

Legal & General  
Mixed Investment 40-85% Fund  
**Final Manager's  
Short Report  
for the period ended  
28 September 2018**





## **Investment Objective and Policy**

The objective of the Fund is to provide long-term growth of both capital and income.

The Fund will invest between 40 - 85% in a broad range of UK and overseas companies' shares with the balance predominantly in fixed interest securities. Exposure to these asset classes will be achieved generally through investment in collective investment schemes but may also be achieved by investing directly in assets. At times the Fund may be fully invested in collective investment schemes only or directly invested only. The collective investment schemes invested in may include those managed or operated by Legal & General. The Fund may also invest in other transferable securities, other collective investment schemes, money market instruments, deposits, cash and near cash.

The Fund will use derivatives for efficient portfolio management purposes only.

## **Risk Profile**

### **Credit risk**

This Fund holds investments in Collective Investment Schemes which directly invest 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.

### **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 Collective Investment Schemes that invest in overseas financial securities. The performance of the Fund may therefore be affected by changes in exchange rates through its holdings in these schemes.

### **Interest rate risk**

This Fund holds investments in interest distributing funds.

The performance of the Fund may therefore be affected by changes in interest rates through its holdings in these schemes.

## Fund Facts

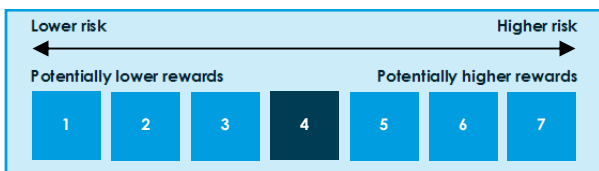
Period End Dates for Distributions:	31 Mar, 28 Sep*	
Distribution Dates:	31 May, 28 Nov*	
Ongoing Charges Figures:	28 Sep 18*	30 Sep 17
R-Class	1.21%	1.57%
A-Class	1.21%	1.37%
F-Class	0.55%	0.57%
M-Class	0.37%	0.39%
I-Class	0.47%	0.49%
C-Class	0.31%	0.33%
D-Class	0.96%	0.98%

\* See Significant Changes on page 22.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Fund.

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

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Fund's unit price has moved up and down in the past. If the Fund has less than five years' track record, the number also reflects the rate at which a representative mix of the underlying funds has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- The Fund is in category four because the mix of different asset types in which the Fund invests has a balancing effect on the rate at which the Fund share price moves up and down. This type of fund is generally considered to be higher risk than one investing only in bonds and lower risk than one investing only in company shares.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

## **Distribution Information**

### **R-Class**

The distribution payable on 28 November 2018 is 2.2225p per unit for distribution units and 3.0480p per unit for accumulation units.

### **A-Class**

The distribution payable on 28 November 2018 is 2.2225p per unit for distribution units and 3.0480p per unit for accumulation units.

### **F-Class**

The distribution payable on 28 November 2018 is 4.1751p per unit for accumulation units.

### **M-Class**

The distribution payable on 28 November 2018 is 3.1418p per unit for distribution units and 4.5822p per unit for accumulation units.

### **I-Class**

The distribution payable on 28 November 2018 is 0.8490p per unit for distribution units and 0.9318p per unit for accumulation units.

### **C-Class**

The distribution payable on 28 November 2018 is 0.9918p per unit for accumulation units.

### **D-Class**

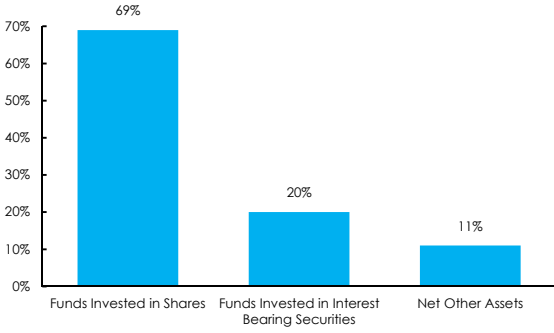
The distribution payable on 28 November 2018 is 0.6988p per unit for distribution units and 0.7540p per unit for accumulation units.

