



THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

PROSPECTUS

Legal & General (Unit Trust Managers) Limited, the authorised fund manager of the Funds, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by The Collective Investment Schemes Sourcebook to be included in it. Legal & General (Unit Trust Managers) Limited accepts responsibility accordingly.

LEGAL & GENERAL REAL INCOME BUILDER FUND LEGAL & GENERAL MULTI-ASSET TARGET RETURN FUND

LEGAL & GENERAL REAL CAPITAL BUILDER FUND

This document constitutes the Prospectus for the above named Funds which has been prepared in accordance with The Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is value as at **1 June 2018**. Copies of this Prospectus have been sent to the FCA and the Trustee.



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Important information

No person has been authorised by the Manager to give any information or to make any representations in connection with the offering of Units other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been made by the Manager. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Units shall not, under any circumstances, create any implication that the affairs of the Funds have not changed since the date hereof.

The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Manager to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Units have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US Persons. The Funds and the Manager have not been and will not be registered in the United States of America under any applicable legislation.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Units.

The provisions of the Trust Deeds are binding on each of the Unitholders and a copy of the Trust Deed is available on request from Legal & General (Unit Trust Managers) Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Legal & General (Unit Trust Managers) Limited.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

This Prospectus is based on information, law and practice at the date hereof. The Manager cannot be bound by an out of date Prospectus when a new version has been issued and investors should check with Legal & General (Unit Trust Managers) Limited that this is the most recently published prospectus.



Important: If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

Directory

Manager

Legal & General (Unit Trust Managers) Limited
One Coleman Street
London EC2R 5AA

Trustee

Northern Trust Global Services Limited
50 Bank Street
London E14 5NT

Investment Manager

Legal & General Investment Management Limited
One Coleman Street
London EC2R 5AA

Registrar

Legal & General (Unit Trust Managers) Limited
One Coleman Street
London EC2R 5AA

Auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

1. DEFINITIONS

“Approved Bank” in relation to a bank account opened in respect of the Funds:

- (a) if the account is opened at a branch in the United Kingdom:
 - (i) the Bank of England; or
 - (ii) the central bank of a member state of the OECD; or
 - (iii) a bank; or
 - (iv) a building society; or
- (b) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
- (c) if the account is opened elsewhere:
 - (i) a bank in (a); or
 - (ii) a credit institution established in an EEA State other than the United Kingdom and duly authorised by the relevant Home State regulator; or
 - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- (d) a bank supervised by the South African Reserve Bank;

“Associate” any other person whose business or domestic relationship with the Manager or the Manager’s associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties;

“Auditor” PricewaterhouseCoopers LLP or such other entity as is appointed to act as auditor to the Funds from time to time;

“Business Day” a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of any of the Funds’ portfolios of securities or a significant portion thereof, the Manager may decide that any Business Day in respect of a Fund shall not be construed as such;

“Class” or “Classes” in relation to Units, means (according to the context) all of the Units related to a Fund or a particular class or classes of Unit related to a Fund;

“COLL” refers to the appropriate chapter or rule in the COLL Sourcebook;

“COLL Sourcebook” the Collective Investment Schemes Sourcebook issued by the FCA, as amended or re-enacted from time to time;

“Dealing Day” Monday to Friday where these days are Business Days;

“EEA State” a member state of the European Union and any other state which is within the European Economic Area;

“Eligible Institution” one of certain eligible institutions as defined in the glossary to the FCA Handbook;

“FCA” the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;

“FCA Handbook” the FCA Handbook of Rules and Guidance as amended from time to time;

“Feeder Fund” means the Legal & General Real Income Builder Fund whose details are contained in this prospectus;

“Fund” or “Funds” a fund or the funds listed in Appendix I;

“Investment Manager” Legal & General Investment Management Limited, the investment manager to the Manager in respect of the Funds;

“ISA” an individual savings account under The Individual Savings Account Regulations 1998, as amended or re-enacted from time to time;

“Large Deal” any purchase or redemption of Units with a value equal to or in excess of £15,000

“Manager” Legal & General (Unit Trust Managers) Limited;

“Master Fund” means the L&G Real Income Builder Fund an authorised contractual scheme;

“Master-Feeder Agreement” means the agreement between the Feeder Fund and the Master Fund;

“MiFID or Markets in Financial Instruments Directive” means the Markets in Financial Instruments Directive 2014/65/EU as may be amended, supplemented, replaced or consolidated from time to time;

“Net Asset Value” or “NAV” the value of the property of a Fund (as the context may require) less the liabilities of that Fund as calculated in accordance with the Trust Deed of that Fund;

“The PRA” The Prudential Regulation Authority

“Register” The register of Unitholders of each Fund;

“Registrar” Legal & General (Unit Trust Managers) Limited or such other entity as is appointed by the Manager to act as registrar for the Funds from time to time;

“Regulations” the FCA Handbook (including the COLL Sourcebook);

“Scheme Property” the scheme property of each of the Funds required under the COLL Sourcebook to be given for safekeeping to the Trustee;

“switch” the exchange where permissible of Units of one Class for Units of another Class of a Fund or Units in another Fund or in units in another scheme managed by the Manager and its Associates;

“Trust Deed” the trust deed constituting each Fund (including any supplemental trust deed thereto);

“Trustee” Northern Trust Global Services Limited, who will also act as depositary, or such other entity as is appointed to act as Trustee.

“Unit” or “Units” a unit or units in a Fund (including larger denomination units);

“Unitholder” a holder of registered Units in a Fund;

“UCITS” Undertakings for Collective Investment in Transferable Securities;

“U.S. Person” means any citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term “U.S. Person” under Regulation S promulgated under the United States Securities Act of 1933;

“Valuation Point” the valuation point for each of the Funds as set out in Appendix I of this Prospectus;

“VAT” value added tax.

2. DETAILS OF THE FUNDS

2.1 GENERAL

The Funds are unit trusts authorised by the Financial Conduct Authority with effect from the dates shown in Appendix I. The Funds have an unlimited duration.

Unitholders are not liable for the debts of the Funds.

The Manager is also the manager of certain other authorised unit trusts, details of which are set out in Appendix VII.

2.2 BASE CURRENCY

The base currency of each Fund is Pounds Sterling.

2.3 THE STRUCTURE OF THE FUNDS

2.3.1 The Funds

The Funds are UCITS schemes.

Investment of the assets of the Funds must comply with the COLL Sourcebook and the investment objective and policy of that Fund. Details of the Funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Trusts may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of the Funds is set out in Appendix IV.

2.3.2 Units

The Trust Deed of each Fund permits Units to be issued in a variety of Classes. Classes of Unit are differentiated by their charging structures, entry and redemption requirements and minimum subsequent investment and holding requirements. The rights represented by Units are those of a beneficial interest under a trust.

The Funds may issue distribution and accumulation Units, although not necessarily both income and accumulation Units are currently in issue for every Fund. Details of the Classes of Unit presently available in respect of each Fund, including details of their eligibility criteria for investment, subscription and redemption requirements and minimum subsequent investment and holding requirements and charging structure, are set out in Appendix I.

The Manager reserves the right to reduce or waive the minimum investment holding and the minimum investment top up amounts detailed in Appendix 1.

Further Classes of Unit may be established from time to time by the Manager with the agreement of the Trustee and in accordance with the Trust Deeds and the Regulations. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

The currency in which each new Class of Units will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class of Units.

A Regular Savings Plan is available on certain Classes of Units. The Classes where such a plan is available are set out in Appendix I.

Units do not carry preferential or pre-emptive rights to acquire further Units.

Holders of distribution Units are entitled to be paid the distributable income attributed to such Units on any relevant interim and annual allocation dates.

Holders of accumulation Units are not entitled to be paid the income attributed to such Units, but that income is automatically transferred to (and retained as part of) the capital assets of each of the Funds on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Unit.

As a result of the different ways in which income and accumulation unit classes operate, with income being retained in the Fund in the case of accumulation units instead of being paid out in the case of income units, the overall return achieved by Unitholders may differ depending on which type of unit that they hold, with accumulation units potentially providing a higher overall return over the medium to long term. Further information on the current return of income and accumulation units is available from the Manager.

The Trust Deeds allow gross income and gross accumulation Units to be issued, as well as net income and net accumulation Units. Please see Appendix 1 for details of the gross Units which are available for certain Funds. Net Units are Units in respect of which income allocated to them is distributed periodically to the relevant Unitholders (in the case of distribution Units) or credited periodically to capital (in the case of accumulation Units), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Funds. Gross Units are income or accumulation Units where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Funds.

Where the Funds have different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes will be adjusted accordingly.

Unitholders are entitled (subject to certain restrictions) to switch all or part of their Units in a Class for Units of another Class or Fund. Details of this switching facility and the restrictions are set out in paragraph 3.5.

2.3.3 Benchmarks

Unless otherwise disclosed in this Prospectus, the indices or benchmarks utilised by the Funds are, as at the date of this Prospectus, provided by benchmark administrators who are availing of the transitional arrangements afforded under Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”) and accordingly do not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

3. BUYING, REDEEMING AND SWITCHING UNITS

3.1 BUYING UNITS

Procedure:

Units in a Fund may be purchased by application to our administration agent, Legal & General (Unit Trust Managers) Ltd. For all Units, this can be:

- in writing addressed to Legal & General Investments, PO Box 6080, Wolverhampton, WV1 9RB; or
- via the Legal & General website www.legalandgeneral.com (for certain Classes of units).

In respect of certain Classes of Unit, Units may also be purchased;

- by telephone application to the unit trust dealers on 0370 050 0955 between 8.30 a.m. and 6.00 p.m. (an earlier closure may occasionally apply) on Business Days; or
- by placing a valid dealing instruction via an electronic trading system that is supported by Legal & General (Unit Trust Managers) Limited.

Please note that the Manager may record telephone calls for record keeping, security and/or training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where we can identify the call coming from you. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.

The Manager has the right to reject on reasonable grounds any application for Units in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant.

An order for the purchase of Units will only be deemed to have been accepted by the Manager once it is in receipt of cleared funds for the application. Settlement is due by close of business on the third Business Day following the issue of Units. If settlement is not made within that time, then the Manager has the right to cancel any Units issued in respect of the application.

Applicants who have the right to cancel will be sent a cancellation notice from the Manager. Any such applicants can cancel their application to buy Units at any time during the 14 days after the date on which they receive the cancellation notice. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the Manager receives the completed

cancellation notice, he or she will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

Documents the buyer will receive:

A contract note giving details of the number and price of Units bought will be issued by no later than the end of the Business Day following execution of that order, together with, where appropriate, a notice of the applicant's right to cancel.

Unit certificates will not be issued in respect of Units. Ownership of Units will be evidenced by an entry on a Fund's Register of Unitholders (and in the case of joint Unitholders, up to 4 persons only can be recorded on the Register). Statements in respect of periodic distributions on Units will show the number of Units held by the recipient.

Minimum subscriptions and holdings:

The minimum initial subscriptions, subsequent subscriptions and holdings for each Class of Unit in a Fund are set out in Appendix I. The Manager reserves the right to reduce or waive the minimum investment holding and the minimum investment top up amounts detailed in Appendix 1.

If following a redemption, a holding in any Class of Unit should fall below the minimum holding for that Class, the Manager has the discretion to require redemption of that Unitholder's entire holding in that Class of Unit.

3.2 **REGULAR SAVINGS PLAN**

A regular savings plan is available in respect of certain Classes in certain Funds. Please see Appendix I for details. Any further information on how to invest through the regular savings plan is available from the Manager.

Where payment is by direct debit and Units are purchased monthly only, accumulation Units are immediately available. Once Units to the value of £500 have been purchased the accumulation Units may be switched to distribution Units.

3.3 **REDEEMING UNITS**

Procedure:

Every Unitholder has the right to require that a Fund redeem its Units on any Dealing Day unless the value of Units which a Unitholder wishes to redeem will mean that the Unitholder will hold Units with a value less than the required minimum holding in the relevant Class, in which case the Unitholder may be required to redeem his entire holding in that Class of Unit in the relevant Fund.

Documents a redeeming Unitholder will receive:

A contract note giving details of the number and price of Units redeemed will be sent to the redeeming Unitholder (or the first named Unitholder, in the case of joint Unitholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Unitholder (or, in the case of a joint holding, by all the joint Unitholders) no later than the end of the Business Day following execution of the order. Payment in satisfaction of the redemption monies will normally be sent by BACS no later than the third Business Day following the later of (a) receipt by the Manager of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Unitholders, together with any other appropriate evidence of title, and (b) the Valuation Point following receipt by the Manager of the request to redeem.

Minimum redemption:

Part of a Unitholder's holding may be redeemed but the Manager reserves the right to refuse a redemption request if the value of the Units of any Fund to be redeemed is less than the minimum holding amounts stated in Appendix I.

3.4 **CLIENT MONEY ACCOUNTS**

We bank all Payments into a Client Money Account no later than the business day after they are received.

A Client Money Account is a current or deposit account at a bank that is in our name. Its title will also include an appropriate description to indicate that it holds only clients' money in accordance

with our regulatory responsibilities. Each Client Money Account is used to hold the money of one or more clients.

This Client Money Account will be held with The Royal Bank of Scotland plc or such other bank or authorised institution as we may nominate from time to time.

Your money will be held in the Client Money Account until fund settlement date with the Trustee.

It will also be held in a Client Money Account when you are taking money out. The sale proceeds of your withdrawal instruction will be transferred to a Client Money Account when we have received these from the Trustee. This will be done within four business days from the Valuation Point at which your Units are sold. From that date it is your money and is held and protected in the Client Money Account, it cannot be used by us for any other purpose. The money will be retained in the Client Money Account until we are able to release the payment to you. You are not entitled to any interest on the money held in a Client Money Account. Withdrawal payments will be paid in Sterling from a Client Money Account.

Where we haven't been provided with sufficient payment details, we will make reasonable efforts to contact you or your personal representative, as appropriate, and confirm them before any payment is made. Whilst we are waiting for any such query to be resolved, the money will be held in a Client Money Account and no interest will be paid. We may delay payment of the withdrawal proceeds if we reasonably believe that we should delay payment for your, or your personal representative's protection (such as to prevent fraud) or as required by law.

You will not be entitled to any interest earned on your Payments held in a Client Money Account unless we tell you otherwise.

We hold any money in a Client Money Account separate from our own money.

If we become insolvent, all the money held in a Client Money Account will be paid to clients in accordance with the FCA Rules. If there is a shortfall in the money held in the Client Money Account, you will suffer in any shortfall in the same proportion to your share of the money held in the Client Money Account. You may be entitled to compensation under the Financial Services Compensation Scheme.

3.5 SWITCHING

A Unitholder in a Fund may at any time switch all or some of his Units of one Class or Fund (the "Original Units") for Units of another Class or Fund (the "New Units"), subject to meeting the eligibility criteria for investment in that particular Class, including in particular the minimum investment amount. Switches into any other Legal & General scheme, or class of scheme where available, are permitted at the discretion of the Manager.

The Manager may at its discretion make a charge on switching, including any applicable SDRT. The Manager does not currently make a charge on switching between Classes or between Funds. Any such charge on switching, if imposed, does not constitute a separate charge payable by the Unitholder but is rather the application of any redemption charge in respect of the Original Units and any initial charge on the New Units, subject to certain waivers. A conversion between accumulation and distribution Units in the same Fund will not incur any charges.

Unitholders may be required to provide written instructions to the Manager (which, in the case of joint Unitholders must be signed by all the joint Unitholders) before a switch is effected. Any request for switching must be received by the earlier of relevant dealing cut off points for both the redemption of Original Units and for the acquisition of the New Units. No switch will be allowed during any period where the right of Unitholders to require the redemption of their Units is suspended.

The number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the Valuation Point applicable at the time the Original Units are redeemed and the New Units are issued.

Switching of the Original Units specified in a switching notice shall take place at the first Valuation Point after the switching notice is received or deemed to have been received by the Manager or at such other Valuation Point as the Manager at the request of the Unitholder giving the relevant switching notice may determine. For the purposes of this clause and for the avoidance of doubt, the Manager shall be construed as the Unitholder of all Units in a Fund which are in issue and in respect of which no other person's name is entered on the Register. Switching requests for received after a Valuation Point will be held over until the next day which is a Dealing Day in of the relevant Fund(s).

The Manager shall determine the number of New Units to be issued or sold to the Unitholder on a switch in accordance with the following formula:

$$N = O \times \frac{(CP \times ER)}{SP}$$

where:

- N is the number of New Units to be issued or sold (rounded down to three decimal places);
- O is the number of Original Units specified (or deemed to be specified) in the switching notice which the Unitholder has requested to switch;
- CP is the price at which a single Original Unit may be cancelled or redeemed as at the Valuation Point applicable to the cancellation or redemption as the case may be;
- ER is 1, where the Original Units and the New Units are designated in the same currency and, in any other case, is the exchange rate determined by the Manager in its absolute discretion (subject to the COLL Sourcebook) as representing the effective rate of exchange between the two relevant currencies as at the date the switching notice is received (or deemed to have been received) by the Manager having adjusted such rate as may be necessary to reflect any costs incurred by the Fund in making any transfer of assets as may be required as a consequence of such a switch being effected; and
- SP is the price at which a single New Unit may be issued or sold as at the valuation point applicable to the cancellation or redemption as the case may be.

The Manager may adjust the number of New Units to be issued or sold to reflect the imposition of any switching charges (as set out above) together with any other charges or levies in respect of the issue or sale of the New Units or cancellation or redemption of the Original Units as may be made without infringement of the COLL Sourcebook.

If the switch would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum holding in the Class concerned, the Manager may, if it thinks fit, switch the whole of the applicant's holding of Original Units to New Units (and make a charge on such switch) or refuse to effect any conversion of the Original Units. No switch will be allowed during any period when the right of Unitholders to require the redemption of their Units is suspended. A switch of Units within the same Fund should not be treated as a disposal for the purposes of taxation of capital gains. However, a switch of Units in one Fund for Units in another Fund or scheme is treated as a redemption of the Original Units and a purchase of the New Units and will, for persons subject to United Kingdom taxation, be a disposal for the purposes of taxation of capital gains.

A Unitholder who switches will not be given a right by law to withdraw from or cancel the transaction. If a Unitholder wishes to cancel a switch, a reverse instruction can be sent to the Manager who will sell the New Units and then use the proceeds to buy Original units at the next available Valuation Point. The number of Units may change due to market movements.

3.5.1 Dilution Levy

For Legal & General Real Income Builder Fund (the "Feeder Fund") Unitholders should note that the L&G Real Income Builder Fund (the "Master Fund") operates a dilution policy and therefore transactions by the Feeder Fund may be subject to the application of a dilution levy. However, to the extent that a transaction in shares of the Master Fund is subject to a dilution levy on any Dealing Day, the Manager may, where necessary to prevent or reduce a dilutive impact on existing Unitholders who are not dealing, impose a dilution levy on those Unitholders making the corresponding purchase or sale orders in the Feeder Fund on that Dealing Day. The Feeder Fund will have a bid offer spread in the prices quoted daily – this will match the maximum dilution levy rate (whether a dilution levy has been applied at Master Fund level or not). If the Master Fund triggers a dilution levy attributable to Feeder Fund activity, the Feeder Fund adjust its spread to match the dilution levy generated. The dilution policy applied by the ACS Manager of the Master Fund is subject to change at the discretion of the ACS Manager.

3.6 DEALING CHARGES

The price per Unit at which Units are issued or cancelled is based on the dealing prices, the basis of calculation of which is set out at paragraph 4.3. Any initial charge or redemption charge is payable in addition to the price.

