

Legal & General Dynamic Bond Fund
**Annual Manager's
Short Report
for the year ended
5 September 2018**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

With effect from 9 July 2018, the Fund's Investment Objective and Policy has changed (please see Significant Changes section on page 22).

Prior to 9 July 2018

The investment objective of this Fund is to achieve growth of capital and income by investing principally in a range of fixed and variable rate income securities.

The Fund will have a wide discretionary (unconstrained) approach to asset allocation and may invest in Investment Grade and sub-Investment Grade securities with a credit rating from a recognised credit rating service or which are listed or traded in an OECD country.

A significant proportion (90%) of the Fund's exposure to non-Sterling denominated holdings will be hedged into Sterling.

While the Fund will generally seek to invest principally in a combination of income securities and their derivatives (including credit default swaps and other Over the Counter (OTC) instruments), it may also invest in any or all of the following: collective investment schemes, equities, other transferable securities, money market instruments/cash, near cash and deposits. At times, the Fund may invest in cash, near cash and/or deposits up to 100% and have derivatives exposures of up to 100% of the Fund's assets.

From 9 July 2018

The Fund may invest in investment grade and sub-investment grade fixed income securities with a credit rating from a recognised credit rating service or which are listed or traded in an OECD Country. The Fund will have a net exposure of at least 80% to Sterling.

The Fund may also use a variety of derivative transactions for both investment purposes and efficient portfolio management. Where considered in the interests of investors, derivatives may be used to synthetically alter the characteristic of the fixed income securities, such as to protect against credit and duration risk. The types of derivatives used include credit default swaps, interest rate swaps, foreign exchange and other Over the Counter (OTC) instruments as well as exchange traded instruments including futures and options. The use of derivatives for these purposes may be extensive and may affect the volatility or risk profile of the Fund although this is not the intention.

The Fund may also invest in transferable securities, such as equities, asset and mortgage backed securities and loans; regulated collective investment schemes; money market instruments; cash; near cash and deposits. The collective investment schemes in which the Fund may invest in may include schemes which are managed or operated by, or whose authorised corporate director is, the Manager or one of its associates.

Risk Profile

Credit Risk

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

Market Risk

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

Currency Risk

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

Interest Rate Risk

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

Investment Risk

Financial derivative instruments may be used to enhance investment returns, manage risk and to help protect returns from market falls. There may be a higher risk of loss by investing in a fund which uses derivatives in this way, than if you choose a fund which doesn't use derivatives to enhance performance. This risk is managed by policies laid out in the Derivatives Risk Management Process for the Fund.

Fund Facts

Period End Dates for Distributions:	5 Mar, Jun, Sep, Dec	
Distribution Dates:	5 Feb, May, Aug, Nov	
Ongoing Charges Figures:	5 Sep 18	5 Sep 17
R-Class	1.42%	1.42%
F-Class	0.92%	0.92%
I-Class	0.63%	0.63%
C-Class*	0.50%	N/A
X-Class	0.63%	0.63%
L-Class	0.03%	0.03%

* See Significant Changes on page 22.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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

Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the higher of (1) the rate at which the Fund's unit price could move up and down based on the Fund's performance target and internal risk limit, or (2) the rate at which a representative mix of the underlying investments has moved up and down in the past. If the Fund has at least five years' track record, the number could instead reflect the rate at which the Fund's unit price has moved up and down in the past, but only when this would put the Fund in a higher category. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money. For information about the Fund's performance target, please see the Fund's factsheet at www.lgim.com.
- The Fund is in category four because it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to go up and down. Bonds that are closer to their maturity date tend to be more stable in value. Bonds are generally considered to be higher risk investments than cash, but lower risk than company shares.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

R-Class

The distribution payable on 5 November 2018 is 1.0430p per unit for distribution units and 1.6804p per unit for accumulation units.

F-Class

The distribution payable on 5 November 2018 is 1.1039p per unit for distribution units and 1.7985p per unit for accumulation units.

I-Class

The distribution payable on 5 November 2018 is 1.1427p per unit for distribution units and 1.9113p per unit for accumulation units.

C-Class

The distribution payable on 5 November 2018 is 0.9975p per unit for accumulation units.

X-Class

The distribution payable on 5 November 2018 is 1.1495p per unit for distribution units and 2.1411p per unit for accumulation units.