## Portfolio Information

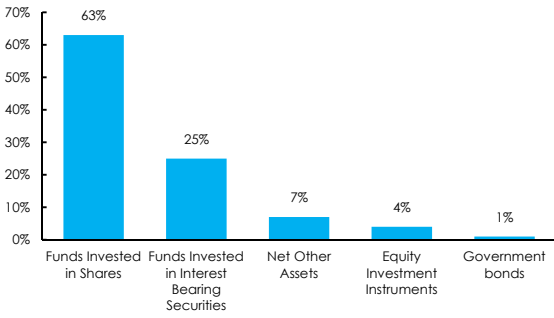
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 28 September 2018		Top 10 Holdings at 30 September 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General UK Index Trust 'L' Inc	15.90%	Legal & General UK Index Trust 'L' Inc	18.20%
Legal & General US Index Trust 'I' Inc	12.77%	Legal & General US Index Trust 'I' Inc	11.99%
Legal & General European Index Trust 'I' Inc	10.40%	Legal & General European Index Trust 'I' Inc	9.26%
Legal & General Japan Index Trust 'I' Inc	7.10%	Legal & General Japan Index Trust 'I' Inc	6.73%
Legal & General Global Real Estate Dividend Index Fund 'L' Inc	5.62%	LGIM Global Corporate Bond Fund 'B' Acc	6.73%
Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	5.54%	Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	6.24%
Legal & General Global Infrastructure Index Fund 'L' Inc	5.23%	Legal & General High Income Trust 'I' Inc	5.62%
Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc	5.17%	Legal & General Global Real Estate Dividend Index Fund 'L' Inc	5.40%
Legal & General Global Emerging Markets Index Fund 'L' Inc	4.56%	Legal & General Global Emerging Markets Index Fund 'L' Inc	4.81%
LGIM Global Corporate Bond Fund 'B' Acc	4.03%	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc	4.41%

## Fund Holdings as at 28 September 2018



## Fund Holdings as at 30 September 2017



## Comparative Tables

### R-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	21/09/18 to 28/09/18 <sup>1, 2</sup> (pence per unit)
Opening net asset value per unit	220.88
Return before operating charges*	0.19
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	0.15
Distributions on income units	(2.22)
Closing net asset value per unit	218.81
* after direct transaction costs of:	0.02

#### Performance

Return after charges	0.07%
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#### Other Information

Closing net asset value (£)	989
Closing number of units	452
Operating charges†	1.21%
Direct transaction costs	0.01%

#### Prices

Highest unit price	221.20p
Lowest unit price	218.40p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

<sup>2</sup> R-Class Distribution units launched on 21 September 2018.

† 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 Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	291.22	266.15	224.88
Return before operating charges*	14.35	29.53	45.47
Operating charges (calculated on average price)	(3.55)	(4.46)	(4.20)
Return after operating charges*	10.80	25.07	41.27
Distributions	(5.47)	(4.56)	(3.53)
Retained distributions on accumulation units	5.47	4.56	3.53
Closing net asset value per unit	302.02	291.22	266.15
* after direct transaction costs of:	0.02	—	0.03

#### Performance

Return after charges	3.71%	9.42%	18.35%
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#### Other Information

Closing net asset value (£)	31,306,714	16,614,322	7,766,039
Closing number of units	10,365,773	5,705,172	2,917,913
Operating charges†	1.21%	1.57%	1.73%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	307.00p	294.60p	269.30p
Lowest unit price	282.60p	263.20p	217.60p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

† 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

### A-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	214.90	199.54	170.91
Return before operating charges*	10.45	22.11	34.52
Operating charges (calculated on average price)	(2.60)	(2.89)	(2.91)
Return after operating charges*	7.85	19.22	31.61
Distributions on income units	(4.01)	(3.86)	(2.98)
Closing net asset value per unit	218.74	214.90	199.54
* after direct transaction costs of:	0.02	—	0.02

#### Performance

Return after charges	3.65%	9.63%	18.50%
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#### Other Information

Closing net asset value (£)	1,236,172	1,314,984	1,317,952
Closing number of units	565,129	611,892	660,941
Operating charges†	1.21%	1.37%	1.58%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	224.60p	219.70p	203.90p
Lowest unit price	207.70p	197.50p	165.50p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### A-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	292.25	266.54	224.88
Return before operating charges*	14.39	29.59	45.50
Operating charges (calculated on average price)	(3.55)	(3.88)	(3.84)
Return after operating charges*	10.84	25.71	41.66
Distributions	(5.47)	(5.18)	(3.94)
Retained distributions on accumulation units	5.47	5.18	3.94
Closing net asset value per unit	303.09	292.25	266.54
* after direct transaction costs of:	0.02	—	0.03

