

# Dynamic Bond Trust Unit Trust Key Information including Simplified Prospectus

Legal & General (Unit Trust Managers) Limited

A Class



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Risk factors (to be used with Sections 1 and 2)

## Introduction

The Financial Services Authority is the independent financial services regulator. It requires us, Legal & General, to give you this important information to help you decide whether our investments are right for you. You should read this document carefully so that you understand what you're buying, and then keep it safe for future reference.

**Section 1** – general questions and answers about investing and how our investments work

**Section 2** – fund specific details for investing

(Sections 1 and 2 form your Simplified Prospectus).

This brochure gives you general information about your investment options, including the risks associated with investing. If, after reading it, you would like advice about what to invest in to meet your financial goals, contact us or your financial adviser.

### Investing with Legal & General

**Legal & General (Portfolio Management Services) Limited (PMS):**

Most investments will be made through PMS because it allows monthly contributions, investment through ISAs and online investment. For these you need to read the Terms and Conditions.

**Legal & General (Unit Trust Managers) Limited (UTM):**

For specific customers, such as investment professionals, who wish to be on the main register of unit holders, your investment will be through UTM.

## Section 1

### Who is Legal & General?

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. Over 6.5 million people rely on us for life assurance, pensions, investments and general insurance plans. The Legal & General Group is responsible for investing £280 billion worldwide (as at 31 December 2008) on behalf of investors, policyholders and shareholders.

### What is a unit trust and how does it work?

#### A unit trust:

- allows you to put your money together with other investors' to buy a wider range of investments than you would be able to achieve on your own;
- can help to reduce risk – by spreading your money over a range of investments;
- is divided into units, and the number of units you hold represents your share;
- can offer investment in different types of assets including stocks, shares, commercial property, fixed interest securities and cash; and
- gives you access to professional fund management.

Some trusts have different unit classes. The class in which you invest is represented by a letter shown at the end of the trust name. Unit classes provide flexibility in the way we make trusts available for different types of investor. In all cases, the underlying investment is the same.

### Who can invest?

You must be aged 18 years or over to invest.

These investments are not available to US residents, this is mainly for US tax reasons.

To help you manage your investments, you can add a personal reference (called a 'designation'). This may be useful if you want to hold unit trusts for a specific purpose. You will remain the owner of any referenced account.

You can invest in a Legal & General unit trust on an individual basis or with up to three others. If you're investing jointly, we'll need all investors to sign for all future transactions, including changes to income payments.

All units bought using PMS are registered in the name of Legal & General in a designated account on your behalf. If you buy units directly through UTM, they will be registered in your name, which will be shown on the register of unit holders.

## What type of assets might a trust invest in?

**Cash** – You can get the potential for higher returns on your cash by investing in a range of deposits and similar short-term investments.

**Shares/Equities** – A part or portion representing one unit of ownership in a company. Any growth can come either from an increase in the share price or from income, paid in the form of dividends.

**Corporate bonds** – Are loans to companies. They usually pay a fixed rate of interest each year and aim to pay back the capital at the end of a stated period. There are different types of bonds determined by a credit rating system. A 'risky' or sub-investment grade bond has a lower rating than an investment grade bond.

**Gilts** – Gilts, like corporate bonds are loans but to the government rather than a company, which pay a fixed rate of interest. They are considered a safer investment as they are less likely to default than other investments because the government is unlikely to go bankrupt or to default on the interest payments.

**Commercial property** – Investment in commercial property is very different from investment in residential property. Unlike residential property, the long-term returns from commercial property are mainly determined by the level of income, rather than changes in capital value. Commercial property is typically occupied by tenants with longer lease agreements, for example, of 10 years.

## How does the Dynamic Bond Trust invest?

This trust will invest principally in a range of fixed and variable rate income securities. The trust has an unconstrained or dynamic approach to asset allocation. This means that the trust has a high degree of flexibility to switch its investments between different types of assets including collective investment schemes, equities, derivatives (including credit default swaps and other OTC instruments), other transferable securities and money market instruments. It can also invest partially or wholly in cash, near cash and deposits. The trust can invest in all types of bonds, including investment grade and sub-investment grade, of any duration. It is not appropriate to quote an average duration as a significant proportion of the trust may be invested in sub-investment grade bonds that may not continue to maturity. The issuers of these bonds may repay the debt early, restructure the debt or default before maturity.

## What are derivatives and how are they used?

Some trusts can invest in specialist investments known as derivatives. Instead of holding a direct investment in an asset, such as shares, bonds, or property, the trust will obtain exposure to that asset through a derivative. A derivative 'derives' its price from a change in value of the asset to which it is linked.

Derivatives can be used as part of an overall investment strategy to manage the ups and downs of the market and changes in exchange rates, to obtain exposure to assets at reduced cost, and to manage cashflow when other assets might not be easily bought or sold.

Derivatives may be more volatile than a direct investment in shares, bonds or property. There is also a risk that the company with whom the trust has taken out a derivative may not meet their obligations.

In some cases, derivatives will be used to seek to enhance overall investment returns, manage risk and to help protect returns from market falls. This includes investing in derivatives whose value rises when the market falls, but whose value falls if the market rises. There may be a higher risk of loss by investing in a trust which uses derivatives in this way, than if you choose a trust which doesn't use derivatives to enhance performance.



