

Legal & General High Income Trust  
**Annual Manager's  
Short Report  
for the year ended  
5 September 2018**

**EVERY  
DAY  
MATTERS.®**





## **Investment Objective and Policy**

The investment objective is to invest in a variety of fixed interest securities, including overseas issues, in order to achieve a high income.

Securities selected will normally be of an investment rating commensurate with the objective.

## **Risk Profile**

### **Credit Risk**

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

## Trust Facts

|                                     |                                  |          |
|-------------------------------------|----------------------------------|----------|
| Period End Dates for Distributions: | 5 of each month, 5 Sep (Final) * |          |
| Distribution Dates:                 | 4 of each month, 4 Oct (Final) * |          |
| Ongoing Charges Figures:            | 5 Sep 18                         | 5 Sep 17 |
| R-Class                             | 1.15%                            | 1.15%    |
| A-Class <sup>1</sup>                | 1.15%                            | 1.15%    |
| F-Class                             | 0.65%                            | 0.65%    |
| I-Class                             | 0.41%                            | 0.41%    |
| G-Class <sup>2</sup>                | —                                | 0.01%    |
| X-Class <sup>1</sup>                | 0.41%                            | 0.41%    |

\* See significant changes on page 22.

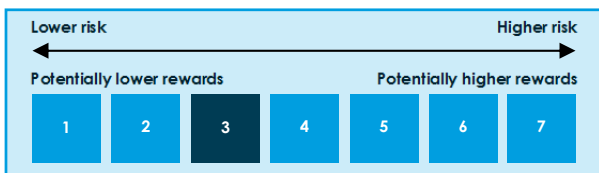
<sup>1</sup> A-Class and X-Class units were converted to R-Class and I-Class units respectively on 4 September 2018.

<sup>2</sup> G-Class units ceased to exist on 22 August 2017.

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

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust 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 Trust's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Trust's unit price has moved up and down in the past. If the Trust has less than five years' track record, the number also reflects the rate at which a representative benchmark has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- This Trust is in category three 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 Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

## Distribution Information

### R-Class

The distribution paid on 4 October 2018 is 0.2148p per unit for distribution units and 0.5646p per unit for accumulation units.

### A-Class

A-Class units were converted to R-Class units on 4 September 2018. As such, there are no distributions paid on 4 October 2018.

### F-Class

The distribution paid on 4 October 2018 is 0.2374p per unit for distribution units and 0.6413p per unit for accumulation units.

### I-Class

The distribution paid on 4 October 2018 is 0.2453p per unit for distribution units and 0.6945p per unit for accumulation units.

### X-Class

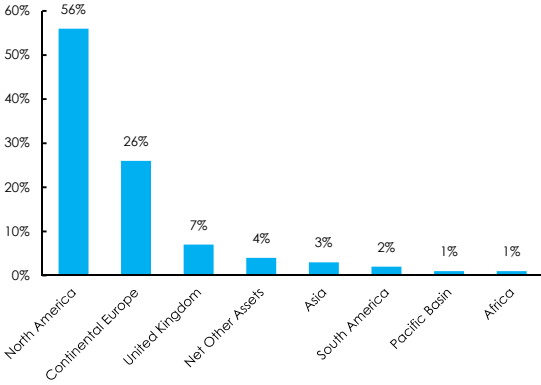
X-Class units were converted to I-Class units on 4 September 2018. As such, there are no distributions paid on 4 October 2018.