3.6.1 Initial charge

The Manager may impose a charge on the purchase of Units in each Class in addition to the issue price of the Units. The current initial charge as a percentage of the issue price of a Unit for each Class is set out in Appendix I. The Manager may waive or discount the initial charge at its discretion.

The current initial charge of a Class may only be increased in accordance with the Regulations.

From the initial charge received, or out of its other resources, the Manager may pay a commission to relevant intermediaries including the Investment Manager and its Associates.

3.6.2 Redemption charge

The Manager may make a charge on the redemption of Units in each Class. At present, no redemption charge is levied.

The Manager may only increase or introduce a redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Units issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

3.6.3 Charges on switching

There are currently no charges on switching between Funds or from one Class to another Class in the same Fund.

3.6.4 SDRT

Subscriptions and redemptions of Shares are exempt from SDRT.

Sales of Shares by one Shareholder to another may trigger SDRT at 0.5 per cent payable by the purchaser. If a Shareholder redeems Shares in specie, that is in return for an appropriate value of assets out of a Fund, there will be no SDRT on UK equities provided the Shareholder receives a proportionate part of each holding. Otherwise the Shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred.

OTHER DEALING INFORMATION

3.7 MARKET TIMING

The Manager has a policy to prevent investments in the Funds which are associated with market timing activities as these may affect the overall interests of Unitholders. The repeated or frequent purchasing and selling of units in response to short-term market fluctuations is known as "market timing".

The Manager also has a policy to prevent late trading. "Late trading" involves the acceptance of a dealing order received after the Valuation Point of a Fund for that Dealing Day. The Manager's policy is that orders will not be dealt with at the Valuation Point established on that Dealing Day where they have been received by the Manager after that Valuation Point. Late trading does not include a situation where the Manager is satisfied that orders which are received after the Valuation Point have been made by applicants before then, for instance due to technical reasons the transmission of an order has been delayed.

As part of its policy, the Manager may refuse to accept an application to subscribe or redeem Units, or an instruction to switch Funds from persons that they reasonably believe are engaged in market timing or late trading.

3.8 VERIFICATION OF IDENTITY

As a result of legislation in force in the United Kingdom to prevent money laundering, the Manager is responsible for compliance with anti money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Units. Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue Units, pay the proceeds of a redemption of Units, or pay income on Units to the investor.

In order to establish the identity of new and sometimes existing Unitholders for the purposes of protecting the Unitholders, the Funds and the Manager from financial crime, the Manager may, in addition to requesting proof of identity from Unitholders, use reference agencies to search sources of information relating to a Unitholder (an identity search). This will not affect a Unitholder's credit rating.

3.9 **RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION**

The Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the Trust Deed, the prospectus, the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Funds incurring any liability to taxation which the Funds are not able to recoup itself or suffering any other adverse consequence. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Units.

If it comes to the notice of the Manager that any Units ("affected Units"):

- (a) are owned directly or beneficially in breach of the Trust Deed, the Prospectus any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in a Fund incurring any liability to taxation which that Fund would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case;

the Manager may in its discretion (i) give notice to the Unitholder(s) of the affected Units requiring the transfer of such Units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Units in accordance with the COLL Sourcebook. If any Unitholder upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Units to a person qualified to own them or submit a written request for their redemption to the Manager or establish to the satisfaction of the Manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Units, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of all the affected Units; or (ii) redeem the affected Units and apply the proceeds of redemption in acquiring Units of some other class, which Units shall be registered in the same manner as the affected Units were registered. The Manager shall promptly notify the Unitholder in question of any such redemption and acquisition.

A Unitholder who becomes aware that he is holding or owns affected Units shall immediately, unless he has already received a notice as set out above, either transfer all his affected Units to a person qualified to own them or submit a request in writing to the Manager for the redemption of all his affected Units.

Where a request in writing is given or deemed to be given for the redemption of affected Units, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

3.10 **ISSUE OF UNITS IN EXCHANGE FOR IN SPECIE ASSETS**

The Manager may arrange for the Funds to issue Units in exchange for assets other than cash, but will only do so where the Trustee has taken reasonable care to determine that the Fund's acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders.

The Manager will ensure that the beneficial interest in the assets is transferred to the Fund with effect from the issue of the Units.

The Manager will not issue Units in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

3.11 IN SPECIE REDEMPTIONS

If a Unitholder requests the redemption of Units the Manager may at its discretion, where it considers the deal to be substantial in relation to the total size of the Fund concerned or in some way advantageous or detrimental to the Fund, arrange, having given prior notice in writing to the Unitholder, that in place of payment for the Units in cash, the Fund transfers property or, if required by the Unitholder, the net proceeds of sale of the relevant property, to the Unitholder. Before the redemption proceeds of the Units become payable, the Manager must give written notice to the Unitholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Unitholder so that the Unitholder can acquire the net proceeds of redemption rather than the relevant property if he so desires.

For this purpose, the Manager may consider a deal to be substantial if the relevant Units constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund. Some Funds may have a higher or lower threshold at which the Manager may consider a deal substantial. Where there is a different threshold for the purpose of this in specie redemption provision in respect of a Fund, this is specified in Appendix I.

The Manager will select the property to be transferred in consultation with the Trustee but will only do so where the Trustee has taken reasonable care to ensure the property concerned is not likely to result in any material prejudice to the interests of Unitholders.

3.12 SUSPENSION OF DEALINGS IN THE FUNDS

The Manager may, with the prior agreement of the Trustee, and must without delay if the Trustee so requires temporarily suspend the issue, cancellation, sale and redemption of Units in any or all of the Funds where due to exceptional circumstances it is in the interests of all the Unitholders in the relevant Fund or Funds.

The Manager and the Trustee must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Unitholders.

The Manager or the Trustee (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the relevant Fund is offered for sale.

The Manager will notify Unitholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Unitholders details of how to find further information about the suspension.

Where such suspension takes place, the Manager will publish on its website or by other general means, sufficient details to keep Unitholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Manager will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the Manager and the Trustee will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Unitholders.

The Manager may agree during the suspension to deal in Units in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Units.

3.13 DEFERRED REDEMPTIONS

In times of high redemption, to protect the interests of continuing Unitholders the Manager may defer all redemptions at any Valuation Point to the next Valuation Point where requested redemptions exceed 10 per cent of the relevant Fund's value. This will allow the Manager to match the sale of the Scheme Property to the level of redemptions, thereby reducing the impact of dilution on the relevant Fund. At the next such Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to a later Valuation Point are considered. Investors in the Feeder Fund should note that redemptions may also be deferred in circumstances where redemptions in the Master Fund in which it invests are deferred.

3.14 **LARGE DEALS**

Any purchase or redemption of Units with a value equal to or in excess of £15,000 will amount to a "large deal". For large deals (subject to the Regulations), the Manager may sell Units at more than, or redeem Units at less than, the published price.

3.15 **GOVERNING LAW**

All deals in Units are governed by English law.

4. **VALUATION OF THE FUNDS**

4.1 **GENERAL**

Each Fund will be valued in accordance with the provisions set out in Appendix VI at the Valuation Point of that Fund on each Dealing Day. For details of the Valuation Point of each Fund, please see Appendix I.

4.2 **CALCULATION OF THE VALUE**

Valuations of the Scheme Property of a Fund for the purpose of the calculation of prices of Units will be carried out on a dual priced basis in accordance with the Trust Deed and Appendix VI to this Prospectus. This means that the Scheme Property of a Fund is valued by reference to its offer price to determine the issue price of a Unit and by reference to its bid price to determine the cancellation price of a Unit. The prices used for these valuations are as follows:

FTSE 100 (including the reserve list):	Best offer and best bid prices.
Other order driven share markets:	Last traded price adjusted to bid and offer prices appropriate to the typical size of deal the trust makes in the market.
Other markets:	Best offer and best bid prices

Valuations will be made every Business Day at the relevant Valuation Point. The Manager may determine that any Business Day so defined shall not be a Business Day. Such a determination would generally only be made in respect of a particular day if that day were a holiday on a stock exchange which was the principal market for a significant portion of the Fund's portfolio of securities (namely, its assets other than cash, deposits and short term paper) or was a holiday elsewhere which impeded the calculation of the fair market value of the portfolio.

If, in the opinion of the Manager, the prices of Scheme Property obtained are unreliable or no recent price exists or does not reflect the Manager's best estimate of the value of the Scheme Property, the Manager may substitute a value which, in the Manager's opinion is fair and reasonable.

The Manager may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The Manager shall inform the Trustee of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. The Manager may carry out additional valuations if it considers it desirable to do so or value earlier than the Valuation Point as appropriate, if the length of the Business Day is curtailed. Such an additional valuation may be made if the Manager believes that the value of the Scheme Property has varied by 2% or more from that calculated at the previous valuation.

4.3 **PRICE OF UNITS**

The price per Unit at which Units are issued or cancelled is calculated by taking the proportion, attributable to the Units of the Class in question, of the value on the issue basis (when calculating the issue price per Unit) or the cancellation basis (when calculating the cancellation price per Unit) of the Scheme Property by reference to the most recent valuation, computing the number of Units of the relevant Class in issue immediately before that valuation, dividing the total by that number of Units. Any initial charge or redemption charge, if applicable is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

The price of Units quoted for a Fund on any Dealing Day may be either a single price or a dual price. The pricing basis used for each Fund is set out at Appendix I.

4.3.1 Dual priced Funds

There is a single price at which Units can be purchased and another (lower) price at which Units can be sold on any Dealing Day.

The price at which the Manager sells Units (the offer price), may not exceed the issue price of Units plus the Manager's initial charge. The price at which the Manager redeems Units (the bid price) will not be less than the cancellation price (less any redemption charge, if applicable). The bid price will not exceed the relevant issue price. The price at which the Manager issues Units may be more than the published price and the price at which it redeems Units may be less than the published price.

4.3.2 General

Large deals (see paragraph 3.14) may be carried out at a higher offer price or a lower bid price than those published, provided these prices do not exceed the relevant maximum and minimum parameters set out in the paragraph above. The price at which the Manager issues Units may be more than the published price and the price at which it redeems Units may be less than the published price.

For the purposes of calculating the investment limits the Scheme Property is valued on a bid basis.

The Manager's pricing policy is subject to periodic review to ensure that it is applied consistently and fairly.

The Manager will, upon completion of each valuation, notify the Trustee of the issue price, the cancellation price, the maximum offer price and the minimum bid price of Units, of each Class.

A request for dealing in Units must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the value per Unit calculated as at the Valuation Point on that next Dealing Day.

More detailed information on unit pricing is available, on request, from the Manager.

4.4 PRICING BASIS

The Manager deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the Manager.

4.5 PUBLICATION OF PRICES

Prices are available from the Legal & General website: www.legalandgeneral.com

Prices for certain Classes are also available from the unit trust dealers specified in paragraph 3.1 on request between 8.30 and 6.00 p.m. for these and all other Classes.

As the Manager deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The Manager may also, at its sole discretion, decide to publish certain Unit prices in other third party websites or publications but the Manager does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the Manager.

5. RISK FACTORS

Potential investors should consider the risk factors set out at Appendix III before investing in the Funds (or, in the case of specific risks applying to specific Funds, in those Funds).

6. MANAGEMENT AND ADMINISTRATION

6.1 REGULATORY STATUS

The Manager and the Investment Manager are each authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, London E14 5HS. The Trustee is authorised by the Prudential Regulation Authority and dual regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

6.2 MANAGER

The Manager is Legal & General (Unit Trust Managers) Limited which is a limited liability company incorporated in England and Wales on 28 April 1971.

Registered office:	One Coleman Street, London EC2R 5AA
Principal place of business:	Brunel House, 2 Fitzalan Road, Cardiff CF24 0EB
Share capital:	Authorised issued and paid up share capital of £15 million
Ultimate holding company:	Legal & General Group Plc, incorporated in England & Wales

The Manager is responsible for managing and administering the Funds' affairs in compliance with the COLL Sourcebook. The directors of the Manager are as follows:

R.M. Bartley (also a director of Legal & General Investment Management Limited)

H.J.E. Solomon

M.J Zinkula (also a director of Legal & General Investment Management Limited)

S. D. Thomas

A.J.C Craven

L.W. Toms

S. A. Hynes

A.R. Toutounchi

Secretary - Legal & General Company Secretary Limited

Save M. Zinkula, L.W. Toms and R.M Bartley, none of the directors have any significant business activities other than those connected with the business of the Manager.

The Manager may delegate its management and administration functions to third parties including associates subject to the rules in the COLL Sourcebook. Details of the functions the Manager currently delegates are set out in this section 6.

The Manager is under no obligation to account to the Trustee or the Unitholders for any profit it makes on the issue or reissue of Units or cancellation of Units which it has redeemed. The fees to which the Manager is entitled in respect of each Fund are included within the Fund Management Fee as set out in section 7 of this Prospectus.

The Manager acts as manager of various authorised unit trusts. Please see Appendix VII for further details.

6.3 THE TRUSTEE

The Trustee is Northern Trust Global Services Limited, a private company limited by shares, incorporated in England and Wales on 11 June 2003 with registered number 4795756. Its registered office and its principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom. The Trustee also acts as depositary of the Fund.

The Trustee's ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Illinois, United States of America.

The Trustee is responsible for the safekeeping of all the property of each Fund and has a duty to take reasonable care to ensure that each Fund is managed in accordance with the Trust Deed, with the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Units and relating to the income and the investment and borrowing powers of the Funds. The Trustee is also responsible for monitoring the cash flows of the Funds, and must ensure that certain processes

carried out by the Manager are performed in accordance with the FCA Handbook, this Prospectus and the Trust Deed.

6.3.1 Terms of Appointment

The appointment of the Trustee has been made under an agreement between the Manager and the Trustee (the "Depositary Agreement"). The Depositary Agreement is terminable on receipt of six months' written notice given by either party. The depositary may not retire voluntarily except on the appointment of a new depositary.

Subject to the UCITS regulations, the depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its duties as depositary. It has delegated custody services to The Northern Trust Company, London Branch (the "Custodian"). The Custodian's registered and head office is at 50 Bank Street, Canary Wharf, London. E14 5NT.

The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Funds may invest. A list of sub-custodians is given in Appendix IX. Investors should note that the list of sub-custodians in the Prospectus is updated only at each Prospectus review. An up to date list of sub-custodians is maintained by the Manager and is available on request.

The Depositary Agreement contains provisions indemnifying the depositary and limiting the liability of the Depositary in certain circumstances.

The Trustee is entitled to receive remuneration out of the Scheme Property of each Fund for its services and such fees are included within the Fund Management Fee as set out in section 7 of this Prospectus.

The Trustee is under no obligation to account to the Manager, the Trusts or the Unitholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as trustee.

Up to date information regarding (i) the Trustee's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the Unitholders or the Fund and the Trustee, and (iii) the description of any safekeeping functions delegated by the Trustee, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Unitholders on request.

6.4 THE INVESTMENT MANAGER

The Manager has appointed Legal & General Investment Management Limited to provide investment management and advisory services to the Manager.

The Investment Manager is a member of the Legal & General group of companies.

The principal activity of the Investment Manager is the provision of investment management services.

Terms of appointment:

The Investment Manager was appointed by an agreement dated 7 December 2015 between the Manager and the Investment Manager (the "Investment Management Agreement").

Subject to appropriate controls imposed by the Manager, all relevant law and regulation, this Prospectus and the Trust Deed, and further instructions given by the Manager, the Investment Manager has discretion to take day to day investment decisions and to deal in investments in relation to the investment management of the Funds, without prior reference to the Manager.

The Investment Management Agreement may be terminated on six months' written notice or immediately in certain circumstances. The Investment Manager's fee is included within the Fund Management Fee as set out in section 7 of this Prospectus.

6.5 REGISTRAR AND REGISTER OF UNITHOLDERS

The Manager has delegated to Legal & General (Unit Trust Managers) Limited responsibility for the maintenance of the Fund Registers and ISA plan sub-registers.

The Fund Registers and ISA plan sub-registers are kept at Legal & General Investments, Customer Services Centre, Brunel House, 2 Fitzalan Road, Cardiff CF24 0EB and may be inspected during normal business hours by any Unitholder or any Unitholder's duly authorised agent. The Registrar's fee is included within the Fund Management Fee as set out in section 7 of this Prospectus.

6.6 SALES, MARKETING, VALUATION AND TRUST ACCOUNTING AGENTS

The customer service function for individual investors, the promotion, marketing, sales, investment and administration functions via all sales channels are outsourced to Legal & General (Unit Trust Managers) Limited.

The fund valuation and unit trust accounting functions for all Funds are outsourced to Northern Trust Global Services Limited.

The fees for carrying out these functions are included within the Fund Management Fee as set out in section 7 of this Prospectus.

6.7 THE AUDITORS

The auditors of the Funds are PricewaterhouseCoopers LLP of 7 More London Riverside, London SE1 2RT. The fees of the auditor are included within the Fund Management Fee as set out in section 7 of this Prospectus.

6.8 CONFLICTS OF INTEREST

The Manager has delegated certain administrative functions to Northern Trust Global Services Limited, including registrar, fund accounting, valuation, calculation and transfer agency services. Northern Trust Global Services Limited has functionally and hierarchically separated the performance of its trustee and depositary functions from its administration tasks delegated to it by the Manager.

It is possible that the Trustee and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Funds and/or other funds managed by the Manager or other funds for which the Trustee acts as the depositary, trustee or custodian. The Trustee will, however, have regard in such event to its obligations under the Trust Deed, the Depositary Agreement and the UCITS regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Unitholders collectively so far as practicable, having regard to its obligations to other clients.

The Manager, the Investment Manager and other companies within the Legal & General group of companies may, from time to time, act as managers or investment managers to other funds which follow similar investment objectives to those of the Funds. A Fund may also invest in other funds managed by the Manager and other companies within the Legal & General group.

It is therefore possible that the Manager and/or the Investment Manager may, in the course of their business, have potential conflicts of interests with a particular Fund. Each of the Manager and/or the Investment Manager will, however, have regard in such event to its obligations to act in the best interests of Unitholders so far as practicable, having regard to its obligations to other clients when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the Manager will ensure that the Funds and the other funds it manages are fairly treated.

The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a Fund or its Unitholders will be prevented. Should any such situations arise the Manager will disclose these to Unitholders in the Fund's report and accounts or in another appropriate format.

The Trustee may, from time to time, act as trustee, depositary or custodian of other collective investment schemes.

6.9 Inducements and Soft Commissions

Inducements

The Manager is subject to inducement rules set out in the UCITS Directive pursuant to which it will not be regarded as acting honestly, fairly and in accordance with the best interests of the Company or its Shareholders if, in relation to the activities performed when carrying out its functions it pays or is paid any fee or commission, or provides or is provided with any non-monetary benefit, other than those permitted in the UCITS Directive e.g. a fee, commission or non-monetary benefit paid by or on behalf of a third party where the M can demonstrate (i) the existence, nature and amount of the fee, commission or benefit and (ii) the payment of the fee or commission, or the provision of

the non-monetary benefit are designed to enhance the quality of the relevant service and not impair compliance with the Manager's duty to act in the best interests of the Company or its Shareholders.

