

Legal & General Real Capital Builder Fund
**Interim Manager's
Short Report
for the period ended
30 June 2018**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective of this Fund is to grow capital, at the rate of inflation (CPI) +4% per annum on average over a rolling five year period and to manage volatility so that it remains around two thirds of the MSCI World Index. There is no guarantee that the objective will be met over any time period and capital is at risk. This objective is before the deduction of any charges and assumes any income is reinvested.

The Fund seeks to achieve capital growth by investing mainly in equities. The Fund will also invest in fixed income securities to help manage volatility and to protect capital.

The Fund's portfolio will be concentrated.

The Fund may invest in any region of the world, including emerging markets, and in any currency.

The Fund may also invest in permitted deposits, money market instruments, cash, near cash and units in collective investment schemes. The collective investment schemes in which the Fund invests will include those managed by Legal & General.

The Fund may use derivatives for efficient portfolio management only.

Risk Profile

Credit Risk

This Fund is invested in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations. This risk is managed by monitoring the financial stability of investments and companies, via credit ratings.

Market Risk

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

Currency Risk

This Fund holds investments in overseas financial securities. The performance of the Fund may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Interest Rate Risk

This Fund is invested in interest bearing securities. The performance of the Fund may therefore be affected by changes in interest rates. The active monitoring and adjustment of the investments in the portfolio manages this risk.

Fund Facts

Period End Dates for Distributions:	30 June, 31 December
Distribution Dates:	28 February, 31 August
Ongoing Charges Figures:	30 Jun 18*
I-Class	0.55%
C-Class**	0.50%
L-Class	0.05%

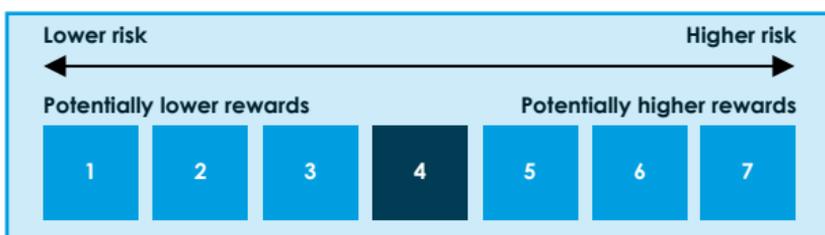
* There are no comparative figures shown as the Fund launched 24 October 2017.

** C-Class units launched on 28 February 2018.

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 mix of the underlying investments 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.
- The 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.

Distribution Information

I-Class

The distribution payable on 31 August 2018 is 0.3147p per unit for distribution units and 0.3145p per unit for accumulation units.

C-Class

The distribution payable on 31 August 2018 is 0.3615p per unit for distribution units and 0.3615p per unit for accumulation units.

L-Class

The distribution payable on 31 August 2018 is 0.4405p per unit for distribution units and 0.4409p per unit for accumulation units.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
I-Class			
Distribution Units	2,946	5,877	50.13
Accumulation Units	318,206	630,061	50.50
C-Class			
Distribution Units	1,006	2,000	50.30
Accumulation Units	1,014	2,000	50.70
L-Class			
Distribution Units	1,002	2,000	50.10
Accumulation Units	222,036,203	438,162,180	50.67

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.

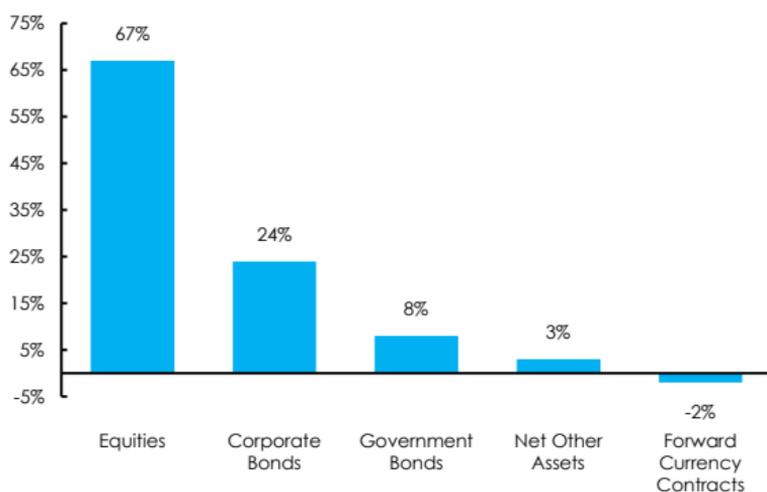
Exchange rate changes may cause the value of any overseas investments to rise or fall

Portfolio Information

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

Top 10 Holdings at 30 June 2018	
Holding	Percentage of Net Asset Value
Alphabet 'A'	3.43%
AIA Group	3.30%
Facebook	3.21%
British American Tobacco	2.98%
Honeywell International	2.94%
Reckitt Benckiser Group	2.89%
Nomura Bank International	2.85%
Valeo	2.71%
Fortive	2.70%
Novo Nordisk	2.69%

Fund Holdings as at 30 June 2018



There are no comparative figures shown as the Fund launched 24 October 2017.