L-Class

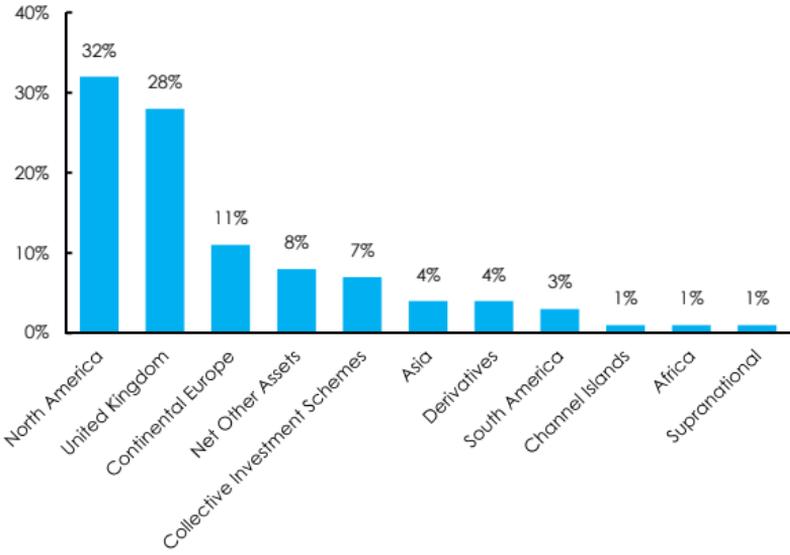
The distribution payable on 5 November 2018 is 1.2261p per unit for distribution units.

Portfolio Information

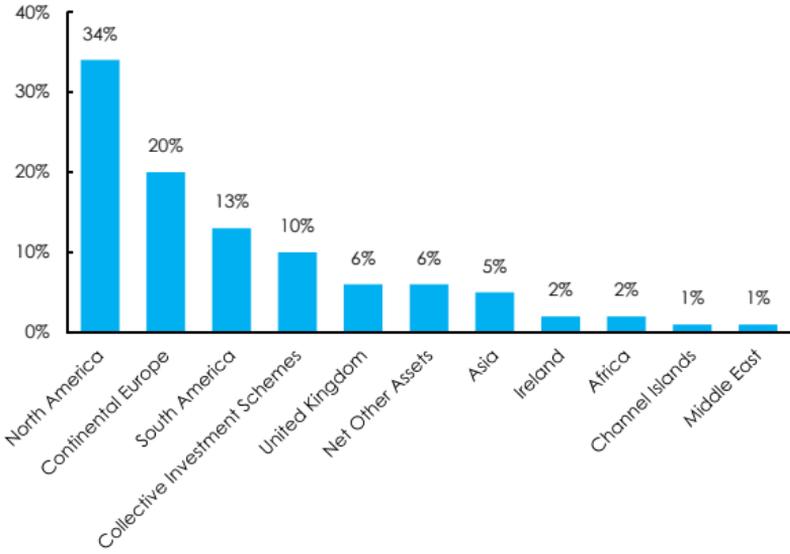
The top 10 holdings and their associated weighting at the current and preceding year ends were:

Top 10 Holdings at 5 September 2018		Top 10 Holdings at 5 September 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General High Income Trust 'R' Inc	6.81%	Legal & General High Income Trust 'R' Inc	9.99%
United Kingdom Treasury Bill 0% 01/10/2018	4.74%	Diamond Finance Corporation 8.35% 15/07/2046	3.65%
United Kingdom Treasury Bill 0% 22/10/2018	4.11%	O'Reilly Automotive 3.6% 01/09/2027	2.07%
United Kingdom Treasury Bill 0% 05/11/2018	4.10%	Embarq 7.995% 01/06/2036	1.87%
United Kingdom Treasury Bill 0% 12/11/2018	3.16%	Charter Communications Operating 6.834% 23/10/2055	1.84%
United Kingdom Treasury Bill 0% 17/09/2018	2.21%	Autopistas del Sol 7.375% 30/12/2030	1.82%
United Kingdom Treasury Bill 0% 15/10/2018	2.21%	Rite Aid 9.25% 15/03/2020	1.81%
Diamond Finance Corporation 8.35% 15/07/2046	1.74%	Wind Acquisition 7.375% 23/04/2021	1.79%
Cheniere Corpus Christi 5.125% 30/06/2027	1.67%	Petroleos Mexicano 6.75% 21/09/2047	1.70%
Softbank 6% 30/07/2025	1.37%	Petrobras Global Finance 6.125% 17/01/2022	1.69%