Soft Commissions

The Manager or any non-MiFID authorised investment manager, its delegates or connected persons of the non-MiFID authorised investment manager may not retain cash or other rebates but may receive, and are entitled to retain, research products and services (known as soft dollar benefits) from brokers and other persons through whom investment transactions are carried out ("brokers") which are of demonstrable benefit to the Shareholders (as may be permitted under applicable rules and regulations) and where such arrangements are made on best execution terms and brokerage rates are not in excess of customary institutional full-service brokerage rates and the services provided must be of a type which assist in the provision of investment services to the Company.

MiFID Authorised Investment Managers

In accordance with its obligations under MiFID, the Investment Manager shall return to the relevant Fund any fees, commissions or other monetary benefits paid or provided by a third party in relation to the investment management services provided by the Investment Manager to the Fund as soon as reasonably possible after receipt, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

In particular, where the Investment Manager successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities, permitted derivative instruments or techniques and instruments for the Company or a Fund, the rebated commission shall be paid to the Company or the relevant Fund as the case may be.

The Investment Manager shall however be permitted to retain minor non-monetary benefits received from third parties where the benefits are such that they could not impair the Investment Manager from complying with its obligation to act in the best interests of the Fund, provided they are disclosed to the Company prior to the provisions of investment management services by that entity.

The Investment Manager may only receive third-party investment research, provided it is received on such basis that it does not contravene MiFID or the rules of the FCA and is of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Fund.

Investment research will not constitute an inducement under MiFID where it is paid for by the Investment Manager itself out of its own resources or out of a research payment account funded by a specific research charge to the applicable Fund. In this regard, the Investment Manager will discharge the charges relating to investment research which is or may be used by the Investment Manager in managing the assets of the Company out of its own resources.

7. FEES AND EXPENSES

7.1 GENERAL

All fees or expenses payable by a Unitholder or out of the property of the Funds are set out in this section 7.

7.2 FUND MANAGEMENT FEE

The Manager is entitled to be paid an annual fee for its services in managing each Fund.

This fee is a fixed rate fee and is inclusive of all of the fees and expenses which are paid by the Manager in relation to the operation and administration of each Fund. The fee will be reimbursed as part of a single charge that is deducted from the Scheme Property of each Fund, namely the Fund Management Fee (the "FMF").

The Investment Manager will bear the costs of the provision of investment research by third parties out of the fee it receives from the Manager for its discretionary investment management and investment advisory services.

The FMF is a fixed rate fee charged by the Manager to each Fund, as set out in Appendix I, and which is comprised of the following:

- (a) the fees, expenses and disbursements payable to each of the service providers (including the Manager, Investment Adviser, Registrar and Auditor) and legal or other professional advisers;
- (b) the fees, expenses and disbursements payable to the Trustee, including custody and transaction charges and those expenses properly incurred in the performance of, or arranging the performance of, functions conferred on the Trustee by the Trust Deed, the Regulations or by the general law;
- (c) all of the costs, charges, fees and expenses payable in relation to the operation and management of the Funds which may be taken from Scheme Property under the FCA Rules, excluding those set out in section 7.5 "Other payments out of the Scheme Property" below. The permitted costs, charges, fees and expenses are:
 - (i) any costs incurred in modifying a Prospectus, a Trust Deed, or any other document relating to the Funds including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying that Trust Deed, where the modification is necessary or expedient by reason of changes in the law or to remove obsolete provisions;
 - (ii) any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an Associate of the Manager;
 - (iii) unanticipated liabilities arising after the transfer of the property of a body corporate or of another collective investment scheme to a Fund which is in consideration of the issue of Units in the Fund and which could properly have been paid out of the transferred property;
 - (iv) the fees of the FCA under schedule 1 of part III of the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units of a Fund are or may be marketed.
 - (v) any costs incurred in the establishment and authorisation of a Fund, including but not limited to the fees for professional services provided to the Manager in connection with such establishment authorisation;
 - (vi) the costs and expenses of attending meetings relating to any asset of the Fund;
 - (vii) fees and expenses incurred in relation to valuing assets, analysing or securing independent comparative fund performance;
 - (viii) complying with any law and any obligation whatsoever including meeting obligations to banks and funders, fees and expenses in respect of the listing of units on any stock exchange or incurred in registering, having recognised or going through any other process in relation to the Fund in any territory or country outside the United Kingdom for the purposes of marketing units in such territory or country;
 - (ix) the costs and expenses incurred in introducing any new Class of Unit;
 - (x) the costs and expenses incurred in relation to the winding up of a Fund;
 - (xi) the costs and expenses of collecting income and any costs and expenses incurred in producing, distributing and dispatching income and other payments to Unitholders;
 - (xii) any costs and expenses incurred in relation to effecting stock lending transactions in accordance with the provisions of COLL;
 - (xiii) any other costs or expenses that may be taken out of the property of each Fund in accordance with COLL (including, without limitation, the payment of liabilities on the transfer of assets in accordance with COLL 6.7.15);
 - (xiv) the costs and/or fees associated with determining the eligibility of investments for the Fund
 - (xv) VAT payable on any of the fees, expenses or disbursements listed above.

7.3 Calculation and operation of the Fund Management Fee

The FMF is calculated as a percentage of the Scheme Property of each Fund and the amount each Unit Class in each Fund will pay will depend on the costs, fees and expenses attributable to each such Unit Class. The FMF accrues on a daily basis by reference to the value of the Scheme Property on the immediately preceding Dealing Day in accordance with Regulations and is payable to the Manager monthly.

The current FMF in relation to each Unit Class is set out in Appendix I.

In deducting the FMF at a fixed rate, the Manager is taking upon itself the risk that the market value of a Fund will fall to the extent that the FMF will not fully recompense it for the charges and expenses that the Manager would otherwise be entitled to charge to that Fund. Conversely, the Manager is not accountable to Unitholders should the aggregate fees generated by the FMF in any period exceed the charges and expenses that the Manager would be entitled to charge under the traditional charging method.

The FMF will be allocated to the capital or income account of a Fund as set out in Appendix I.

If the FMF is taken from the income of a Fund and the income received by the relevant Fund is insufficient to meet the FMF then all or some of the FMF may be taken from the capital of the relevant Fund, which may constrain capital growth. Please refer to Appendix III for an explanation of the risks relating to taking charges from capital.

7.4 Changes to the Fund Management Fee

Should the underlying fees and expenses that make up the FMF reduce or increase, the Manager may change the FMF where it reasonably considers this to be appropriate. The Manager reserves the right to increase or decrease the FMF.

In the event of any changes to the FMF the Manager will notify Unitholders in writing in accordance with the FCA's requirements under the COLL Sourcebook. For example:

- (a) before increasing the FMF, the Manager will give Unitholders at least 60-days prior notice in writing;
- (b) before introducing a new category of costs, charges, fees or expenses which make up the FMF but which are not currently charged to the Funds, the Manager will seek the approval of an extraordinary resolution of relevant Unitholders at an Extraordinary General Meeting;
- (c) before decreasing the FMF, the Manager will give a reasonable period of notice (which may be before or after the decrease in the FMF becomes effective) utilising an appropriate method of communication as specified in the Regulations, such as notice on the website and in the next Report and Accounts of the relevant Fund.

7.5 Other payments from the Scheme Property

In addition to the FMF, and in accordance with the Regulations, the following payments will be made out of the property of each Fund:

- (a) costs of dealing in the property of a Fund;
- (b) interest and charges in respect of permitted borrowings and any charges, costs or expenses incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (c) taxation and duties and other fiscal charges or costs and expenses incurred in effecting transactions for a Fund (including costs and expenses incurred in acquiring and disposing of assets, including legal fees and expenses, whether or not the acquisition or disposal is carried out);
- (d) broker's commission;
- (e) any value added or similar tax relating to any charge or expense set out above.

8. UNITHOLDER MEETINGS AND VOTING RIGHTS

8.1 CLASS AND FUND MEETINGS

The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Funds, but by reference to Units of the Class concerned and the Unitholders and value and prices of such Units.

8.2 REQUISITIONS OF MEETINGS

8.2.1 The Manager or the Trustee may requisition a general meeting at any time.

8.2.2 Unitholders may also requisition general meetings of the Funds. A requisition by Unitholders must state the objects of the meeting, be dated, be signed by Unitholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Units then in issue and the requisition must be deposited at the office of the Trustee. The Manager must convene a general meeting no later than eight weeks after receipt of such requisition.

8.3 NOTICE AND QUORUM

Unitholders will receive at least 14 days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy.

The quorum for a meeting is two Unitholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Unitholders (or in the case of joint Unitholders, the first named Unitholder) at their registered addresses.

8.4 VOTING RIGHTS

At a meeting of holders a resolution put to the vote shall be decided on a show of hands unless a poll is demanded by the Chairman, by the Trustee or by at least two Unitholders.

On a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the Units in issue that the price of the Unit bears to the aggregate price of all the Units in issue at a reasonable date before the notice of meeting is sent out such date to be decided by the Manager.

A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

In the case of joint Unitholders, the vote of the first named in the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Unitholders.

Except where the COLL Sourcebook or the Trust Deeds require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution. In the case of an equality of, or an absence of, votes cast, the chairman is entitled to the casting vote.

The Manager and any associate (as defined in the COLL Sourcebook) may hold units in a Fund. They are entitled to receive notice of and attend any meeting but the Manager may not be counted in the quorum for a meeting and neither the Manager nor any associate of the Manager is entitled to vote at any meeting of the Funds except in respect of Units which the Manager or associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.

Where all the Units in the Funds are registered to, or held by, the Manager or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units in issue.

"Unitholders" in this context means Unitholders entered on the Register at a time to be determined by the Manager and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

8.5 VARIATION OF CLASS RIGHTS

The rights attached to a Class may not be varied without the sanction of an extraordinary resolution passed at a meeting of Unitholders of that Class, save where such variation arises from a requirement in the Regulations,

9. TAXATION

9.1 GENERAL

The comments below are of a general nature. They reflect the Manager's understanding of current UK taxation law and HM Revenue & Customs practice and they are subject to changes therein. They do not purport to constitute legal or tax advice. These comments are not exhaustive and unitholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction should consult their own professional advisers. The basis of taxation may change in the future.

9.2 THE FUNDS

The Funds are liable to corporation tax at 20% on their taxable income net of management expenses (and where interest distributions are paid the amount of such distribution).

Distributions paid by both UK and non-UK companies are generally not subject to corporation tax in the hands of a Fund.

As the Funds are authorised unit trust schemes they are exempt from UK corporation tax on capital gains realised on the disposals of Fund assets that are within the capital gains tax system, as well as on interest-bearing securities and derivative contracts.

9.3 THE UNITHOLDER

The income tax liability of a UK resident individual depends on whether a dividend distribution or an interest distribution is paid (or retained in the Trust in the case of accumulation units) as follows:

	Nature of Payment	Nil Rate Taxpayer	Basic Rate Taxpayer	Higher Rate Taxpayer	Additional Rate Taxpayer
Dividend Distribution or Accumulation	Dividend distribution paid/retained	0% tax on first £5,000 of dividend distributions and dividends	7.5% tax due on distribution in excess of the 0% dividend allowance. No income tax deducted	32.5% tax due on distribution in excess of the 0% dividend allowance. No income tax deducted	38.1% tax due on distribution in excess of the 0% dividend allowance. No income tax deducted
Interest Distribution or Accumulation	Interest distribution paid/retained	No income deducted or recoverable	Personal savings allowance of £1,000 per tax year then 20% income tax liability on excess	Personal savings allowance of £500 per tax year then 40% income tax liability on excess	45% income tax due on the distribution

The following Funds pay dividend distributions:

Legal & General Real Income Builder Fund

Legal & General Real Capital Builder Fund

The following Funds pay interest distributions:

Legal & General Multi-Asset Target Return Fund.

Interest distributions are paid gross (i.e., without income tax being deducted at source). Non-tax paying investors therefore do not need to reclaim tax from HM Revenue & Customs.

Unitholders subject to corporation tax will normally receive dividend distributions with an unfranked proportion so as to reflect the nature of the income received by the Fund. The amount of the reclaimable tax credit in relation to the unfranked income will be limited as shown on the tax voucher.

The first distribution received after the acquisition of units will include an amount of equalisation. This is the average of the amount of income included in the price at which the units were acquired for all incoming unitholders for the period. It is treated as capital for UK tax purposes and not as income and is deducted from the cost of the units in computing any capital gain realised on the subsequent disposal of the units.

UK residents may be liable to capital gains tax on gains arising from the sale or disposal of units. Individuals will have a liability to capital gains tax on the sale or disposal of their units, if their total capital gains (less relief for any losses) from all sources exceed the capital gains annual exemption applicable for the tax year in which the sale or disposal takes place.

UK corporates investing in 'Bond Funds' are required to adopt a fair value accounting policy for these Funds for corporation tax purposes. This requires the corporate investor to bring its interest in the Fund (including the amount of any distributions received) into account for corporation tax on a fair value basis. Broadly, 'Bond Funds' are collective investment vehicles which hold 60% or more of their assets, by value, in qualifying investments at any time in the corporate investor's accounting period. Qualifying investments are broadly interest bearing assets or securities. If a Trust ceases to be a 'Bond Fund', then UK corporates will need to treat their unitholdings as loan relationships until the end of their accounting periods in which the Trust changes its status. Each corporate investor should then treat its unitholding as a new asset acquired at the start of the investor's subsequent accounting period for the units' issue price at that time.

Individual Unitholders who are not resident in the UK in the tax year when they dispose of units are not liable to capital gains tax arising from the sale or disposal of units, unless they have been resident in the UK for any part of at least four of the previous seven tax years and become not resident for less than five tax years. They will then be liable to capital gains tax on gains on the disposal while they are abroad of assets owned before they left the UK. All such gains in the tax year of departure are chargeable in that year. Gains on such assets arising while they are away from the UK will be charged in the tax year when they again resume tax residence in the UK. Unitholders who are non-UK resident companies are not subject to UK corporation tax on gains arising from the sale or disposal of units unless they carry on a trade in the UK through a UK permanent establishment.

Tax regulations require the Manager to collect certain information about each investor's tax arrangements.

If you are a UK resident you authorise the Manager to disclose all relevant information about you and your account to HM Revenue & Customs in connection with your tax responsibilities and in accordance with UK law.

If the Manager has reason to believe you are a resident for tax purposes outside of the UK you authorise the Manager to share information about you and your account with HM Revenue & Customs who may share it with relevant tax authorities, as prescribed by law.

10. WINDING UP OF A FUND

The Funds will not be wound up except in accordance with the COLL Sourcebook.

The Trustee shall proceed to wind-up the Funds:

- 10.1.1 if the orders declaring the Funds to be authorised unit trust schemes are revoked; or
- 10.1.2 if the Manager or the Trustee requests the FCA to revoke the order declaring the Funds to be authorised unit trust schemes and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Funds, the FCA will accede to that request; or
- 10.1.3 the expiration of any period specified in the Trust Deeds as the period at the end of which the Funds are to terminate; or
- 10.1.4 on the effective date of a duly approved scheme of arrangement which is to result in the relevant Funds being left with no property.

If any of the events set out above occurs the rules in the COLL Sourcebook concerning Dealing (COLL 6.2), Valuation and Pricing (COLL 6.3) and Investment and Borrowing Powers (COLL 5), will cease to apply. The Trustee shall cease to issue and cancel units and the Manager will stop redeeming and selling units.

In the case of a scheme of arrangement referred to in paragraph 10.1.4 above, the Trustee shall wind up the Funds in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after the relevant Fund falls to be wound-up, realise the assets of the Fund and, after paying, or retaining adequate provision for, all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to their respective interest in the Fund.

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after twelve months from the date the proceeds became payable, shall be paid by the Trustee into Court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up, the Trustee shall notify the FCA in writing of that fact and the Trustee or the Manager shall request the FCA to revoke the order of authorisation.

Where the Trustee and one or more Unitholders agree, the requirement to realise the Scheme Property does not apply to that part of the property proportionate to the entitlement of that or those Unitholders. The Trustee may distribute that part in the form of property, after making adjustments or retaining provisions as appears to the Trustee appropriate for ensuring that, that or those Unitholders bear a proportionate share of the liabilities and costs.

11. GENERAL INFORMATION

11.1 ACCOUNTING PERIODS

The annual and interim accounting periods of the Funds are set out in Appendix I.

11.2 NOTICE TO UNITHOLDERS

All notices or other documents sent by the Manager to a Unitholder will be sent by normal post to the last address (of the first named Unitholder in the case of joint Unitholders) notified in writing to the Manager by the Unitholder.

11.3 INCOME ALLOCATIONS

The interim (where relevant) and final income allocations are set out in Appendix I. Following upon each accounting date of a Fund, the Manager and the Trustee will agree the income and expenses of the Fund for that period and distribute to Unitholders an appropriate level of net income (after any adjustment for tax), gross income for gross Class Units, commensurate with the investment objective of the Fund. Income is allocated in respect of the income available at each accounting date. The proceeds from special dividends will generally be allocated to income and distributed as such unless they are the result of a specific capital event.

In relation to distribution Units, distributions of income for the Funds are paid by telegraphic transfer directly into a Unitholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I or by cheque where there is no nominated bank account for a Unitholder.

Where accumulation Units are issued, income will become part of the capital property of the Funds and will be reflected in the price of each such accumulation Unit as at the end of the relevant accounting period.

If a distribution made in relation to any distribution Units remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund.

Where the average income allocation to a Unitholder (excluding the authorised fund manager or an associate thereof) is less than £10 the Trustee after consulting the Manager may decide not to proceed with the distribution and either carry forward the income to the next accounting period or credit it to capital.

11.4 **EQUALISATION**

When a Unit is bought, part of the price generally includes income already held by the Fund. At the first distribution date after a purchase, an amount in respect of this income is treated as a return of capital. When selling Units, an investor is not subject to capital gains tax on the equalisation amount contained in those Units.

Equalisation is calculated on an average basis for all new investments in a distribution period. This is the period between two XD dates. This should be taken into account when calculating your capital gains tax liability.

Where Units in different Classes are available that capital sum will be calculated separately for each Class of Unit.

11.5 **ANNUAL REPORTS**

The annual reports of the Funds will be published and sent to Unitholders (or the first named Unitholder, in the case of joint Unitholders) within four months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. Short reports will be issued.

A long report containing the full accounts is available to any person free of charge on request. Most Short Reports and full accounts are available on www.legalandgeneral.com

11.6 **DOCUMENTS OF THE FUNDS**

The following documents may be inspected free of charge during normal Business hours on any Business Day at the offices of the Manager:

- 11.6.1 the Prospectus;
- 11.6.2 the Risk Management Process;
- 11.6.3 the most recent annual and half yearly reports of each of the Funds; and
- 11.6.4 the Trust Deeds (and any amending documents).

Unitholders may obtain copies of the above documents from the Manager. The Manager may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus, Risk Management Process and annual and half yearly long reports of the Funds which are available free of charge to anyone who requests).

11.7 **COMPLAINTS**

Complaints concerning the operation or marketing of the Funds may be referred to the Complaints Manager, Legal & General (Unit Trust Managers) Limited, at the following address Legal & General Investments, Customer Services, PO Box 6080, Wolverhampton, WV1 9RB.

A copy of the Manager's procedure for investigating complaints is available to you on request from this address. Making a complaint will not prejudice your rights to commence legal proceedings.

If the Manager does not resolve your complaint to your satisfaction, you can refer your complaint to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

11.8 **RISK MANAGEMENT**

The Manager will provide upon the request of a Unitholder further information relating to:

- (a) the quantitative limits applying in the risk management of any Fund;
- (b) the methods used in relation to (a) above; and
- (c) any recent development of the risk and yields of the main categories of investment.

