

Legal & General Sterling Income Fund  
**Final Manager's Report**  
**for the period ended**  
**12 October 2018**

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\* These collectively comprise the Authorised Fund Manager's Report.

# Manager's Investment Report

## Investment Objective and Policy

The objective of the Fund is to produce a high level of income consistent with long-term preservation of capital in Sterling terms. It is intended that the Fund will predominantly invest in interest-bearing securities issued by governments, other public issuers and companies worldwide.

## Manager's Investment Report

During the period under review, the Fund's A-Class accumulation units fell by 0.49%.

**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

Returns from bond markets have been disappointing over the last 12 months, although a marked rise in equity market volatility in early 2018 highlighted the 'safe haven' appeal of government bonds. In the US, investors have discounted Federal Reserve rate hikes and looser fiscal policy. In the UK, as inflation has remained well above the Bank of England's (BoE) 2% target, index-linked gilts outperformed conventional securities. Corporate bonds have struggled to make headway on concerns about the impact of weaker UK economic growth on earnings, and uncertainty over the outcome of Brexit negotiations.

Currency adjusted returns from emerging bond markets have been disappointing. Issuance levels have been high as both sovereign (government) and corporate borrowers have looked to attract international investors. However, several emerging economies with relatively high debt levels and current account deficits came under increased scrutiny, notably Turkey and Argentina. In recent months, market volatility has risen on concerns that the Federal Reserve may be required to raise US interest rates more rapidly than anticipated, while escalating trade tensions between the US and China have also unsettled investors.

## Fund Review

The Fund delivered a negative return over the review period. Core yields rose during the third quarter of 2018 off the back of interest rate hikes in several markets. However, credit spreads have largely traded sideways since February's widening.

The Fund deliberately runs a shorter duration than the wider corporate bond market. We believe that the potential for higher interest rates remains the key risk in managing the Fund's long-term capital preservation objective.

High yield exposure ended the period under review at 15.5%, reflecting purchases in building materials supplier James Hardie. Our holding in the Legal & General High Income Trust was 9.3% at the end of the review period, as high yield continued to outperform. We currently hold bonds from 111 different issuers, with average duration of three and a half years.

## Outlook

Looking ahead, the move higher in interest rates, combined with evidence of increasing inflation pressure, has the potential to undermine risky asset classes as investors factor in the accelerating removal of central bank support.

Emerging markets are once again in the firing line, while geopolitical tensions

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

(e.g. Italy, Brexit, US-China trade) are likely to have an exaggerated impact on the market. That said, global growth should remain strong for now, and the upcoming earnings season is likely to show healthy growth.

Given this mixed outlook, and following the spread tightening of September, we remain comfortable with our cautious outlook for credit markets.

Legal & General Investment Management Limited

(Investment Adviser)

24 October 2018

## Authorised Status

### Authorised Status

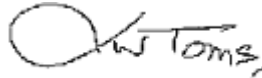
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven  
(Director)



L. W. Toms  
(Director)

Legal & General (Unit Trust Managers) Limited  
5 November 2018

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net income and net gains or losses on the property of the Fund for the period.

In preparing the financial statements, the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General Sterling Income Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).



## Report of the Trustee

### **Report of the Trustee to the Unitholders of the Legal & General Sterling Income Fund ("the Fund") for the period ended 12 October 2018**

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

Northern Trust Global Services SE  
UK Trustee and Depositary Services  
5 November 2018

# Portfolio Statement

## Portfolio Statement as at 12 October 2018

All investments are in investment grade securities or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 15 October 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES</b>			
<b>— 9.31% (6.55%)</b>			
97,890,758	Legal & General High Income Trust <sup>1</sup>	46,527,477	9.31
<b>NORTH AMERICA</b>			
<b>— 14.19% (15.91%)</b>			
<b>United States — 9.58% (9.28%)</b>			
GBP3,400,000	AT&T 2.9% 04/12/2026	3,326,876	0.67
GBP4,150,000	AT&T 5.5% 15/03/2027	4,819,295	0.96
GBP4,600,000	Bank of America 6.125% 15/09/2021	5,155,754	1.03
GBP2,382,000	Bank of America 2.3% 25/07/2025	2,332,392	0.47
EUR2,137,000	Bank of America 1.776% 04/05/2027	1,890,205	0.38
GBP200,000	Bank of America 7% 31/07/2028	268,260	0.05
EUR3,147,000	Belden 3.875% 15/03/2028 <sup>2</sup>	2,730,830	0.55
GBP1,722,000	Digital Stout 2.75% 19/07/2024	1,711,620	0.34
GBP274,000	Digital Stout 4.25% 17/01/2025	292,458	0.06
GBP1,602,799	General Electric 6.44% 15/11/2022	1,724,869	0.34
GBP6,686,000	Juneau Investments 5.9% 22/02/2021 <sup>3</sup>	7,021,343	1.41
GBP2,500,000	Metropolitan Life Global Funding I 1.625% 09/06/2022	2,480,393	0.50
GBP180,000	Morgan Stanley 2.625% 09/03/2027	176,472	0.03
GBP1,740,000	New York Life Global Funding 1.75% 15/12/2022	1,744,776	0.35
GBP3,511,000	Procter & Gamble 1.375% 03/05/2025	3,381,255	0.68
GBP2,133,000	Wells Fargo 2.125% 22/04/2022	2,135,346	0.43
GBP2,059,000	Wells Fargo 1.375% 30/06/2022	2,003,496	0.40
GBP2,627,000	Wells Fargo 2.125% 20/12/2023	2,591,759	0.52
GBP2,154,000	Wells Fargo 2% 28/07/2025	2,048,842	0.41
		<b>47,836,241</b>	<b>9.58</b>
<b>Canada — 0.49% (0.43%)</b>			
GBP2,466,000	Royal Bank of Canada 1.125% 22/12/2021	2,437,111	0.49
<b>Cayman Islands — 3.33% (4.48%)</b>			
GBP650,000	Southern Water Services Finance 6.64% 31/03/2026	826,504	0.17
GBP2,410,000	Southern Water Services Finance 4.5% 31/03/2038	2,559,362	0.51
GBP2,862,000	Thames Water Utilities Cayman Finance 2.375% 03/05/2023	2,774,577	0.55
GBP3,770,000	Thames Water Utilities Cayman Finance 1.875% 24/01/2024	3,637,477	0.73
GBP260,000	Thames Water Utilities Cayman Finance 4% 19/06/2025	280,620	0.06

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Cayman Islands — (cont.)</b>		
GBP5,954,000	Thames Water Utilities Cayman Finance 5.75% 13/09/2030	6,553,348	1.31
		<hr/>	<hr/>
		16,631,888	3.33
	<b>Mexico — 0.79% (1.72%)</b>		
GBP2,764,000	America Movil 5% 27/10/2026	3,207,113	0.64
GBP803,000	Petroleos Mexicanos 3.75% 16/11/2025	759,839	0.15
		<hr/>	<hr/>
		3,966,952	0.79
	<b>UNITED KINGDOM — 48.17% (48.63%)</b>		
GBP1,531,000	Anglian Water Services Financing 1.625% 10/08/2025	1,466,944	0.29
GBP1,368,000	Anglian Water Services Financing 4.5% 22/02/2026	1,467,882	0.29
GBP2,473,000	Anglian Water Services Financing 2.625% 15/06/2027	2,308,536	0.46
GBP815,000	Anglian Water Services Financing 6.293% 30/07/2030	1,078,642	0.22
GBP4,735,000	Annington Funding 2.646% 12/07/2025	4,631,635	0.93
GBP892,233	Arajva Financing 4.882% 31/12/2032	977,370	0.20
GBP3,583,420	Aspire Defence Finance 4.674% 31/03/2040	4,215,725	0.84
GBP1,950,000	Aviva 6.125% 14/11/2036	2,117,035	0.42
GBP3,538,000	Aviva 6.625% 03/06/2041	3,850,650	0.77
GBP683,000	Aviva 4.375% 12/09/2049	638,878	0.13
GBP2,261,000	Aviva 5.902% Open Maturity	2,314,247	0.46
GBP5,170,000	Aviva 6.125% Open Maturity	5,563,085	1.11
GBP204,000	Aviva 6.875% Open Maturity	210,860	0.04
GBP500,000	Bank of Scotland 7.281% Open Maturity	578,323	0.12
GBP1,000,000	Barclays Bank 10% 21/05/2021	1,179,171	0.24
GBP2,215,000	Barclays Bank 9.5% 07/08/2021	2,601,573	0.52
GBP2,075,000	Barclays Bank 2.375% 06/10/2023	2,030,093	0.41
GBP3,720,000	Barclays Bank 7.125% Open Maturity	3,981,114	0.80
GBP4,305,000	Barclays Bank 14% Open Maturity	4,632,654	0.93
GBP1,879,000	Bazalgette Finance 2.375% 29/11/2027	1,816,978	0.36
GBP1,188,038	BBC Pacific Quay Finance 5.565% 25/07/2034	1,435,793	0.29
GBP4,987,000	Brit Insurance 6.625% 09/12/2030 <sup>3</sup>	5,071,739	1.02
GBP1,200,000	British Telecommunications 5.75% 07/12/2028	1,462,982	0.29
GBP1,049,000	British Telecommunications 3.125% 21/11/2031	1,006,442	0.20
GBP1,630,000	Broadgate Financing 4.999% 05/10/2033	1,924,913	0.39
GBP1,251,000	BUPA Finance 5% 25/04/2023	1,344,637	0.27
GBP4,418,000	BUPA Finance 6.125% Open Maturity	4,660,990	0.93