Fund Holdings as at 5 September 2018



Fund Holdings as at 5 September 2017



Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	57.76	62.25	65.18
Return before operating charges*	(0.14)	(0.23)	0.56
Operating charges (calculated on average price)	(0.81)	(0.85)	(0.90)
Return after operating charges*	(0.95)	(1.08)	(0.34)
Distributions on income units [^]	(4.11)	(3.41)	(2.59)
Closing net asset value per unit	52.70	57.76	62.25
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(1.64)%	(1.73)%	(0.52)%
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Other Information

Closing net asset value (£)	2,290,429	3,398,044	7,075,455
Closing number of units	4,346,254	5,882,996	11,367,045
Operating charges [†]	1.42%	1.42%	1.42%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	60.02p	64.42p	67.75p
Lowest unit price	52.60p	58.07p	61.80p

[^] Distributions on income units are shown gross of taxation.

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

Past performance is not a guide to future performance.

The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	88.11	89.83	91.00
Return before operating charges*	(0.27)	(0.30)	0.84
Operating charges (calculated on average price)	(1.26)	(1.25)	(1.27)
Return after operating charges*	(1.53)	(1.55)	(0.43)
Distributions [^]	(6.44)	(5.01)	(3.67)
Retained distributions on accumulation units [^]	6.44	4.84	2.93
Closing net asset value per unit	86.58	88.11	89.83
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(1.74)%	(1.73)%	(0.47)%
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Other Information

Closing net asset value (£)	18,480,131	23,572,715	34,812,665
Closing number of units	21,345,184	26,752,755	38,752,450
Operating charges [†]	1.42%	1.42%	1.42%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	91.84p	92.88p	94.59p
Lowest unit price	84.73p	86.66p	88.31p

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

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

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Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	58.99	63.41	66.22
Return before operating charges*	(0.12)	(0.22)	0.58
Operating charges (calculated on average price)	(0.53)	(0.56)	(0.59)
Return after operating charges*	(0.65)	(0.78)	(0.01)
Distributions on income units [^]	(4.35)	(3.64)	(2.80)
Closing net asset value per unit	53.99	58.99	63.41
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(1.10)%	(1.23)%	(0.02)%
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Other Information

Closing net asset value (£)	39,596	49,365	60,108
Closing number of units	73,345	83,687	94,799
Operating charges [†]	0.92%	0.92%	0.92%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	61.40p	63.71p	66.83p
Lowest unit price	53.83p	59.25p	62.94p

[^] Distributions on income units are shown gross of taxation.

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The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	90.89	92.21	92.99
Return before operating charges*	(0.30)	(0.30)	0.86
Operating charges (calculated on average price)	(0.84)	(0.83)	(0.84)
Return after operating charges*	(1.14)	(1.13)	0.02
Distributions [^]	(6.89)	(5.39)	(3.99)
Retained distributions on accumulation units [^]	6.89	5.20	3.19
Closing net asset value per unit	89.75	90.89	92.21
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(1.25)%	(1.23)%	0.02%
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Other Information

Closing net asset value (£)	62,810	68,553	83,461
Closing number of units	69,986	75,428	90,514
Operating charges [†]	0.92%	0.92%	0.92%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	94.90p	92.56p	93.85p
Lowest unit price	87.76p	89.07p	90.45p

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

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The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	59.84	64.23	67.00
Return before operating charges*	(0.16)	(0.23)	0.59
Operating charges (calculated on average price)	(0.37)	(0.39)	(0.41)
Return after operating charges*	(0.53)	(0.62)	0.18
Distributions on income units [^]	(4.50)	(3.77)	(2.95)
Closing net asset value per unit	54.81	59.84	64.23
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(0.89)%	(0.97)%	0.27%
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Other Information

Closing net asset value (£)	69,229,677	147,620,233	324,980,803
Closing number of units	126,317,091	246,707,103	505,992,271
Operating charges [†]	0.63%	0.63%	0.63%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	62.24p	64.53p	67.62p
Lowest unit price	54.69p	60.12p	63.74p

[^] Distributions on income units are shown gross of taxation.