11.9 **NON-ACCOUNTABILITY OF PROFITS**

Neither the Manager, the Trustee, the Investment Manager, any of their associates, nor the auditors (an "affected person") is liable to account to another affected person or to the Unitholder for any profits or benefits (e.g. box profits) it makes or receives that are made or derived from or in connection with dealing in units of a Fund, any transactions in Scheme Property or the supply of services to the Funds.

11.10 BEST EXECUTION

The Manager's best execution policy sets out the basis upon which the Manager will effect transactions and place orders in relation to the Funds whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Funds. Details of the best execution policy are available from the Manager on request.

11.11 EXERCISE OF VOTING RIGHTS

The Manager has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. A summary of this strategy, together with details of the actions taken on the basis of this strategy in relation to each Fund, is available from the Manager on request.

11.12 REFERENCES TO FTSE

"FTSE™", "FT-SE®" and "Footsie®" are trade marks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited ("FTSE") under licence. "All-Share" is a trade mark(s) of FTSE.

The Funds are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), Any of its Affiliates, any of its information providers or any other Third Party involved in, or related to, compiling, computing or creating any MSCI Index (collectively, the "MSCI Parties"). The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index Names are service Mark(S) of MSCI or its Affiliates and have been Licensed for use for certain purposes by [Licensee]. None of the MSCI parties makes any representation or warranty, express or implied, to The Issuer or owners of this Fund or any other person or entity regarding the advisability of investing in Funds generally or in this Fund particularly or The Ability of Any MSCI Index To track corresponding Stock Market Performance. MSCI or Its Affiliates are the Licensors of certain Trademarks, Service Marks and Trade Names and of the MSCI Indexes which are determined, composed and calculated by MSCI without regard to this Fund or the Issuer or owners of this Fund or any other person or entity. None of the MSCI Parties as any obligation to take the needs of the Issuer or Owners of this Fund or any other person or entity into consideration in determining, composing or Calculating The MSCI Indexes. None of The MSCI Parties Is Responsible For or has Participated In The Determination Of The Timing of, Prices At, or Quantities of This Fund To be Issued or In The Determination or Calculation Of the Equation By or The Consideration Into which This Fund Is Redeemable. Further, None of the MSCI Parties Has Any Obligation or I To The Issuer or Owners of This Fund Or Any Other person or Entity In Connection With The Administration, Marketing or Offering Of This Fund.

Although MSCI Shall Obtain Information For Inclusion In or For Use In The Calculation Of The MSCI Indexes From Sources That MSCI Considers Reliable, None of The MSCI Parties Warrants or Guarantees The Originality, Accuracy and/or The Completeness of Any MSCI Index or Any Data Included Therein. None of The MSCI Parties Makes Any Warranty, Express or Implied, As To Results To Be Obtained By The Issuer Of The Fund, Owners of The Fund, or Any Other Person or Entity, From The Use of Any MSCI Index or Any Data Included Therein. None Of The MSCI Parties Shall Have Any Liability For Any Errors, Omissions or Interruptions of or In Connection With Any MSCI Index or Any Data Included Therein. Further, None of The MSCI Parties Makes Any Express Or Implied Warranties Of Any Kind, And The MSCI Parties Hereby Expressly Disclaim All Warranties Of Merchantability And Fitness For A Particular Purpose, With Respect To Each MSCI Index And Any Data Included Therein. Without Limiting Any Of The Foregoing, In No Event Shall Any Of The MSCI Parties Have Any Liability For Any Direct, Indirect, Special, Punitive, Consequential or Any Other Damages (Including Lost Profits) Even If Notified Of The Possibility Of Such Damages.

11.13 PORTFOLIO INFORMATION

Portfolio information relating to the top ten holdings in each Fund is available on request from the Manager. The Manager will not issue more detailed information to any customer or other external body unless they can demonstrate a legitimate purpose for receipt and use of that information.

11.14 GENUINE DIVERSITY OF OWNERSHIP

Units in the Funds are widely available. The intended categories of investors are retail investors (who should seek independent financial advice before investing in a Fund) and institutional investors. Different Unit Classes of a Fund are issued to different types of investors.

Units in the Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Unit Class, and in a manner appropriate to attract those categories of investors.

11.15 **PROVISIONS TO FACILITATE ANY FUTURE ELECTION FOR TAX-ELECTED FUND STATUS**

The Funds may not have a UK property business or an overseas property business (as defined for regulation 69Z46 of the Authorised Investment Funds (Tax) Regulations 2006).

No Fund may enter into or be a party to any form of debt, the interest on which is dependent on the results of that Fund or the value of its assets, or where the interest exceeds a normal commercial return on the principal, or where the capital to be repaid exceeds the amount lent or is not reasonably comparable with amounts generally repayable on listed securities (as provided in regulation 69Z47 of the Authorised Investment Funds (Tax) Regulations 2006).

11.16 **SECURITIES FINANCING TRANSACTIONS DISCLOSURES**

The Manager is subject to the provisions of the European Regulation 2015/2365 on Reporting and Transparency of Securities Financing Transactions (the “**SFTR**”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions and total return swaps (“**TRSs**”). At present, the only Fund which uses TRSs is Legal & General Multi-Asset Target Return Fund. The required disclosures are as set in Appendix X.

11.17 **DERIVATIVE COUNTERPARTIES AND COLLATERAL POLICY**

Derivatives including OTCs must be based on assets which are themselves admissible or based on an index of such assets or on an official index of retail prices. They should be capable of being readily closed out. They should be either listed or transacted with an approved counterparty and have a prescribed third party pricing basis.

Counterparty approval

The Manager delegates its counterparty approval to the Investment Manager under the terms of the Investment Management Agreement. The Investment Manager's Risk Management process policy outlines that each type of counterparty credit risk is based initially on a minimum credit rating (S&P, Moody's, Fitch) as a starting point for the approval and continued use of a counterparty. This credit rating may be different for each type of counterparty and is mandatory for Cash Instruments and Foreign Exchange, but is used as a guide for other trading relationships such as OTCs. The ongoing suitability of each counterparty will be monitored on an ongoing basis by the owner of that counterparty risk for each type of counterparty exposure. The types of counterparties used by the Funds are major European or global financial institutions and tend to be of good credit quality.

The Investment Manager will execute OTC Derivatives with bank counterparties on behalf of the Funds. However, before executing any OTC Derivative the Investment Manager requires that the clients must have executed ISDA Agreements (International Swaps and Derivative Association) & Credit Support Annexes (as appropriate) in place with one or more bank counterparties. Details of counterparties are maintained on appropriate trading systems and a list of OTC Derivative counterparties is maintained on a System maintained by the Investment Manager. The presence of the appropriate documentation ensures that each transaction is immediately covered by the collateralisation or margin processes set out in the agreements and provides protection for Funds in the event of a counterparty default.

Collateral Policy

The terms of the posting or receipt of collateral are outlined in the Fund's respective Credit Support Annex (CSA) accompanying the ISDA. As these securities are traded OTC and not on exchange, the Fund or the relevant counterparty has the potential to be exposed in the event of default to each other. If a counterparty is in default (can no longer meet its obligations) and OTC positions are not fully collateralised, the relevant Fund could see a material impact on the unit price and therefore the Fund's investment return.

In order to mitigate this risk, the valuation of the OTC instrument is marked to market on a daily basis and collateral is posted or received if the value of the security differs from the value of the contract. The Investment Manager will transfer or receive assets that are sufficiently liquid, high quality and meet the criteria laid out in the CSA. Assets held tend to be cash, UK, French, US, German Government or Corporate bonds denominated in their domestic currencies with a preference for 0-5 years in maturity, indicating liquidity and less exposure to interest rate risk. The

Collateral amount is determined by the maturity and liquidity of the underlying asset. Those bonds used as collateral with longer maturity dates will have lower haircuts, i.e more bonds will be required to fully collateralise the OTC position.

APPENDIX I

FUND DETAILS

Name	Legal & General Real Income Builder Fund		
FCA Product reference number	661777		
Date of authorisation	26 February 2015		
Type of Fund	Feeder UCITS scheme which complies with COLL 11		
Investment objective and policy	<p>The Fund's primary objective is to generate income which grows at the rate of inflation +4%, where income is measured on a per unit basis over three year rolling time periods.</p> <p>The Fund has a secondary objective to achieve capital growth in line with income growth over the medium to long term.</p> <p>The above objectives are before the deduction of any charges and assumes income is reinvested. There is no guarantee that any of the objectives will be met over any time period. Both capital and reinvested income are at risk.</p> <p>The Fund will achieve its objectives by permanently investing not less than 85% of its assets in the L&G Real Income Builder Fund. While it is envisaged that the Fund will normally be fully invested in the L&G Real Income Builder Fund, the Fund may also hold up to 15% of its assets in cash or near cash. The Fund will use derivatives for hedging purposes only.</p>		
Additional information	The Manager will measure inflation as the average annual change in the UK Consumer Prices Index (CPI). Please see Appendix I, Part 2 for further information on the L&G Real Income Builder Fund.		
Valuation Point	12 noon on each Dealing Day		
Dealing cut off point	12 noon on each Dealing Day		
ISA status	Qualifying investment for stocks and shares ISAs		
Final accounting date	31 December		
Interim accounting date	30 June		
Income allocation dates	31 August and 28 February		
Types of Units	Distribution and accumulation		
Pricing	Dual		
Unit Classes and charges	Class I	Class C**	Class L*
Initial charge	NIL	Nil	Nil
Redemption charge	N/A	N/A	Nil
Fund management fee	0.55%	0.50%	0.04%

***Class L is only available to Legal & General group clients.**

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

Investment minima	Class I	Class C	Class L
Lump sum	£1,000,000	£20,000,000	£100,000
Holding	N/A	N/A	£500
Top up	£20,000	£100,000	N/A
Regular savings plan	N/A	N/A	N/A
Redemption	N/A	N/A	N/A

Investors must subscribe for the investment minima of each class of unit. The manager reserves the right to reduce or waive the above investment minima.

Allocation of charges	Capital	Income
Fund Management Fee	100%	N/A
Portfolio transactions	100%	N/A

Investor Profile

The volatility of the Fund is expected to be lower than a typical equity portfolio in absolute terms. This may mean it is unsuitable for clients who rely on traditional equity-benchmark performance over all time periods.

All investors should be aware that they may get back less than they invested.

Name	Legal & General Multi-Asset Target Return Fund
FCA Product reference number	661773
Date of authorisation	26 February 2015
Type of Fund	UCITS scheme which complies with COLL 5
Investment objective and policy	<p>The Fund aims to provide long-term growth to achieve a total return of both income and capital of the Bank of England Base Interest Rate +5% per annum over rolling three year periods.</p> <p>Whilst the fund aims to achieve growth of both capital and income, there is no guarantee that this will be achieved over any period and capital invested in the fund is at risk.</p> <p>The Fund seeks to achieve its objective by using a range of investment strategies and techniques to actively gain exposure to a broad range of asset classes.</p> <p>The Fund may invest in any region of the world, including emerging markets, and in any currency.</p> <p>The asset classes in which the Fund may invest directly are, generally, equities, fixed interest securities and money market instruments.</p> <p>The Fund may also gain an indirect exposure to alternative asset classes such as commodities, infrastructure and property through investing in transferable securities, collective investment schemes or through the use of derivatives.</p> <p>The investment strategies and techniques employed by the Investment Manager may mean that, at any one time, the Fund is largely invested in derivatives. The Fund may therefore at any time have substantial holdings in illiquid assets.</p> <p>The collective investment schemes in which the Fund invests may include those managed by L&G.</p> <p>The Fund may also invest in other transferable securities, warrants, other collective investment schemes, deposits, cash and near cash. The Fund may use derivatives for efficient portfolio management as well as for investment purposes.</p>
Additional information about the investment objective and policy	<p>The Manager will aim to achieve the fund's objective as described above while;</p> <ul style="list-style-type: none"> • reducing the overall volatility of the fund; • limiting the correlation of the fund's performance with that of global equities; and <p>limiting the potential losses of the fund due to large falls in security markets.</p>
Valuation Point	3pm on each Dealing Day
Dealing cut off point	3pm on each Dealing Day
ISA status	Qualifying investment for stocks and shares ISAs
Final accounting date	14 April although please note the Fund's first accounting date will be 14 April 2016
Income allocation dates	Payment due date: 14 June
Types of Units	Accumulation only

Pricing	Dual		
Unit Classes and charges	Class I	Class R	Class L*
Initial charge	NIL	NIL	Nil
Redemption charge	N/A	N/A	N/A
Fund management fee	0.65%	1.05%	0.06%
*Class L is only available to Legal & General group clients.			
Investment minima	Class I	Class R	Class L
Lump sum	£1,000,000	£500	£100,000
Holding	N/A	£500 (where the value of a holding falls below £350, the Manager reserves the right to terminate the holding)	N/A
Top up	£20,000	£100	£20,000
Regular savings plan	N/A	£50	N/A
Redemption	N/A	£500	N/A
Investors must subscribe for the investment minima of each class of unit. The manager reserves the right to reduce or waive the above investment minima.			
Allocation of charges	Capital		Income
Fund management fee	No		100%
Portfolio transactions	100%		No

Investor Profile

The volatility of the Fund is expected to be lower than a typical equity portfolio in absolute terms. This may mean it is unsuitable for clients who rely on traditional equity-benchmark performance over all time periods.

All investors should be aware that they may get back less than they invested.

Name	Legal & General Real Capital Builder Fund		
FCA Product reference number	784493		
Date of authorisation	15 September 2017		
Type of Fund	UCITS scheme		
Investment objective and policy	<p>The Fund's objective 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.</p> <p>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.</p> <p>The Fund's portfolio will be concentrated.</p> <p>The Fund may invest in any region of the world, including emerging markets, and in any currency.</p> <p>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 L&G.</p> <p>The Fund may use derivatives for efficient portfolio management only.</p>		
Valuation Point	12 noon on each Dealing Day		
Dealing cut off point	12 noon on each Dealing Day		
ISA status	Qualifying investment for stocks and shares ISAs		
Final accounting date	31 December		
Interim accounting date	30 June		
Income allocation dates	31 August and 28 February		
Types of Units	Distribution and accumulation		
Pricing	Dual		
Initial price	£0.50		
Unit Classes and charges	Class I	Class C**	Class L*
Initial charge	Nil	Nil	Nil
Redemption charge	Nil	N/A	Nil
Fund management fee	0.55%	0.50%	0.05%

***Class L is only available to Legal & General group clients.**

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

Investment minima	Class I	Class C	Class L
Lump sum	£1,000,000	£20,000,000	£100,000
Holding	N/A	N/A	£500
Top up	£20,000	£100,000	N/A
Regular savings plan	N/A	N/A	N/A
Redemption	N/A	N/A	N/A

Investors must subscribe for the investment minima of each class of unit. The manager reserves the right to reduce or waive the above investment minima.

Allocation of charges	Capital	Income
Fund Management Fee	N/A	100%
Portfolio transactions	100%	N/A

Investor Profile

The Fund may be suitable for investors who want to invest for at least five years and are looking for an option that provides the potential for capital growth. The volatility of the Fund is expected to be lower than a typical equity portfolio in absolute terms. This may mean it is unsuitable for investors who rely on traditional equity-benchmark performance over all time periods.

All investors should be aware that they may get back less than they invested.

Part 2 - INFORMATION REGARDING L&G REAL INCOME BUILDER FUND

The below is a summary description only of L&G Real Income Builder Fund (the “Master Fund”) in which Legal & General Real Income Builder Fund (the “Feeder Fund”) invests not less than 85% of its assets. For further information in relation to the L&G Real Income Builder Fund, Unitholders should refer to the prospectus of the Master Fund which is available on request (free of charge) from the Manager.

1. The Master Fund is a sub-fund of an authorised contractual scheme (“ACS”) formed as a co-ownership scheme under section 235A of the Financial Services and Markets Act 2000 and authorised by the Financial Conduct Authority (“FCA”) with effect from 8 May 2015.
2. The ACS Manager of the Master Fund is LGIM Corporate Director Limited. The Depositary of the ACS is Northern Trust Global Services Limited. The ACS Manager has delegated performance of the investment management function in relation to the Master Fund to Legal & General Investment Management Limited (the “Investment Manager”).
3. The Master Fund has been authorised by the FCA as a master UCITS within the relevant provisions of the UCITS Directive. It must not itself become a feeder UCITS or invest in a feeder UCITS.
4. The investment objective and policy of the Master Fund is:

Investment Objective: The primary objective of the Sub-fund is to generate income which grows at the rate of inflation + 4%, where income is measured on a per unit basis over three year rolling time periods.

The Sub-fund has a secondary objective to achieve capital growth in line with income growth over the medium to long term.

The above objectives are before the deduction of any charges and assume income is reinvested. There is no guarantee that any of the objectives will be met over any time period. Both capital and reinvested income are at risk.

Investment Policy: The Sub-fund will invest predominantly in equities and depository receipts listed in developed and/or emerging markets, as well as bonds and any other fixed income securities, denominated in any currency. Equities and depository receipts are expected to represent between 40% and 80% of the value of the Fund.

The Sub-fund may also invest in other transferable securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes.

The Sub-fund may invest in derivatives for the purposes of Efficient Portfolio Management only.

Additional Information: The ACS Manager will measure inflation as the average annual change in the UK Consumer Prices Index (CPI).

5. The Feeder Fund will invest in class Q units of the Master Fund which are denominated in GBP.
6. The interim and final accounting dates of the Master Fund are 31 December and 30 June.
7. Investors in the Feeder Fund should note the risk factors set out at Appendix IV of this prospectus. The specific risk factors regarding an investment in the Master Fund are set out in the Master Fund prospectus.

8. The special risk considerations are:

8.1 Performance:

While the performance of the Feeder should correlate with that of class Q units in the Master Fund, it will not correspond exactly. This is because of the impact of (i) charges and expenses in the Feeder (ii) the holding of cash or near cash or any derivatives for hedging purposes by the Feeder (iii) the holding of cash or near cash in the Feeder pending investment in the Master or for liquidity management purposes and (iv) taxation of distributions.

8.2 The Master/Feeder Agreement:

The Master-Feeder Agreement dated 22 January 2016 between the Manager and the ACS Manager, sets out the terms on which (in accordance with the applicable laws of England and Wales) the ACS Manager will provide the Manager with documents and both parties will provide each other with information and provide for the relevant arrangements in relation to the Feeder's investment in the Master Fund. The Agreement contains, amongst other things, provisions between the parties relating to:

- access to information in relation to the Master Fund;
- the basis of investment and disinvestment by the Master Fund in the Feeder Fund;
- arrangements around changes to the Master Fund;
- the dealing arrangements in place with the Master Fund and events affecting those arrangements;
- the provision of assistance by the Master Fund's auditors to the auditors of the Feeder Fund.

A copy of the Master-Feeder Agreement is available to Unitholders upon request.

APPENDIX II

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All the Funds may deal through securities and derivatives markets established in an EEA State on which transferable securities admitted to official listing in the EEA State are dealt in or traded and therefore these markets are not specifically listed below.

Each Fund may also deal through the securities markets and derivatives markets indicated below.

