

Legal & General  
Multi Manager Income Trust  
**Annual Manager's  
Short Report**  
**for the year ended  
15 January 2019**





## **Investment Objective and Policy**

The Trust's investment objective is to achieve high income with some potential for capital growth.

The Trust aims to invest in a wide range of Collective Investment Schemes including unregulated Collective Investment Schemes and will pursue an active asset allocation policy across all countries, currencies and sector representations. The Collective Investment Schemes that the Trust invests in may be actively or passively managed and may include the Collective Investment Schemes of the Manager.

The Trust may also invest directly in transferable securities, money market instruments, near cash, cash and deposits. The Trust will use derivatives for Efficient Portfolio Management purposes only.

## **Risk Profile**

### **Credit Risk**

This Trust is invested in Collective Investment Schemes which may 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 Trust 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 Trust is invested in Collective Investment Schemes that invest in overseas financial securities. The performance of the Trust may therefore be affected by changes in exchange rates, through its holdings in these funds.

### **Interest Rate Risk**

This Trust is invested in interest distributing funds. The performance of the Trust may therefore be affected by changes in interest rates, through its holdings in these funds.

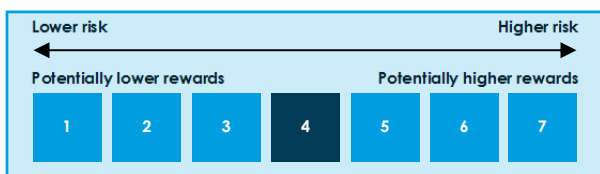
## Trust Facts

Period End Dates for Distributions:	15 Jan, 15 Apr, 15 Jul, 15 Oct	
Distribution Dates:	15 Mar, 15 Jun, 15 Sep, 15 Dec	
Ongoing Charges Figures:	15 Jan 19	15 Jan 18
R-Class	1.69%	1.71 %
F-Class	1.54%	1.61 %
I-Class	1.30%	1.32 %

The Ongoing Charges Figure (OCF) is the ratio of the Trust'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 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 Indicator table demonstrates where the Trust ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Trust. The shaded area in the table above shows the Trust's ranking on the Risk and Reward Indicator.
- This Trust is in category four because the mix of different asset types in which the Trust invests has a balancing effect on the rate at which the Trust 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 existing only in company shares.
- Even a trust in the lowest category is not a risk free investment.

## **Distribution Information**

### **R-Class**

The distribution payable on 15 March 2019 is 0.7294p per unit for distribution units and 0.9655p per unit for accumulation units.

### **F-Class**

The distribution payable on 15 March 2019 is 0.7209p per unit for distribution units and 0.9549p per unit for accumulation units.

### **I-Class**

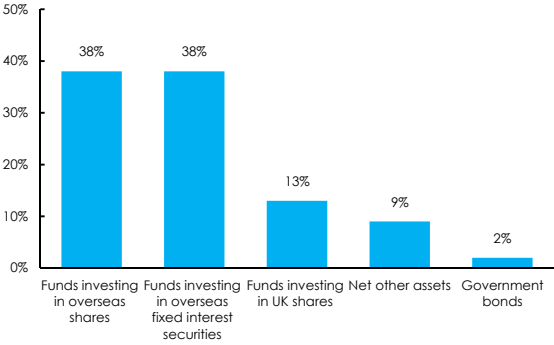
The distribution payable on 15 March 2019 is 0.7190p per unit for distribution units and 0.9566p per unit for accumulation units.

## Portfolio Information

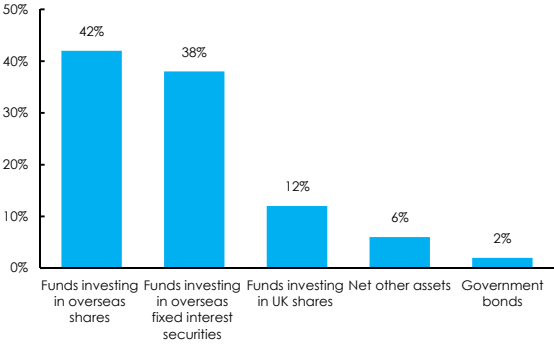
The top 10 holdings and their associated weighting at the current and preceding year ends were:

Top 10 Holdings at 15 January 2019		Top 10 Holdings at 15 January 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General US Index Trust 'I' Inc	9.07%	Legal & General US Index Trust 'I' Inc	9.26%
Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	8.25%	Nordea Global High Yield Bond Fund HBI GBP Acc	7.24%
Nordea Global High Yield Bond Fund HBI GBP Acc	6.30%	Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	6.51%
Neuberger Berman Global Bond Absolute Return Fund 'I5' Acc	5.29%	Schroder Recovery Fund 'L' Acc	5.80%
Schroder Recovery Fund 'L' Acc	5.01%	Neuberger Berman Global Bond Absolute Return Fund 'I5' Acc	4.68%
Artemis Income Fund 'I' Inc	4.17%	J O Hambro Capital Management Japan Fund 'A' Inc	4.65%
MI TwentyFour AM Dynamic Bond Fund 'I' Inc	3.67%	BlackRock European Dynamic Fund 'FD' Acc	4.35%
BlackRock European Dynamic Fund 'FD' Acc	3.63%	Artemis Income Fund 'I' Inc	4.10%
Legal & General Global Inflation Linked Bond Index Fund 'L' Inc	3.44%	BlackRock Emerging Markets Local Currency Bond Fund 'D3' Inc	3.87%
First State Global - Asian Equity Plus Fund 'I' Inc	3.35%	MI Dynamic Bond Fund 'I' Inc	3.81%