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The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	94.46	95.56	96.12
Return before operating charges*	(0.31)	(0.30)	0.90
Operating charges (calculated on average price)	(0.60)	(0.59)	(0.60)
Return after operating charges*	(0.91)	(0.89)	0.30
Distributions [^]	(7.31)	(5.73)	(4.29)
Retained distributions on accumulation units [^]	7.31	5.52	3.43
Closing net asset value per unit	93.55	94.46	95.56
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(0.96)%	(0.93)%	0.31%
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Other Information

Closing net asset value (£)	74,870,342	109,258,342	203,839,229
Closing number of units	80,031,937	115,669,512	213,302,374
Operating charges [†]	0.63%	0.63%	0.63%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	98.73p	95.93p	97.02p
Lowest unit price	91.43p	92.38p	93.58p

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

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The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Period ending	12/03/18 to 05/09/18 ¹ (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	(1.38)
Operating charges (calculated on average price)	(0.12)
Return after operating charges*	(1.50)
Distributions [^]	(2.22)
Retained distributions on accumulation units [^]	2.22
Closing net asset value per unit	48.50
* after direct transaction costs of:	—

Performance

Return after charges	(3.00)%
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Other Information

Closing net asset value (£)	970
Closing number of units	2,000
Operating charges [†]	0.50%
Direct transaction costs	0.00%

Prices

Highest unit price	50.18p
Lowest unit price	47.39p

¹ C-Class Units launched on 12 March 2018.

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

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The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

X-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	60.18	64.63	67.44
Return before operating charges*	(0.15)	(0.26)	0.57
Operating charges (calculated on average price)	(0.37)	(0.39)	(0.41)
Return after operating charges*	(0.52)	(0.65)	0.16
Distributions on income units [^]	(4.53)	(3.80)	(2.97)
Closing net asset value per unit	55.13	60.18	64.63
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(0.86)%	(1.01)%	0.24%
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Other Information

Closing net asset value (£)	21,669,914	47,099,874	96,118,656
Closing number of units	39,307,567	78,270,156	148,727,672
Operating charges [†]	0.63%	0.63%	0.63%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	62.61p	64.95p	68.08p
Lowest unit price	55.01p	60.48p	64.23p

[^] Distributions on income units are shown gross of taxation.

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The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

X-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	105.80	106.83	106.54
Return before operating charges*	(0.35)	(0.37)	0.96
Operating charges (calculated on average price)	(0.67)	(0.66)	(0.67)
Return after operating charges*	(1.02)	(1.03)	0.29
Distributions [^]	(8.19)	(6.42)	(4.77)
Retained distributions on accumulation units [^]	8.19	6.42	4.77
Closing net asset value per unit	104.78	105.80	106.83
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(0.96)%	(0.96)%	0.27%
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Other Information

Closing net asset value (£)	3,211,043	6,901,517	13,288,834
Closing number of units	3,064,618	6,523,214	12,439,286
Operating charges [†]	0.63%	0.63%	0.63%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	110.50p	107.40p	107.70p
Lowest unit price	102.50p	103.50p	104.10p

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

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The price of units and any income from them may go down as well as up.

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

Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	05/09/18 (pence per unit)	05/09/17 (pence per unit)	05/09/16 (pence per unit)
Opening net asset value per unit	61.73	66.07	68.71
Return before operating charges*	(0.16)	(0.25)	0.61
Operating charges (calculated on average price)	(0.02)	(0.02)	(0.02)
Return after operating charges*	(0.18)	(0.27)	0.59
Distributions on income units [^]	(4.84)	(4.07)	(3.23)
Closing net asset value per unit	56.71	61.73	66.07
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(0.29)%	(0.41)%	0.86%
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Other Information

Closing net asset value (£)	126,370,187	146,696,479	217,140,581
Closing number of units	222,819,945	237,642,106	328,674,856
Operating charges [†]	0.03%	0.03%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	64.27p	66.38p	69.35p
Lowest unit price	56.58p	62.00p	65.53p

[^] Distributions on income units are shown gross of taxation.

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

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Manager's Investment Report

During the year under review, the bid price of the Fund's R-Class accumulation units fell by 2.25%. This compares to a fall in the iBoxx Sterling Non-Gilts Index of 1.25% (Source: Bloomberg).

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Market/Economic Review

The major international bond markets struggled to make headway as central banks continued to withdraw the extraordinary monetary support that has been in place since the global financial crisis.

With global economic growth accelerating, expectations of rising inflation have also held back the performance of bonds, although as equity markets became more volatile as the year progressed there was some rotation back into fixed income assets.

The US Federal Reserve (Fed) raised interest rates by 0.25% in March and again in June, with investors discounting the prospect of two further rate hikes in 2018. The Fed also continued unwinding its asset purchase programme, known as quantitative easing (QE). Although the European Central Bank (ECB) announced it would cease its QE programme at the end of 2018, the ECB has reassured investors that it would not raise interest rates at least until mid-2019.