	Legal & General Real Income Builder Fund	Legal & General Multi- Asset Target Return Fund	Legal & General Real Capital Builder Fund
Abu Dhabi Stock Exchange	✓	✓	✓
Australian Securities Exchange (ASX)	✓	✓	✓
Bolsa de Valores de Columbia	✓	✓	✓
Bombay Stock Exchange	✓	✓	✓
BM&F Bovespa	✓	✓	✓
Bursa Malaysia Stock Exchange	✓	✓	✓
Chicago Board of Trade	✓	✓	✓
Chicago Mercantile Exchange	✓	✓	✓
Chicago Stock Exchange	✓	✓	✓
Egyptian Stock Exchange	✓	✓	✓
EUREX	✓	✓	✓
Hong Kong Exchanges & Clearing Co Ltd	✓	✓	✓
International Capital Market Association	✓	✓	✓
Indonesian Stock Exchange	✓	✓	✓
Istanbul Stock Exchange	✓	✓	✓
JSE Securities Exchange	✓	✓	✓
Korea Exchange	✓	✓	✓
Lima Stock Exchange	✓	✓	✓
Mexican Derivatives Exchange	✓	✓	✓
Mexican Stock Exchange	✓	✓	✓
Montreal Exchange	✓	✓	✓
Moscow Exchange (Micex-RTS Exchange)	✓	✓	✓
NASDAQ	✓	✓	✓
NASDAQ Dubai	✓	✓	✓
NASDAQ OMX	✓	✓	✓

National Stock Exchange of India	✓	✓	✓
National Stock Exchange	✓	✓	✓
New Zealand Stock Exchange	✓	✓	✓
New York Futures Exchange	✓	✓	✓
New York Mercantile Exchange	✓	✓	✓
New York Stock Exchange	✓	✓	✓
NYSE Euronext	✓	✓	✓
Osaka Securities Exchange	✓	✓	✓
OTC Bulletin Board	✓	✓	✓
Philippine Stock Exchange	✓	✓	✓
Qatar Stock Exchange	✓	✓	✓
Santiago Stock Exchange	✓	✓	✓
Shanghai Stock Exchange	✓	✓	✓
Shenzen Stock Exchange	✓	✓	✓
Singapore Exchange	✓	✓	✓
Stock Exchange of Thailand	✓	✓	✓
SIX Swiss Exchange	✓	✓	✓
Taiwan Stock Exchange	✓	✓	✓
Tel Aviv Stock Exchange	✓	✓	✓
TMX Group	✓	✓	✓
Tokyo Stock Exchange	✓	✓	✓

APPENDIX III RISK FACTORS

	Legal & General Real Income Builder Fund	Legal & General Multi- Asset Target Return Fund	Legal & General Real Capital Builder Fund
Financial Derivative	X	X	X
Charges from capital	X		X
Sub-investment grade bonds	X	X	X
Fixed Interest Securities	X	X	X
Emerging Markets	X	X	X
Small Companies		X	
General	X		X

GENERAL RISKS

The value of any investment and any income taken from it may fall as well as rise and are not guaranteed. Investors may not get back the money invested.

The performance of any Fund will generally follow the performance of the market in which it invests. Where this market falls, the value of an investment in that Fund will probably also fall.

The fund manager runs a Fund to meet its objectives and a Fund's investments should be expected to change over time.

A Fund's level of risk may also change in future, for example because of:

- Global economic conditions.
- Investment choices made by the Investment Manager.
- Change in the riskiness of the market(s) invested in.

If the performance of a Fund is less than the rate of inflation, the buying power of an investment will fall.

A Fund may have investments valued in currencies that are not Sterling (British pounds).

- If the value of these currencies falls compared to Sterling, this may mean the value of a Fund and the income paid will go down.
- If arrangements are made to protect the Fund against currency movements (known as 'hedging') and the currencies rise compared to Sterling, the value of the Fund will not benefit from those gains.

Where a Fund's charges are taken from income and there is not enough income to pay these charges, the Fund's capital will be used instead. This may reduce the potential for growth or lead to a fall in the value of the fund.

Past performance is not a guide to future performance.

Where a Fund invests in derivatives for Efficient Portfolio Management,

- If the counterpart defaults, the Funds performance may suffer as a result.
- There is no guarantee that the performance of a financial derivative instrument will result in a positive effect for the Fund and its investors.
- The use of financial derivative instruments may result in increased losses.
- The counterpart will forfeit its collateral if it defaults. However the value of the collateral, when sold may not be sufficient to settle the counterparties outstanding debt. This may result in losses for the Fund.

DISTRIBUTION OF INCOME RISK

As referred to in section 9 of this prospectus "Taxation", the Manager will make distributions which include all equalisation received by the Fund on its investments in the collective Investment schemes in which it invests, i.e, amount that would otherwise be retained in the Fund's capital account. As a result, the capital growth of the Fund may be constrained.

SMALLER COMPANIES RISK

These Funds invest in smaller companies. Investments in smaller companies tend to be riskier than investments in larger companies because they can:

- be harder to buy and sell; and
- go up and down in value more often and by larger amounts, especially in the short term.

SPECIAL SITUATIONS RISK

These Funds invest in companies considered to be undervalued because of a special situation. These companies tend to be riskier than companies not in special situations because they can:

- be harder to buy and sell; and
- go up and down in value more often and by larger amounts, especially in the short term.

CONCENTRATED PORTFOLIO RISK

Most funds have lots of individual investments, so don't rely upon the performance of just a few. The whole of these Funds, or a large part of them, have relatively few individual investments. This means that a fall in the value of an individual investment can have a major impact on the overall performance of the Funds.

SECTOR CONCENTRATION RISK

These Funds invest in companies from a particular market sector which means that there is higher level of risk due to the concentration of investment in that sector. The value of the investment may go up and down more often and by larger amounts than funds that are spread more widely.

EMERGING MARKETS RISK

These Funds may invest in countries where investment markets are not as well developed as those in the UK. This means that investments are generally riskier than those in the UK because they:

- are not as well regulated;
- are more difficult to buy and sell; and
- have less reliable arrangements for the safekeeping of investments
- are more exposed to political uncertainties.

FIXED INTEREST SECURITIES RISK

These Funds invest in fixed interest securities – usually corporate and government bonds. Investment returns are particularly sensitive to trends in interest rate movements and inflation. Fund values are likely to fall when interest rates rise.

The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments they are committed to. If their financial strength weakens, the chances of them not making payments increases. This could reduce the value of an investment in these Funds and the amount of income paid. These Funds hold investments that, rather being traded on a stock exchange, are traded through brokers or investment banks matching buyers and sellers. In times or market uncertainty it may become less easy to buy and sell these investments. If this happens, the value of your Fund may fall and in extreme circumstances redemptions from the Fund may be delayed.

GILT INVESTMENTS RISK

These Funds invest in fixed interest securities – usually government bonds (gilts). Investment returns are particularly sensitive to trends in interest rate movements and inflation. Fund values are likely to fall when interest rates rise.

The financial strength of a government issuing a fixed interest security determines their ability to make some or all of the payments they are committed to. If their financial strength weakens, the chances of them not making payments increases. This could reduce the value of an investment in these Funds and the amount of income paid.

These Funds hold investments that, rather being traded on a stock exchange, are traded through brokers or investment banks matching buyers and sellers. In times or market uncertainty it may become less easy to buy and sell these investments. If this happens, the value of your Fund may fall.

SUB-INVESTMENT GRADE BONDS RISK

These Funds invest in sub investment grade corporate bonds so there's an increased risk of fund values falling due to non-payment by the companies issuing the bonds and the amount of income paid.

ETHICAL INVESTING RISK

The ethical standards used for this Fund mean that it cannot invest in some companies or in certain sectors (for example tobacco or mining). These restrictions mean that the value of an investment may go up and down more often and by larger amounts than a fund without such restrictions, particularly in the short term.

CHARGES FROM CAPITAL RISK

The Fund Management Fee and other charges and expenses may be taken in full or in part from these Funds' capital rather than their income. This increases the amount of income paid out, but it reduces the growth potential.

FINANCIAL DERIVATIVE INSTRUMENTS

As well as the use of financial derivative instruments ("FDI") as part of efficient portfolio management, the Legal & General Multi-Asset Target Return Fund may also make use of derivatives in the pursuit of the investment objective. The use of futures, options and contracts for differences are subject to the limits and conditions imposed by the FCA Rules and this Prospectus. Such financial derivative instruments tend to have a greater volatility than the securities to which they relate and they bear a corresponding greater degree of risk. This may lead to high volatility in the unit price of the Fund and may cause the Fund's risk profile to rise.

Derivatives, which includes swaps, are inherently volatile, and these Funds could be potentially exposed to additional risk and costs should the market move against these Funds' derivative positions. The market for swaps may sometimes be more illiquid than other investments which in turn may require us to sell other more favoured assets to meet repurchases.

The FCA Rules also permit a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the Fund) under certain conditions. If a Fund uses derivatives to create short exposure, while there is the potential for a gain to be made when the underlying securities are falling in value there is also the risk of significant loss when the underlying is rising in value. The implication of such exposure is that a Fund's performance may be less closely related to the performance of the type of assets to which it would ordinarily be exposed.

Efficient Portfolio Management

The Funds may use of efficient portfolio management ("EPM") techniques to reduce risk and/or costs in the Funds and to produce additional capital or income in the Funds. Techniques used by a Fund may include using derivatives for hedging, borrowing, holding cash or stock lending. It is not intended that using derivatives for EPM will increase the volatility of the Funds and indeed EPM is intended to reduce volatility. In adverse situations, however, a Fund's use of derivatives may become ineffective and a Fund may suffer significant loss as a result.

Where a Fund invests in derivatives for Efficient Portfolio Management:

- If the counterpart defaults, the Fund's performance may suffer as a result.
- There is no guarantee that the performance of a financial derivative instrument will result in a positive effect for the Fund and its investors.

The counterpart will forfeit its collateral if it defaults. However the value of the collateral, when sold may not be sufficient to settle the counterparties outstanding debt. This may result in losses for the Fund. Please see paragraph 11.16 for details of the Manager's derivative counterparty and collateral policy.

Over-the-Counter (OTC) Markets Risk

In pursuit of the investment objective, the Funds may hold derivatives in OTC markets where there may be uncertainty as to the fair value of such derivatives due to their tendency to have limited liquidity and possibly higher price volatility. In addition, the Funds will be exposed to credit risk on counter-parties with whom the transactions are made and will bear the risk of settlement default with those counter-parties. However, there are specific FCA Rules with respect to OTC transactions in derivatives which may reduce the risk and magnitude of any potential loss to the Funds.

Credit Risk

The Funds may have a credit risk on the issuer of debt securities in which it invests which will vary depending on the issuer's ability to make principal and interest payments on the obligation. Not all of the securities in which the Funds may invest that are issued by sovereign governments or political sub-divisions, agencies or instrumentalities thereof, will have the explicit full faith and credit support of any such political sub-divisions, agencies or instrumentalities, as a result of which default will have adverse consequences for a Fund and will adversely affect the Net Asset Value per Unit of the Funds.

The Funds may also have a credit risk on the parties with which they trade including for example, counter-parties to repurchase agreements or securities lending contracts. In the event of the insolvency, bankruptcy or default of the seller under a repurchase agreement, the Funds may experience both delays in liquidating the underlying securities and losses, including possible decline in the value of securities, during the period while they seek to enforce their rights thereto, possible sub-normal levels of income, lack of access to income during the period and expenses in enforcing their rights. The risks associated with lending portfolio securities include the possible loss of rights against the collateral for the securities should the borrower fail financially.

The Funds' foreign exchange, futures and other transactions also involve counter-party credit risk and will expose the Funds to unanticipated losses to the extent that counter-parties are unable or unwilling to fulfil their contractual obligations. With respect to futures contracts and options on futures, the risk is more complex in that it involves the potential default of the clearing house or the clearing broker.

Derivative transactions involve counter-party credit risk and will expose the Funds to unanticipated losses to the extent that counter-parties are unable or unwilling to fulfil their contractual obligations. A Fund will have contractual remedies upon any default pursuant to the agreements related to the transactions. Such remedies could be inadequate, however, to the extent that collateral or other assets available are insufficient.

Liquidity Risk

The liquidity profile of the Funds are determined by the availability or ease of market trading of underlying securities or investments (equities or bonds) of the Funds. The Funds hold Units in

other Unit Trusts which have daily dealing requirements and must therefore meet redemption requests or comply with the redemption policy laid out in respective prospectuses. The underlying Unit Trusts, tend to invest in companies with large market capitalisation (both equities and bonds) which have very large pools of available stock and shares trading in the market at any given time. The shares and therefore the Funds are considered relatively liquid.

Any allocation to commercial property would be via other collective investment schemes. Whilst the allocation to commercial property tends to be small in the wider context of the Funds, any allocation to commercial property within an underlying fund can be considered illiquid. All property investments are relatively illiquid compared to bonds and equities. Liquidity is a function both of the time to effect a sale and the extent to which it is possible to trade at the market price. Property is slow to transact in normal market conditions and hence is illiquid. In poor market conditions it will take even longer to find a buyer to pay an acceptable price for the scheme property. This may have an impact on the liquidity of the underlying fund used to access commercial property.

EU Market Infrastructure Reforms

The package of European Union market infrastructure reforms known as “MiFID II” is expected to have a significant impact on the European capital markets. MiFID II, which takes effect on 3 January 2018, will increase regulation of trading platforms and firms providing investment services, including the Investment Manager.

Among its many reforms, MiFID II will bring in significant changes to pre- and post-trade transparency obligations in respect of financial instruments admitted to trading on EU trading venues, including a new transparency regime for non-equity financial instruments; an obligation to execute transactions in shares and derivatives on a regulated trading venue; and a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and an increase in transaction costs, and, as a consequence, may have an adverse impact on the ability of the Investment Manager, or where relevant its authorised delegates, to execute the investment strategy of the Funds effectively.

New rules requiring unbundling the costs of research and other services from dealing commission and further restrictions on the ability of the Investment Manager or, where relevant, its authorised delegates to receive certain types of goods and services from brokers are likely to result in an increase in the investment-related expenditure of the Company.

Risks specific to Legal & General Real Income Builder Fund (the “Feeder Fund”)

Mispricing risk

If there is a material error in the pricing of shares or units in the master fund which the Feeder Fund invests resulting in a compensation payment to the affected shareholders or former shareholders in the master fund, any such payment would be made to the Feeder Fund rather than directly to the Unitholders or former Unitholders in the Feeder Fund. If the payment was retained in full in the Feeder Fund this would only benefit Unitholders in the Feeder Fund at that time and former Unitholders may therefore not be compensated unless there was an obligation on the Manager to do so under the Regulations.

Suspension of dealing

Investors are reminded that the right to subscribe for or redeem Units in the Feeder Fund may be suspended in circumstances where dealing in the Master Fund in which it invests is suspended.

APPENDIX IV

INVESTMENT MANAGEMENT AND BORROWING POWERS OF THE FUNDS

GENERAL

The Scheme Property of a Fund will be invested with the aim of achieving the investment objective of a Fund but subject to the limits set out in that Fund's investment policy and the limits set out in Chapter 5 of COLL ("COLL 5") and this Prospectus. These limits apply as summarised below save for Legal & General Real Income Builder Fund. The investment and borrowing powers for the Legal & General Real Income Builder Fund are set out in Part II of this Appendix IV.

From time to time and in particular during periods of uncertain or volatile markets, the Manager may choose to hold a substantial proportion of the property of a Fund in money-market instruments and/or cash deposits, where permitted. From time to time, as a result of a corporate action, a Fund may hold investments that would not normally be permitted this prospectus. These holdings will be sold or transferred as soon as reasonably practical.

The Manager must ensure that, taking account of the investment objective and policy of a Fund, the Scheme property of that Trust aims to provide a prudent spread of risk.

Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of a Fund under any other of those rules has also to be provided for.

Where the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

- (i) it must be assumed that in applying any of those rules, a Fund must also simultaneously satisfy any other obligation relating to cover; and
- (ii) no element of cover must be used more than once.

9. UCITS SCHEMES – GENERAL

9.1 The property a Fund must, subject to its investment objective and policy and except where otherwise provided in the COLL Sourcebook or this Appendix IV only consist of any or all of:

- 9.1.1 transferable securities;
- 9.1.2 approved money market instruments (in the case of certain Funds only);
- 9.1.3 permitted derivatives and forward transactions;
- 9.1.4 permitted deposits (in the case of certain Funds only); and
- 9.1.5 permitted units in collective investment schemes.

9.2 It is not intended that the Funds will have an interest in any immovable property or tangible movable property.

9.3 Transferable securities and approved money market instruments held within a Fund must (subject to paragraphs 9.4 and 9.5) be:

- 9.3.1 admitted to or dealt in on an eligible market as described in paragraphs 15.1 and 15.2; or
- 9.3.2 for an approved money market instrument not admitted to or dealt in on an eligible market, within paragraph 16.1: or
- 9.3.3 recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).

- 9.4 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money market instruments (other than those that are referred to in paragraph 9.3).
- 9.5 The requirements on spread and investment in government and public securities do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

10. TRANSFERABLE SECURITIES

- 10.1 A transferable security is an investment which is any of the following:
- 10.1.1 a share;
 - 10.1.2 a debenture;
 - 10.1.3 an alternative debenture;
 - 10.1.4 a government and public security;
 - 10.1.5 a warrant; or
 - 10.1.6 a certificate representing certain securities.
- 10.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 10.3 In applying paragraph 10.2 to an investment which is issued by a body corporate, and which is a share or a debenture the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 10.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

11. INVESTMENT IN TRANSFERABLE SECURITIES

- 11.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 11.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
 - 11.1.2 its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying shareholder under the COLL Sourcebook;
 - 11.1.3 reliable valuation is available for it as follows:
 - 11.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - 11.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
 - 11.1.4 appropriate information is available for it as follows:
 - 11.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 11.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 11.1.5 it is negotiable; and
 - 11.1.6 its risks are adequately captured by the risk management process of the Manager.

- 11.2 Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- 11.2.1 not to compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying Unitholder; and
 - 11.2.2 to be negotiable.

- 11.3 No more than 5% of the value of a Fund may be invested in warrants. Many warrants are denominated in US Dollars or Swiss Francs so an element of risk in these currencies may be imported into the Funds.

12. CLOSED END FUNDS CONSTITUTING TRANSFERABLE SECURITIES

- 12.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 11, and either:
- 12.1.1 where the closed end fund is constituted as an investment company or a unit trust:
 - 12.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
 - 12.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
 - 12.1.2 where the closed end fund is constituted under the law of contract:
 - 12.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - 12.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

13. TRANSFERABLE SECURITIES LINKED TO OTHER ASSETS

- 13.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Fund provided the investment:
- 13.1.1 fulfils the criteria for transferable securities set out in paragraph 11; and
 - 13.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Fund can invest.
- 13.2 Where an investment in paragraph 13.1 contains an embedded derivative component (see paragraph 24.5), the requirements of this Appendix with respect to derivatives and forwards will apply to that component.

14. APPROVED MONEY MARKET INSTRUMENTS

- 14.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 14.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
- 14.2.1 has a maturity at issuance of up to and including 397 days;
 - 14.2.2 has a residual maturity of up to and including 397 days;
 - 14.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
 - 14.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraphs 14.2.1 or 14.2.2 or is subject to yield adjustments as set out in paragraph 14.2.3.
- 14.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the Manager to redeem Units at the request of any qualifying Unitholder.

- 14.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- 14.4.1 enabling the Manager to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
 - 14.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 14.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the Manager that would lead to a different determination.