## Portfolio Information

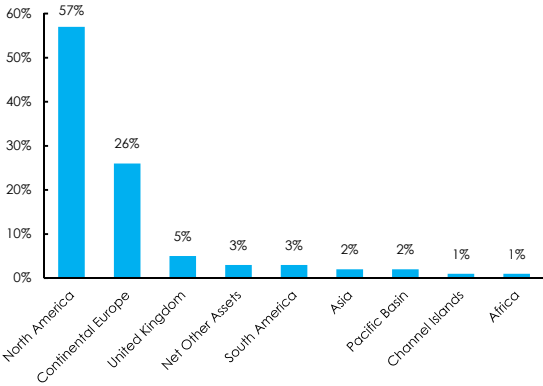
The top 10 holdings and their associated weighting at the current and preceding year ends were:

| Top 10 Holdings at<br>5 September 2018                           |                                  | Top 10 Holdings at<br>5 September 2017                      |                                  |
|--|----------------------------------|---|----------------------------------|
| Holding  | Percentage of<br>Net Asset Value | Holding   | Percentage of<br>Net Asset Value |
| Corral Petroleum<br>11.75% 15/05/2021                            | 1.44%                            | Nyrstar Netherlands<br>6.875% 15/03/2024                    | 1.50%                            |
| Superior Industries<br>International 6%<br>15/06/2025            | 1.34%                            | Corral Petroleum<br>11.75% 15/05/2021                       | 1.35%                            |
| Nidda Healthcare<br>3.5% 30/09/2024                              | 1.32%                            | Adient Global<br>3.5% 15/08/2024                            | 1.35%                            |
| Nyrstar Netherlands<br>6.875% 15/03/2024                         | 1.22%                            | Valeant Pharmaceuticals<br>International 4.5%<br>15/05/2023 | 1.34%                            |
| Teva Pharmaceutical<br>Finance Netherlands II<br>4.5% 01/03/2025 | 1.10%                            | Schumann<br>7% 31/07/2023                                   | 1.24%                            |
| Navios Maritime<br>Acquisition 8.125%<br>15/11/2021              | 1.09%                            | CMF 9% 15/06/2022   | 1.18%                            |
| CMA CGM 5.25%<br>15/01/2025                                      | 1.09%                            | Aldesa Financial<br>Services<br>7.25% 01/04/2021            | 1.09%                            |
| Valeant Pharmaceuticals<br>International 4.5%<br>15/05/2023      | 1.04%                            | Ausdrill Finance<br>6.875% 01/11/2019                       | 1.05%                            |
| Tereos Finance Groupe I<br>4.125% 16/06/2023                     | 1.01%                            | DEA Finance<br>7.5% 15/10/2022                              | 1.01%                            |
| CMF 9% 15/06/2022  | 0.96%                            | Navios Maritime<br>Acquisition 8.125%<br>15/11/2021         | 0.99%                            |

### Trust Holdings as at 5 September 2018



### Trust 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<br>(pence<br>per unit) | 05/09/17<br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                   | 50.23                           | 48.92                           | 47.88                           |
| Return before operating charges*                   | 0.79                            | 4.62                            | 4.66                            |
| Operating charges<br>(calculated on average price) | (0.57)                          | (0.57)                          | (0.54)                          |
| Return after operating charges*                    | 0.22                            | 4.05                            | 4.12                            |
| Distributions on income units <sup>^</sup>         | (2.55)                          | (2.74)                          | (3.08)                          |
| Closing net asset value per unit                   | 47.90                           | 50.23                           | 48.92                           |
| * after direct transaction costs of:               | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 0.44% | 8.28% | 8.60% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |             |               |               |
|--------------------------------|-------------|---------------|---------------|
| Closing net asset value (£)    | 174,553,550 | 897,041,792   | 938,167,785   |
| Closing number of units        | 364,445,736 | 1,785,703,022 | 1,917,763,731 |
| Operating charges <sup>†</sup> | 1.15%       | 1.15%         | 1.15%         |
| Direct transaction costs       | 0.00%       | 0.00%         | 0.00%         |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 51.73p | 51.31p | 50.08p |
| Lowest unit price  | 47.79p | 48.20p | 43.06p |