Please see the Investment summary page in section 2 for details of how this trust uses derivatives as part of the overall strategy and to enhance returns.

## What are the risks?

All investments have risks. This means that the value of your capital in an investment can fall as well as rise and you could get back less than you invested.

Some trusts have specific risks depending on where they invest. You should ensure you look at the risk factors within the fund specific information and at the back of this brochure and understand the risks of the trust you choose, before you invest.

A complete description of the risk factors is set out in the full Prospectus, copies of which are available on request.

## How can I invest?

You can make a lump sum investment, or for most trusts, monthly payments – the choice is yours. Many trusts are available online at [www.legalandgeneral.com](http://www.legalandgeneral.com) also you can invest by phone or by filling out an application form and sending it to us.

### Lump sums:

- Your payments can be made with Maestro or Visa Delta, or by cheque.

### Monthly payments:

- Where available, your monthly payments are collected by direct debit and invested on the date you choose on your application form, or, where this is not a working day, on the next working day.

Please see Investment summary page for minimum investment amounts.

There are no maximum investment limits.

Once your details are processed and we receive payment, we buy units for you at the next valuation point (the specific time each day when we value units).



You can speak to your adviser or call us if you need further details on how to invest. Our contact details can be found on page 20.

## Can I take an income from my investment?

You can choose to receive an income from most trusts. Income can come from various sources, depending on where the trust invests. This can include share dividends, income from corporate bonds, or rents from commercial property.

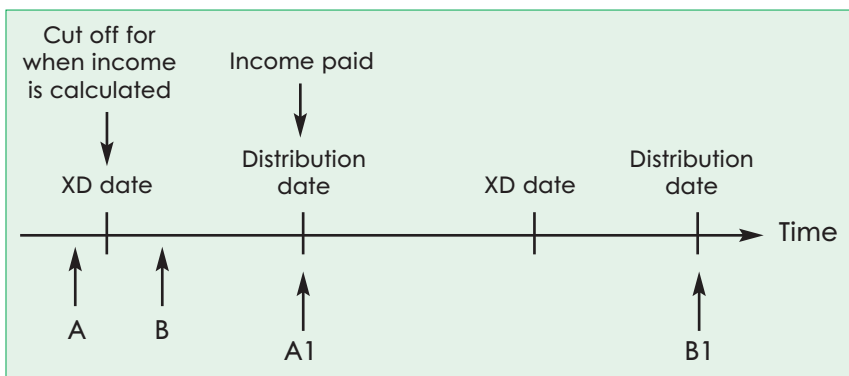
The trust's yield shows the annual level of income. You can find the latest yield at: [www.legalandgeneral.com/utprices](http://www.legalandgeneral.com/utprices)

The future income paid by a trust may be less than the published yield. An explanation of how yields are calculated is available on request.

If income is available from your chosen trust and you choose to take it, you will be given distribution units. Any income will be paid direct to your bank or building society account.

### Your first income payment

Each trust has its own distribution dates when income is paid, and ex-dividend (XD) dates, which are the dates at which income is calculated. If you hold units before an XD date (A), you will receive income at the following distribution date (A1). If you buy units between an XD date and a distribution date (B), you will not receive any income until after the following XD date (B1) (refer to the example below).



Please see fund specific information for the distribution and XD dates for each trust.

If you don't want to take an income, any income generated by your investment will be reinvested for growth.

You will usually get different types of units depending on whether you choose to invest for income or growth.

- Income; you will be given distribution units. For some trusts, investing for income is not available. The Investment summary page shows where income is not available.
- Growth; you will be given accumulation units (if available). Any income will increase the value of your units. If the trust doesn't have accumulation units, you'll be given distribution units and any income will be used to buy further units.

### Monthly payments

If you are paying monthly by direct debit, your payments will automatically be invested for growth. You can only start to take an income once the value of your trust has reached £500 or more. You can ask us to switch some or all of your investment into distribution units and an income can be taken. Your monthly payments will continue to be invested for growth.

## Can I change between investing for income or growth?

You can decide to receive or not to receive income from your investment at any time, by contacting us. We'll then change your unit type where necessary.



Our contact details can be found on page 20. Refer to the tax information later in this section on how different types of income are taxed.

## How is my investment valued?

This trust is dual priced.

### Dual Pricing

- Normally we publish a selling (bid) and buying (offer) unit price for our trusts.
- Where trusts have an initial charge, the difference between the buying and selling price will be equal to that charge and if there is no initial charge, these selling and buying prices will be the same.
- When we are selling more units than we are buying, we generally calculate these prices based on the costs of buying the underlying investments in the trust.
- When we are buying more units, we generally calculate the prices based on the costs of selling the investments.
- The current maximum difference (as at 31 December 2008) between these two calculations can be found in the Investment summary page in section 2. The difference is known as the spread.