15. ELIGIBLE MARKETS REQUIREMENTS

- 15.1 A market is eligible for the purposes of the paragraph 9.3 if it is:
- 15.1.1 a regulated market;
 - 15.1.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
- 15.2 If a market does not fall within paragraph 15.1 it may be eligible if the Manager, after consultation and notification with the Trustee, decides that:
- 15.2.1 the market is appropriate for investment of, or dealing in, the Scheme Property;
 - 15.2.2 the market is included in a list in the Prospectus; and
 - 15.2.3 the Trustee has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- 15.3 In paragraph 15.2 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.
- 15.4 Eligible markets for each Fund are set out in Appendix II.

16. MONEY-MARKET INSTRUMENTS WITH A REGULATED ISSUER

- 16.1 In addition to instruments admitted to or dealt in on an eligible market a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 16.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
 - 16.1.2 the instrument is issued or guaranteed in accordance with paragraph 17.
- 16.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- 16.2.1 the instrument is an approved money-market instrument;
 - 16.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 18; and
 - 16.2.3 the instrument is freely transferable.

17. ISSUERS AND GUARANTORS OF MONEY-MARKET INSTRUMENTS

- 17.1 A Fund may invest in an approved money-market instrument if it is:
- 17.1.1 issued or guaranteed by any one of the following:
 - 17.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

- 17.1.1.2 a regional or local authority of an EEA State;
- 17.1.1.3 the European Central Bank or a central bank of an EEA State;
- 17.1.1.4 the European Union or the European Investment Bank;
- 17.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
- 17.1.1.6 a public international body to which one or more EEA States belong; or
- 17.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 17.1.3 issued or guaranteed by an establishment which is:
 - 17.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
 - 17.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.
- 17.2 An establishment shall be considered to satisfy the requirement in paragraph 17.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
 - 17.2.1 it is located in the European Economic Area;
 - 17.2.2 it is located in an OECD country belonging to the Group of Ten;
 - 17.2.3 it has at least investment grade rating;
 - 17.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

18. APPROPRIATE INFORMATION FOR MONEY-MARKET INSTRUMENTS

- 18.1 In the case of an approved money-market instrument within paragraph 17.1.2 or which is issued by an authority within paragraph 17.1.1.2 or a public international body within paragraph 17.1.1.6 but is not guaranteed by a central authority within paragraph 17.1.1.1, the following information must be available:
 - 18.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
 - 18.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
 - 18.1.3 available and reliable statistics on the issue or the issuance programme.
- 18.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 17.1.3, the following information must be available
 - 18.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument updates of that information on a regular basis and whenever a significant event occurs; and
 - 18.2.2 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 18.3 In the case of an approved money-market instrument:
 - 18.3.1 within paragraphs 17.1.1.1, 17.1.1.4 or 17.1.1.5; or
 - 18.3.2 which is issued by an authority within paragraph 17.1.1.2 or a public international body within paragraph 17.1.1.6 and is guaranteed by a central authority within paragraph 17.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

19. SPREAD: GENERAL

- 19.1 This paragraph 19 on spread does not apply to government and public securities.

- 19.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 19.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 19.4 With the exception of those instruments specified in paragraph 21 below, not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 19.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 19.6 Save where otherwise provided at paragraph 14, not more than 20% in value of the Scheme Property of a Fund is to consist of the units of any one collective investment scheme.
- 19.7 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group.
- 19.8 In applying the limits in paragraphs 19.3 to 19.6 not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 19.8.1 transferable securities or approved or money market instruments issued by; or
 - 19.8.2 deposits made with; or
 - 19.8.3 exposures from OTC derivatives transactions made with;
a single body.

20. COUNTERPARTY RISK AND ISSUER CONCENTRATION

- 20.1 The Manager must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 19.5 and 19.8.
- 20.2 When calculating the exposure of a Fund to counterparty in accordance with the limits in paragraph 19.5 the Manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 20.3 The Manager may net the OTC derivative positions of a Fund with the same counterparty, provided:
- 20.3.1 they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.
 - 20.3.2 the netting agreements in paragraph 20.3.1 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 20.4 The Manager may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 20.5 The Manager must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 19.5 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 20.6 Collateral passed in accordance with paragraph 20.5 may be taken into account on a net basis only if the Manager is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 20.7 In relation to the exposure arising from OTC derivatives as referred to in paragraph 19.8 the Manager must include in the calculation any counterparty risk relating to the OTC derivative transaction.
- 20.8 The Manager must calculate the issuer concentration limits referred to in paragraph 19 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

21. SPREAD: GOVERNMENT AND PUBLIC SECURITIES

21.1 The following applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:

- 21.1.1 an EEA State;
- 21.1.2 a local authority of an EEA State;
- 21.1.3 a non-EEA State; or
- 21.1.4 a public international body to which one or more EEA States belong.

21.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

21.3 A Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that before any such investment is made, the Manager has consulted with the Trustee and as a result considers that:

- 21.3.1 the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;
- 21.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue; and
- 21.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

21.4 In relation to such securities:

- 21.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
- 21.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

21.5 Notwithstanding paragraph 19.1 and subject to paragraphs 19.2 and 19.3, in applying the 20% limit in paragraph 19.8 with respect to a single body, government and public securities issued by that body shall be taken into account.

21.6 **Legal & General Multi-Asset Target Return Fund may invest over 35% of the value of Scheme Property in the following issues:**

those issued by or on behalf of or guaranteed by the Government of the United Kingdom, (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United States or by one of the following international organisations: African Development Bank, Asian Development Bank, Bank Nederlandse Gemeenten, Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Development Bank of Japan, Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Federal Home Loan Mortgage, Federal National Mortgage, Inter-American Development Bank (IADB), International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), Japan Finance Corporation, Kreditanstalt für Wiederaufbau (KfW), LCR Finance, Nordic Investment Bank (NIB) and Oesterreichische Kontrollbank.

22. INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES

22.1 **The Funds may invest in units or shares in other collective investment schemes ("Second Scheme") to the extent described in paragraph 1 provided that Second Scheme satisfies the conditions:**

- 22.1.1 up to 10% of the value of the Scheme Property may be invested in Second Schemes
- 22.1.2 provided that the Second Scheme satisfies the conditions in paragraph 22.2 and paragraph 22.3.

22.2 In order for its units or shares to be a permitted investment of a Fund:

22.2.1 the Second Scheme must:

22.2.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

22.2.1.2 be recognised under the provisions of s.270 of the Financial Services and Markets Act 2000; or

22.2.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met); or

22.2.1.4 be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met.

22.2.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:

(a) signed the IOSCO Multilateral Memorandum of Understanding; and

(b) approved the scheme's management company, rules and depositary/custody arrangements.

22.2.2 the Second Scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 22.2.2 and paragraph 22.3 apply to each sub-fund as if it were a separate scheme.

22.3 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if the Fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

22.4 The Funds may, subject to the limits set out in paragraph 22.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the Manager of the scheme or one of its associates.

22.5 At the date of this Prospectus, these funds are invested in funds established in the UK, Ireland or Luxembourg.

23. INVESTMENT IN NIL AND PARTLY PAID SECURITIES

23.1 A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the COLL Sourcebook.

24. DERIVATIVES: GENERAL

24.1 **The Legal & General Multi-Asset Target Return Fund may make use of derivatives in the pursuit of its investment objective as well as for efficient portfolio management. The Legal & General Real Income Builder Fund may use derivatives only for efficient portfolio management. The use of futures, options and contracts for differences are subject to the limits and conditions imposed by the FCA Rules and this Prospectus. Such financial derivative instruments tend to have a greater volatility than the securities to which they relate and they bear a corresponding greater degree of risk. This may lead to high volatility in the unit price of the Fund and may cause the Fund's risk profile to rise.**

24.2 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 26, and the transaction is covered, as required by paragraph 37 (Cover for investment in derivatives) of this Appendix.

24.3 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 19 and 21 except for index based derivatives where paragraph 24.7 applies.

24.4 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this Appendix.

- 24.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 24.5.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
 - 24.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - 24.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 24.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 24.7 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 27, the underlying constituents of the index do not have to be taken into account for the purposes of the paragraphs 19 and 21. The relaxation is subject to the Manager continuing to ensure that the Scheme Property provides a prudent spread of risk.
- 24.8 If a Fund is permitted to use derivatives for investment purposes, may enter into a range of swap transactions in pursuit of its investment objective (including total return swaps or other financial derivative instruments with similar characteristics. The underlying assets and investment strategies of such swaps, to which exposure will be gained, are described in the investment objective and policy of the relevant Fund.
- 24.9 The counterparty to the transactions described in paragraph 24.8 does not have discretion over the composition or management of the Fund's portfolio or over the underlying of financial derivative instruments used by the Fund. Counterparty approval is not required in relation to any investment decision made by the Fund.
- 24.10 The counterparties of the transactions referenced in paragraphs 24.8 and 24.9 will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager.

25. EFFICIENT PORTFOLIO MANAGEMENT

- 25.1 The Manager may apply any efficient portfolio management techniques which must be economically appropriate for the following purposes:
- 25.1.1 the reduction of risk; or
 - 25.1.2 the reduction of cost; or
 - 25.1.3 the generation of additional capital or income with no, or any acceptably low level of risk.
- 25.2 Any derivative which a Fund acquires in relation to efficient portfolio management must be fully covered from within the property of the Fund in accordance with the requirements of COLL 5.3 and paragraph 37.
- 25.3 Derivative transactions will be used for the purposes of efficient portfolio management and hedging only and their use is not expected to affect the risk profile of the Funds.

26. PERMITTED TRANSACTIONS (DERIVATIVES AND FORWARDS)

- 26.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 30
- 26.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Fund is dedicated:
- 26.2.1 transferable securities permitted under paragraphs 9.3.1 and 9.3.3;
 - 26.2.2 approved money market instruments permitted under paragraphs 9.3.1 and 9.3.2;

- 26.2.3 deposits permitted under paragraph 33;
- 26.2.4 permitted derivatives in the investment objectives and policy for the Fund (appendix 1);
- 26.2.5 collective investment scheme units permitted under paragraph 22.1;
- 26.2.6 financial indices which satisfy the criteria in paragraph 27;
- 26.2.7 interest rates;
- 26.2.8 foreign exchange rates; and
- 26.2.9 currencies.
- 26.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 26.4 A transaction in a derivative must not cause a fund to diverge from its investment objectives as stated in the Trust Deed constituting the Fund and the most recently published version of this Prospectus.
- 26.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 29 are satisfied.
- 26.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 26.7 A derivative includes an instrument which fulfils the following criteria:
 - 26.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 26.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 9.1 including cash;
 - 26.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 30.
 - 26.7.4 its risks are adequately captured by the risk management process of the Manager, and by its internal control mechanisms in the case of risks of asymmetry of information between the Manager and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 26.8 A Fund may not undertake transactions in derivatives on commodities.
- 26.9 In respect of the Legal & General Multi-Asset Target Return Fund only, the Fund may invest in the following derivatives:
 - 26.9.1 Total return swaps (which can be used by the Fund for hedging purposes as well as for gaining exposure to an underlying investment or index);
 - 26.9.2 Options (on bond, bond futures, credit default swaps, currency, interest rate, and interest rate swaps) which can be used to hedge against the movements of a particular investment or to gain exposure to a particular investment instead of using a physical security);
 - 26.9.3 Credit default swaps – index or single name (which will aim to gain exposure to an underlying bond or to protect the Fund in the event of a default or credit event on a particular investment).

27. FINANCIAL INDICES UNDERLYING DERIVATIVES

- 27.1 The financial indices referred to in paragraph 26.2.6 are those which satisfy the following criteria:
 - 27.1.1 the index is sufficiently diversified;
 - 27.1.2 the index represents an adequate benchmark for the market to which it refers; and
 - 27.1.3 the index is published in an appropriate manner.

- 27.2 A financial index is sufficiently diversified if:
- 27.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
 - 27.2.2 where it is composed of assets in which the Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
 - 27.2.3 where it is composed of assets in which the Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 27.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 27.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - 27.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
 - 27.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 27.4 A financial index is published in an appropriate manner if:
- 27.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
 - 27.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 27.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 26.2 be regarded as a combination of those underlyings.

28. TRANSACTIONS FOR THE PURCHASE OF PROPERTY

- 28.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if that property can be held for the account of the Fund, and the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

29. REQUIREMENT TO COVER SALES

- 29.1 No agreement by or on behalf of a Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Fund at the time of the agreement. This requirement does not apply to a deposit.

30. OTC TRANSACTIONS IN DERIVATIVES

- 30.1 Any transaction in an OTC derivative under paragraph 26 must be:
- 30.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
 - 30.1.1.1 on approved terms; the terms of the transaction 30.1.1.1 in derivatives are approved only if the Manager carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
 - 30.1.1.2 can enter into a one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and

- 30.1.2 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
 - 30.1.3 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or a department within the Manager which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.
- 30.2 For the purposes of paragraph 30.1.1.1 above, “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

31. VALUATION OF OTC DERIVATIVES

- 31.1 For the purposes of paragraph 30.1.1.1, the Manager must:
- 31.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
 - 31.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 31.2 Where the arrangements and procedures referred to in paragraph 31.1 above involve the performance of certain activities by third parties, the Manager must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).
- 31.3 The arrangements and procedures referred to in this rule must be:
- 31.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
 - 31.3.2 adequately documented.

32. RISK MANAGEMENT

- 32.1 The Manager uses a risk management process, enabling it to monitor and measure at any time the risk of a Fund’s positions and their contribution to the overall risk profile of a Fund.
- 32.2 The following details of the risk management process must be regularly notified by the Manager to the FCA and at least on an annual basis:
- 32.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits; and
 - 32.2.2 the methods for estimating risks in derivative and forward transactions.

33. INVESTMENTS IN DEPOSITS

- 33.1 A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.
- 33.2 Apart from the use of cash in paragraph 34, the Funds will not invest in deposits.

34. CASH AND NEAR CASH

- 34.1 Cash and near cash must not be retained in the Scheme Property except where this may reasonably be regarded as necessary in order to enable:
- 34.1.1 the pursuit of the Fund's investment objectives; or

- 34.1.2 the redemption of Units; or
- 34.1.3 efficient management of the Fund in accordance with its investment objectives; or
- 34.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.
- 34.2 Liquidity should normally be no more than 100% of the value of the property of the Legal & General Multi Asset Target Return Fund.
- 34.3 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

35. SCHEMES REPLICATING AN INDEX

- 35.1 Notwithstanding paragraph 19, a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 36.
- 35.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.
- 35.3 The limit in paragraph 35.1 can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

36. RELEVANT INDICES

- 36.1 The indices referred to in paragraph 35 are those which satisfy the following criteria:
 - 36.1.1 The composition is sufficiently diversified;
 - 36.1.2 The index represents an adequate benchmark for the market to which it refers; and
 - 36.1.3 The index is published in an appropriate manner.
- 36.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this Appendix.
- 36.3 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 36.4 An index is published in an appropriate manner if:
 - 36.4.1 it is accessible to the public;
 - 36.4.2 the index provider is independent from the index-replicating Manager; this does not preclude index providers and the Manager from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

37. COVER FOR INVESTMENT IN DERIVATIVES

- 37.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:
 - 37.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property.

38. DAILY CALCULATION OF GLOBAL EXPOSURE

- 38.1 The Manager must calculate the global exposure of a Fund on at least a daily basis.
- 38.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

39. CALCULATION OF GLOBAL EXPOSURE

- 39.1 The Manager must calculate the global exposure of any Fund it manages either as:
- 39.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 24 (Derivatives: general), by way of the commitment approach; or
 - 39.1.2 the market risk of the Scheme Property of a Fund, by way of the value at risk approach.
- 39.2 The Manager must ensure that the method selected above is appropriate, taking into account:
- 39.2.1 the investment strategy pursued by the Fund;
 - 39.2.2 the types and complexities of the derivatives and forward transactions used; and
 - 39.2.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 39.3 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 48 (Stock lending) in order to generate additional leverage or exposure to market risk, the Manager must take those transactions into consideration when calculating global exposure.
- 39.4 For the purposes of paragraph 39.1, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.
40. The Legal & General Real Income Builder Fund will use the value at risk approach to calculate the global exposure of the Fund; The Legal & General Multi-Asset Target Return Fund will use the value at risk approach to calculate the global exposure of the Fund.

41. COMMITMENT APPROACH

- 41.1 Where the Manager uses the commitment approach for the calculation of global exposure, it must:
- 41.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 24 (Derivatives: general)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 48 (Stock lending); and
 - 41.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 41.2 The Manager may apply other calculation methods which are equivalent to the standard commitment approach.
- 41.3 For the commitment approach, the Manager may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 41.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.
- 41.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with paragraph 43 (General power to borrow) need not form part of the global exposure calculation.

42. COVER AND BORROWING

- 42.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 37 except where paragraph 42.2 applies.
- 42.2 Where, for the purposes of this paragraph the Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this

applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 43 do not apply to that borrowing.

43. GENERAL POWER TO BORROW

- 43.1 The Trustee on the instruction of the Manager may, in accordance with this paragraph, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Fund to comply with any restriction in the instrument constituting the Fund. The Trustee may borrow money only from an Eligible Institution or an Approved Bank (as defined in the Glossary to the FCA Handbook).
- 43.2 The Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the Manager must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.
- 43.3 The Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Trustee; the Trustee's consent may be given only on such conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis only.
- 43.4 The Manager must ensure that the Fund's borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property.
- 43.5 These borrowing restrictions do not apply to "back to back" borrowing under paragraph 42.

44. RESTRICTIONS ON LENDING OF MONEY

- 44.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this prohibition, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 44.2 Acquiring a debenture is not lending for the purposes of paragraph 44.1; nor is the placing of money on deposit or in a current account.

45. RESTRICTIONS ON LENDING OF PROPERTY OTHER THAN MONEY

- 45.1 The Scheme Property of a Fund other than money must not be lent by way of deposit or otherwise.
- 45.2 Transactions permitted by paragraph 48 are not lending for the purposes of paragraph 45.1.
- 45.3 The Scheme Property of a Fund must not be mortgaged.

46. GENERAL POWER TO ACCEPT OR UNDERWRITE PLACINGS

- 46.1 Any power in the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the Instrument.
- 46.2 This section applies, subject to paragraph 46.3, to any agreement or understanding:
- 46.2.1 which is an underwriting or sub-underwriting agreement; or
 - 46.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.
- 46.3 Paragraph 46.2 does not apply to:
- 46.3.1 an option; or
 - 46.3.2 a purchase of a transferable security which confers a right:
 - 46.3.2.1 to subscribe for or acquire a transferable security; or
 - 46.3.2.2 to convert one transferable security into another.
 - 46.3.3 The exposure of a Fund to agreements and understandings within paragraph 46.2 must, on any Business Day:
 - 46.3.3.1 be covered in accordance with the requirements of paragraph 37; and

- 46.3.3.2 be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

47. GUARANTEES AND INDEMNITIES

- 47.1 The Trustee for the account of a Fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 47.2 None of the Scheme Property of a Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 47.3 Paragraphs 47.1 and 47.2 do not apply in respect of a Fund to:
- 47.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the COLL Sourcebook;
 - 47.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the Treasury Regulations;
 - 47.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the Treasury Regulations) given to the Trustee against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
 - 47.3.4 an indemnity given to a person winding up a Fund if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that Fund becomes the first property of the Fund and the holders of units in that Fund become the first unitholders in the Fund.