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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<br>(pence<br>per unit) | 05/09/17<br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                             | 125.87                          | 116.37                          | 108.02                          |
| Return before operating charges*                             | 2.01                            | 11.25                           | 11.01                           |
| Operating charges<br>(calculated on average price)           | (1.46)                          | (1.39)                          | (1.24)                          |
| Return after operating charges*                              | 0.55                            | 9.86                            | 9.77                            |
| Distributions <sup>^</sup>                                   | (6.53)                          | (6.64)                          | (7.10)                          |
| Retained distributions on<br>accumulation units <sup>^</sup> | 6.53                            | 6.28                            | 5.68                            |
| Closing net asset value per unit                             | 126.42                          | 125.87                          | 116.37                          |
| * after direct transaction costs of:                         | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 0.44% | 8.47% | 9.04% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Closing net asset value (£)    | 102,717,116 | 106,841,191 | 102,942,338 |
| Closing number of units        | 81,250,136  | 84,884,145  | 88,464,835  |
| Operating charges <sup>†</sup> | 1.15%       | 1.15%       | 1.15%       |
| Direct transaction costs       | 0.00%       | 0.00%       | 0.00%       |

#### Prices

|                    |         |         |         |
|--------------------|---------|---------|---------|
| Highest unit price | 131.00p | 126.80p | 117.80p |
| Lowest unit price  | 124.70p | 114.70p | 98.36p  |

<sup>^</sup> 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.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### A-Class Distribution Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                             | 06/09/17 to<br>04/09/18 <sup>1</sup><br>(pence<br>per unit) | 06/09/16 to<br>05/09/17<br>(pence<br>per unit) | 06/09/15 to<br>05/09/16<br>(pence<br>per unit) |
|--|---|--|--|
| Opening net asset value per unit                   | 50.23   | 48.92  | 47.88  |
| Return before operating charges*                   | 0.81  | 4.62   | 4.66   |
| Operating charges<br>(calculated on average price) | (0.57)  | (0.57)   | (0.54)   |
| Return after operating charges*                    | 0.24  | 4.05   | 4.12   |
| Distributions on income units <sup>^</sup>         | (2.33)  | (2.74)   | (3.08)   |
| Closing net asset value per unit                   | 48.14   | 50.23  | 48.92  |
| * after direct transaction costs of:               | —   | —  | —  |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 0.49% | 8.28% | 8.60% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |       |         |         |
|--------------------------------|-------|---------|---------|
| Closing net asset value (£)    | —     | 407,673 | 451,208 |
| Closing number of units        | —     | 811,537 | 922,345 |
| Operating charges <sup>†</sup> | 1.15% | 1.15%   | 1.15%   |
| Direct transaction costs       | 0.00% | 0.00%   | 0.00%   |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 51.31p | 52.85p | 51.58p |
| Lowest unit price  | 47.80p | 48.20p | 43.06p |

<sup>1</sup> A-Class units were converted to R-Class units on 4 September 2018. Value shown is the closing net asset value at this date.

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### A-Class Accumulation Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                                       | 06/09/17 to<br>04/09/18 <sup>1</sup><br>(pence<br>per unit) | 06/09/16 to<br>05/09/17<br>(pence<br>per unit) | 06/09/15 to<br>05/09/16<br>(pence<br>per unit) |
|--|---|--|--|
| Opening net asset value per unit                             | 125.87  | 116.37   | 108.02   |
| Return before operating charges*                             | 2.10  | 11.25  | 11.01  |
| Operating charges<br>(calculated on average price)           | (1.46)  | (1.39)   | (1.24)   |
| Return after operating charges*                              | 0.64  | 9.86   | 9.77   |
| Distributions <sup>^</sup>                                   | (5.96)  | (6.64)   | (7.10)   |
| Retained distributions on<br>accumulation units <sup>^</sup> | 5.96  | 6.28   | 5.68   |
| Closing net asset value per unit                             | 126.51  | 125.87   | 116.37   |
| * after direct transaction costs of:                         | —   | —  | —  |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 0.51% | 8.47% | 9.04% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |       |         |         |
|--------------------------------|-------|---------|---------|
| Closing net asset value (£)    | —     | 296,631 | 264,980 |
| Closing number of units        | —     | 235,671 | 227,713 |
| Operating charges <sup>†</sup> | 1.15% | 1.15%   | 1.15%   |
| Direct transaction costs       | 0.00% | 0.00%   | 0.00%   |

#### Prices

|                    |         |         |         |
|--------------------|---------|---------|---------|
| Highest unit price | 131.00p | 129.10p | 121.30p |
| Lowest unit price  | 124.70p | 114.70p | 98.36p  |

<sup>1</sup> A-Class units were converted to R-Class units on 4 September 2018. Value shown is the closing net asset value at this date.