### Does the size of the spread differ for each trust?

- Yes, the size of this spread will be different for each trust.
- Trusts that invest in commercial property, certain corporate bonds, smaller companies or emerging markets will tend to have a larger difference. Where this is the case, it will be explained in the fund specific page in section 2.
- This could significantly affect the value of your investment if we move from one calculation basis to the other even though the value of the trust's investments has not changed.



Unit prices are usually published on [www.legalandgeneral.com/utprices](http://www.legalandgeneral.com/utprices)

Alternatively, you can contact us. All prices quoted will be for the previous working day. You can find our contact details on page 20.

## Can I increase my payments?

You can increase, or top-up your investment at any time. Please see Investment summary page in section 2 for minimum top-up amounts. You can pay by cheque, by phone or for most trusts on our website with Maestro or Visa Delta (where this is not the case it will be highlighted in the Investment summary page). Please confirm details of any payment changes to us in writing.

## Can I stop or change my monthly payments?

If you're investing monthly you can stop, start or change your payments free of charge, at any time, by contacting us.

If you want to choose a different trust for your future contributions, we'll need to receive your written instruction at least five working days before the collection date of your usual monthly payment.



Our contact details can be found on page 20. There might be some trusts that don't offer monthly payments so make sure you check the Investment summary page in section 2.

## How do I get my money out?

Contact us with your instruction. For most trusts, if you are withdrawing part of your investment, there is a minimum amount you must take and a minimum amount that must stay invested. This is usually £500 for both. Or, you can sell all your units.

For some unit classes, a reduction in the trust value will apply to any units sold in the first five years.

We'll usually make payment to you within four business days after the valuation point.

However, in some cases we may have to delay payment to you in order to check the instruction received and the verification of your signature.

We may need you to confirm instructions to us in writing, even where the initial contact has been by telephone.

Dealing takes place Monday to Friday between 8:30am and 6:00pm.



For some unit classes the minimum amounts mentioned above may be different so refer to the Investment summary page in section 2 for further information.

### Valuation point

Units are valued at a set time each day (depending on the trust), this is known as the valuation point. When a deal takes place, which is when units are bought or sold, the value is based on the first valuation point after we receive your instruction.

If you're switching between trusts with different valuation points, we'll sell your original investment and then reinvest the money at the next valuation point. Your investment date however, remains unchanged. During this time, the value of your investment will not change with any general market movement. Details are available on request.

## Can I sell or switch my investment?

- You can sell or switch your investment to another trust at any time (subject to availability). You should note however, trusts could have different valuation points and charges. Call us for further details.
- Dealing takes place Monday to Friday between 8.30am and 6.00pm.



Please note, any sales or switches could give rise to a capital gains tax liability. See 'What is my UK tax position?' later in this section.

## What is my UK tax position?

If you're looking to invest, you should take into account both tax payable by the trust and your personal tax position. Tax assumptions are those currently relevant. Tax law can change and it may affect you.

Your tax position depends on your personal situation and where your money is invested.



For advice on your personal tax circumstances, please contact your financial adviser. Or you can contact HM Revenue & Customs on [www.hmrc.gov.uk](http://www.hmrc.gov.uk). Your local tax office will also be able to help answer your questions on tax.

### Unit trust tax

UK tax will be paid on the trust as follows:

Under current UK tax legislation, the trust will not have to pay any corporation tax on UK dividend income or capital gains made from selling assets held in the trust. However, any other income received by the trust can be taxed:

- Interest distributions (paid by trusts investing mainly in fixed interest securities, short-term deposits or both) are generally paid after deducting income tax at a rate of currently 20%.
- Dividend distributions (paid by trusts investing mainly in shares, property or both) carry a notional tax credit (tax which is treated as having been paid) at a rate of currently 10%.

If you hold units in a trust which has overseas assets, the trust may be liable to pay overseas tax. The trust may not be able to reclaim some or all of this tax from the overseas tax authorities.

## Personal tax

Along with tax on the trust, there are also personal tax implications of which you will need to be aware.

Where you receive interest distributions from which income tax at currently 20% has automatically been deducted:

- If you're a basic rate taxpayer, you will have no further income tax to pay.
- If you're a higher rate taxpayer, you will have to pay additional income tax of currently 20% of the gross interest distribution.
- If you're not liable to income tax, you can reclaim the tax deducted from HM Revenue & Customs.
- If you're not ordinarily resident (NOR) in the UK, you may be able to receive interest distributions without UK income tax being deducted. To achieve this you will need to provide a valid NOR declaration, which can be obtained from HM Revenue & Customs.

You may be liable to capital gains tax on any withdrawal (including switches) from a unit trust.

## What if I pay tax abroad?

Depending on your residency status (non UK), if you live outside the UK, you may have to pay tax on any income or capital gains which you receive. If you need help on tax issues, speak to a tax adviser or the relevant authorities in the country concerned.

## What is equalisation?

When you buy a unit, part of the price includes income already held by the trust. This amount is known as the equalisation amount.

- At the first distribution date after your purchase, this amount is treated as a return of capital and therefore does not carry a tax credit.



Please see the 'Can I take an income from my investment?' section for details of when distributions are paid.

- When selling units, you're 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 the accounting period. This is the period between two XD dates. This should be taken into account when calculating your capital gains tax liability.