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>UNITED KINGDOM — (cont.)</b>			
GBP728,010	Canary Wharf Finance II 6.455% 22/10/2033	901,092	0.18
GBP3,000,000	Cheltenham & Gloucester 11.75% Open Maturity	6,460,530	1.29
GBP832,000	Close Brothers Group 2.75% 26/04/2023	826,167	0.17
GBP1,316,000	Compass Group 2% 05/09/2025	1,301,048	0.26
GBP2,690,000	Coventry Building Society 1.875% 24/10/2023	2,621,674	0.52
GBP4,146,000	CYBG 5% 09/02/2026	4,235,728	0.85
GBP2,905,000	CYBG 4% 25/09/2026	2,872,313	0.57
GBP1,000,000	Eastern Power Networks 8.5% 31/03/2025	1,343,612	0.27
GBP3,100,000	Equity Release Funding 5.05% 26/04/2033	3,692,959	0.74
GBP3,000,000	Firstgroup 8.75% 08/04/2021	3,420,447	0.68
GBP893,000	Firstgroup 6.875% 18/09/2024	1,039,748	0.21
GBP2,040,000	Friends Life 12% 21/05/2021	2,531,265	0.51
GBP3,409,000	Friends Life 8.25% 21/04/2022	4,042,631	0.81
GBP2,000,000	GlaxoSmithKline Capital 5.25% 19/12/2033	2,591,960	0.52
GBP1,066,000	Greene King Finance 5.106% 15/03/2034	1,200,904	0.24
GBP606,027	Greene King Finance 4.064% 15/03/2035	633,172	0.13
GBP1,700,000	Heathrow Finance 5.75% 03/03/2025 <sup>2</sup>	1,825,729	0.37
GBP2,153,000	HSBC 2.175% 27/06/2023	2,133,037	0.43
GBP2,992,000	HSBC 6.5% 07/07/2023	3,517,715	0.70
GBP3,020,000	HSBC 2.256% 13/11/2026	2,869,302	0.57
GBP98,000	HSBC 5.75% 20/12/2027	113,875	0.02
GBP300,000	HSBC 6.75% 11/09/2028	373,611	0.07
GBP4,152,000	Imperial Brands Finance 5.5% 28/09/2026	4,797,055	0.96
GBP887,000	InterContinental Hotels Group 2.125% 24/08/2026	829,884	0.17
GBP683,282	Juturna European Loan Conduit No 16 5.064% 10/08/2033	809,449	0.16
GBP1,685,000	Land Securities Capital Markets 1.974% 08/02/2026	1,670,989	0.33
GBP1,298,000	Land Securities Capital Markets 2.375% 29/03/2029	1,287,273	0.26
GBP8,715,000	Lloyds Bank 5.125% 07/03/2025	10,340,748	2.07
GBP2,558,000	Lloyds Bank 7.625% 22/04/2025	3,209,824	0.64
GBP261,000	London Power Networks 6.125% 07/06/2027	325,829	0.07
GBP175,000	Marston's Issuer 5.158% 15/10/2027	168,709	0.03
GBP2,415,000	Marston's Issuer 5.177% 15/07/2032	2,588,839	0.52
GBP3,592,000	Marston's Issuer 5.641% 15/07/2035 <sup>2</sup>	3,125,062	0.63
GBP465,280	Mitchells & Butlers Finance 5.965% 15/12/2023	503,494	0.10
GBP504,110	Mitchells & Butlers Finance 6.013% 15/12/2030	569,932	0.11

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>UNITED KINGDOM — (cont.)</b>			
GBP780,000	National Express Group 2.5% 11/11/2023	768,780	0.15
GBP3,250,000	Nationwide Building Society 5.769% Open Maturity	3,448,699	0.69
GBP4,000,000	Nationwide Building Society 6.875% Open Maturity <sup>2</sup>	4,079,440	0.82
GBP1,200,000	Nationwide Building Society 7.25% Open Maturity	1,312,368	0.26
GBP581,629	Nats En Route 5.25% 31/03/2026	662,483	0.13
GBP5,475,000	NGG Finance 5.625% 18/06/2073	5,963,370	1.19
GBP2,941,000	NIE Finance 2.5% 27/10/2025	2,933,159	0.59
GBP1,000,000	Northumbrian Water Finance 1.625% 11/10/2026	917,904	0.18
GBP6,788,000	Northumbrian Water Finance 2.375% 05/10/2027	6,500,012	1.30
GBP761,000	Old Mutual Wealth 4.478% 28/02/2028	755,670	0.15
GBP453,000	Pension Insurance 6.5% 03/07/2024	486,513	0.10
GBP507,000	Provident Financial 7% 04/06/2023	515,778	0.10
GBP3,000,000	Prudential 11.375% 29/05/2039	3,179,070	0.64
GBP1,447,694	RMPA Services 5.337% 30/09/2038	1,773,871	0.36
GBP2,054,000	RSA Insurance Group 5.125% 10/10/2045	2,142,408	0.43
GBP1,461,000	Santander UK 1.875% 17/02/2020	1,465,710	0.29
GBP1,705,000	Santander UK 5.75% 02/03/2026	2,131,185	0.43
GBP3,000,000	Santander UK 10.063% Open Maturity	4,865,664	0.97
GBP2,700,000	Santander UK Group 2.92% 08/05/2026	2,636,496	0.53
GBP1,908,000	Scotland Gas Networks 3.25% 08/03/2027	1,962,477	0.39
GBP2,337,000	Scottish Widows 5.5% 16/06/2023	2,545,652	0.51
GBP200,000	Sky 6% 21/05/2027	247,261	0.05
GBP911,000	Sky 4% 26/11/2029	1,000,369	0.20
GBP550,000	Society of Lloyd's 4.75% 30/10/2024	577,647	0.12
GBP4,930,000	South Eastern Power Networks 6.375% 12/11/2031	6,655,470	1.33
GBP2,690,000	SSE 3.625% 16/09/2077	2,686,347	0.54
GBP3,714,000	Standard Life Aberdeen 5.5% 04/12/2042	4,098,503	0.82
GBP822,000	Standard Life Aberdeen 6.546% Open Maturity	870,704	0.17
GBP650,000	Standard Life Aberdeen 6.75% Open Maturity	884,063	0.18
GBP4,258,100	Telereal Securitisation 5.389% 10/12/2033	4,992,729	1.00
GBP1,623,758	Telereal Securitisation 5.948% 10/12/2033	1,955,031	0.39
GBP830,000	Transport for London 2.25% 09/08/2022	849,556	0.17
GBP2,933,000	Tritax Big Box REIT 2.625% 14/12/2026	2,856,994	0.57