<sup>^</sup> 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.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### F-Class Distribution Units

#### Change in Net Asset Value per Unit

| Accounting year ending                             | 05/09/18<br>(pence<br>per unit) | 05/09/17<br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                   | 50.67                           | 49.34                           | 48.29                           |
| Return before operating charges*                   | 0.79                            | 4.68                            | 4.70                            |
| Operating charges<br>(calculated on average price) | (0.33)                          | (0.33)                          | (0.31)                          |
| Return after operating charges*                    | 0.46                            | 4.35                            | 4.39                            |
| Distributions on income units <sup>^</sup>         | (2.82)                          | (3.02)                          | (3.34)                          |
| Closing net asset value per unit                   | 48.31                           | 50.67                           | 49.34                           |
| * after direct transaction costs of:               | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 0.91% | 8.82% | 9.09% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |         |         |         |
|--------------------------------|---------|---------|---------|
| Closing net asset value (£)    | 325,930 | 341,800 | 329,922 |
| Closing number of units        | 674,603 | 674,603 | 668,678 |
| Operating charges <sup>†</sup> | 0.65%   | 0.65%   | 0.65%   |
| Direct transaction costs       | 0.00%   | 0.00%   | 0.00%   |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 52.22p | 51.81p | 50.56p |
| Lowest unit price  | 48.21p | 48.66p | 43.46p |

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                                       | 05/09/18<br>(pence<br>per unit) | 05/09/17<br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                             | 129.91                          | 119.53                          | 110.51                          |
| Return before operating charges*                             | 2.09                            | 11.59                           | 11.29                           |
| Operating charges<br>(calculated on average price)           | (0.86)                          | (0.81)                          | (0.71)                          |
| Return after operating charges*                              | 1.23                            | 10.78                           | 10.58                           |
| Distributions <sup>^</sup>                                   | (7.40)                          | (7.46)                          | (7.81)                          |
| Retained distributions on<br>accumulation units <sup>^</sup> | 7.40                            | 7.06                            | 6.25                            |
| Closing net asset value per unit                             | 131.14                          | 129.91                          | 119.53                          |
| * after direct transaction costs of:                         | —                               | —                               | —                               |

### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 0.95% | 9.02% | 9.57% |
|----------------------|-------|-------|-------|

### Other Information

|                                |         |         |         |
|--------------------------------|---------|---------|---------|
| Closing net asset value (£)    | 307,507 | 320,263 | 237,028 |
| Closing number of units        | 234,485 | 246,529 | 198,302 |
| Operating charges <sup>†</sup> | 0.65%   | 0.65%   | 0.65%   |
| Direct transaction costs       | 0.00%   | 0.00%   | 0.00%   |

### Prices

|                    |         |         |         |
|--------------------|---------|---------|---------|
| Highest unit price | 135.50p | 130.90p | 121.00p |
| Lowest unit price  | 129.30p | 117.90p | 100.90p |

<sup>^</sup> 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.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### I-Class Distribution Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                             | 05/09/18<br>(pence<br>per unit) | 05/09/17<br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                   | 50.23                           | 48.92                           | 47.87                           |
| Return before operating charges*                   | 0.78                            | 4.62                            | 4.67                            |
| Operating charges<br>(calculated on average price) | (0.20)                          | (0.20)                          | (0.19)                          |
| Return after operating charges*                    | 0.58                            | 4.42                            | 4.48                            |
| Distributions on income units <sup>^</sup>         | (2.91)                          | (3.11)                          | (3.43)                          |
| Closing net asset value per unit                   | 47.90                           | 50.23                           | 48.92                           |
| * after direct transaction costs of:               | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.15% | 9.04% | 9.36% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |               |             |             |
|--------------------------------|---------------|-------------|-------------|
| Closing net asset value (£)    | 991,773,688   | 269,271,211 | 221,342,668 |
| Closing number of units        | 2,070,606,091 | 536,070,420 | 452,502,593 |
| Operating charges <sup>†</sup> | 0.41%         | 0.41%       | 0.41%       |
| Direct transaction costs       | 0.00%         | 0.00%       | 0.00%       |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 51.79p | 51.40p | 50.14p |
| Lowest unit price  | 47.80p | 48.25p | 43.09p |