48. STOCK LENDING

- 48.1 The Manager may request the Trustee to enter into stock lending transactions or a repo contract in respect of a Fund. However, the purpose of the stock lending transaction must be for the generation of capital or income for the Fund with no, or an acceptably low degree of risk.
- 48.2 There is no limit on the value of the Scheme Property which may be the subject of repo contracts or stock lending transactions.
- 48.3 Any stock lending arrangements or repo entered into must be of the kind described in section 263 B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263 C), but only if:
- 48.3.1 all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of the Fund are in a form which is acceptable to the Trustee and are in accordance with good market practice;
 - 48.3.2 the counterparty is:
 - 48.3.2.1 an authorised person; or
 - 48.3.2.2 a person authorised by a Home State regulator; or
 - 48.3.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
 - 48.3.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and
 - 48.3.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 48.3.1 and the collateral is:
 - 48.3.3.1 acceptable to the Trustee;
 - 48.3.3.2 adequate ; and
 - 48.3.3.3 sufficiently immediate .
- 48.4 The counterparty for the purpose of paragraph 48.3.2 is the person who is obliged under the agreement referred to in paragraph 48.3.1 to transfer to the Trustee the securities transferred by the Trustee under the stock lending arrangement or securities of the same kind.

- 48.5 Paragraph 48.3.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

49. TREATMENT OF COLLATERAL

- 49.1 Collateral is adequate for the purposes of this paragraph only if it is:
- 49.1.1 transferred to the Trustee or its agent;
 - 49.1.2 at least equal in value, at the time of the transfer to the Trustee, to the value of the securities transferred by the Trustee; and
 - 49.1.3 in the form of one or more of:
 - 49.1.3.1 cash; or
 - 49.1.3.2 a certificate of deposit; or
 - 49.1.3.3 a letter of credit; or
 - 49.1.3.4 a readily realisable security ; or
 - 49.1.3.5 commercial paper with no embedded derivative content; or
 - 49.1.3.6 a qualifying money market fund.
- 49.2 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the Manager or an associate of the Manager, the conditions in paragraph 22.3 must be complied with.
- 49.3 Collateral is sufficiently immediate for the purposes of this paragraph if:
- 49.3.1 it is transferred before or at the time of the transfer of the securities by the Trustee; or
 - 49.3.2 the Trustee takes reasonable care to determine at the time referred to in paragraph 49.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.
- 49.4 The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee.
- 49.5 The duty in paragraph 49.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 49.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of a Fund or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.
- 49.7 Collateral transferred to the Trustee is part of the Scheme Property for the purposes of the rules in the COLL Sourcebook, except in the following respects:
- 49.7.1 it does not fall to be included in any calculation of NAV or this Appendix, because it is offset under paragraph 49.6 by an obligation to transfer; and
 - 49.7.2 it does not count as Scheme Property for any purpose of this Appendix other than this paragraph.
- 49.8 Paragraphs 49.6 and 49.7.1 not apply to any valuation of collateral itself for the purposes of this paragraph.

50. GENERAL

- 50.1 It is envisaged that a Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the Manager reasonably regards this as necessary in order to enable the redemption of units, efficient management of the Fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of the Fund.
- 50.2 Where the Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the Manager or an associate of the Manager, the Manager must pay to the Fund by the close of business on the fourth business day the amount of any

preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

- 50.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Unitholders.

51. SIGNIFICANT INFLUENCE

- 51.1 The Manager shall not acquire, or cause to be acquired for a Fund, transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if immediately before the acquisition, the aggregate of any such securities held for the Fund, taken together with any such securities already held for other authorised unit trusts of which it is also the Manager, gives the Manager power significantly to influence the conduct of business of that body corporate; or the acquisition gives the Manager that power.
- 51.2 The Manager is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held for all the authorised unit trusts of which it is the Manager, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

52. CONCENTRATION

- 52.1 The Funds:
- 52.1.1 must not acquire transferable securities other than debt securities which:
 - 52.1.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
 - 52.1.1.2 represent more than 10% of these securities issued by that body corporate;
 - 52.1.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
 - 52.1.3 must not acquire more than 10% of the units in a collective investment scheme;
 - 52.1.4 must not acquire more than 10% of the money market instruments issued by any single body; and
 - 52.1.5 need not comply with the limits in paragraphs 49.3.2 and 52.1.3 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

This Part II applies solely in respect of Legal & General Real Income Builder Fund (hereinafter the “Feeder Fund”):

53. General rules of investment

- 53.1 The property of the Feeder Fund will be invested only in accordance with the relevant provisions of COLL 5.8 (Investment powers and borrowing limits for feeder UCITS) (as set out in this section) and up to any maximum limit so stated, but the trust deed constituting the Feeder Fund may restrict the investment and borrowing powers of the Feeder Fund further than the relevant restrictions in this Part II of Appendix III.
- 53.2 The Manager must ensure that, taking account of the investment objectives and policy of the Feeder Fund, and to the extent that the Feeder Fund invests in assets other than units in a master UCITS fund, the Scheme Property of the Feeder Fund aims to provide a prudent spread of risk.
- 53.3 The Manager's investment policy may mean that at times, where it is considered appropriate, the property of the Feeder Fund will not be fully invested and that prudent levels of liquidity will be maintained.
- 53.4 The Feeder Fund will not maintain an interest in immovable property or tangible movable property.

54. Prudent Spread of Risk

The Manager must ensure that, taking account of the investment objective and policy of the Feeder Fund, the Scheme Property of the Feeder Fund aims to provide a prudent spread of risk.

54.1 Cover

- 54.1.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Feeder Fund under any other of those rules has also to be provided for.
- 54.1.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
 - 54.1.2.1 it must be assumed that in applying any of those rules, the Feeder Fund must also simultaneously satisfy any other obligation relating to cover; and
 - 54.1.2.2 no element of cover must be used more than once.

55. Permitted types of Scheme Property

The Feeder Fund, being a feeder UCITS, must invest at least 85% in value of its Scheme Property in units of a master UCITS.

56. Balance of scheme property: investment restrictions on a feeder UCITS

- 56.1 The Feeder Fund may hold up to 15% in value of its Scheme Property in one of more of the following
 - 56.1.1 cash or near cash in accordance with the paragraphs below; and
 - 56.1.2 derivatives and forward transactions which may be used only for the purposes of hedging and in accordance with the rules set out below.

57. Eligible Markets Regime: Purpose and Requirements

- 57.1 To protect investors the markets on which investments of the Feeder Fund are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.

- 57.2 Where a market ceases to be eligible, investments on that market cease to be approved securities.
- 57.3 **A market is eligible for the purposes of the rules if it is:**
- 57.3.1 a regulated market as defined in the FCA Handbook; or
 - 57.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public; or
 - 57.3.3 a market falling in paragraph 5.4 of this Part II of this Appendix.
- 57.4 A market falling within paragraph 5.3.3 of this Part II of this Appendix is eligible for the purposes of COLL 5 if:
- 57.4.1 the Manager, after consultation and notification with the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
 - 57.4.2 the market is included in a list in the Prospectus; and
 - 57.4.3 the Trustee has taken reasonable care to determine that:
 - 57.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
 - 57.4.3.2 all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- 57.5 In paragraph 5.4.1 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.
- 57.6 The Eligible Markets for the Feeder Fund are set out in Appendix II.

58. Spread: general

- 58.1 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% of the Scheme Property. This limit is raised to 10% for an Approved Bank.
- 58.2 The COLL Sourcebook provides that in applying the limits above, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 58.2.1 deposits made with; or
 - 58.2.2 exposures from OTC derivatives transactions made with; a single body.
- 58.3 For the purpose of calculating the limits above, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- 58.3.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
 - 58.3.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
 - 58.3.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
 - 58.3.4 can be fully enforced by the Feeder Fund at any time.

59. Counterparty Risk and Issuer Concentration

- 59.1 The Manager must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraph 6.
- 59.2 When calculating the exposure of the Feeder Fund to a counterparty in accordance with the limits in paragraph 6 the Manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

- 59.3 The Manager may net the OTC derivative positions of the Feeder Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Feeder Fund.
- 59.4 The netting agreements in paragraph 7.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Feeder Fund may have with that same counterparty.
- 59.5 The Manager may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 59.6 The Manager must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 6.1 when it passes collateral to an OTC counterparty on behalf of the Feeder Fund.
- 59.7 Collateral passed in accordance with paragraph 7.6 may be taken into account on a net basis only if the Manager is able legally to enforce netting arrangements with this counterparty on behalf of that Feeder Fund.
- 59.8 The Manager must calculate the issuer concentration limits referred to in paragraph 6.1 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 59.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 6.1 the MANAGER must include any exposure to OTC derivative counterparty risk in the calculation.

60. Investment in associated collective investment schemes

Investment may only be made in another collective investment scheme managed by the Manager or an Associate of the Manager if the rules on double charging contained in the COLL Sourcebook are complied with.

61. Derivatives: General

The Investment Manager may employ derivatives in respect of the Feeder Fund for the purposes of hedging with the aim of reducing the risk profile of the Feeder Fund.

- 61.1 A transaction in derivatives or a forward transaction must not be effected for the Feeder Fund unless the transaction is of a kind specified in paragraph 63 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 71 (Cover for investment in derivatives and forward transactions) of this Part II of Appendix III.
- 61.2 Where the Feeder Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread COLL 5.2.11R (Spread: general), COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply.
- 61.3 Where the Feeder Fund invests in an index based derivative, provided the relevant index falls within paragraph 64 (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities).

62. Hedging transactions

The Feeder Fund may utilise the Scheme Property to enter into derivatives, for the purposes of hedging against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The Manager must take reasonable care to ensure that the transaction is economically appropriate in that they are realised in a cost effective way and are intended to reduce risk.

63. Permitted Transactions (Derivatives and Forwards)

- 63.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 67 (OTC transactions in derivatives).
- 63.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Feeder Fund in question is dedicated:
- 63.2.1 transferable securities;
 - 63.2.2 approved money-market instruments;
 - 63.2.3 deposits and permitted derivatives under this paragraph;
 - 63.2.4 collective investment scheme units;
 - 63.2.5 financial indices which satisfy the criteria set out in paragraph 64 (Financial indices underlying derivatives);
 - 63.2.6 interest rates;
 - 63.2.7 foreign exchange rates; and
 - 63.2.8 currencies.
- 63.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 63.4 A transaction in a derivative must not cause the Feeder Fund to diverge from its investment objectives as stated in the Trust Deed and the most recently published version of this Prospectus.
- 63.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives.
- 63.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 63.7 A derivative includes an investment which fulfils the following criteria:
- 63.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 63.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
 - 63.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 67; and
 - 63.7.4 its risks are adequately captured by the risk management process of the Manager and by its internal control mechanisms in the case of risk asymmetry of information between the Manager and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 63.8 The Feeder Fund may not undertake transactions in derivatives on commodities.

64. Financial Indices Underlying Derivatives

- 64.1 The financial indices referred to in 64.2 are those which satisfy the following criteria:
- 64.1.1 the index is sufficiently diversified;
 - 64.1.2 the index represents an adequate benchmark for the market to which it refers; and
 - 64.1.3 the index is published in an appropriate manner.
- 64.2 A financial index is sufficiently diversified if:
- 64.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
 - 64.2.2 where it is composed of assets in which the Feeder Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and

- 64.2.3 where it is composed of assets in which the Feeder Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Part II of this Appendix.
- 64.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 64.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- 64.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
- 64.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 64.4 A financial index is published in an appropriate manner if:
- 64.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- 64.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 64.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 11.2, be regarded as a combination of those underlyings.

65. Transactions for the Purchase of Property

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Feeder Fund may be entered into only if that property can be held for the account of that Feeder Fund, and the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the COLL Sourcebook.

66. Requirement to Cover Sales

No agreement by or on behalf of the Feeder Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by that Feeder Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Feeder Fund at the time of the agreement. This requirement does not apply to a deposit.

67. OTC Transactions in Derivatives

67.1 Any transaction in an OTC derivative under paragraph 63 must be:

- 67.1.1 in a future or an option or a contract for differences;
- 67.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- 67.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the Manager: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and
- 67.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
- 67.1.4.1 on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or

- 67.1.4.2 if the value referred to in 67.1.4.1 is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- 67.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
 - 67.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the Manager is able to check it; or
 - 67.1.5.2 a department within the Manager which is independent from the department in charge of managing the Feeder Fund and which is adequately equipped for such a purpose.
- 67.2 For the purposes of paragraph 23.1.3, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

68. Valuation of OTC Derivatives

68.1 For the purposes of paragraph 67.1.3 the Manager must:

- 68.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Feeder Fund to OTC derivatives; and
- 68.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 68.2 Where the arrangements and procedures referred to in paragraph 68.1 above involve the performance of certain activities by third parties, the Manager must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).
- 68.3 **The arrangements and procedures referred to in this rule must be:**

- 68.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
- 68.3.2 adequately documented.

69. Risk Management

- 69.1 The Manager uses a risk management process in accordance with COLL 6.12, as reviewed by the Trustee and filed with the FCA, enabling it to monitor and measure at any time the risk of the Feeder Fund's positions and their contribution to the overall risk profile of the Feeder Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:
 - 69.1.1 a true and fair view of the types of derivatives and forward transactions to be used within the Fund together with their underlying risks and any relevant quantitative limits.
 - 69.1.2 the methods for estimating risks in derivative and forward transactions.
- 69.2 The Manager must notify the FCA in advance of any material alteration to the details above.

70. Investments in Deposits

The Feeder Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

71. Cover for Investment in Derivatives and Forward Transactions

The Manager must ensure that the global exposure relating of the Feeder Fund relating to derivatives and forward transactions held in the Feeder Fund does not exceed the net value of the Scheme Property.

72. Cover and Borrowing

- 72.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 71 (Cover for investment in derivatives and forward transactions) except where 72.2 below applies.
- 72.2 Where, for the purposes of this paragraph the Feeder Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 73.1 on deposit with the lender (or his agent or nominee), then this paragraph 73.3 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

73. Calculation of Global Exposure

- 73.1 In calculating the global exposure of the Feeder Fund to derivatives and forward transactions, the Manager must combine the Feeder Fund's direct exposure to derivatives being used for the purposes of paragraph 62 with either;
- 73.1.1 the master fund's actual exposure to derivatives and forward transactions in proportion to the Feeder Fund's investment into the master fund; or
 - 73.1.2 the master fund's potential maximum global exposure to derivatives and forward transactions provided for in the master fund's instrument constituting the scheme or its prospectus in proportion to the Feeder Fund's investment into the master fund.
- 73.2 The Manager must calculate the global exposure of the Feeder Fund on at least a daily basis.
- 73.3 The Manager must calculate the global exposure of any Feeder Fund it manages either as:
- 73.3.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 61 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or
 - 73.3.2 the market risk of the Scheme Property.
- 73.4 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- 73.5 **The Manager must calculate the global exposure the Feeder Fund by using:**
- 73.5.1 commitment approach; or
 - 73.5.2 the value at risk approach.
- 73.6 **The Manager must ensure that the method selected above is appropriate, taking into account:**
- 73.6.1 the investment strategy pursued by the Feeder Fund;
 - 73.6.2 types and complexities of the derivatives and forward transactions used; and
 - 73.6.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

74. Cash and Near Cash

- 74.1 Cash and near cash must not be retained in the Scheme Property of the Feeder Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 74.1.1 the pursuit of the Feeder Fund's investment objectives; or
 - 74.1.2 redemption of Shares; or
 - 74.1.3 efficient management of the Feeder Fund in accordance with its investment objectives; or
 - 74.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Feeder Fund.

74.2 During the period of the initial offer the Scheme Property of the Feeder Fund may consist of cash and near cash without limitation.

75. General Power to Borrow

75.1 The Fund may, on the instructions of the Investment Manager and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Feeder Fund on terms that the borrowing is to be repayable out of the Scheme Property.

75.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis.

75.3 The Manager must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Feeder Fund.

75.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

76. Restrictions on Lending of Money

76.1 None of the money in the Scheme Property of the Feeder Fund may be lent and, for the purposes of this paragraph, money is lent by the Feeder Fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.

76.2 Acquiring a debenture is not lending for the purposes of paragraph 76.1, nor is the placing of money on deposit or in a current account.

76.3 Nothing in paragraph 76.1 prevents the Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

77. Restrictions on Lending of Property Other than Money

77.1 Scheme Property of the Feeder Funds other than money must not be lent by way of deposit or otherwise.

77.2 The Scheme Property of the Feeder Funds must not be mortgaged.

77.3 Where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with COLL 5, nothing in this paragraph prevents the Fund or the Trustee at the request of the Fund: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the Manager reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

78. Guarantees and Indemnities

78.1 The Fund or the Trustee for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

78.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

78.3 Paragraphs 78.1 and 78.2 do not apply to in respect of the Fund:

78.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and

78.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

78.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Trustee against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

- 78.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Fund and the holders of units in that scheme become the first Shareholders in the Fund.

APPENDIX VI

Valuation of the Funds

Calculation of the Net Asset Value

The value of the property of a Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

79. All the property of a Fund (including receivables) is to be included, subject to the following provisions.

80. The valuation of the property of a Fund shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.

80.1 The valuation of property for that part of the valuation which is on an issue basis is as follows:

80.1.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

80.1.1.1 units or shares in a collective investment scheme:

- (a) if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs, which means any fiscal charges, commission or other charges (including any preliminary charge) payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and including any dilution levy which would be added in the event of a purchase by the Fund of the units in question (except that, where the Manager, or an Associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Fund, dealing costs must not include a preliminary charge which would be payable in the event of a purchase by the Fund of those units); or
- (b) if separate buying and selling prices are quoted, the most recent maximum sale price, less any expected discount (plus any dealing costs, which means any fiscal charges, commission or other charges (but excluding any preliminary charge on sale of units in a collective investment scheme) payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); but where the Manager, or an Associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Fund, the issue price shall be taken instead of the maximum sale price; or
- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable;

80.1.1.2 any other investment:

- (a) the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (b) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable.

- 80.1.1.3 if any other property, or no price exists under paragraphs 2.1.1.1 or 2.1.1.2 the Manager's reasonable estimate of a buyer's price (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any preliminary charge on sale of units in a collective investment scheme). The buyer's price is the consideration which would be paid by the buyer for an immediate transfer or assignment (or, in Scotland, assignment) to him at arm's length.

80.2 The valuation of property for that part of the valuation which is on a cancellation basis is as follows:

80.2.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

80.2.1.1 units or shares in a collective investment scheme:

- (a) if a single price for buying and selling units or shares is quoted, at that price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction, any charge payable on the redemption of units in a collective investment scheme, (taking account of any expected discount or any dilution levy which would be deducted in the event of a sale by the Fund of the units in question (except that, where the Manager, or an Associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Fund of those units); or
- (b) if separate buying and selling prices are quoted, at the most recent minimum redemption price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and any charge payable on the redemption of units in a collective investment scheme (except that, where the Manager, or an Associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Fund, dealing costs must not include a redemption charge which would be payable in the event of a redemption by the Fund of those units), less any expected discount); but, if the property sold in one transaction would amount to a large deal (as defined in the Glossary), the cancellation price shall be taken instead of the minimum redemption price; or
- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the Manager, is fair and reasonable;

80.2.1.2 any other investment:

- (a) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or

- (b) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the Manager, is fair and reasonable;
- 80.2.1.3 if any other property, or no price exists under paragraphs 2.2.1.1 or 2.2.1.2 the Manager's reasonable estimate of a seller's price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and including any charge payable on the redemption of units in a collective investment scheme, (taking account of any expected discount or any dilution levy which would be deducted in the event of a sale by the Fund of the units in question) (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Fund of those units). The seller's price is the consideration which would be received by a seller for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

81. Property which is a derivative transaction shall be treated as follows:

- (a) if a written option, (and the premium for writing the option has become part of the Scheme Property) deduct the amount of the net valuation of premium (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded, but, in the case of the calculation of the issue basis, deduct and, in the case of the calculation of the cancellation basis, add, dealing costs); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used; or
- (b) if an off-exchange future, include at the net value of closing out (in the case of the calculation of the issue basis and cancellation basis, estimated on the basis of the amount of profit or loss receivable or incurable by the Fund on closing out the contract and deducting minimum dealing costs in the case of profit and adding them in the case of loss; but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used); or
- (c) if any other form of derivative transaction, include at the net value of margin on closing out (estimated on the basis of the amount of margin (whether receivable or payable by the Fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded if that amount is receivable by the Fund deduct dealing costs but if that amount is payable then add minimum dealing costs so that the value is the figure as a negative sum); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used.

