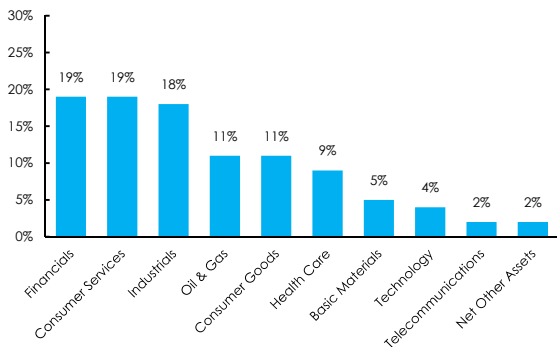
The distribution payable on 30 November 2018 is 5.9328p per unit for distribution units and 6.9079p per unit for accumulation units.

Portfolio Information

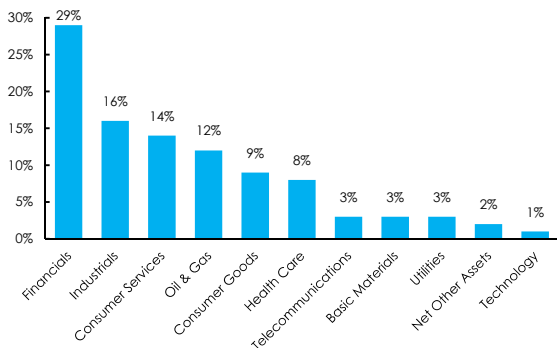
The top 10 holdings and their associated weighting at the current and preceding year ends were:

Top 10 Holdings at 30 September 2018		Top 10 Holdings at 30 September 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Royal Dutch Shell 'B'	5.60%	BP	6.32%
BP	5.33%	Royal Dutch Shell 'B'	6.16%
HSBC	4.65%	British American Tobacco	5.03%
AstraZeneca	4.27%	HSBC	4.89%
British American Tobacco	4.18%	GlaxoSmithKline	4.17%
Rio Tinto	3.57%	Schroder UK Smaller Companies 'I' Income	3.98%
Standard Chartered	3.04%	Aviva	3.22%
Tesco	2.91%	Lloyds Banking Group	3.04%
Sophos Group	2.86%	AstraZeneca	3.01%
Smiths Group	2.78%	Rio Tinto	2.99%

Fund Holdings as at 30 September 2018



Fund Holdings as at 30 September 2017



Comparative Tables

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	348.74	314.67	268.73
Return before operating charges*	12.00	39.74	50.72
Operating charges (calculated on average price)	(5.61)	(5.67)	(4.78)
Return after operating charges*	6.39	34.07	45.94
Distributions	(8.19)	(6.76)	(6.29)
Retained distributions on accumulation units	8.19	6.76	6.29
Closing net asset value per unit	355.13	348.74	314.67
* after direct transaction costs of:	0.62	0.29	0.28

Performance

Return after charges	1.83%	10.83%	17.10%
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Other Information

Closing net asset value (£)	940,207	1,132,779	1,195,559
Closing number of units	264,749	324,824	379,937
Operating charges†	1.58%	1.68%	1.68%
Direct transaction costs	0.17%	0.09%	0.10%

Prices

Highest unit price	379.50p	359.20p	317.80p
Lowest unit price	331.80p	310.60p	251.50p

† 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.

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.

Comparative Tables continued

A-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	350.30	315.13	268.73
Return before operating charges*	12.05	39.85	50.75
Operating charges (calculated on average price)	(4.90)	(4.68)	(4.35)
Return after operating charges*	7.15	35.17	46.40
Distributions	(8.96)	(7.80)	(6.29)
Retained distributions on accumulation units	8.96	7.80	6.29
Closing net asset value per unit	357.45	350.30	315.13
* after direct transaction costs of:	0.62	0.29	0.28

Performance

Return after charges	2.04%	11.16%	17.27%
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Other Information

Closing net asset value (£)	381,029,817	420,501,878	425,009,769
Closing number of units	106,595,851	120,040,989	134,866,686
Operating charges†	1.37%	1.38%	1.53%
Direct transaction costs	0.17%	0.09%	0.10%

Prices

Highest unit price	381.90p	360.50p	318.20p
Lowest unit price	333.80p	311.20p	251.50p

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Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	357.30	320.93	272.65
Return before operating charges*	12.48	40.41	51.69
Operating charges (calculated on average price)	(4.09)	(4.04)	(3.41)
Return after operating charges*	8.39	36.37	48.28
Distributions	(10.07)	(8.62)	(7.44)
Retained distributions on accumulation units	10.07	8.62	7.44
Closing net asset value per unit	365.69	357.30	320.93
* after direct transaction costs of:	0.64	0.30	0.29