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### I-Class Accumulation Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                                       | 05/09/18<br>(pence<br>per unit) | 05/09/17<br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                             | 134.67                          | 123.62                          | 114.07                          |
| Return before operating charges*                             | 2.16                            | 12.00                           | 11.69                           |
| Operating charges<br>(calculated on average price)           | (0.56)                          | (0.53)                          | (0.47)                          |
| Return after operating charges*                              | 1.60                            | 11.47                           | 11.22                           |
| Distributions <sup>^</sup>                                   | (8.00)                          | (8.03)                          | (8.36)                          |
| Retained distributions on<br>accumulation units <sup>^</sup> | 8.00                            | 7.61                            | 6.69                            |
| Closing net asset value per unit                             | 136.27                          | 134.67                          | 123.62                          |
| * after direct transaction costs of:                         | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.19% | 9.28% | 9.84% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |            |            |            |
|--------------------------------|------------|------------|------------|
| Closing net asset value (£)    | 65,782,939 | 91,195,394 | 87,069,173 |
| Closing number of units        | 48,272,373 | 67,718,483 | 70,430,565 |
| Operating charges <sup>†</sup> | 0.41%      | 0.41%      | 0.41%      |
| Direct transaction costs       | 0.00%      | 0.00%      | 0.00%      |

#### Prices

|                    |         |         |         |
|--------------------|---------|---------|---------|
| Highest unit price | 140.60p | 135.70p | 125.10p |
| Lowest unit price  | 134.30p | 122.00p | 104.20p |

<sup>^</sup> 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.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### G-Class Distribution Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                             | 05/09/18 <sup>1</sup><br>(pence<br>per unit) | 05/09/17 <sup>1</sup><br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|--|--|---------------------------------|
| Opening net asset value per unit                   | —  | 49.25  | 48.24                           |
| Return before operating charges*                   | —  | 4.25   | 4.67                            |
| Operating charges<br>(calculated on average price) | —  | 0.00   | 0.00                            |
| Return after operating charges*                    | —  | 4.25   | 4.67                            |
| Distributions on income units <sup>^</sup>         | —  | (2.56)                                       | (3.66)                          |
| Closing net asset value per unit <sup>1</sup>      | —  | 50.94  | 49.25                           |
| * after direct transaction costs of:               | —  | —  | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 0.00% | 8.63% | 9.68% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |       |       |       |
|--------------------------------|-------|-------|-------|
| Closing net asset value (£)    | —     | —     | 523   |
| Closing number of units        | —     | —     | 1,062 |
| Operating charges <sup>†</sup> | 0.00% | 0.01% | 0.01% |
| Direct transaction costs       | 0.00% | 0.00% | 0.00% |

#### Prices

|                    |   |        |        |
|--------------------|---|--------|--------|
| Highest unit price | — | 51.85p | 50.74p |
| Lowest unit price  | — | 48.72p | 43.59p |

<sup>1</sup> G-class units ceased to exist on 22 August 2017. Value shown is the closing net asset value at this date.