82. Cash and amounts held in current and deposit accounts shall be valued at their nominal values.

83. In determining the value of the Scheme Property, all instructions given to the Trustee to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received (or, in the case of an in specie transfer, assets transferred) and all required consequential action required by the COLL Sourcebook or the Trust Deed shall be assumed (unless the contrary is shown) to have been taken.

84. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required by their terms assumed to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.

85. Futures or contracts for differences which are not yet due to be performed and unexpired written or purchased options which have not been exercised shall not be included under paragraph 6.

86. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.
87. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Fund; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
88. Deduct an estimated amount for any liabilities payable out of the property of the Fund and any tax thereon (treating periodic items as accruing from day to day).
89. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
90. In the case of a margined contract, deduct any amount reasonably anticipated to be paid by way of variation margin.
91. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
92. Add any other credits due to be paid into the property of the Fund.
93. In the case of a margined contract, add any amount reasonably anticipated to be received by way of variation margin.
94. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
95. The valuation is in the Fund's base currency. To convert to the base currency the value of property which would otherwise be valued in another currency the Manager will either:
- 95.1.1 select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the manager would normally deal if it wished to make such a conversion; or
 - 95.1.2 invite the Trustee to agree that it is in the interests of Unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.

APPENDIX VII

LIST OF FUNDS FOR WHICH THE MANAGER IS AN AUTHORISED FUND MANAGER

The following is a complete list of authorised unit trust schemes offered and managed by the Manager who will provide details on request:

Legal & General All Stocks Gilt Index Trust	Legal & General Mixed Investment Income 20-60% Fund
Legal & General All Stocks Index Linked Gilt Index Trust	Legal & General Mixed Investment 40-85% Fund
Legal & General Asian Income Trust	Legal & General Multi Manager Balanced Trust
Legal & General Cash Trust	Legal & General Multi Manager Growth Trust
Legal & General Distribution Trust	Legal & General Multi Manager Income Trust
Legal & General Dynamic Bond Trust	Legal & General Multi-Index 3 Fund
Legal & General Emerging Markets Government Bond (Local Currency) Index Fund	Legal & General Multi-Index 4 Fund
Legal & General Emerging Markets Government Bond (US\$) Index Fund	Legal & General Multi-Index Income 4 Fund
Legal & General Ethical Trust	Legal & General Multi-Index 5 Fund
Legal & General European Equity Income Fund	Legal & General Multi-Index Income 5 Fund
Legal & General European Index Trust	Legal & General Multi-Index 6 Fund
Legal & General European Trust	Legal & General Multi-Index Income 6 Fund
Legal & General Fixed Interest Trust	Legal & General Multi-Index 7 Fund
Legal & General Future World Equity Factors Index Fund	Legal & General Multi-Asset Target Return Fund
Legal & General Global 100 Index Trust	Legal & General Pacific Index Trust
Legal & General Global Emerging Markets Index Fund	Legal & General Real Income Builder Fund
Legal & General Global Equity Index Fund	Legal & General Short Dated Sterling Corporate Bond Index Fund.
Legal & General Global Health and Pharmaceuticals Index Trust	Legal & General Sterling Corporate Bond Index Fund
Legal & General Global Inflation Linked Bond Index Fund	Legal & General Sterling Income Fund
Legal & General Global Real Estate Dividend Index Fund	Legal & General UK 100 Index Trust
Legal & General Global Technology Index Trust	Legal & General UK Alpha Trust
Legal & General Growth Trust	Legal & General UK Equity Income Trust
Legal & General High Income Trust	Legal & General UK Mid Cap Index Fund
Legal & General International Index Trust	Legal & General UK Property Feeder Fund
Legal & General Japan Index Trust	Legal & General UK Select Equity Fund
Legal & General Managed Monthly Income Trust	Legal & General UK Smaller Companies Trust
Legal & General Mixed Investment 0-20% Fund	Legal & General UK Special Situations Trust
Legal & General Mixed Investment 0-35% Fund	Legal & General US Index Trust
Legal & General Mixed Investment Income 0-35% Fund	Legal & General Worldwide Trust
Legal & General Mixed Investment 20-60% Fund	L&G (N) Tracker Trust

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The Manager also operates the following unregulated collective investment schemes, which are not available to the general public:

- Ministry of Justice Equity Index Tracker Fund.
- Charities Aid Foundation UK Equitrack Fund.
- The Manager is the authorised corporate director of the Legal & General UK Property Fund.

APPENDIX VIII

PAST PERFORMANCE

Fund Name	19/02/16 - 19/02/17 (%)
Legal & General Multi-Asset Target Return Fund	10.42
Legal & General Real Income Builder Fund	14.19
Legal & General Real Capital Builder Fund	N/A

As the Legal & General Real Capital Builder Fund launched is less than 12 months old there is currently no available past performance data.

APPENDIX IX

Sub-custodians

Country	Sub-custodian	Sub-delegates
Argentina	Citibank N.A., Buenos Aires Branch	
Australia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
Austria	UniCredit Bank Austria A.G	
Bahrain	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Bangladesh	Standard Chartered Bank	
Belgium	Deutsche Bank AG	
Bermuda	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Bermuda Limited
Bosnia and Herzegovina - Federation of B & H	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Bosnia and Herzegovina - Republic of Srpska	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Botswana	Standard Chartered Bank Botswana Limited	
Brazil	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Títulos e Valores Mobiliários S.A ("DTVM")
Bulgaria	Citibank Europe plc, Bulgaria Branch	
CD's - USD	Deutsche Bank AG, London Branch*	
Canada	The Northern Trust Company, Canada	
Canada*	Royal Bank of Canada	
Chile	Citibank N.A.	Banco de Chile
China A Share	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
China B Share	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	
Costa Rica	Banco Nacional de Costa Rica	
Croatia	UniCredit Bank Austria A.G.	Zagrebacka Banka d.d.
Cyprus	Citibank Europe PLC	
Czech Republic	UniCredit Bank Czech Republic and Slovakia, a.s.	
Denmark	Nordea Bank Danmark A/S	
Egypt	Citibank, N.A., Cairo Branch	
Estonia	Swedbank AS	
Finland	Nordea Bank Finland plc	
France	Deutsche Bank AG	
Germany	Deutsche Bank AG	
Ghana	Standard Chartered Bank Ghana Limited	
Greece	Citibank Europe PLC	
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited	
Hong Kong (Stock Connect Shanghai/Shenzhen)	The Hongkong and Shanghai Banking Corporation Limited	
Hungary	UniCredit Bank Hungary Zrt	
India	Citibank, N.A.	
Indonesia	Standard Chartered Bank	
Ireland	Euroclear UK and Ireland Limited (Northern Trust self-custody)*	
Israel	Bank Leumi Le-Israel BM	
Italy	Deutsche Bank SpA	

Japan	The Hongkong and Shanghai Banking Corporation Limited	
Jordan	Standard Chartered Bank plc	
Kazakhstan	Citibank Kazakhstan JSC	
Kenya	Standard Chartered Bank Kenya Limited	
Kuwait	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Latvia	Swedbank AS	
Lithuania	AB SEB Bankas	
Luxembourg	Euroclear Bank S.A. / N.V	
Malaysia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
Mauritius	The Hongkong and Shanghai Banking Corporation Limited	
Mexico	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
Morocco	Societe Generale Marocaine de Banques	
Namibia	Standard Bank Namibia Ltd	
Netherlands	Deutsche Bank AG	
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	
Nigeria	Stanbic IBTC Bank Plc	
Norway	Nordea Bank Norge ASA	
Oman	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G
Pakistan	Citibank N.A., Karachi Branch	
Panama	Citibank, N.A., Panama Branch	
Peru	Citibank del Peru S.A.	
Philippines	The Hongkong and Shanghai Banking Corporation Limited	
Poland	Bank Polska Kasa Opieki SA	
Portugal	BNP Paribas Securities Services	
Qatar	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Romania	Citibank Europe plc	
Russia	AO Citibank	
Saudi Arabia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Saudi Arabia
Serbia	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd	
Slovakia	Citibank Europe plc	
Slovenia	UniCredit Banka Slovenija d.d.	
South Africa	The Standard Bank of South Africa Limited	
South Korea	The Hongkong and Shanghai Banking Corporation Limited	
Spain	Deutsche Bank SAE	
Sri Lanka	Standard Chartered Bank	
Sweden	Svenska Handelsbanken AB (publ)	
Switzerland	Credit Suisse (Switzerland) Ltd	
Taiwan	Bank of Taiwan	
Tanzania	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Ltd
Thailand	Citibank, N.A., Bangkok Branch	
Tunisia	Banque Internationale Arabe de Tunisie	
Turkey	Deutsche Bank AG & Deutsche Bank AS	
Uganda	Standard Chartered Bank Uganda Limited	
United Arab Emirates - ADX	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Arab Emirates -	The Hongkong and Shanghai Banking	HSBC Bank Middle East Limited

DFM	Corporation Limited	(DIFC) Branch
United Arab Emirates - NASDAQ Dubai	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Kingdom	Euroclear UK and Ireland Limited (Northern Trust self-custody)	
United States	The Northern Trust Company	
Uruguay	Banco Itau Uruguay S.A.	
Vietnam	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
Zambia	Standard Chartered Bank Zambia plc	

* The Royal Bank of Canada serves as The Northern Trust Company's sub-custodian for securities not eligible for settlement in Canada's local central securities depository

APPENDIX IX

Remuneration Policy

Legal & General (Unit Trust Managers) Limited (**LGUTM**) is authorised and regulated by the Financial Conduct Authority and has the regulatory permissions necessary to act as a UCITS Management Company in the UK. It also acts as the Alternative Investment Fund Manager (AIFM) to a range of UK Non UCITS Retail Schemes and Common Investment Fund, which are classified as Alternative Investment Funds under AIFMD.

LGUTM acts as Authorised Corporate Director to this authorised UCITS fund and it is therefore responsible for the day to day management of this fund or for each sub-fund that sits within this umbrella and it is also responsible for appointing delegates to act as discretionary investment manager on its behalf.

The UCITS legislation requires that UCITS Management Companies put in place remuneration policies and practices that:

- are consistent with and promote sound and effective risk management of the UCITS
- do not encourage risk-taking which is inconsistent with the risk profiles or fund rules governing the relevant UCITS; and
- do not impair compliance with the UCITS manager's duty to act in the best interests of the UCITS and its underlying investors
- are in line with the business strategy, objectives, values and interests of the management company and the UCITS which it manages and of the investors in those UCITS; and
- include measures to avoid conflicts of interest

All UCITS Management Companies must disclose information regarding their remuneration policy in order to give visibility of remuneration practices to both existing and prospective investors. In particular the UCITS Management Company must ensure:

1. the remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee exists
2. fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component
3. guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement
4. the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period
5. only pay variable remuneration if it is sustainable according to the UCITS manager's financial situation as a whole
6. a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the UCITS concerned and is correctly aligned with the nature of the risks of the UCITS in question. The period referred to in this point shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred
7. subject to the legal structure of the UCITS and its fund rules or instruments of incorporation, a substantial portion, and in any event at least 50%, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this point, unless the management of the UCITS accounts for less than 50% of the total portfolio managed by the management company, in which case the minimum of 50% does not apply
8. payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure; and

9. the pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages

UTM Company Structure

Legal & General (Unit Trust Managers) Limited (**LGUTM**) is a wholly owned subsidiary of Legal & General Investment Management (Holdings) Limited (**LGIMH**). Its primary delegate for the provision of Investment Management services as well as Promotion and Distribution of its UCITS fund range is Legal & General Investment Management Limited (**LGIM**), which is also a wholly owned subsidiary of LGIMH. The investment management for one of LGUTM's sub-funds is delegated to Schroder Investment Management Limited.



UTM Business Mix

- LGUTM acts as Authorised Fund Manager (AFM) to a range of 48 FCA Authorised Unit Trusts (AUTs) which are all UCITS schemes
- LGUTM acts as Authorised Fund Manager (AFM) to a range of 4 FCA Authorised Unit Trusts (AUTs) which are all Non UCITS Retail Schemes (NURS) subject to AIFMD
- LGUTM acts as Authorised Fund Manager (AFM) to the Legal & General Multi-Index Funds, an FCA authorised Umbrella Unit Trust company with 8 sub-funds, which are all Non UCITS Retail Schemes (NURS) subject to AIFMD
- As per the table above more than 50% of the assets under management (AUM) held within pooled investment mandates that the UTM acts as Management Company is held in funds which are subject to the UCITS Directive, with the remaining 15.23% held in funds subject to the AIFMD Directive. This information is correct as at 30 December 2016 and the business mix will be reviewed annually over time
- LGUTM acts as Authorised Corporate Director (ACD) to Legal & General Investment Funds ICVC, a single sub-fund Open Ended Investment Company, whose sole sub-fund is a Property Alternative Investment Fund (PAIF) subject to AIFMD
- LGUTM acts as Manager to the Charities AID Foundation UK Equitrack Fund, a Common Investment Fund that is an unregulated Collective Investment Scheme subject to AIFMD

UMBRELLA COMPANY	STATUS	£m	% TOTAL AUM
AUTHORISED UNIT TRUSTS (VARIOUS)	UCITS	£34,027	84.77%
AUTHORISED UNIT TRUSTS (VARIOUS)	NURS (AIF)	£5,761	14.35%
UCIS	UCIS	£351	0.88%
As at 30 December 2016	TOTAL	£40,139	100.00%

Practical Application

It is important to note that LGUTM does not contractually employ any full time or even part time employees therefore it pays no remuneration, either fixed or variable to any individuals itself. However LGUTM does have individuals contractually employed by its holding company Legal & General Investment Management (Holdings) Limited (**LGIMH**) or by a group affiliate Legal & General Resources Limited (**LGR**) that are engaged by LGUTM to fulfil controlled functions on behalf of the LGUTM. LGUTM also delegates significant risk taking activities to its primary delegate, Legal & General Investment Management Limited (LGIM), the individuals acting on behalf of LGIM are also contractually employed by the same holding company.

LGUTM will be entirely reliant on the remuneration policy of LGIMH and LGR to ensure that both individuals undertaking controlled functions on its behalf and those individuals whose professional activities have a material impact on the risk profile of UCITS Management Company or the UCITS which they manage are remunerated in a fashion that is consistent with, if not exactly the same as, the UCITS V remuneration requirements.

LGIMH subsidiaries including, but not limited to, LGUTM and LGIMH and LGR are potentially subject to a number of remuneration regimes, including BIPRU, AIFMD, Solvency II, CRD IV and UCITS V. Therefore, to the fullest extent possible, LGIMH and LGR will seek to apply a single remuneration policy for all of its employees that is consistent with the requirements of these varying directives. However it will also apply the concept of proportionality to allow for the payment of deferred variable remuneration in the shares of Legal & General Group Plc, as opposed to payment being made in the shares of a particular UCITS or range of UCITS.

The remuneration policy that has been put in place by LGIMH and LGR is consistent with the overarching Group-wide remuneration policy, which is applied across Legal & General Group plc., and is overseen by the Group Remuneration Committee, which operates within a documented terms of reference. The policy is designed to reward investment professionals and other senior management personnel for long term performance of the assets which they manage, it substantively observes the principles enshrined within the UCITS V directive. The policy will be under regular review for the remainder of 2017 and updated to ensure that it is consistent with FCA expectation and wider market practice. The key features of the remuneration policy include:-

- a documented appraisal process that ensure that individual performance is reviewed against objectives, that seek to ensure the fair treatment of customers
- a specific percentage of any variable remuneration that is paid is deferred and is typically paid in non-cash instruments, namely in the shares of Legal & General Group Plc. These shares must be held for a specified period of time (usually three years) before they can be sold
- The concepts of Malus and Clawback exist and are legally enforceable depending on the nature of a colleague's departure, i.e. they are a good leaver or a bad leaver
- Further details regarding the LGIMH and LGR remuneration policies will be published during 2017 : <http://www.lgim.com/uk/en/remuneration/> A paper copy of the information on the website will be made available free of charge
- Further details of the Legal & General Group Plc's Director's report on remuneration report can be found in the annual reports and accounts, available here <https://www.legalandgeneralgroup.com/>

DISCLOSURE

LGIMH and LGR will ensure that appropriate information is made available to LGUTM to ensure that suitable disclosures are made to the investors in LGUTM's UCITS Funds, for the individuals employed to fulfil controlled functions on behalf of LGUTM, for the named lead Fund Manager and the Investment Desk which they work within. Context will be provided by disclosing the AUM of the particular UCITS Fund, against the AUM managed by the named Fund Manager and the Investment Desk which they work within. The requisite disclosures will be made in the annual reports and accounts. The fact that LGUTM has no contractual employees does not mean that investors in its UCITS will not have transparency regarding the remuneration of the key risk takers involved in the management of their Fund.

APPENDIX X

SECURITIES AND FINANCING TRANSACTIONS

The Manager is subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (the “**SFTR**”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions and total return swaps (“**TRSs**”).

Legal & General Multi-Asset Target Return Fund (the “**Trust**”) may have exposure to TRSs. The limitations on the use of TRSs are explained in the “Investment Management and Borrowing Powers of the Funds” section set out in Appendix IV. The Trust’s use of TRSs is consistent with its investment objective and policy, and accordingly TRSs may be used to reduce risk, reduce cost and/or generate additional capital or income with a risk level that is consistent with that of the Trust and the risk diversification rules laid down in the COLL Sourcebook.

Subject to the limitations referred to above, any assets of the Trust may have exposure to TRSs. Up to 100% of the Trust’s assets may have exposure to TRSs, with an expectation that at any time up to 100% of the Trust’s assets may have exposure to such arrangements.

TRSs will only be entered into with “approved counterparties” as defined in the FCA Handbook. Other than this restriction, there are no pre-specified restrictions on the legal status, country of origin or minimum credit rating of any counterparty in such transactions.

The types of acceptable collateral, as well as the diversification requirements, are explained in the “Investment Management and Borrowing Powers of the Funds” section set out in Appendix IV. Any collateral obtained by the Trust pursuant to a TRS will be valued in accordance with the Manager’s valuation and haircut policy detailed above. Such haircut policy allows for the fact that the valuation of the collateral or liquidity profile may deteriorate over time.

The assets of the Trust that have exposure to TRSs and any collateral received are held by the Trustee.

The reuse of collateral is limited by the COLL Sourcebook to certain asset classes. Such reuse should not result in a change to the Trust’s investment objectives nor increase substantially the Trust’s risk profile.

All of the revenues arising from TRSs, net of direct and indirect operational costs, will be retained by the Trust.

The Manager will disclose in the Trust’s annual report certain information regarding its use of TRSs.