### Trust Holdings as at 15 January 2019



### Trust Holdings as at 15 January 2018



## Comparative Tables

### R-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Year ending	15/01/19 (pence per unit)	15/01/18 (pence per unit)	15/01/17 (pence per unit)
Opening net asset value per unit	65.46	62.15	55.84
Return before operating charges*	(2.98)	5.96	8.85
Operating charges (calculated on average price)	(1.07)	(1.10)	(0.99)
Return after operating charges*	(4.05)	4.86	7.86
Distributions on income units	(1.80)	(1.55)	(1.55)
Closing net asset value per unit	59.61	65.46	62.15
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(6.19)%	7.82%	14.08%
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#### Other Information

Closing net asset value (£)	2,534,573	2,967,551	3,231,395
Closing number of units	4,251,693	4,533,106	5,198,956
Operating charges†	1.69%	1.71%	1.75%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	65.75p	68.23p	66.03p
Lowest unit price	58.68p	61.19p	53.80p

† 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. 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	15/01/19 (pence per unit)	15/01/18 (pence per unit)	15/01/17 (pence per unit)
Opening net asset value per unit	85.13	78.91	69.17
Return before operating charges*	(3.91)	7.62	11.03
Operating charges (calculated on average price)	(1.40)	(1.40)	(1.29)
Return after operating charges*	(5.31)	6.22	9.74
Distributions	(2.36)	(1.99)	(1.95)
Retained distributions on accumulation units	2.36	1.99	1.95
Closing net asset value per unit	79.82	85.13	78.91
* after direct transaction costs of:	—	—	—

### Performance

Return after charges	(6.24)%	7.88%	14.08%
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### Other Information

Closing net asset value (£)	33,344,665	41,992,989	44,607,263
Closing number of units	41,776,413	49,326,957	56,527,663
Operating charges†	1.69%	1.71%	1.75%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest unit price	85.81p	86.65p	83.10p
Lowest unit price	77.62p	77.67p	66.63p

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## Comparative Tables continued

### F-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Year ending	15/01/19 (pence per unit)	15/01/18 (pence per unit)	15/01/17 (pence per unit)
Opening net asset value per unit	65.45	62.08	55.81
Return before operating charges*	(3.01)	5.95	8.87
Operating charges (calculated on average price)	(0.97)	(1.03)	(1.04)
Return after operating charges*	(3.98)	4.92	7.83
Distributions on income units	(1.79)	(1.55)	(1.56)
Closing net asset value per unit	59.68	65.45	62.08
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(6.08)%	7.93%	14.03%
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#### Other Information

Closing net asset value (£)	79,921	87,639	42,190
Closing number of units	133,907	133,907	67,957
Operating charges†	1.54%	1.61%	1.75%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	65.73p	66.47p	62.86p
Lowest unit price	58.74p	61.12p	53.77p

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## Comparative Tables continued

### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	15/01/19 (pence per unit)	15/01/18 (pence per unit)	15/01/17 (pence per unit)
Opening net asset value per unit	85.39	79.08	69.30
Return before operating charges*	(3.96)	7.62	11.08
Operating charges (calculated on average price)	(1.28)	(1.31)	(1.30)
Return after operating charges*	(5.24)	6.31	9.78
Distributions	(2.35)	(1.99)	(1.95)
Retained distributions on accumulation units	2.35	1.99	1.95
Closing net asset value per unit	80.15	85.39	79.08
* after direct transaction costs of:	—	—	—

### Performance

Return after charges	(6.14)%	7.98%	14.11%
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### Other Information

Closing net asset value (£)	13,478	14,358	39,137
Closing number of units	16,815	16,815	49,490
Operating charges†	1.54%	1.61%	1.75%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest unit price	86.13p	85.88p	79.31p
Lowest unit price	77.94p	77.83p	66.76p

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## Comparative Tables continued

### I-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Year ending	15/01/19 (pence per unit)	15/01/18 (pence per unit)	15/01/17 (pence per unit)
Opening net asset value per unit	66.52	62.90	56.35
Return before operating charges*	(3.08)	6.05	8.95
Operating charges (calculated on average price)	(0.84)	(0.86)	(0.82)
Return after operating charges*	(3.92)	5.19	8.13
Distributions on income units	(1.80)	(1.57)	(1.58)
Closing net asset value per unit	60.80	66.52	62.90
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(5.89)%	8.25%	14.43%
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#### Other Information