Performance

Return after charges	2.35%	11.33%	17.71%
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Other Information

Closing net asset value (£)	1,002	979	43,095
Closing number of units	274	274	13,428
Operating charges†	1.12%	1.18%	1.18%
Direct transaction costs	0.17%	0.09%	0.10%

Prices

Highest unit price	390.20p	367.60p	324.10p
Lowest unit price	340.80p	315.30p	255.70p

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Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	317.48	292.08	254.86
Return before operating charges*	10.67	36.93	47.34
Operating charges (calculated on average price)	(2.51)	(2.45)	(2.12)
Return after operating charges*	8.16	34.48	45.22
Distributions on income units	(9.97)	(9.08)	(8.00)
Closing net asset value per unit	315.67	317.48	292.08
* after direct transaction costs of:	0.56	0.28	0.27

Performance

Return after charges	2.57%	11.80%	17.74%
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Other Information

Closing net asset value (£)	72,346	113,999	7,854
Closing number of units	22,918	35,908	2,689
Operating charges†	0.78%	0.79%	0.79%
Direct transaction costs	0.17%	0.09%	0.10%

Prices

Highest unit price	342.90p	331.70p	299.40p
Lowest unit price	301.70p	288.60p	238.90p

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Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	30/09/18 (pence per unit)	30/09/17 (pence per unit)	30/09/16 (pence per unit)
Opening net asset value per unit	364.89	326.31	276.19
Return before operating charges*	12.57	41.37	52.44
Operating charges (calculated on average price)	(2.92)	(2.79)	(2.32)
Return after operating charges*	9.65	38.58	50.12
Distributions	(11.52)	(10.19)	(8.76)
Retained distributions on accumulation units	11.52	10.19	8.76
Closing net asset value per unit	374.54	364.89	326.31
* after direct transaction costs of:	0.65	0.31	0.29

Performance

Return after charges	2.64%	11.82%	18.15%
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Other Information

Closing net asset value (£)	51,084,703	44,036,515	31,272,439
Closing number of units	13,639,152	12,068,439	9,583,621
Operating charges†	0.78%	0.79%	0.79%
Direct transaction costs	0.17%	0.09%	0.10%

Prices

Highest unit price	399.40p	374.90p	329.50p
Lowest unit price	348.60p	322.40p	259.40p

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Manager's Investment Report

During the year under review, the price of the Funds A-Class accumulation units rose by 2.03%, whilst the FTSE All Share Index rose by 5.80% on a total return basis (Source: Bloomberg).

Review of the period 1 October 2017 to 7 June 2018

The below investment report covers the period when the Fund was managed by Schroder Investment Management Limited, up to 7 June 2018.

Market/Economic Review

UK equities rallied sharply at the end of the period, as renewed Sterling weakness against a resurgent US Dollar lifted earnings forecasts for overseas earners. The currency gave back much of the gains earlier in the period after disappointing UK economic data pushed back expectations for a further rise in base rates.

The Bank of England backed away from a much-anticipated rise in May after hiking in November for the first time in more than a decade.

Merger and acquisition activity was a further support to the market. Low relative valuations, Sterling weakness and cheap financing has driven an increase in UK merger and acquisition activity.

Fund Review

The Fund under-performed the FTSE All Share Index during the period.

Electronic markets and post trade business NEX Group was the single largest contributor to relative return after an offer from CME Group. Trading software provider Fidessa also performed well on the back of bid interest. A key tenet of our investment thesis was that the market was overlooking the potential for margin expansion, an opportunity that had not been missed by their peers given the level of bid interest. After counter offers, the ION bid price is very attractive. Tesco generated double-digit share price returns on the back of strong results, while energy companies BP and Royal Dutch Shell rallied in line with higher oil prices, which continued to climb in response to robust global demand and ongoing supply discipline.

The disappointments came from support services group Capita, which fell sharply following a profit warning, and interdealer voice broker TP ICAP following marginally disappointing full-year results. The company flagged the benefits of a rise in volatility and interest rates, but also warned of higher Brexit-related costs and foreign exchange headwinds. In our opinion the market reaction to the results was excessively negative. Cobham also performed poorly after it announced the sale of the AvComm and Wireless divisions. The market focused on the dilutive impact on earnings per share, rather than the benefits to the balance sheet of this early stage management-led turnaround.

In terms of activity we sold the residual holding in Debenhams due to balance sheet concerns, and exited the holding in B2B publisher

Manager's Investment Report continued

Informa given concerns about the company's capital allocation decisions. We initiated new positions in Anglo American, global communications services group WPP, and Next. We also added to some existing portfolio holdings that we believe offer significant value, such as GlaxoSmithKline, Barclays and Pearson..