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>UNITED KINGDOM — (cont.)</b>			
GBP643,000	TSB Banking Group 5.75% 06/05/2026	668,009	0.13
GBP461,838	UK Treasury Gilt 2% 07/09/2025	481,374	0.10
GBP461,000	Virgin Money Holdings UK 3.375% 24/04/2026	453,025	0.09
GBP2,519,000	Vodafone Group 4.875% 03/10/2078	2,484,364	0.50
GBP757,000	Western Power Distribution West Midlands 3.875% 17/10/2024	813,554	0.16
GBP5,370,000	Western Power Distribution West Midlands 6% 09/05/2025	6,457,822	1.29
GBP3,733,000	Yorkshire Water Services Bradford Finance 3.75% 22/03/2046	3,830,457	0.77
GBP274,000	Yorkshire Water Services Odsal 6.601% 17/04/2031	376,151	0.08
GBP939,000	Zurich Finance UK 6.625% Open Maturity	1,039,657	0.21
		<b>240,670,293</b>	<b>48.17</b>
<b>IRELAND — 0.80% (0.56%)</b>			
GBP1,081,000	Freshwater Finance 5.182% 20/04/2035	1,376,953	0.28
GBP345,000	GE Capital UK Funding Unlimited 5.125% 24/05/2023	386,177	0.08
GBP938,000	GE Capital UK Funding Unlimited 5.875% 18/01/2033	1,175,926	0.23
EUR1,100,000	James Hardie International Finance DAC 3.625% 01/10/2026	976,240	0.19
GBP6,000,000	Lambay Capital Securities 6.25% Open Maturity*	92,220	0.02
		<b>4,007,516</b>	<b>0.80</b>
<b>CHANNEL ISLANDS — 3.40% (5.50%)</b>			
GBP2,000,000	Bank of Scotland Capital Funding 7.754% Open Maturity	2,206,740	0.44
GBP3,843,000	CPUK Finance 3.588% 28/02/2042	3,981,974	0.80
GBP747,000	CPUK Finance 7.239% 28/02/2042	905,543	0.18
GBP2,019,000	Credit Suisse Group Funding Guernsey 2.75% 08/08/2025	1,980,889	0.39
GBP1,183,000	Hastings Group Finance 3% 24/05/2025	1,152,230	0.23
GBP4,364,000	HSBC Bank 5.844% Open Maturity	5,216,630	1.05
GBP1,500,000	HSBC Bank Capital Funding Sterling 2 5.862% Open Maturity	1,563,351	0.31
		<b>17,007,357</b>	<b>3.40</b>
<b>ISLE OF MAN — 0.22% (0.00%)</b>			
EUR1,244,000	Playtech 3.75% 12/10/2023 <sup>2</sup>	1,087,533	0.22

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>CONTINENTAL EUROPE</b>		
	— <b>20.86% (17.76%)</b>		
	<b>Belgium — 0.00% (0.24%)</b>		
	<b>Czech Republic — 0.00% (0.25%)</b>		
	<b>France — 9.45% (10.04%)</b>		
GBP2,810,000	AXA 6.772% Open Maturity	2,908,350	0.58
GBP1,754,000	AXA 5.625% 16/01/2054	1,822,148	0.36
GBP1,000,000	Banque Federative du Credit Mutuel 1.875% 13/12/2022	994,489	0.20
GBP3,200,000	Credit Agricole 7.375% 18/12/2023	3,924,416	0.79
GBP2,000,000	Credit Agricole 7.5% Open Maturity	2,177,500	0.44
GBP5,350,000	Credit Agricole 8.125% Open Maturity	5,630,458	1.13
GBP3,000,000	Dexia Credit Local 1.125% 15/06/2022	2,949,378	0.59
GBP5,000,000	Electricite de France 6.25% 30/05/2028	6,369,660	1.28
GBP1,300,000	Electricite de France 5.875% Open Maturity	1,266,330	0.25
GBP6,700,000	Electricite de France 6% Open Maturity	6,735,597	1.35
GBP1,463,000	Orange 8.125% 20/11/2028	2,112,534	0.42
GBP410,000	Orange 5.75% Open Maturity	438,126	0.09
GBP4,585,000	Orange 5.875% Open Maturity	4,900,219	0.98
GBP1,875,000	Total Capital International 2.25% 09/06/2022	1,918,669	0.38
GBP1,272,000	Total Capital International 1.25% 16/12/2024	1,222,780	0.25
GBP1,852,000	Total Capital International 1.75% 07/07/2025	1,820,701	0.36
		<b>47,191,355</b>	<b>9.45</b>
	<b>Germany — 1.09% (0.91%)</b>		
GBP1,700,000	Bayerische Landesbank 1.25% 20/12/2021	1,684,015	0.34
GBP1,000,000	Deutsche Bank 1.875% 28/02/2020	995,285	0.20
GBP2,800,000	Deutsche Pfandbriefbank 1% 04/12/2020	2,774,668	0.55
		<b>5,453,968</b>	<b>1.09</b>
	<b>Italy — 0.28% (0.00%)</b>		
GBP1,306,000	Autostrade per l'Italia 6.25% 09/06/2022	1,389,732	0.28
	<b>Luxembourg — 0.22% (0.99%)</b>		
GBP1,109,168	Silver Arrow Compartment Si 'luk A' 0.857% 20/07/2023	1,108,902	0.22
	<b>Netherlands — 5.34% (4.05%)</b>		
GBP1,980,000	Cooperatieve Rabobank 2.25% 23/03/2022	2,009,815	0.40
GBP750,000	Cooperatieve Rabobank 4% 19/09/2022	812,621	0.16
GBP2,658,000	Cooperatieve Rabobank UA 4.625% 23/05/2029	2,880,847	0.58

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Netherlands — (cont.)</b>			
GBP3,200,000	Daimler International Finance 2% 04/09/2023	3,157,792	0.63
GBP7,350,000	ELM 6.302% Open Maturity	7,425,558	1.49
GBP4,750,000	Koninklijke 6.875% 14/03/2073 <sup>2</sup>	5,002,462	1.00
EUR3,088,000	Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025 <sup>2</sup>	2,854,593	0.57
EUR3,000,000	Volkswagen International Finance 3.375% Open Maturity	2,551,751	0.51
		<b>26,695,439</b>	<b>5.34</b>
<b>Russia — 0.62% (0.00%)</b>			
GBP3,124,000	Gazprom OAO Via Gaz Capital 4.25% 06/04/2024	3,107,480	0.62
<b>Spain — 0.78% (0.18%)</b>			
GBP3,900,000	Banco Santander 2.75% 12/09/2023	3,866,172	0.78
<b>Sweden — 1.69% (0.47%)</b>			
GBP4,552,000	Akelius Residential Property 2.375% 15/08/2025	4,310,402	0.86
GBP4,200,000	Swedbank 1.625% 28/12/2022	4,127,962	0.83
		<b>8,438,364</b>	<b>1.69</b>
<b>Switzerland — 1.39% (0.63%)</b>			
GBP1,514,000	Credit Suisse Group 2.125% 12/09/2025	1,439,974	0.29
GBP3,518,000	UBS 1.25% 10/12/2020	3,491,341	0.70
GBP1,921,000	UBS 6.375% 19/11/2024	2,013,362	0.40
		<b>6,944,677</b>	<b>1.39</b>
<b>ASIA — 0.53% (0.00%)</b>			
<b>South Korea — 0.53% (0.00%)</b>			
GBP2,687,000	Korea Development Bank 1.75% 15/12/2022	2,657,556	0.53
<b>SUPRANATIONAL — 0.00% (1.05%)</b>			
<b>PACIFIC BASIN — 0.35% (0.80%)</b>			
<b>Australia — 0.35% (0.80%)</b>			
GBP1,630,000	QBE Insurance Group 6.115% 24/05/2042	1,737,135	0.35
<b>FORWARD CURRENCY CONTRACTS — 0.02% (0.01%)</b>			
GBP(1,518,889)	Sold Sterling		
EUR1,700,000	for Euro (Expires 17/10/2018) <sup>1</sup>	(29,353)	(0.01)
EUR(15,698,530)	Sold Euro		
GBP13,889,440	for Sterling (Expires 17/10/2018) <sup>1</sup>	134,417	0.03
USD(247,800)	Sold US Dollars		
GBP186,085	for Sterling (Expires 17/10/2018) <sup>1</sup>	(1,357)	—
		<b>103,707</b>	<b>0.02</b>
<b>FUTURES CONTRACTS — 0.24% (0.34%)</b>			
(18)	Euro-Bobl Future Expiry December 2018	13,563	—
(12)	Euro-Bund Future Expiry December 2018	24,183	0.01



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>FUTURES CONTRACTS — (cont.)</b>			
(536)	LIFFE Long Gilt Index Future Expiry December 2018	1,031,800	0.21
(11)	Ultra US 10 Year Treasury Notes Future Expiry December 2018	24,118	0.01
(42)	US 10 Year Treasury Notes Future Expiry December 2018	59,819	0.01
(4)	US Treasury Long Bond Future Expiry December 2018	17,101	—
		1,170,584	0.24
<b>Portfolio of investments<sup>5</sup></b>		490,037,439	98.09
<b>Net other assets</b>		9,561,799	1.91
<b>Total net assets</b>		£499,599,238	100.00%

<sup>1</sup> Unlisted securities are valued at the Manager's best assessment of their fair and reasonable value.