Closing net asset value (£)	89,216,192	102,455,388	103,297,827
Closing number of units	146,743,089	154,030,869	164,214,303
Operating charges†	1.30%	1.32%	1.36%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	66.81p	67.55p	63.68p
Lowest unit price	59.81p	61.94p	54.31p

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## Comparative Tables continued

### I-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	15/01/19 (pence per unit)	15/01/18 (pence per unit)	15/01/17 (pence per unit)
Opening net asset value per unit	87.02	80.35	70.17
Return before operating charges*	(4.07)	7.77	11.20
Operating charges (calculated on average price)	(1.10)	(1.10)	(1.02)
Return after operating charges*	(5.17)	6.67	10.18
Distributions	(2.38)	(2.02)	(1.99)
Retained distributions on accumulation units	2.38	2.02	1.99
Closing net asset value per unit	81.85	87.02	80.35
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(5.94)%	8.30%	14.51%
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#### Other Information

Closing net asset value (£)	8,971,199	10,726,173	10,467,039
Closing number of units	10,960,205	12,326,758	13,026,930
Operating charges†	1.30%	1.32%	1.36%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	87.88p	87.51p	80.56p
Lowest unit price	79.58p	79.10p	67.62p

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## **Manager's Investment Report**

During the year under review, the bid price of the Trust's R-Class accumulation units fell by 6.25% compared to the IA Mixed Investment 20-60% Shares sector average return, on a Total Return basis, of -4.71%. (Source: Lipper, using selling prices, net income reinvested, in Sterling terms, no initial charge).

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## **Market/Economic Review**

Although the global economy as a whole continued to grow during the review year, growth became less synchronised and more uneven across countries and regions, with an increased loss of momentum towards the end of the year. This was caused by escalating trade tensions between the US and China and concerns that the Federal Reserve had tightened monetary policy too aggressively, both of which served to unsettle investors, with the VIX Index (a volatility measure) reaching its highest level during the year since 2015. In Europe, Brexit continued to dominate the headlines in the UK, whilst in Italy, the reaction in the markets to a new populist government evoked memories of the Eurozone sovereign debt crisis.

In this environment, the 'safe haven' appeal of major government bond markets led to their outperformance versus the MSCI World Index (in Sterling terms), despite central banks having embarked on a programme to withdraw the extraordinary monetary support that has been in place since the global financial crisis. Within equity markets, Developed markets outperformed Emerging markets, with the latter being negatively impacted by a stronger US Dollar and mounting worries around the risk of protectionist trade policies. Elsewhere, having risen to its highest level in four years in early October, the oil price then declined sharply driven in part by increased levels of supply, notably US inventories, ending the period at \$52.1 per barrel.

## **Trust Review**

The Trust underperformed its sector over the review year. In terms of fund selection, the key laggards were J O Hambro Capital Management Japan, Nordea Global High Yield Bond and BlackRock Emerging Markets Local Currency Bond, although these losses were offset somewhat by the holdings in Schroder Recovery and First State Global - Asian Equity Plus. With regards to asset allocation, the Trust benefitted from its overweight position in Alternative Assets, including exposure to Infrastructure and Property, but the underweight position in UK fixed income and cash proved negative for relative performance.

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

We launched new positions in Artemis UK Select and Metropole Euro SRI during the year, in order to provide some additional style biases within the overall portfolio, whilst also taking a new position in the Legal & General Global Real Estate Dividend Index Fund to replace our existing ETF exposure to the asset class.

### **Outlook**

The economic expansion of the last decade has been a consistent tailwind for financial assets. A key danger going forward is a potential collision between tighter monetary policy, a cyclical slowdown and the structural headwinds of deteriorating demographics and high debt. As such, we think on-going volatility, rather than a sharp bull or bear market, is a likely regime for the period ahead.

Whilst the UK economy was relatively stable during 2018, with the labour market strengthening, supported by a benign global growth backdrop which allowed the Bank of England to raise interest rates for the first time in a decade, it is clear that the country has suffered a bout of idiosyncratic economic weakness since the middle of 2016 which has weighed on the exchange rate and interest rates.

Although the outlook looks similarly clouded by chronic political uncertainty, our base case continues to be that Parliament will eventually pass a Brexit deal which would moderate the uncertainty.

The outlook for fixed income and currency markets is largely shaped by the policy options available to outlook central banks. The rate differential between the US and other markets is likely to widen further, risking another bout of US Dollar appreciation and yield increases during the year. However, we are sceptical about how much further US exceptionalism can run, in particular against the backdrop of focus switching to the 2020 Presidential election and beyond.

Legal & General Investment Management Limited

(Investment Adviser)

11 February 2019

## **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.

## **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 £10, 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.



## **Significant Changes**

### **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 Multi Manager 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 SE UK Branch

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**

Legal & General  
(Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
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London EC2R 5AA  
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