#### Performance

Return after charges	3.71%	9.65%	18.53%
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#### Other Information

Closing net asset value (£)	286,758,360	316,290,033	345,789,468
Closing number of units	94,612,274	108,225,551	129,734,082
Operating charges†	1.21%	1.37%	1.58%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	308.10p	295.60p	269.60p
Lowest unit price	283.60p	263.80p	217.60p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	300.95	272.27	228.57
Return before operating charges*	14.89	30.33	46.20
Operating charges (calculated on average price)	(1.66)	(1.65)	(2.50)
Return after operating charges*	13.23	28.68	43.70
Distributions	(7.69)	(7.65)	(5.52)
Retained distributions on accumulation units	7.69	7.65	5.52
Closing net asset value per unit	314.18	300.95	272.27
* after direct transaction costs of:	0.02	—	0.03

#### Performance

Return after charges	4.40%	10.53%	19.12%
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#### Other Information

Closing net asset value (£)	120,509	21,948	41,042
Closing number of units	38,357	7,293	15,074
Operating charges†	0.55%	0.57%	1.01%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	319.00p	303.70p	275.10p
Lowest unit price	293.00p	269.80p	221.50p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### M-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	215.14	199.72	171.06
Return before operating charges*	10.48	22.22	34.66
Operating charges (calculated on average price)	(0.78)	(0.83)	(0.72)
Return after operating charges*	9.70	21.39	33.94
Distributions on income units	(5.84)	(5.97)	(5.28)
Closing net asset value per unit	219.00	215.14	199.72
* after direct transaction costs of:	0.02	—	0.02

#### Performance

Return after charges	4.51%	10.71%	19.84%
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#### Other Information

Closing net asset value (£)	209,779	228,961	209,793
Closing number of units	95,788	106,425	105,044
Operating charges†	0.37%	0.39%	0.39%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	225.40p	220.80p	204.90p
Lowest unit price	208.00p	198.00p	166.50p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### M-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	309.75	279.74	233.22
Return before operating charges*	15.32	31.17	47.51
Operating charges (calculated on average price)	(1.13)	(1.16)	(0.99)
Return after operating charges*	14.19	30.01	46.52
Distributions	(8.47)	(8.42)	(7.26)
Retained distributions on accumulation units	8.47	8.42	7.26
Closing net asset value per unit	323.94	309.75	279.74
* after direct transaction costs of:	0.03	—	0.03

#### Performance

Return after charges	4.58%	10.73%	19.95%
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#### Other Information

Closing net asset value (£)	12,959,152	14,858,831	15,392,023
Closing number of units	4,000,510	4,797,014	5,502,220
Operating charges†	0.37%	0.39%	0.39%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	328.90p	313.10p	282.60p
Lowest unit price	301.80p	277.30p	226.90p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### I-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	60.14	55.83	47.82
Return before operating charges*	2.92	6.21	9.68
Operating charges (calculated on average price)	(0.28)	0.29)	(0.25)
Return after operating charges*	2.64	5.92	9.43
Distributions on income units	(1.57)	(1.61)	(1.42)
Closing net asset value per unit	61.21	60.14	55.83
* after direct transaction costs of:	—	—	0.01

#### Performance

Return after charges	4.39%	10.60%	19.72%
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#### Other Information

Closing net asset value (£)	565,663	294,585	278,922
Closing number of units	924,068	489,824	499,580
Operating charges†	0.47%	0.49%	0.49%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	63.01p	61.68p	57.24p
Lowest unit price	58.12p	55.34p	46.51p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### I-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	65.27	59.01	49.24
Return before operating charges*	3.23	6.57	10.03
Operating charges (calculated on average price)	(0.31)	(0.31)	(0.26)
Return after operating charges*	2.92	6.26	9.77
Distributions	(1.72)	(1.71)	(1.47)
Retained distributions on accumulation units	1.72	1.71	1.47
Closing net asset value per unit	68.19	65.27	59.01
* after direct transaction costs of:	0.01	—	0.01

#### Performance

Return after charges	4.47%	10.61%	19.84%
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#### Other Information