<sup>2</sup> These are sub-investment grade fixed interest securities and represent 4.16% of the net assets of the Fund.

<sup>3</sup> These are unrated fixed interest securities and represent 2.43% of the net assets of the Fund.

<sup>4</sup> Defaulted securities are valued at the Manager's best assessment of their fair and reasonable value.

<sup>5</sup> Including investment liabilities.

Total purchases for the period: £216,918,699.

Total sales for the period: £257,238,972.

# Independent Auditors' Report

## Independent auditor's report to the Unitholders of Legal & General Sterling Income Fund ('the Fund')

### **Opinion**

We have audited the financial statements of the Fund for the period ended 12 October 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Fund and the accounting policies set out on pages 20 and 22.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 12 October 2018 and of the net revenue and the net capital losses on the property of the Fund for the period then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The Manager (Legal & General (Unit Trust Managers) Limited) is responsible for the other information presented in the Annual Manager's Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial period is consistent with the financial statements.

## Independent Auditors' Report continued

### ***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

### ***Manager's responsibilities***

As explained more fully in their statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's responsibilities***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### ***The purpose of our audit work and to whom we owe our responsibilities***

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square,  
London E14 5GL  
5 November 2018

## Financial Statements

### Statement of Total Return for the period ended 12 October 2018

Notes	16/10/17 to 12/10/18 <sup>1</sup>		16/10/16 to 15/10/17	
	£	£	£	£
<b>Income</b>				
Net capital (losses)/ gains	3	(18,110,990)		6,505,464
Revenue	4	21,113,541	24,040,237	
Expenses	5	(5,332,839)	(6,694,129)	
Interest payable and similar charges	7	(657,481)	(706,337)	
<b>Net revenue before taxation</b>		<u>15,123,221</u>	<u>16,639,771</u>	
Taxation	6	—	—	
<b>Net revenue after taxation for the period</b>		<u>15,123,221</u>	<u>16,639,771</u>	
<b>Total return before distributions</b>		(2,987,769)	23,145,235	
Distributions	7	(15,123,221)	(16,639,771)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u>£(18,110,990)</u>	<u>£6,505,464</u>	

### Statement of Change in Net Assets attributable to Unitholders for the period ended 12 October 2018

	16/10/17 to 12/10/18 <sup>1</sup>		16/10/16 to 15/10/17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		570,136,868		601,813,511
<b>Amounts received on issue of units</b>		17,427,047		24,762,232
<b>Amounts paid on cancellation of units</b>		(79,238,582)		(72,642,914)
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u>(61,811,535)</u>		<u>(47,880,682)</u>
<b>Retained distributions on accumulation units</b>		9,366,863		9,674,776
<b>Unclaimed distributions</b>		18,032		23,799
<b>Closing net assets attributable to Unitholders</b>		<u>£499,599,238</u>		<u>£570,136,868</u>

<sup>1</sup> The Fund's final accounting date, usually 15 October, was moved to 12 October 2018 in order to facilitate the closure of A-Class (See significant changes on page 60).

## Financial Statements continued

### Balance Sheet as at 12 October 2018

	Notes	12/10/18 <sup>1</sup> £	15/10/17 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		490,068,149	553,721,298
<b>Current assets:</b>			
Debtors	8	8,627,235	10,694,426
Cash and bank balances	9	<u>20,867,465</u>	<u>30,416,396</u>
<b>Total assets</b>		<b><u>519,562,849</u></b>	<b><u>594,832,120</u></b>
<b>LIABILITIES</b>			
Investment liabilities		(30,710)	(53,710)
<b>Creditors:</b>			
Bank overdrafts	9	(18,088,946)	(18,027,678)
Distributions payable		(376,973)	(561,841)
Other creditors	10	<u>(1,466,982)</u>	<u>(6,052,023)</u>
<b>Total liabilities</b>		<b><u>(19,963,611)</u></b>	<b><u>(24,695,252)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£499,599,238</u></b>	<b><u>£570,136,868</u></b>

<sup>1</sup> The Fund's final accounting date, usually 15 October, was moved to 12 October 2018 in order to facilitate the closure of A-Class (See significant changes on page 60).

# Notes to the Financial Statements

## 1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 (2014 SORP).

## 2. Summary of Significant Accounting Policies

### (a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The principal accounting policies which have been applied consistently are set out below.

### (b) Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

### (c) Recognition of Revenue

Bond revenue is accounted for on an effective yield basis, calculated with reference to the purchase price. If the Manager believes that future commitments will not be met due to the bond issuer showing signs of financial distress, revenue accruals will be discounted. Any resultant revenue from these issues will then be treated on a receipts basis.

Revenue from distribution and accumulation units in Collective Investment Schemes is recognised when the distribution is quoted ex-dividend.

Equalisation on distributions received from Collective Investment Schemes is treated as capital property of the Fund.

Rebates received from underlying Collective Investment Schemes are treated as revenue or capital depending on the treatment of the Manager's fees in the underlying Fund.

Revenue from derivative instruments is treated in accordance with note 2(i).

All other revenue is recognised on an accruals basis.

### (d) Treatment of Expenses

All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

## Notes to the Financial Statements continued

### 2. Summary of Significant Accounting Policies continued

#### (e) Distribution Policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. In order to conduct a controlled dividend flow, interim distributions will be at the Manager's discretion, up to a maximum of the distributable revenue for the period. All remaining revenue is distributed in accordance with the COLL.

The Manager and the Trustee have agreed that the periodic management charge for the Legal & General Sterling Income Fund may be charged, in part or full, to either the capital property or the revenue property of the Fund for the purpose of calculating the distribution. If charged against capital this may constrain capital growth. During the period under review such a split between capital and revenue for the management charge to the Fund has not occurred and has been charged wholly to revenue.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Fund.

#### (f) Basis of Valuation of Investments

All investments are valued at their fair value as at 12 noon on 12 October 2018, being the last working day of the accounting period. The fair value for non-derivative securities is bid market price, excluding any accrued interest. The fair value for units in Collective Investment Schemes is the cancellation price or bid price for dual priced funds and single price for single priced funds. The fair value for derivative instruments is the cost of closing out the contract on the last working day of the accounting period.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair and reasonable value.

#### (g) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply.

#### (h) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 12 October 2018, being the last working day of the accounting period.

## Notes to the Financial Statements continued

### 2. Summary of Significant Accounting Policies continued

#### (i) Derivative Instruments

The Fund may make use of financial derivative instruments for Efficient Portfolio Management (EPM) purposes. EPM aims to reduce risk, reduce costs, or generate additional capital or income for the Fund with an acceptably low level of risk. These aims allow for tactical asset allocation, which is a temporary switch in investment exposure through the use of derivatives rather than trading the underlying securities.

Derivative instruments held within the Fund have been accounted for and taxed in accordance with the Statement of Recommended Practice for Authorised Funds (IA SORP 2014). Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

### 3. Net capital (losses)/gains

The net capital (losses)/gains during the period comprise:

Non-derivative securities	(19,417,751)	4,570,436
Derivative securities	688,133	1,456,198
Forward currency contracts	370,008	452,020
Currency gains	248,620	26,810
Net capital (losses)/gains	(18,110,990)	6,505,464

16/10/17 to 12/10/18	16/10/16 to 15/10/17
£	£
(19,417,751)	4,570,436
688,133	1,456,198
370,008	452,020
248,620	26,810
(18,110,990)	6,505,464

### 4. Revenue

Bond Interest	18,081,184	21,618,899
Interest distributions	2,491,095	1,995,249
Management fee rebates	524,863	421,458
Bank interest	16,399	4,631
	21,113,541	24,040,237

16/10/17 to 12/10/18	16/10/16 to 15/10/17
£	£
18,081,184	21,618,899
2,491,095	1,995,249
524,863	421,458
16,399	4,631
21,113,541	24,040,237



## Notes to the Financial Statements continued

### 5. Expenses

Payable to the Manager,  
associates of the Manager  
and agents of either of them:

Fund management fees

Total expenses

	16/10/17 to 12/10/18	16/10/16 to 15/10/17
	£	£
Fund management fees	5,332,839	6,694,129
Total expenses	<u>5,332,839</u>	<u>6,694,129</u>

Audit fees of £11,000 plus VAT on Audit fees of £2,200 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £12,100 plus VAT of £2,420.