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### G-Class Accumulation Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                                       | 05/09/18 <sup>1</sup><br>(pence<br>per unit) | 05/09/17 <sup>1</sup><br>(pence<br>per unit) | 05/09/16<br>(pence<br>per unit) |
|--|--|--|---------------------------------|
| Opening net asset value per unit                             | —  | 107.29                                       | 97.13                           |
| Return before operating charges*                             | —  | 9.38   | 10.17                           |
| Operating charges<br>(calculated on average price)           | —  | (0.01)                                       | (0.01)                          |
| Return after operating charges*                              | —  | 9.37   | 10.16                           |
| Distributions <sup>^</sup>                                   | —  | (5.66)                                       | (7.57)                          |
| Retained distributions on<br>accumulation units <sup>^</sup> | —  | 5.66   | 7.57                            |
| Closing net asset value per unit <sup>1</sup>                | —  | 116.66                                       | 107.29                          |
| * after direct transaction costs of:                         | —  | —  | —                               |

#### Performance

|                      |       |       |        |
|----------------------|-------|-------|--------|
| Return after charges | 0.00% | 8.73% | 10.46% |
|----------------------|-------|-------|--------|

#### Other Information

|                                |       |       |       |
|--------------------------------|-------|-------|-------|
| Closing net asset value (£)    | —     | —     | 1,233 |
| Closing number of units        | —     | —     | 1,149 |
| Operating charges <sup>†</sup> | 0.00% | 0.01% | 0.01% |
| Direct transaction costs       | 0.00% | 0.00% | 0.00% |

#### Prices

|                    |   |         |         |
|--------------------|---|---------|---------|
| Highest unit price | — | 118.10p | 108.50p |
| Lowest unit price  | — | 106.20p | 89.44p  |

<sup>1</sup> G-class units ceased to exist on 22 August 2017. Value shown is the closing net asset value at this date.

<sup>^</sup> 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.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### X-Class Distribution Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                             | 06/09/17 to<br>04/09/18 <sup>1</sup><br>(pence<br>per unit) | 06/09/16 to<br>05/09/17<br>(pence<br>per unit) | 06/09/15 to<br>05/09/16<br>(pence<br>per unit) |
|--|---|--|--|
| Opening net asset value per unit                   | 50.44   | 49.13  | 48.07  |
| Return before operating charges*                   | 0.81  | 4.64   | 4.70   |
| Operating charges<br>(calculated on average price) | (0.20)  | (0.21)   | (0.19)   |
| Return after operating charges*                    | (0.61)  | 4.43   | 4.51   |
| Distributions on income units <sup>^</sup>         | (2.68)  | (3.12)   | (3.45)   |
| Closing net asset value per unit                   | 48.37   | 50.44  | 49.13  |
| * after direct transaction costs of:               | —   | —  | —  |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.22% | 9.02% | 9.38% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |       |            |           |
|--------------------------------|-------|------------|-----------|
| Closing net asset value (£)    | —     | 7,782,882  | 4,073,616 |
| Closing number of units        | —     | 15,430,828 | 8,292,261 |
| Operating charges <sup>†</sup> | 0.41% | 0.41%      | 0.41%     |
| Direct transaction costs       | 0.00% | 0.00%      | 0.00%     |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 52.00p | 51.61p | 50.52p |
| Lowest unit price  | 47.99p | 48.55p | 43.42p |

<sup>1</sup> X-Class units were converted to I-Class units on 4 September 2018. Value shown is the closing net asset value at this date.

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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

### X-Class Accumulation Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                                       | 06/09/17 to<br>04/09/18 <sup>1</sup><br>(pence<br>per unit) | 06/09/16 to<br>05/09/17<br>(pence<br>per unit) | 06/09/15 to<br>05/09/16<br>(pence<br>per unit) |
|--|---|--|--|
| Opening net asset value per unit                             | 153.33  | 140.30   | 127.54   |
| Return before operating charges*                             | 2.58  | 13.64  | 13.29  |
| Operating charges<br>(calculated on average price)           | (0.64)  | (0.61)   | (0.53)   |
| Return after operating charges*                              | 1.94  | 13.03  | 12.76  |
| Distributions <sup>^</sup>                                   | (8.32)  | (9.12)   | (9.41)   |
| Retained distributions on<br>accumulation units <sup>^</sup> | 8.32  | 9.12   | 9.41   |
| Closing net asset value per unit                             | 155.27  | 153.33   | 140.30   |
| * after direct transaction costs of:                         | —   | —  | —  |