Closing net asset value (£)	15,754,442	15,749,579	107,599,699
Closing number of units	23,102,671	24,129,215	182,352,110
Operating charges†	0.47%	0.49%	0.49%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	69.24p	65.97p	59.61p
Lowest unit price	63.55p	58.49p	47.87p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### C-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	65.60	59.21	49.32
Return before operating charges*	3.25	6.60	10.07
Operating charges (calculated on average price)	(0.20)	(0.21)	(0.18)
Return after operating charges*	3.05	6.39	9.89
Distributions	(1.84)	(1.82)	(1.56)
Retained distributions on accumulation units	1.84	1.82	1.56
Closing net asset value per unit	68.65	65.60	59.21
* after direct transaction costs of:	0.01	—	0.01

#### Performance

Return after charges	4.65%	10.79%	20.05%
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#### Other Information

Closing net asset value (£)	244,845,376	145,834,951	30,940,842
Closing number of units	356,675,516	222,306,185	52,260,393
Operating charges†	0.31%	0.33%	0.33%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	69.68p	66.30p	59.81p
Lowest unit price	63.92p	58.70p	47.99p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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## Comparative Tables continued

### D-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	60.17	55.85	47.84
Return before operating charges*	2.92	6.22	9.67
Operating charges (calculated on average price)	(0.58)	(0.59)	(0.51)
Return after operating charges*	2.34	5.63	9.16
Distributions on income units	(1.27)	(1.31)	(1.15)
Closing net asset value per unit	61.24	60.17	55.85
* after direct transaction costs of:	—	—	0.01

#### Performance

Return after charges	3.89%	10.08%	19.15%
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#### Other Information

Closing net asset value (£)	381,903	273,588	106,929
Closing number of units	623,578	454,725	191,445
Operating charges†	0.96%	0.98%	0.98%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	62.93p	61.58p	57.15p
Lowest unit price	58.15p	55.31p	46.44p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

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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

### D-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	01/10/17 to 28/09/18 <sup>1</sup> (pence per unit)	01/10/16 to 30/09/17 (pence per unit)	01/10/15 to 30/09/16 (pence per unit)
Opening net asset value per unit	64.25	58.36	48.95
Return before operating charges*	3.17	6.50	9.93
Operating charges (calculated on average price)	(0.62)	(0.61)	(0.52)
Return after operating charges*	2.55	5.89	9.41
Distributions	(1.37)	(1.38)	(1.19)
Retained distributions on accumulation units	1.37	1.38	1.19
Closing net asset value per unit	66.80	64.25	58.36
* after direct transaction costs of:	0.01	—	0.01

#### Performance

Return after charges	3.97%	10.09%	19.22%
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#### Other Information

Closing net asset value (£)	6,212,540	4,443,694	2,068,150
Closing number of units	9,300,639	6,916,488	3,543,513
Operating charges†	0.96%	0.98%	0.98%
Direct transaction costs	0.01%	0.00%	0.01%

#### Prices

Highest unit price	67.86p	64.96p	59.00p
Lowest unit price	62.41p	57.80p	47.50p

<sup>1</sup> The Fund's final accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class.

† 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 period under review, the price of the Fund's R-Class accumulation units rose by 3.85%. The Fund under-performed its peer group over the period, with funds in the Investment Association Mixed Investment 40-85% Sector delivering a mean (average) return of 5.39% (Source: Lipper Hindsight).

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## **Market/Economic Review**

The global economic background has improved over the past twelve months, driven increasingly by the strength of domestic demand in the major economies. Despite a rise in commodity prices, with the oil price (Brent crude) recovering to over \$82 per barrel in September, its highest level since 2014, inflationary pressures worldwide have remained subdued by historical standards.

In the US, economic activity remains in good shape underpinned by improving consumer and business sentiment, as the impact of tax cuts and a strong labour market have boosted domestic demand. US economic growth accelerated during the second quarter to its fastest rate of growth in almost four years. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates four times over the last twelve months. The Fed also began unwinding its asset purchase programme, known as quantitative easing (QE), last October. In December, Congress approved the Trump administration's tax reforms which include a cut in the main rate of corporation tax.