## Notes to the Financial Statements continued

### 6. Taxation

#### (a) Analysis of taxation charge in period

	16/10/17 to 12/10/18	16/10/16 to 15/10/17
	£	£
Corporation tax	—	—
Current tax [note 6(b)]	—	—
Deferred tax [note 6(c)]	—	—
Total taxation	—	—

#### (b) Factors affecting taxation charge for the period

The current tax charge excludes capital gains and losses for the reason that Authorised Unit Trusts are not subject to Corporation Tax on these items. Current tax differs from taxation assessed on net revenue before taxation as follows:

Net revenue before taxation	15,123,221	16,639,771
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	3,024,644	3,327,954
<b>Effects of:</b>		
Interest distributions deductible for tax purposes	(3,024,644)	(3,327,954)
Current tax	—	—

#### (c) Provision for deferred tax

There is no deferred tax provision in the current period or preceding year.

## Notes to the Financial Statements continued

### 7. Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprise:

	16/10/17 to 12/10/18	16/10/16 to 15/10/17
	£	£
1st interim distribution	1,260,817	872,784
2nd interim distribution	1,441,662	1,288,810
3rd interim distribution	1,241,566	1,224,906
4th interim distribution	1,067,949	885,259
5th interim distribution	1,273,125	1,238,770
6th interim distribution	1,022,933	1,410,420
7th interim distribution	1,243,376	1,295,544
8th interim distribution	1,304,525	1,428,444
9th interim distribution	1,337,212	1,462,996
10th interim distribution	1,384,290	1,513,402
11th interim distribution	1,516,410	1,400,139
Final distribution	993,022	1,486,962
	<u>15,086,887</u>	<u>15,508,436</u>
Add: Revenue deducted on cancellation of units	122,110	93,920
Less: Revenue received on creation of units	(85,776)	(31,579)
Income tax withheld	—	1,068,994
<b>Distributions for the period</b>	<b>15,123,221</b>	<b>16,639,771</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	1,263	3,079
Futures expense	651,705	701,766
Credit default swap expense	4,513	1,492
	<u>15,780,702</u>	<u>17,346,108</u>

### 8. Debtors

	12/10/18	15/10/17
	£	£
Accrued revenue	8,004,783	9,790,815
Amounts receivable for creation of units	27,992	49
CIS tax recoverable	—	208,595
Management fee rebates	56,838	51,279
Sales awaiting settlement	537,622	643,688
	<u>8,627,235</u>	<u>10,694,426</u>

## Notes to the Financial Statements continued

### 9. Net uninvested cash

	12/10/18	15/10/17
	£	£
Amounts held at futures clearing houses and brokers	285,504	252,327
Cash and bank balances	20,581,961	30,164,069
Amounts due to futures clearing houses and brokers	(88,630)	(427,282)
Bank overdrafts	<u>(18,000,316)</u>	<u>(17,600,396)</u>
Net uninvested cash	<u>2,778,519</u>	<u>12,388,718</u>

### 10. Other creditors

	12/10/18	15/10/17
	£	£
Accrued expenses	204,675	273,545
Amounts payable for cancellation of units	780,772	795,014
Purchases awaiting settlement	481,535	4,978,951
Swaps revenue payable	<u>—</u>	<u>4,513</u>
	<u>1,466,982</u>	<u>6,052,023</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 October 2017: same).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

The investments of a Fund in financial securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in such instruments. Legal & General (Unit Trust Managers) Limited (UTM) is the Authorised Fund Manager and has responsibility for ensuring appropriate risk management processes are implemented for each Unit Trust.

The UTM Board has delegated the risk oversight function to the Fund Manager Oversight Committee (FMOC), a committee of the Legal & General Investment Management (Holdings) Limited (LGIMH) Board that meets monthly. The primary objective of the FMOC is to ensure proper oversight of the investment management activities and associated services performed by LGIM, its delegates and other Fund Managers, under the Investment Management Agreement (IMA), on behalf of UTM in its capacity as Authorised Fund Manager. The committee consists of senior members of LGIMH and members of the UTM Board. Other senior staff members are also in attendance, as required by the agenda.

Each Fund has Investment Guidelines, an Investment Objective and Investment Restrictions, against which the fund manager will operate. These are set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager, reviewed by the LGIM Operational Risk and Compliance Teams and approved senior members of LGIMH on behalf of the UTM board. The Schedule provides the detail needed to determine the risk profile for each fund. Fund managers are not permitted to invest into any new instruments without first gaining approval from UTM.

The Investment Objective and Policy of this Fund is detailed on page 2.

#### **(a) Market Risk arising from other price 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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar instruments traded in the market.

The assets held by the Fund can be seen in the Portfolio Statement starting on page 8. Movements in the prices of these investments result in movements in the performance of the Fund. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Fund's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 12 October 2018, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £24,501,872 (15 October 2017: £27,683,379).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (b) Interest Rate Risk

Interest Rate Risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Fund is exposed to interest rate risk through its holdings in debt securities. The market value of debt securities and any floating rate payments from debt securities held (and interest rate swaps) may fluctuate as a result of changes in interest rates. This risk is managed by the active monitoring and adjustment of the investments held by the Fund, in line with the stated investment objective and policy of the Fund.

At 12 October 2018, if interest rates on the Fund increased or decreased by 1 basis point, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £197,210 (15 October 2017: £225,542). This represents the Manager's best estimate of a reasonable possible shift in interest rates, having regard to historical volatility of those rates.

The interest rate profile of the Fund's net assets and liabilities at the balance sheet date was:

	Total	Floating	Fixed	No
12/10/18	£'000	rate	rate	interest
	£'000	£'000	£'000	£'000
Portfolio	490,038	161,415*	280,821	47,802
Other assets	29,494	20,867†	—	8,627
Other liabilities	(19,933)	(18,089)†	—	(1,844)
<b>Total</b>	<b>499,599</b>	<b>164,193</b>	<b>280,821</b>	<b>54,585</b>

	Total	Floating	Fixed	No
15/10/17	£'000	rate	rate	interest
	£'000	£'000	£'000	£'000
Portfolio	553,668	122,069*	392,254	39,345
Other assets	41,111	30,416†	—	10,695
Other liabilities	(24,642)	(18,028)†	—	(6,614)
<b>Total</b>	<b>570,137</b>	<b>134,457</b>	<b>392,254</b>	<b>43,426</b>

\* The Fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

† The Fund's floating rate other assets and liabilities are represented by its bank balances and overdraft facilities. Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (b) Interest Rate Risk continued

Currency	Fixed Rate Financial Assets			
	Weighted average Interest rate %		Weighted average Period for which Rate is fixed Years	
	12/10/18	15/10/17	12/10/18	15/10/17
Euro	3.67	2.48	7.47	7.77
Sterling	2.72	2.63	8.58	11.74
US Dollar	–	3.20	–	6.15

The bonds shown in the Portfolio Statement with open maturity dates are assumed to mature on 31 December 2049 for the purpose of calculating the weighted average period for which the rate is fixed.

#### (c) Foreign Currency Risk

Foreign Currency Risk is the risk of movements in the value of financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the use of forward currency contracts or currency futures as necessary.

Forward currency contracts were utilised during the current period and the preceding year.

At 12 October 2018, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £2,935 (15 October 2017: £17,041).

The direct foreign currency profile of the Fund's net assets at the balance sheet date was:

12/10/18 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Euro	(11,996)	12,129	133
US Dollar	60	101	161

15/10/17 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Euro	(3,243)	4,850	1,607
US Dollar	(8,846)	8,943	97

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (d) Credit Risk

Credit Risk is the risk of suffering financial loss as a result of a counterparty to a financial transaction being unable to fulfil their financial obligations as they fall due.

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

The Fund's investments in bonds expose it to the default risk of the bond issuer with regards interest payments and principal repayments. Bond holdings with low credit ratings (sub-investment grade) or those that are not rated by a reputable credit rating agency (unrated) are disclosed in the Portfolio Statement on page 8.

As this Fund invests in Collective Investment Schemes, there is credit risk in respect of the assets held by these Schemes.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Fund's investment objective and policy.

#### (e) Liquidity Risk

Liquidity Risk relates to the capacity to meet liabilities as they fall due. The primary source of this risk to the Fund is the liability to Unitholders for any cancellation of units.

The Fund can also be exposed to liquidity risk through its commitments under derivative contracts, whereby additional margin payments or collateral payments may need to be posted with the counterparty or clearing house.

This risk is minimised by holding a large proportion of readily realisable assets, cash balances and via access to overdraft facilities.

#### (f) Derivative Risk - Sensitivity Analysis

Derivative Risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

At the balance sheet date the Fund made use of the following derivatives:

##### **Futures**

Futures are used to adjust the duration and interest rate risk of the Fund in a cost effective manner. The effect of these instruments was to decrease the exposure of the Fund by £73,394,548 (15 October 2017: increase the exposure by £87,796,641), representing 14.69% of the net asset value (15 October 2017: 15.40%).