## What is Stamp Duty Reserve Tax (SDRT)?

Under current UK tax legislation, any unit trusts that invest in UK shares have to pay SDRT each month. This is paid out of the assets of the trust.

The tax is paid on the value of units which the trust buys back from one investor and sells to another. The amount of SDRT paid is reduced if part of the trust is not invested in UK shares, including any uninvested cash.

### What is the EU Savings Directive?

Under the EU Savings directive:

- if you're a new investor after 1 January 2004; and
- you're investing in certain trusts; and
- you're residing outside the UK, but within a country covered by the directive,

we'll need to ask for certain documents to confirm your birth, address and tax status.

If this applies to you, we'll also have to provide HM Revenue & Customs with details about any payments made to you. This information can then be passed on to the tax authorities of your country of residence.

## How do I find out how my investment is doing?

You can ask us for a valuation at any time.

We calculate prices daily for each trust. You can find these at [www.legalandgeneral.com/utprices](http://www.legalandgeneral.com/utprices), or you can call us.

All prices are quoted in pence and are for the previous working day. Where a trust has more than one class of unit, these are listed separately. Please note withdrawal fees may apply.

Remember when considering the value of your investment, you need to keep in mind that it will be affected by the size of your investment, the amount of withdrawals taken, contributions made and daily unit prices.



Our contact details can be found on page 20.

## What documents will I receive when I invest?

### Lump sum investments and trust switches

You'll receive a contract note confirming the details of your investment. We'll send this to you no later than the next working day following the day we receive your investment.

### Monthly investments

You'll receive a welcome letter once we've accepted your application.

For all investments, every year we'll send you a statement, which will show any transactions made during that time, along with a valuation.

If you're making monthly contributions, we'll send you a Consolidated Contract Note to confirm details of your transaction. You'll receive this six months after the annual statement.

## What is my customer category?

The Financial Services Authority (our regulator) requires us to put our customers into groups so that we can treat them according to their level of knowledge about investments.

These groups are:

- Retail client.
- Professional client.
- Eligible counterparty.

We treat all customers who invest in our products from this brochure as retail clients. It gives you the greatest level of protection under the regulations and ensures you get full information about any products you buy.

You can choose to be categorised as a professional client or an eligible counterparty, but this means you will receive less information about our products and services. Also, you wouldn't be entitled to receive a suitability report or appropriateness assessment where they would be required for retail clients.

If you're a professional client or eligible counterparty you can ask to be categorised as a retail client, although it doesn't necessarily mean you can refer any complaints to the Financial Ombudsman Service, and you may not be eligible for compensation under the Financial Services Compensation Scheme.

## How will charges and expenses affect my investment?

All trusts are subject to charges and expenses. They are the costs of running the trust and may include initial charges (IC), annual management charges (AMC), and extra expenses. Details of these are provided in section 2.

Extra expenses will vary, however, we'll notify you of any increase in the initial charge or the annual management charges.

The full Prospectus of each trust includes details on all charges, expenses and stockbroker commission arrangements.



If you want to know about the possible effects, refer to section 2.

## Effect of charges and expenses

The table shows you the possible effect of charges and expenses on an investment. It is based on a £1,000 lump sum investment.

Where appropriate, we use the standard growth rates set by our regulator (the Financial Services Authority) for similar products. However, we use lower growth rates where we think the standard rates may be unrealistic in the medium to long term. This is generally the case for trusts investing largely in property, corporate bonds and/or cash.



Refer to the fund specific page in section 2 for the investment growth rate and reduction in yield figures for the trust in this brochure.

Warning – the charges mean you could get back less than you paid in, particularly in the early years.

All figures are rounded down to three significant figures and are not guaranteed; they simply show how charges and expenses can affect your investment.

Annual charges and expenses are deducted from the income for example funds. Dealing costs are not included.

### An example trust

Initial charge: 3%

Annual management charge: 1.25%

Extra expenses: 0.17%

Assumed gross yearly distribution: 6.7%

Growth rate: 5.2%

At the end of the year	Investment to date	Income to date	Effect of deductions to date	What you might get back	Effect of deductions to date	What you might get back
Lump sum						
1	£1,000	£55.30	£45.60	£949.00	£45.90	£1,000.00
3	£1,000	£162.00	£78.50	£911.00	£82.00	£1,080.00
5	£1,000	£265.00	£113.00	£873.00	£124.00	£1,160.00
10	£1,000	£504.00	£214.00	£787.00	£263.00	£1,390.00

The last lines in the table show that at the end of year 10, charges and expenses could amount to £214.00 for lump sum investments with income distributed, and £263.00 for income reinvested.

This would have the same effect as reducing growth from 5.2% a year down to 3.4%.

## How is advice paid for?

If you go to a financial adviser they may get paid for giving you advice. They could charge you directly or we may pay them. Either way they'll give you details about these costs.

For any commission we pay to a company or adviser, there is no additional charge to you as the cost is covered by the trust's charges. For further details of these charges please look at the fund specific information in section 2.

If you deal directly with us, we won't charge you for advice. We may, however, pay commission to the company or financial adviser who sent you this brochure for arranging the sale. Details of this, where relevant, are included elsewhere in this pack.