With spreads widening and relatively modest moves in underlying developed market government bond yields, global corporate bonds delivered negative total returns. US Dollar high yield bonds proved more resilient, given the ongoing strength in the American economy. However, emerging market bonds were volatile, as a rise in the value of the US Dollar, concerns about higher US interest rates and the escalating trade tensions between the US and China all combined to put pressure on the asset class.

Fund Review

The Fund delivered negative returns over the review year. There were two key factors that have resulted in the underperformance given our relatively short duration stance: the rally in UK gilt prices, and the rally in German bund prices. Emerging market debt positions also underperformed given the rise in trade tensions between the US and China. However, our long position in the US Dollar was beneficial for performance.

In terms of portfolio positioning, we maintained our core theme: defensive positioning with over 25% held in cash and government bonds. We retain holdings across developed world investment grade credit, global high yield bonds, as well as hard currency emerging market debt. However, we hold reduced duration risk and retain single name short positions against highly leveraged companies that we believe have vulnerable business models. We are also positioned to benefit from further strength in the US Dollar, in particular versus emerging market currencies such as the Chinese Yuan and Mexican Peso.

Manager's Investment Report continued

We continue to prefer US high yield and US investment grade credit as strong earnings, larger corporate cash balances, supportive domestic economic growth and continued positive momentum from tax reform have supported US spreads. In rates markets, Australia's economy continues to show signs of weakening and the Fund benefited from falling Australian yields.

Outlook

Looking ahead, strong US economic data should encourage further US monetary policy tightening, which in turn is likely to keep pressure on international US Dollar borrowers, particularly across emerging markets. Other developed market central banks, notably the ECB, are also expected to gradually withdraw policy support.

The technical backdrop for corporate bond markets can often be difficult at this time of year as issuance accelerates, and we will also see the political cycle hot up with the Italian budget and US/China trade negotiations coming to the fore. With this backdrop in mind, we remain cautiously positioned.

Legal & General Investment Management Limited
(Investment Adviser)
27 September 2018

Manager's Report and Accounts

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

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

EU Savings Directive

The Fund has been reviewed against the requirements of the Directive 2003/48/EC on Taxation of savings in the form of interest payments (ESD), following the HM Revenue & Customs debt investment reporting guidance notes.

Under the Directive, information is collected about the payment of distributions to residents in certain other countries and is reported to HM Revenue & Customs to be exchanged with Tax authorities in those countries.

The Fund falls within the 25% debt investment reporting threshold. This means that details of all distributions and redemption proceeds paid to non UK investors will be reported by Legal & General (Unit Trust Managers) Limited to HM Revenue & Customs to be exchanged with the relevant Tax authorities.

Dual Pricing Arrangement

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

This provides an enhanced return to the Fund, though the size of any return will be dependent on the size of subscriptions and redemptions.

Minimum Investment Amounts

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

R-Class	£100
F-Class	£500
I-Class	£1,000,000
C-Class	£50,000,000
X-Class	£1,000,000
L-Class	£100,000

F-Class units are only available to:

- i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Fund and
- ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

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

X-Class are gross units which are only available to investors who are eligible to invest in gross units and who have completed a satisfactory Declaration of Eligibility and Undertaking.

L-Class is not available to retail customers and is intended only for investment by Legal & General group of companies.

Other Information

The information in this report is designed to enable unitholders to understand how the Fund has performed during the year under review and how it is invested at the year end.

Further information on the activities and performance of the Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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

Significant Changes

New Unit Class: C-Class

With effect from 12 March 2018, C-Class units have launched with accumulation units available.

Change of Fund Name

With effect from 9 July 2018, the Fund changed its name from the Legal & General Dynamic Bond Trust to the Legal & General Dynamic Bond Fund.

Change of Valuation Point

With effect from 9 July 2018, the Fund's valuation point has changed from midday to 3pm.

Change of Investment Policy

With effect from 9 July 2018, the Fund's Investment Policy has changed, please see page 1 for the Fund's Investment Policy wording.

Change of Auditor

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

General Data Protection Regulation (GDPR)

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

We will use the personal data you have provided to us in connection with an investment in units of Legal & General Dynamic Bond Fund, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at www.lgim.com/UTMprivacy (or available upon request).

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

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services SE

Trustee and Depositary Services

50 Bank Street,

Canary Wharf,

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

Independent Auditors

KPMG LLP

15 Canada Square,

London E14 5GL

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Financial Conduct Authority**

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