This results in an effective equity exposure at the period end of 112.77% (15 October 2017: 81.71%) of net assets, which means that the gains or losses of the Fund will be 1.1277 (15 October 2017: 0.8171) times the gains or losses if the Fund was fully invested in equities.



## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (g) Fair Value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no material difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 requires the classification of the Fund's financial instruments held at the period end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Fund's financial instruments as at the balance sheet date were:

<b>12/10/18</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	1,651,958	—
Level 2 - Observable Market Data	488,323,971	(30,710)
Level 3 - Unobservable Data	92,220	—
<b>Total</b>	<b>490,068,149</b>	<b>(30,710)</b>

<b>15/10/17</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	18,929,616	(1,174)
Level 2 - Observable Market Data	534,755,562	(52,536)
Level 3 - Unobservable Data	36,120	—
<b>Total</b>	<b>553,721,298</b>	<b>(53,710)</b>

#### Level 1

The unadjusted quoted price in an active market for assets or liabilities that the entity can access at the measurement date.

#### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1.

#### Level 3

Valuation techniques using unobservable inputs.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (h) Financial Derivative Instruments and Collateral

During the period the Fund made use of 'Over the Counter' (OTC) Derivative Instruments. These types of transactions introduce Counterparty Risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the Fund. The counterparties to these transactions and any collateral held by the Fund at the balance sheet date is shown below:

#### Global exposure and collateral

Counterparty	Derivative Groups: Forward Currency Contracts	Gain/(Loss) Position
Citigroup	11,388,893	93,228
Deutsche Bank	876,168	11,836
HSBC	187,450	(1,357)
<b>Total</b>	<b>12,452,511</b>	<b>103,707</b>

No collateral was held or delivered at the balance sheet date in the current period.

The Fund also holds exchange traded derivatives which have minimal Counterparty Risk exposure.

### 13. Portfolio transaction costs

As the Fund mainly invests in assets that are not subject to commissions or taxes, there are no transaction costs (15 October 2017: same).

Total purchases for the period: £216,918,699  
(15 October 2017: £244,934,411)

Total sales for the period: £257,238,972  
(15 October 2017: £282,061,533)

## Notes to the Financial Statements continued

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 57. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 48 to 55. The distributions per unit class are given in the distribution tables on pages 35 to 46. All classes have the same rights on winding up.

<b>R-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	50,318,195	33,334,287
Units issued	88,175	41,831
Units cancelled	(10,395,475)	(7,190,964)
Units converted	—	—
Closing Units	40,010,895	26,185,154

<b>A-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	109,152,547	124,319,431
Units issued	865,233	45,063
Units cancelled	(12,405,126)	(17,298,699)
Units converted	—	—
Closing Units	97,612,654	107,065,795

<b>F-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	67,765	1,676
Units issued	—	—
Units cancelled	—	(1,043)
Units converted	—	—
Closing Units	67,765	633

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	48,987,930	33,712,705
Units issued	6,938,921	4,805,746
Units cancelled	(3,962,706)	(3,523,835)
Units converted	—	—
Closing Units	51,964,145	34,994,616

## Notes to the Financial Statements continued

### 15. Ultimate controlling party and related party transactions

The Manager is regarded as a related party to the Fund because it provides key management personnel services to the Fund. The ultimate controlling party of the Manager is Legal & General Group Plc. Subsidiaries of Legal & General Group Plc are also considered related parties to the Fund.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Fund. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

Equalisation amounts relating to creations and cancellations of units are shown within note 7. Fees received by the Authorised Fund Manager from the Fund plus any rebates paid by the Authorised Fund Manager to the Fund are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Fund, or rebates receivable by the Fund from the Manager are shown within notes 8 and 10 as applicable.

At the period end, the Manager and its associates held 1.81% (2.09% as at 15 October 2017) of the Fund's units in issue.

### 16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class accumulation unit was 183.66p. The Net Asset Value per R-Class accumulation unit for the Fund as at 12 noon on 31 October 2018 was 184.60p. This represents an increase of 0.51% from the period end value.

## Distribution Tables

### Distribution Tables for the period ended 12 October 2018

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

Equalisation is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

1st Interim Interest distribution in pence per unit			Period	
			16/10/17	to 15/11/17
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.2147	0.1344
Group 2	0.1184	0.0963	0.2147	0.1344
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.3881	0.2376
Group 2	0.2037	0.1844	0.3881	0.2376
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.2148	0.1378
Group 2	0.1875	0.0273	0.2148	0.1378
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.3891	0.2436
Group 2	0.1967	0.1924	0.3891	0.2436
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.2568	0.1743
Group 2	—	0.2568	0.2568	0.1743
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.4262	0.2854
Group 2	—	0.4262	0.4262	0.2854
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.2771	0.2020
Group 2	0.1533	0.1238	0.2771	0.2020
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/12/17</b>	<b>13/12/16</b>
Group 1	Revenue	Equalisation	0.5218	0.3693
Group 2	0.2942	0.2276	0.5218	0.3693

## Distribution Tables continued

2nd Interim Interest distribution in pence per unit			Period	
			16/11/17	to 15/12/17
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.2485	—	0.2485	0.2063
Group 2	0.1452	0.1033	0.2485	0.2063
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.4512	—	0.4512	0.3650
Group 2	0.2944	0.1568	0.4512	0.3650
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.2485	—	0.2485	0.2096
Group 2	0.1146	0.1339	0.2485	0.2096
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.4512	—	0.4512	0.3708
Group 2	0.2734	0.1778	0.4512	0.3708
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.2912	—	0.2912	0.2563
Group 2	—	0.2912	0.2912	0.2563
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.5913	—	0.5913	0.4577
Group 2	—	0.5913	0.5913	0.4577
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.3116	—	0.3116	0.2716
Group 2	0.1387	0.1729	0.3116	0.2716
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/01/18</b>	<b>13/01/17</b>
Group 1	0.5887	—	0.5887	0.4963
Group 2	0.3830	0.2057	0.5887	0.4963

## Distribution Tables continued

3rd Interim Interest distribution in pence per unit				Period	
				16/12/17	to 15/01/18
<b>R-Class</b>					
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.2127	—	0.2127	0.1954
Group 2		0.1094	0.1033	0.2127	0.1954
<b>R-Class</b>					
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.3870	—	0.3870	0.3463
Group 2		0.1830	0.2040	0.3870	0.3463
<b>A-Class</b>					
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.2127	—	0.2127	0.1988
Group 2		0.1512	0.0615	0.2127	0.1988
<b>A-Class</b>					
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.3870	—	0.3870	0.3524
Group 2		0.1809	0.2061	0.3870	0.3524
<b>F-Class</b>					
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.2557	—	0.2557	0.2468
Group 2		—	0.2557	0.2557	0.2468
<b>F-Class</b>					
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.4802	—	0.4802	0.4497
Group 2		—	0.4802	0.4802	0.4497
<b>I-Class</b>					
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.2761	—	0.2761	0.2633
Group 2		0.1071	0.1690	0.2761	0.2633
<b>I-Class</b>					
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
				<b>13/02/18</b>	<b>13/02/17</b>
Group 1		0.5232	—	0.5232	0.4825
Group 2		0.1665	0.3567	0.5232	0.4825

## Distribution Tables continued

4th Interim Interest distribution in pence per unit			Period	
			16/01/18	to 15/02/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.1830	0.1382
Group 2	0.1174	0.0656	0.1830	0.1382
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.3337	0.2455
Group 2	0.2322	0.1015	0.3337	0.2455
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.1830	0.1416
Group 2	0.0910	0.0920	0.1830	0.1416
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.3338	0.2516
Group 2	0.1967	0.1371	0.3338	0.2516
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.2252	0.1900
Group 2	—	0.2252	0.2252	0.1900
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.4233	0.3476
Group 2	—	0.4233	0.4233	0.3476
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.2453	0.2063
Group 2	0.1244	0.1209	0.2453	0.2063
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/03/18</b>	<b>13/03/17</b>
Group 1	Revenue	Equalisation	0.4660	0.3790
Group 2	0.1922	0.2738	0.4660	0.3790