Where we pay the adviser, the amount depends on the size of any investment you make and, in the case of monthly payments, for how long payments continue.

## How do you support advisers?

We support and provide financial advisers with additional tools and benefits to help you receive a quality service. This may include training, software, seminars and marketing materials.



For more details contact your adviser.

## What are my cancellation rights?

We'll send you notice of your right to cancel as soon as your application is accepted. When you receive it, you have 14 days to change your mind and cancel your investment. You'll receive a refund of all the charges that have been deducted, but you might not get back the full amount you invested if the value of your units has dropped.

### **Lump sum payments or switches:**

- We'll send you the right to cancel notice each time you make an investment.
- If you cancel a switch, the units bought for you in the new trust are sold at the current price. We then use the proceeds to buy units in your original trust at the price calculated at that time.

### **Monthly payments:**

- We'll send you the right to cancel notice once your application has been processed.

If you want to cancel your investment within the 14 day period, just send your completed notice form.



You can speak to your adviser or call us if you need further details. Our contact details can be found on page 20.

### **If you do not cancel your investment:**

- You will be subject to all investment risks detailed in this brochure.
- You will incur all charges as set out in section 2.

We recommend that you discuss this with your financial adviser before making any decisions.

## What happens to my investment if I die?

Your investment doesn't automatically close.

- For joint holdings, the trust continues in the name of the survivor(s).
- For single holdings, the personal representative(s) can:
  - a) request a full withdrawal and payment to be made to the named beneficiary(ies); or
  - b) request a transfer of the holding to the name of the beneficiary(ies) and continue the investment.

## Why do I need to prove my identity?

To protect you and us from financial crime, we may need to confirm your identity from time to time. We may do this by using reference agencies to search sources of information about you (an identity search). This will not affect your credit rating. If this identity search fails, we may ask you for documents to confirm your identity.

In certain circumstances, we may need to contact you to obtain more information about your investment.

## Who looks after my investment?

### Promoter and Administrator (PMS Investments)

Legal & General (Portfolio Management Services) Limited  
Registered in England No. 2457525

### Promoter, Administrator (UTM Investments) and Unit Trust Manager (all investments)

Legal & General (Unit Trust Managers) Limited  
Registered in England No. 1009418

UTM is a member of the Investment Management Association.

### Registered office

One Coleman Street, London EC2R 5AA

Both companies are authorised and regulated by the Financial Services Authority.

All Legal & General trusts are produced in the UK. They are authorised and regulated by the Financial Services Authority.

We are on their register under the following numbers:

Legal & General (Portfolio Management Services) Limited 146786

Legal & General (Unit Trust Managers) Limited 119273

You can check this at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting them on 0845 606 1234.

### Regulator

Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

### Trustee

The Royal Bank of Scotland plc  
Trustee and Depositary Services  
Waterhouse Square  
138-142 Holborn  
London EC1N 2TH

### Auditors

PricewaterhouseCoopers LLP  
Hay's Galleria  
1 Hay's Lane  
London SE1 2RD

## How secure is my money?

The fund specific section describes the main risks that apply to each trust.

The trustee is responsible for looking after the assets of a trust and they appoint a custodian to do this for them. The custodian will hold the assets in the name of the trust. Neither the trustee nor the unit trust manager can arrange for these assets to be transferred into their own name. Consequently, the trust's assets are safe even if the trustee or the unit trust manager becomes insolvent. If the trustee becomes insolvent, the trust would appoint a new trustee. If the unit trust manager becomes insolvent, the trustee would appoint a new unit trust manager.

Any money we hold for you, either awaiting investment or whilst we are arranging a withdrawal for you, is held in trust in a designated client account. This means if we become insolvent, your money is protected in accordance with the Financial Services Authority's client money regulations. If the bank holding the client money became insolvent, you may be entitled to compensation under the Financial Services Compensation Scheme. Cash accounts are covered for 100% of the first £50,000 for each depositor's claim.

If for any reason this money isn't held in a designated client account and we become insolvent, you may be entitled to compensation also under the Financial Services Compensation Scheme. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. However, from 1 January 2010, this limit will be changing to cover 100% of the first £50,000 of each customer's claim.

Further details on compensation arrangements are available from us on request or direct from the Financial Services Compensation Scheme.

## Where can I get a full Prospectus and/or report and accounts?

Unit trust investors automatically receive a copy of the Manager's Short Report(s). You can get a copy of the full Prospectus and Manager's Report and Accounts for any trust, free of charge, by contacting us at the address in the section 'How can I get help with my investment?' on page 20.

## Additional information (For PMS investments)

Full details of the products discussed in this brochure are included in the terms and conditions, which is the legally binding contract between you and Legal & General.

The terms and conditions, which are governed by English law, shall apply to your investment as soon as it is accepted.

The terms and conditions and all communications will only be available in English. All communications from us will normally be by letter or telephone.

## Additional information (For UTM investments)

Unit Trust Regulations, which are governed by English law, shall apply to an investment as soon as it is accepted.

All investments are bound by the relevant unit trust's Prospectus and Trust Deed, which are governed by English law.

All communications will only be available in English. All communications from us will normally be by letter or telephone.