The Eurozone economy grew at its fastest pace for a decade in 2017 although there was some loss of momentum during the first half of 2018 with a slowdown in Germany and France, the region's two largest economies. The European Central Bank (ECB) announced it would cease its monthly asset purchase programme by the end of 2018. With inflation remaining subdued the ECB has signalled interest rates are likely to remain on hold at least until mid 2019.

In the UK, both economic and political uncertainty have heightened over the last 12 months, with precariousness as to the outcome of Brexit negotiations and the implications for trade with the EU. The UK economy grew at its slowest pace for six years during the first quarter of 2018, although growth recovered somewhat during the second quarter. The Bank of England voted to increase interest rates to 0.5% in November, sanctioning a further rate hike to 0.75% in August as inflation remained above its 2% target.

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

Looking at the Asian economies, Japan recorded eight consecutive quarters of growth as monetary policy has remained loose.

The Chinese authorities have adopted a range of policy initiatives to facilitate the economy's transition towards consumption and services. Recent Chinese economic indicators suggest year-on-year growth remains in line with the government's 6.5% target.

Amongst other emerging economies, Brazil saw a turn in fortunes after a two-year recession ended in 2017, while the Russian economy has expanded for eight consecutive quarters, given the boost of a recovery in commodity markets.

### **Fund Review**

The Fund generated a positive return over the review period, largely driven by the Fund's higher allocation to US equities, especially technology stocks, despite the volatility which occurred during the first quarter of 2018. Interest-rate-sensitive alternatives, infrastructure and REITs, were also hit during this period as credit spreads widened and yields rose. Since then, there has been a strong recovery in performance due to the strong showing by US equities, as well as positive European and Japanese equity returns. In fixed income, core yields rose during the third quarter off the back of interest rate hikes in several markets. However, credit spreads have largely traded sideways since February's widening.

Recently, we took some profits on our Indian equities position after strong performance, simultaneously topping up our broad-market emerging market equity position. Following solid returns, we reduced our US equities holdings, favouring Europe and Japan. As Sterling was rocked by Brexit negotiations, we took advantage of newly attractive valuations, reducing our Euro positions. We increased our exposure to the Japanese Yen, a currency which should be defensive in a falling market.

### **Outlook**

Two countervailing forces have kept markets in a holding pattern recently: growth in the global economy and company earnings, and the ascent of populist economic policies. Trade wars continue to occupy markets' attention. Although there has yet to be any major fall-out, our economists do anticipate some damage to growth over the next year, and have slightly revised down our GDP forecasts for both US and China.

The Federal Reserve has continued to raise US interest rates, leading to a stronger Dollar. We still prefer the Dollar to the Euro over the medium-term.

We retain our neutral view of equities in the funds, but will look to reduce exposure when we see recession pressures building. We have become more constructive on emerging market equities, and moved to a neutral medium-term view. We still have a negative view of corporate bonds in the growth funds, as they look expensive relative to other bonds i.e. credit spreads do not appear attractive.

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

Lastly, given that heightened protectionism is likely to be inflationary; this reinforces our view to protect the portfolios through taking more of our fixed income exposure via global inflation-linked bonds.

Legal & General Investment Management Limited

(Investment Adviser)

24 October 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.

## Minimum Investment Amounts

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

R-Class	£20
F-Class	£20
M-Class	£1,000,000
I-Class	£1,000,000
C-Class	£100,000,000
D-Class	£100

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

M-Class units are only available to existing investors holding

C-Class units are available to certain eligible investors who meet the criteria for investment in such units as outlined in the share class policy of the Manager, which is available to investors in the C-Class upon request. Where investors in the C-Class no longer continue to meet the criteria for investment in such units, further investment in such units may not be permitted.

## Other Information

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

## **Significant Changes**

### **Closure of A-Class**

As at 28 September 2018, the A-Class was closed. All unitholders in the A-Class as at 28 September 2018 have been moved into the R-Class which is identical to the A-Class. The terms and charges are identical between the classes.

### **New Unit Class: R-Class Distribution**

With effect from 21 September 2018, R-Class Distribution units were launched within the Fund.

### **Change of Accounting Date**

The Fund's annual accounting date, usually 30 September, was moved to 28 September 2018 in order to facilitate the closure of A-Class as detailed above. As a result, the pay date was also moved from 30 November to 28 November 2018.

The accounting date will revert to its normal date after this event.

### **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 Mixed Investment 40-85% 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](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 SE

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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(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)  
MIX1118