#### Performance

|                      |       |       |        |
|----------------------|-------|-------|--------|
| Return after charges | 1.26% | 9.29% | 10.00% |
|----------------------|-------|-------|--------|

#### Other Information

|                                |       |         |         |
|--------------------------------|-------|---------|---------|
| Closing net asset value (£)    | —     | 705,374 | 150,585 |
| Closing number of units        | —     | 460,025 | 107,330 |
| Operating charges <sup>†</sup> | 0.41% | 0.41%   | 0.41%   |
| Direct transaction costs       | 0.00% | 0.00%   | 0.00%   |

#### Prices

|                    |         |         |         |
|--------------------|---------|---------|---------|
| Highest unit price | 160.00p | 154.50p | 142.00p |
| Lowest unit price  | 152.90p | 138.80p | 117.30p |

<sup>1</sup> X-Class units were converted to I-Class units on 4 September 2018. Value shown is the closing net asset value at this date.

<sup>^</sup> 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.

<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

**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.**

## **Manager's Investment Report**

During the year under review, the bid price of the Trust's R Class accumulation units rose by 0.48%.

**Past performance is not a guide to future performance.**

**The value of investments and any income from them may go down as well as up.**

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

## **Market/Economic Review**

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 period 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 until at least 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 high yield 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.

## **Trust Review**

The Trust delivered a positive return over the review year. We maintained an overweight position in single B rated bonds, particularly in Europe, to take advantage of supportive macroeconomic conditions. Single B bonds have outperformed BB bonds in 2018 so far. Regionally, the Trust is overweight in Europe and emerging markets, where credit quality is improving, alongside strong macro conditions.

The marginal overweight position in emerging markets did not help performance towards the end of the review year. However, we see the fundamental improvements in the credit quality of emerging market corporates and the higher yield as continuing to compensate for the perceived risks. As a result, we maintain our underweight stance in North American high yield bonds.

## **Manager's Investment Report continued**

### **Outlook**

Looking ahead, we believe the economic environment is supportive for low default rates in high yield companies. Growth remains good across all regions, financing costs are low and credit quality within the Index is improving.

In particular, we see the fundamental improvements in the credit quality of emerging market corporates and their higher yield as continuing to compensate for the perceived risks. However, we continue to view sectors such as telecommunications, cable TV and technology as being vulnerable to disruptive technology.

Legal & General Investment Management Limited  
(Investment Adviser)  
14 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](http://www.legalandgeneral.com/investments/fund-information/managers-reports).

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

## **EU Savings Directive**

The Trust 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 Trust 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 Trust. 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 Trust in the form of a payment from the Manager. This provides an enhanced return to the Trust, 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 |

In addition, monthly contributions can be made into the R-Class with a minimum amount of £20 per month and F-Class with a minimum amount of £50 per month.

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 Trust and
- ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

## Other Information

The information in this report is designed to enable unitholders to understand how the Trust 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 Trust 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**

### **Conversion of A-Class and X-Class**

On 4 September 2018, the A-Class and X-Class units were converted to R-Class and I-Class units, respectively. The terms and charges are identical between the classes.

### **Change in Distribution Frequency**

With effect from 5 May 2018, the distribution frequency changed from quarterly to monthly, payable on the 4th of each month.

### **Change of Auditor**

With effect from 28 April 2018, PricewaterhouseCoopers LLP ceased to be Independent Auditors of the Trust and KPMG LLP have been appointed. The change of Auditor has no impact on the way the Trust 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 High Income Trust, 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](http://www.lgim.com/UTMprivacy) (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.



**Authorised Fund Manager**

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

**Trustee**

Northern Trust Global Services PLC

50 Bank Street,

Canary Wharf,

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

**Independent Auditors**

KPMG LLP

15 Canada Square,

London E14 5GL





**Authorised and regulated by the  
Financial Conduct Authority**

Legal & General  
(Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)  
HIT1118