With effect from 7 June 2018, the Investment Adviser for the Fund ceased being Schroder Investment Management (UK) Limited and is now managed by Legal & General Investment Management Limited.

Schroder Investment Management (UK) Limited

(Investment Adviser)

31 July 2018

Review of the period 7 June 2018 to 30 September 2018

The Management of the Fund was transferred to Legal & General Investment Management on the 7 June 2018, the investment report below covers this period.

Market/Economic Review

Overall, it was a difficult period for risk assets, with investors seeing the return of volatility. This was particularly notable in the month of September, which saw a return to favour towards value stocks at the end of the period. Trade war concerns and fears over the Italian budget were key top-down concerns, while Brexit fears continue to ebb and flow. At the market level, oil and gas stocks outperformed, given investors' appetite has been fed by a very strong oil price. Elsewhere, healthcare stocks were buoyant, with a number of companies hitting 12-month relative highs at the beginning of the period. On the flipside, general retailers, telecoms, utilities and banks were the biggest detractors during the third quarter.

Fund Review

The Fund delivered a negative return over the period as political and economic Brexit uncertainty dampened UK investor sentiment. Education publisher Pearson performed well relative to the wider market but remained broadly flat after the group's interim results saw a pullback from the market. The firm's underlying revenues were better than investors expected but cashflow conversion was seemingly worse. However, cybersecurity company Sophos Group was a major negative performer in the Fund. The shares fell heavily following the news that quarterly billings growth for the first quarter was weaker than expected. The trading update indicated that management is navigating tough comparatives following last year's global ransomware attack. As a result, billings growth of 6% was seen as a material disappointment by the market, largely due to its Enduser security business. Management says it expects to return to mid-teens constant currency billings growth and see more normalised renewal rates in the latter half of 2018.

Manager's Investment Report continued

Interdealer broker TP ICAP was also especially weak after a surprise profit warning. Synergy targets have been reduced and cost base pressures have notably increased. The CEO subsequently also announced departure from his position with immediate effect.

Our holding in asset manager Ashmore Group was sold due to concerns regarding its exposure to emerging markets (EM), which we expect to hamper both sentiment and performance given the challenging backdrop for EM. The proceeds were re-invested into Jupiter Fund Management, where despite short term concerns over outflows, we prefer a diversified approach and find a more efficient business model. In addition, there were several new fund launches in the second quarter and has recently seen an expansion of the multi-asset team.

In respect of trading, we added a new position in integrated travel company TUI Group. With synergies from the group merger in 2014 now having been fully realised, the company begins its second phase of the business transformation. Investment in its cruise and hotel operations, alongside the growth from digitalisation benefits, over the next couple of years should help drive future returns as the group moves to ring-fence its business from competition. While the travel industry has seen significant change in recent years, by owning its content, we expect TUI Group will be in a position to leverage greater revenues from its customers as it drives a higher cross-sell of products and acts as the end-to-end holiday provider.

We continue to rotate out of lower conviction holdings including; Next, Daily Mail and TP ICAP and into NMC, Just Eat and Coca Cola bottling. We believe stocks like NMC, a private hospital group in the Middle East, which have a fairly unique business model and dominant position in the market will enjoy significant opportunities for further expansion.

Outlook

Two countervailing forces have kept markets in a holding pattern recently: growth in the global economy and company earnings, and the ascent of populist economic policies. Trade wars continue to occupy markets' attention and although there has yet to be any major fall-out, our economists do anticipate some damage to growth over the next year. We are also closely monitoring the ongoing Brexit negotiations and the impact it may have on UK companies.

Legal & General Investment Management Limited
(Investment Adviser)
12 November 2018

Manager's Report and Accounts

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

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

Minimum Investment Amounts

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

R-Class	£20
A-Class	£20
F-Class	£20
I-Class	£1,000,000

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 Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

Other Information

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

Significant Changes

Change of Investment Objective and Policy

With effect from 1 November 2018 the Fund's Investment Objective and Policy has changed to enhance the Fund's performance potential and give the Investment Manager greater flexibility in managing the Fund. The Fund's Investment Objective and Policy can be found on page 1.

Change of Investment Adviser

With effect from 7 June 2018, the Investment Adviser of the Fund transferred from Schroder Investment Management (UK) Limited to Legal and General Investment Management Limited.

Significant Changes continued

Change in Fund Management Fee (FMF)

With effect from 7 June 2018, the FMF for two share classes were reduced as shown below:

	Old FMF	New FMF
R-Class	1.67%	1.37%
F-Class	1.17%	1.00%

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 UK Select Equity 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 (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

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Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services SE

50 Bank Street,

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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

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