## Where can I get advice on whether an investment is suitable for me?

We recommend that you speak to your financial adviser about your investment needs and to find out what options are available to suit you.

We're also here to help and you can contact our customer services at any time, although we can only advise on our own life assurance and investment products.

## What can I do if I'm not happy with the service provided?

If you have a complaint about any part of our service, or would like us to send you a copy of our internal complaint handling procedure, please contact us by telephone or in writing.

Any complaints we cannot settle can be referred to:  
Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR

Making a complaint will not affect your right to take legal proceedings.



Our contact details can be found on page 20.

## The Direct Debit Guarantee



- This Guarantee is offered by all banks and building societies that take part in the direct debit Scheme.
- If an error is made in the payment of your direct debit, either by us, Legal & General, or by your bank or building society, you're entitled to a full and immediate refund from your bank branch. Simply contact your bank or building society to arrange a refund, or if you prefer contact Legal & General, and they shall arrange to repay you direct.
- You can cancel a direct debit at any time by simply contacting your bank, building society, or us. Written confirmation may be required.
- If there are any changes to the amount, date or frequency of your direct debit, Legal & General will notify you in advance of your account being debited. This will be five working days or as otherwise agreed.
- If you request us to collect a payment, confirmation of the amount and date will be given to you at the time of the request.

## How can I get help with my investment?

You can call Customer Services on 0370 050 0955. Lines are open Monday to Friday 8.30am to 6.00pm. We may record and monitor calls. Calls to this number will not exceed your fixed line or mobile phone provider's national rate and will be included in any inclusive free minute plan or discount scheme you may have with your telephone provider. Call charges will vary between telephone providers. This number may not be available from outside the UK.

If you need to discuss your investment needs, we recommend you speak to your financial adviser.

We'll be happy to answer your questions, however, we can only advise on Legal & General investment products.

You can write to us if you need any information, or to give us instructions on your investment, or if you have any queries or complaints:

### For postal instructions

Legal & General Retail Investments  
Customer Services  
PO Box 1004  
Cardiff CF24 0YS

or

### For hand delivered instructions

Legal & General Retail Investments  
Customer Services  
Brunel House  
2 Fitzalan Road  
Cardiff CF24 0EB

or

any other address we may ask you to use.

We'll only act on instruction from you, or your authorised representative(s), unless we believe it is unreasonable or breaks any law, rule or regulation.

## Conflicts of interest

During your investment conflicts of interest may arise between you and us, our employees, our associated companies or our representatives. To ensure we treat investors consistently and fairly, we are required to have a policy on how to identify and manage these conflicts. A summary of our policy is detailed below. A copy of the full policy is available on request from Legal & General Retail Investments, Customer Services, PO Box 1004, Cardiff CF24 0YS.

We:

- (a) will consider the interests of all of our customers and treat them fairly;
- (b) will manage conflicts of interest fairly to ensure that all customers are treated consistently and to prevent any conflict of interest from giving rise to a material risk of damage to the interests of our customers;
- (c) have in place procedures to ensure that staff identify and report any new conflicts;
- (d) will keep a written record of any conflicts or potential conflicts;
- (e) if appropriate, will disclose any relevant conflict to a customer before undertaking business with that customer;
- (f) will carry out an annual review to identify any new conflicts; and
- (g) will ensure new business developments identify any new conflicts of interest.

This policy applies to any company to whom we delegate any of our functions.

## Section 2 - Fund specific information

### Information guide

This section shows the specific information for each of the trusts. For a quick reference to each trust look on the Investment summary page.

Within each trust page we show you:

- when the trust launched
- the distribution dates and type
- ex-dividend dates
- what units are available
- the valuation point
- who the trust is suitable for
- risk factors (these are listed in order of significance)
- past performance.

When looking at the performance information, you should keep in mind:

- It shows the performance of the trust over the past 10 years to 31 December 2008. If the trust does not have 10 years' performance, the data is from the 31 December following launch. Source: Lipper.
- For the index-tracking trusts, the performance of the trust benchmark, which is the index the trust aims to track, is also shown.
- The figures do not take into account any initial charge, and assume net income is reinvested.
- The annual return is net of tax and charges, and is for a 12 month period ending 1 January.
- Past performance is not a guide to future performance.

The data shown may change. For up to date information, check our website at: <http://fundinformation.legalandgeneral.com>

If comparing the performance of trusts, please take into account the graphs may use different scales.

We also tell you about the charges and expenses associated with each of the trusts. In order to help you understand the figures, you should first read the following:

### Initial charge (IC)

If a trust has an initial charge this is paid every time you make an investment in the trust.

### Annual management charge (AMC)

The AMC is paid by the trust and covers the following fees: investment management, valuation, accounting and the manager's own management costs. The daily unit price reflects these deductions.

Any adviser commission will be paid out of the AMC and/or the initial charge.

## Extra expenses

Each year the trust also pays other management expenses which may include:

- trustee fees and expenses
- custodian fees (management)
- registrar fees
- audit fees
- regulator fees

and the total of these fees is shown.

From 1 October 2009, we are changing the way we calculate the extra expenses.

All extra expenses will be estimated as at 1 October 2009.