## Distribution Tables continued

5th Interim Interest distribution in pence per unit				Period	
				16/02/18	to
<b>R-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.2254	—	0.2254	0.2045
Group 2		0.1627	0.0627	0.2254	0.2045
<b>R-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.4101	—	0.4101	0.3636
Group 2		0.1893	0.2208	0.4101	0.3636
<b>A-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.2270	—	0.2270	0.2072
Group 2		0.1229	0.1041	0.2270	0.2072
<b>A-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.4146	—	0.4146	0.3685
Group 2		0.2258	0.1888	0.4146	0.3685
<b>F-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.2568	—	0.2568	0.2378
Group 2		—	0.2568	0.2568	0.2378
<b>F-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.4845	—	0.4845	0.4342
Group 2		—	0.4845	0.4845	0.4342
<b>I-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.2708	—	0.2708	0.2480
Group 2		0.1075	0.1633	0.2708	0.2480
<b>I-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/04/18</b>	<b>13/04/17</b>
Group 1		0.5157	—	0.5157	0.4566
Group 2		0.2210	0.2947	0.5157	0.4566

## Distribution Tables continued

6th Interim Interest distribution in pence per unit			Period	
			16/03/18	to 15/04/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.1762	0.2291
Group 2	0.0303	0.1459	0.1762	0.2291
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.3223	0.4080
Group 2	0.0783	0.2440	0.3223	0.4080
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.1762	0.2338
Group 2	0.0158	0.1604	0.1762	0.2338
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.3223	0.4164
Group 2	0.0427	0.2796	0.3223	0.4164
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.2182	0.2843
Group 2	—	0.2182	0.2182	0.2843
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.4154	0.5192
Group 2	—	0.4154	0.4154	0.5192
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.2446	0.3014
Group 2	0.0431	0.2015	0.2446	0.3014
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/05/18</b>	<b>13/05/17</b>
Group 1	Revenue	Equalisation	0.4666	0.5562
Group 2	0.0884	0.3782	0.4666	0.5562

## Distribution Tables continued

7th Interim Interest distribution in pence per unit				Period	
				16/04/18	to
<b>R-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.2249	—	0.2249	0.2052
Group 2		0.1739	0.0510	0.2249	0.2052
<b>R-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.4126	—	0.4126	0.3662
Group 2		0.1988	0.2138	0.4126	0.3662
<b>A-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.2251	—	0.2251	0.2103
Group 2		0.0801	0.1450	0.2251	0.2103
<b>A-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.4127	—	0.4127	0.3755
Group 2		0.1675	0.2452	0.4127	0.3755
<b>F-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.2556	—	0.2556	0.2786
Group 2		—	0.2556	0.2556	0.2786
<b>F-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.4890	—	0.4890	0.5071
Group 2		—	0.4890	0.4890	0.5071
<b>I-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.2699	—	0.2699	0.3020
Group 2		0.1005	0.1694	0.2699	0.3020
<b>I-Class</b>				<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>		<b>Revenue</b>	<b>Equalisation</b>	<b>13/06/18</b>	<b>13/06/17</b>
Group 1		0.5168	—	0.5168	0.5587
Group 2		0.0493	0.4675	0.5168	0.5587

## Distribution Tables continued

8th Interim Interest distribution in pence per unit			Period	
			16/05/18	to 15/06/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.2369	0.2382
Group 2	—	0.2369	0.2369	0.2382
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.4353	0.4258
Group 2	0.0049	0.4304	0.4353	0.4258
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.2369	0.2401
Group 2	—	0.2369	0.2369	0.2401
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.4352	0.4299
Group 2	0.0613	0.3739	0.4352	0.4299
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.2756	0.2823
Group 2	—	0.2756	0.2756	0.2823
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.5252	0.5227
Group 2	—	0.5252	0.5252	0.5227
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.2940	0.2975
Group 2	0.0396	0.2544	0.2940	0.2975
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>13/07/18</b>	<b>13/07/17</b>
Group 1	Revenue	Equalisation	0.5639	0.5532
Group 2	0.0386	0.5253	0.5639	0.5532

## Distribution Tables continued

9th Interim Interest distribution in pence per unit			Period	
			16/06/18	to 15/07/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.2478	—	0.2478	0.2478
Group 2	0.0504	0.1974	0.2478	0.2478
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.4562	—	0.4562	0.4445
Group 2	0.1070	0.3492	0.4562	0.4445
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.2479	—	0.2479	0.2486
Group 2	0.0485	0.1994	0.2479	0.2486
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.4563	—	0.4563	0.4457
Group 2	0.0768	0.3795	0.4563	0.4457
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.2795	—	0.2795	0.2837
Group 2	—	0.2795	0.2795	0.2837
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.5323	—	0.5323	0.5246
Group 2	—	0.5323	0.5323	0.5246
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.2945	—	0.2945	0.3003
Group 2	—	0.2945	0.2945	0.3003
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/08/18</b>	<b>13/08/17</b>
Group 1	0.5669	—	0.5669	0.5590
Group 2	—	0.5669	0.5669	0.5590

## Distribution Tables continued

10th Interim Interest distribution in pence per unit			Period	
			16/07/18	to 15/08/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.2566	—	0.2566	0.2583
Group 2	0.0848	0.1718	0.2566	0.2583
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.4736	—	0.4736	0.4642
Group 2	0.1229	0.3507	0.4736	0.4642
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.2566	—	0.2566	0.2584
Group 2	0.0365	0.2201	0.2566	0.2584
<b>A-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.4737	—	0.4737	0.4645
Group 2	0.1383	0.3354	0.4737	0.4645
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.2965	—	0.2965	0.3040
Group 2	—	0.2965	0.2965	0.3040
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.5715	—	0.5715	0.5698
Group 2	—	0.5715	0.5715	0.5698
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.3152	—	0.3152	0.3135
Group 2	0.0901	0.2251	0.3152	0.3135
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>13/09/18</b>	<b>13/09/17</b>
Group 1	0.6082	—	0.6082	0.5853
Group 2	—	0.6082	0.6082	0.5853

## Distribution Tables continued

11th Interim Interest distribution in pence per unit			Period	
			16/08/18	to 15/09/18
<b>R-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.2843	—	0.2843	0.2387
Group 2	0.0669	0.2174	0.2843	0.2387
<b>R-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.5260	—	0.5260	0.4301
Group 2	0.1821	0.3439	0.5260	0.4301
<b>A-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.2843	—	0.2843	0.2387
Group 2	0.0906	0.1937	0.2843	0.2387
<b>A-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.5260	—	0.5260	0.4303
Group 2	0.1825	0.3435	0.5260	0.4303
<b>F-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.3241	—	0.3241	0.2831
Group 2	—	0.3241	0.3241	0.2831
<b>F-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.6243	—	0.6243	0.5153
Group 2	—	0.6243	0.6243	0.5153
<b>I-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.3429	—	0.3429	0.2956
Group 2	0.0945	0.2484	0.3429	0.2956
<b>I-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>11/10/18</b>	<b>13/10/17</b>
Group 1	0.6641	—	0.6641	0.5537
Group 2	0.1428	0.5213	0.6641	0.5537

## Distribution Tables continued

Final Interest distribution in pence per unit			Period	
			16/09/18	to 12/10/18 <sup>1</sup>
<b>R-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.1828	—	0.1828	0.2531
Group 2	0.0922	0.0906	0.1828	0.2531
<b>R-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.3393	—	0.3393	0.4573
Group 2	0.1370	0.2023	0.3393	0.4573
<b>A-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.1828	—	0.1828	0.2531
Group 2	0.0793	0.1035	0.1828	0.2531
<b>A-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.3393	—	0.3393	0.4573
Group 2	0.1646	0.1747	0.3393	0.4573
<b>F-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.2223	—	0.2223	0.2945
Group 2	—	0.2223	0.2223	0.2945
<b>F-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.4296	—	0.4296	0.5483
Group 2	—	0.4296	0.4296	0.5483
<b>I-Class</b>				
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.2410	—	0.2410	0.3223
Group 2	0.1045	0.1365	0.2410	0.3223
<b>I-Class</b>				
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Distribution</b>	<b>Distribution</b>
			<b>13/11/18</b>	<b>13/11/17</b>
Group 1	0.4682	—	0.4682	0.6053
Group 2	0.1555	0.3127	0.4682	0.6053

<sup>1</sup> To facilitate the closure of A-Class, the Fund's final accounting date was moved to 12 October 2018.



## Fund Information

The Comparative Tables on pages 48 to 55 give the performance of each active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Fund's performance disclosed in the Manager's report, which is calculated based on the latest published price.