Manager's Investment Report

During the period under review since the launch of the Fund on 24 October 2017, the bid price of the Fund's I-Class distribution units rose by 0.84%. The total income earned by each I-Class distribution unit over the period under review was 0.3777p.

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

Global equity indices gained ground over the review period. Although markets had closed 2017 on a strong note, reflecting a steady improvement in global economic indicators and corporate earnings growth, selling pressures subsequently emerged. Market volatility rose markedly during the first quarter of 2018, particularly as trade tensions between the US and China escalated. However, a favourable economic background and encouraging first quarter earnings enabled markets to end the period on a firmer footing. Energy stocks performed well as the oil price reached \$79 per barrel in May, its highest level since 2014. Technology and consumer discretionary stocks also performed well, boosted by encouraging earnings announcements. Financials were amongst the weakest sectors as the differential between 2-year and 10-year US Treasury bond yields reached its lowest point since 2007.

Despite closing 2017 on a positive note, UK equities faltered during the first quarter of 2018 recording three consecutive months of losses before rallying in April and May. Sterling's recent weakness has provided a boost for companies with substantial international earnings. Although the Bank of England indicated interest rates may need to be increased as soon as May, the economy grew at its slowest pace for six years during the first quarter leading the Bank to adopt a more cautious approach and leave interest rates on hold. The resources sectors have performed well, while autos were boosted by a hostile takeover bid from Melrose Industries for component supplier GKN which eventually received shareholder approval.

Fund Review

The portfolio composition benefited from its bond positions, which helped reduce exposure to equity risk, while relative performance of the equity allocation also generated above average returns.

At the stock level, Moncler made the biggest positive contribution. The luxury goods business continues to see stellar brand momentum, store roll-out growth and strong execution from management. Sales growth has notably been strong across all geographic regions, with stand-out performance in the Americas division. Our position in Lundin Petroleum also performed well. Against a backdrop of a rising oil price, the low-cost Norwegian

Manager's Investment Report continued

producer has a good production profile and is generating healthy free cash flows. Meanwhile, the combination of strong results and US Dollar strength helped our positions in Edwards Lifescience and Mastercard. In the UK, shares in online marketplace Auto Trader rallied after the company reported a good set of results and encouraging guidance.

On the flipside, detracting from performance has been our holdings in Bharti Infratel, Leonardo and British American Tobacco. Shares in Indian telecoms business Bharti Tobacco have been weaker on the back of disappointing operating performance and weak tenancy additions. Aerospace and defense business Leonardo cut its full-year guidance at its capital market day and issued weaker free cash flow guidance. On the flipside, management are confident in the turnaround plan of its helicopter division and expect to see the group order book improve as we move further into the year. Tobacco stocks have been under pressure with the market seemingly less enthused by the growth prospects of next-generation smoking products.

In terms of activity, we introduced a new position in specialty pharmaceutical business Mylan, where we believe the market is underappreciating earnings growth from its biosimilars pipeline and the diversification of its core portfolio. Reckitt Benckiser was also added given the potential for the group to return to being one of the strongest global consumer staple companies. Much of this will be driven by the Mead Johnson acquisition and improvements in the health business. Other new positions include JP Morgan Chase, Aspen Technology, Cabot Microelectronics and Medtronic. On the flipside, we exited our position in Hilton and L Brands, following strong performance. Zynga, Leonardo and Kosmos Energy were also sold.

Outlook

Looking ahead, we are confident that capital growth will likely exceed the fund's objective. We continue to look for growth opportunities, including technology companies and those more sensitive to business cycles.

Legal & General Investment Management Limited
(Investment Adviser)

3 August 2018

Manager's Report and Accounts

Copies of the most recent Interim 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.

Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Fund. Where the Manager operates a box through which unit subscriptions and unit redemptions are netted into a single trade instruction to the Trustee, the netting reduces the actual transaction costs and this generates a revenue to the Manager. The revenue generated from this activity is calculated on a monthly basis and returned to the Fund in the form of a payment from the Manager. This provides an enhanced return to the Fund, through the size of any return will be dependent on the size of subscriptions and redemptions.

Minimum Investment Amounts

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

I-Class	£1,000,000
C-Class	£20,000,000
L-Class	£100,000

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.

L-Class is only available for investment to companies within the Legal & General Group.

Other Information

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

Significant Changes

New Unit Class: C-Class

With effect from 28 February 2018, C-Class units have launched with accumulation and distribution units available.

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 Real Capital Builder 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,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services PLC

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

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