These expenses are usually calculated separately. For some trusts the extra expenses shown are only for the registrar fees, and the other extra expenses are taken from the AMC. Where this is the case, it will be shown in the fund specific pages.

The Investment summary page will show where the AMC and extra expenses are paid from. This could be from the income generated or the capital of the trust, and in some cases a bit of both. See the column 'costs paid from' in the Investment summary tables.

If there is not enough income to pay the AMC or extra expenses, capital will be used.

In addition, the trust pays the costs involved with buying and selling investments, and these are paid out of capital:

- custodian fees (transactions)
- additional fees relating to fund manager transaction costs, including any commission paid to stockbrokers for trading and/or research.

These costs are not shown.

## Total expense ratio (TER)

The TER shows the annual operating costs of the trust, which do not include transaction expenses. All States within the European Economic Area provide this figure to help compare expenses of different schemes.

## Portfolio turnover rate (PTR)

The PTR gives an indication of how much the trust's investments have changed in a year. A PTR of 200% is equivalent to all investments having been replaced once. As the trust pays for any charges involved with buying and selling investments, the higher the percentage, the more costs it has paid.

## Growth rate

Where appropriate, we use the standard growth rates set by our regulator (the Financial Services Authority) for similar products. However, we use lower growth rates where we think the standard rates may be unrealistic in the medium to long term. This is generally the case for trusts investing largely in property, corporate bonds and/or cash.

## Reduction in yield (RIY)

This shows the effective charges over a 10 year period. A RIY of 4.9% compared to a growth rate of 6% means that the charges would effectively be the same as reducing the trust's growth by 1.1% every year.



Please refer to the example on page 14 for further information and the individual trust later in the section for the actual trust figures.

## Investment summary for Dynamic Bond Trust

Name	Unit class	Maximum price spread (As at 31 December 2008)	Cost paid from income/capital	
			AMC	Extra expenses
Legal & General Dynamic Bond Trust	A	1.98%	50% income/ 50% capital	Income

Minimum payments:

Name	Minimum investment		Minimum top-up	
	Lump sum	Monthly	Lump sum	Monthly
Legal & General Dynamic Bond Trust	£500	N/A	£100	N/A

**Notes:** Minimum amount which must stay invested for this trust is £500. You can withdraw a minimum of £500 from this trust.

### Investment options

**Income:** You can choose to receive income from this trust.

**Growth:** If you choose to invest for growth you will get accumulation units.

**ISA:** Not available.

**ISA transfer:** Not available.

**Online availability:** Not available.

### Additional information

- This trust is valued on a dual price basis – please see page 8 for more information.
- Investment manager is Legal & General for this trust.
- This trust uses derivatives as part of an overall investment strategy. The fund specific page shows what the derivatives used by this trust are linked to, for example, corporate bonds. This trust also uses derivatives for enhanced performance.

## Legal & General Dynamic Bond Trust

<b>IC:</b> 3%	<b>AMC:</b> 1.25%	<b>Extra expenses:</b> 0.17%	<b>TER:</b> 1.42%	<b>PTR:</b> 554%
<b>Growth rate:</b> 5.2%	<b>RIY Lump sum:</b> 3.4%			

<b>Launch date:</b>	30 April 2007	<b>Distribution type:</b>	Interest
<b>Distribution dates:</b>	5 February, 5 May, 5 August, 5 November	<b>Units available:</b>	Accumulation, distribution
<b>Ex-dividend dates:</b>	5 December, 5 March 5 June, 5 September	<b>Valuation point:</b>	12 noon

### Its aims

- To achieve a total return (capital and income) by investing principally in a range of fixed and variable rate income securities.<sup>(1)</sup>
- To provide access to an investment with an unconstrained approach to asset allocation.

### Who is this trust suitable for?

This trust is suitable for investors who want to invest for at least five years and are looking for an option that:

- can invest across global bond markets
- provides a total return
- invests mainly in fixed and variable rate income securities
- can change its level of investment between low risk investment grade and higher risk sub-investment grade bonds.<sup>(2)</sup>

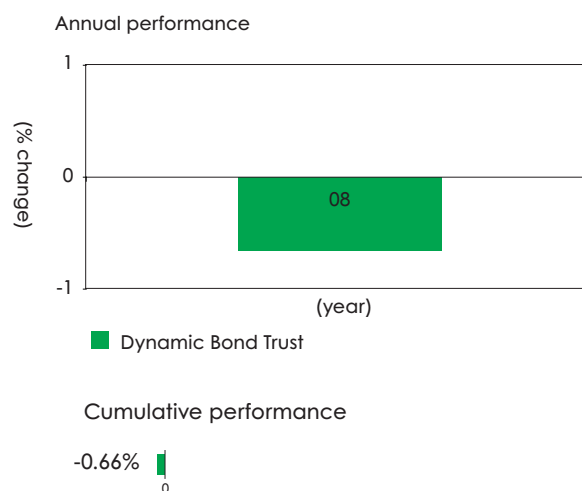
### Risk factors

Please refer to risks 1, 3, 2, 4, 13, 14, 23, 15, 24, 11, 16, 19 and 5-7 on pages 26 and 27 at the back of this brochure.

### Notes:

- <sup>(1)</sup> The derivatives used by this trust will typically be linked to corporate bonds.
- <sup>(2)</sup> The trust can invest in all types of bonds, including investment grade and sub-investment grade, of any duration. It is not appropriate to quote an average duration as a significant proportion of the trust may be invested in sub-investment grade bonds that may not continue to maturity. The issuers of these bonds may repay the debt early, restructure the debt or default before maturity.

### Past performance



**Please remember, past performance is not a guide to future performance.**

For clarification of terms used on this page, and more information about the graph, please refer to pages 22-23.

All investments carry a degree of risk and there may be additional specific risks associated with individual trusts. The fund specific page shows which risks apply to the trust.

#### General risk warnings (1-7)

1. Both capital and income values may fall as well as rise and are not guaranteed. You may not get back the money you invested.
2. If the market in which you invest falls, the value of your investment will probably fall as well.
3. Investment choices made by the fund manager will affect the risk level. If the fund holdings change significantly over time, the level of risk may also change. Any such changes will continue to meet the objective of the fund.
4. Unless the performance of your investment meets or exceeds the rate of inflation, the real value of your investment will reduce.
5. If you exercise your right to cancel your investment, you may not get a full refund if the value of your holding falls before we receive your instruction.
6. Where you switch from a fund where you are receiving income, any income received by the fund since the last payment will be reinvested in the new fund rather than paid out.
7. The current tax situation for investments may not be maintained.
8. **Limited holdings**  
Most funds spread investments across lots of individual holdings, rather than relying upon the performance of just a few. The whole of this fund, or a large part of it, invests in relatively few individual holdings. This means that a fall in the value of an individual holding can have a major impact on the overall performance of the fund.
9. **Smaller companies**  
The fund invests in smaller companies that tend to be riskier than large companies. This is because their shares can be harder to buy and sell, and the value of them may go up and down more often and by larger amounts, particularly in the short term.

#### 10. Insufficient income

If the fund's income is not enough to pay 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.

#### 11. Currency changes

The fund may hold assets in currencies that are not Sterling (British pounds). If the value of these currencies falls compared to Sterling this may cause the value of your investment and the level of income to go down.

#### 12. Developing markets

The fund invests 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
- have less reliable arrangements for the safekeeping of assets.

#### 13. Fixed interest securities

The fund invests in fixed interest securities – usually corporate and government bonds. Investment returns are particularly sensitive to longer term interest rates, typically those for five years and more. Fund values are likely to fall when these interest rates rise.

#### 14. Risk of issuer becoming less secure

The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this could reduce the value of your investment and the amount of income you receive.

**15. Sub investment grade corporate bonds**

Corporate bonds are assessed by independent analysts. They rate them depending upon how likely the company who issues the bond is to fail to pay the interest due and/or to repay the original capital on the agreed date. They're divided into two categories:

- 'Investment grade'. These are bonds with the least risk
- 'Sub investment grade'. These bonds are more risky than investment grade bonds.

The fund invests 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.

**16. Taking charges from capital**

The annual management charge and expenses may be taken from capital rather than the income of the fund. This increases the amount of income paid, but reduces the growth potential.

**17. Commercial property**

Property can be difficult to buy or sell. This could mean:

- cash remains uninvested and/or
- property may have to be sold for less than expected.

If an exceptional amount of withdrawals are requested, the fund manager may be forced to sell properties quickly. This could mean that properties are sold for less than expected which would reduce the value of your investment.

In exceptional circumstances, the fund manager can suspend dealing in the fund. This would lead to a delay in dealing with your withdrawal.

This can only be done:

- with the trustees permission
- if it is in the interest of all investors

If the size of the fund falls significantly, the fund may have to hold fewer properties. This may lead to an increase in risk.

Rental growth is not guaranteed and unpaid rent could affect the performance of your investment.

The value of property is generally a matter of valuer's opinion rather than fact.

**18. Money market insolvency**

This fund invests in money market assets, which includes deposits in banks and other financial institutions. If any of these suffer financial difficulties or become insolvent, they may not pay back some or all of the amount invested with them. This could mean that you might not get back the full value of your investment.

**19. Taking an income will reduce growth**

Taking an income from your investment will reduce the growth potential.

**20. Equities**

As the fund invests in equities (shares of companies), there's a higher risk of the value of your investment falling than investing in most other asset types, particularly in the short term.

**21. Market sector**

The fund invests in companies from a particular market sector which means that there is a higher level of risk. The value of your investment may go up and down more often and by larger amounts than funds that are spread more widely, particularly in the short term.

**22. Unregulated schemes**

This fund can invest in unregulated schemes. Each unregulated scheme can have a higher risk than an authorised scheme. This could lead to an increased risk to the value of your investment.

**23. Derivatives**

This fund invests in derivatives and so may be higher risk than funds that invest in other types of assets. In addition, there are some derivatives whose value falls even though the market is rising.

**24. Counterparty risk**

If any of the companies with whom the fund has taken out a derivative experiences financial difficulties, it may be difficult to value the derivative or for it to be sold. This may reduce the value of your investment.