## Fund Information continued

### Comparative Tables

#### R-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18 <sup>1</sup> (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	102.20	101.08	97.23
Return before operating charges*	0.39	5.18	8.58
Operating charges (calculated on average price)	(1.17)	(1.34)	(1.39)
Return after operating charges*	(0.78)	3.84	7.19
Distributions on income units <sup>^</sup>	(2.69)	(2.72)	(3.34)
Closing net asset value per unit	98.73	102.20	101.08
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.76)%	3.80%	7.39%
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#### Other Information

Closing net asset value (£)	39,502,694	51,424,709	59,117,619
Closing number of units	40,010,895	50,318,195	58,483,283
Operating charges <sup>†</sup>	1.16%	1.32%	1.41%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	103.30p	103.20p	104.60p
Lowest unit price	99.17p	99.62p	94.55p

<sup>1</sup> See Significant Changes on page 60.

<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 Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures. 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.**

## Fund Information continued

### Comparative Tables continued

#### R-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18 <sup>1</sup> (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	185.09	178.54	167.14
Return before operating charges*	0.70	9.25	14.98
Operating charges (calculated on average price)	(2.13)	(2.40)	(2.42)
Return after operating charges*	(1.43)	6.85	12.56
Distributions <sup>^</sup>	(4.94)	(4.85)	(5.82)
Retained distributions on accumulation units <sup>^</sup>	4.94	4.55	4.66
Closing net asset value per unit	183.66	185.09	178.54
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.77)%	3.84%	7.51%
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#### Other Information

Closing net asset value (£)	48,092,349	61,698,231	73,152,316
Closing number of units	26,185,154	33,334,287	40,971,465
Operating charges <sup>†</sup>	1.16%	1.32%	1.41%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	187.90p	185.80p	183.40p
Lowest unit price	184.20p	176.20p	164.10p

<sup>1</sup> See Significant Changes on page 60.

<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 Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures. 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.**

## Fund Information continued

### Comparative Tables continued

#### A-Class Distribution Units

##### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18 <sup>1</sup> (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	102.20	101.08	97.23
Return before operating charges*	0.40	5.18	8.57
Operating charges (calculated on average price)	(1.17)	(1.31)	(1.37)
Return after operating charges*	(0.77)	3.87	7.20
Distributions on income units <sup>^</sup>	(2.70)	(2.75)	(3.35)
Closing net asset value per unit	98.73	102.20	101.08
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.75)%	3.83%	7.41%
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#### Other Information

Closing net asset value (£)	96,372,820	111,555,979	120,810,707
Closing number of units	97,612,654	109,152,547	119,514,541
Operating charges <sup>†</sup>	1.16%	1.29%	1.39%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	103.30p	103.20p	104.60p
Lowest unit price	99.17p	99.62p	94.55p

<sup>1</sup> See Significant Changes on page 60.

<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 Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures. 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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## Fund Information continued

### Comparative Tables continued

#### A-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18' (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	185.15	178.55	167.14
Return before operating charges*	0.64	9.24	14.97
Operating charges (calculated on average price)	(2.13)	(2.34)	(2.39)
Return after operating charges*	(1.49)	6.90	12.58
Distributions <sup>^</sup>	(4.94)	(4.91)	(5.83)
Retained distributions on accumulation units <sup>^</sup>	4.94	4.61	4.66
Closing net asset value per unit	183.66	185.15	178.55
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.80)%	3.86%	7.53%
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#### Other Information

Closing net asset value (£)	196,639,881	230,180,282	252,922,111
Closing number of units	107,065,795	124,319,431	141,653,114
Operating charges <sup>†</sup>	1.16%	1.29%	1.39%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	187.90p	185.90p	183.40p
Lowest unit price	184.20p	176.20p	164.10p

<sup>1</sup> See Significant Changes on page 60.

<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.

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## Fund Information continued

### Comparative Tables continued

#### F-Class Distribution Units

##### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18 <sup>1</sup> (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	102.42	101.26	97.30
Return before operating charges*	0.39	5.17	8.69
Operating charges (calculated on average price)	(0.66)	(0.67)	(0.65)
Return after operating charges*	(0.27)	4.50	8.04
Distributions on income units <sup>^</sup>	(3.16)	(3.34)	(4.08)
Closing net asset value per unit	98.99	102.42	101.26
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.26)%	4.44%	8.26%
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#### Other Information

Closing net asset value (£)	67,083	69,406	36,531
Closing number of units	67,765	67,765	36,077
Operating charges <sup>†</sup>	0.66%	0.66%	0.66%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	103.60p	103.50p	104.80p
Lowest unit price	99.47p	99.81p	94.69p

<sup>1</sup> See Significant Changes on page 60.

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

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## Fund Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18 <sup>1</sup> (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	191.11	183.25	170.44
Return before operating charges*	0.83	9.49	15.42
Operating charges (calculated on average price)	(1.26)	(1.24)	(1.16)
Return after operating charges*	(0.43)	8.25	14.26
Distributions <sup>^</sup>	(5.99)	(6.07)	(7.24)
Retained distributions on accumulation units <sup>^</sup>	5.99	5.68	5.79
Closing net asset value per unit	190.68	191.11	183.25
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.23)%	4.50%	8.37%
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#### Other Information

Closing net asset value (£)	1,207	3,203	1,149
Closing number of units	633	1,676	627
Operating charges <sup>†</sup>	0.66%	0.66%	0.66%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	194.30p	191.80p	188.00p
Lowest unit price	191.00p	181.00p	167.70p

<sup>1</sup> See Significant Changes on page 60.

<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 Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures. 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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## Fund Information continued

### Comparative Tables continued

#### I-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18 <sup>1</sup> (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	102.40	101.22	97.31
Return before operating charges*	0.39	5.17	8.64
Operating charges (calculated on average price)	(0.42)	(0.43)	(0.42)
Return after operating charges*	(0.03)	4.74	8.22
Distributions on income units <sup>^</sup>	(3.38)	(3.56)	(4.31)
Closing net asset value per unit	98.99	102.40	101.22
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.03)%	4.68%	8.45%
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#### Other Information

Closing net asset value (£)	51,440,347	50,164,285	42,654,554
Closing number of units	51,964,145	48,987,930	42,140,222
Operating charges <sup>†</sup>	0.42%	0.42%	0.42%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	103.60p	103.40p	104.80p
Lowest unit price	99.48p	99.76p	94.68p

<sup>1</sup> See Significant Changes on page 60.

<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 Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures. 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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## Fund Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Period ending	16/10/17 to 12/10/18 <sup>1</sup> (pence per unit)	16/10/16 to 15/10/17 (pence per unit)	16/10/15 to 15/10/16 (pence per unit)
Opening net asset value per unit	192.93	184.59	171.43
Return before operating charges*	0.72	9.56	15.45
Operating charges (calculated on average price)	(0.81)	(0.79)	(0.74)
Return after operating charges*	(0.09)	8.77	14.71
Distributions <sup>^</sup>	(6.47)	(6.59)	(7.72)
Retained distributions on accumulation units <sup>^</sup>	6.47	6.16	6.17
Closing net asset value per unit	192.84	192.93	184.59
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(0.05)%	4.75%	8.58%
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#### Other Information

Closing net asset value (£)	67,482,857	65,040,773	53,118,524
Closing number of units	34,994,616	33,712,705	28,776,709
Operating charges <sup>†</sup>	0.42%	0.42%	0.42%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	196.20p	193.50p	189.40p
Lowest unit price	192.90p	182.30p	168.80p

<sup>1</sup> See Significant Changes on page 60.

<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.

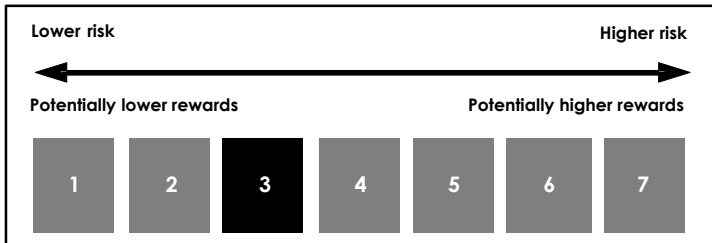
<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures. 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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## Risk and Reward Profile (unaudited)



- 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 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.
- The Fund 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 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.

## General Information (unaudited)

### Constitution

Launch date:	15 October 2001	
Period end dates for distributions:	15 of each month 15 October (Final)^	
Distribution dates:	13 of each month 13 November (Final)	
Minimum initial lump sum investment:	R-Class	£20
	F-Class*	£20
	I-Class	£1,000,000
Valuation point:	12 noon	
Fund management fees:	R-Class	Annual 1.16%
	F-Class*	Annual 0.66%
	I-Class	Annual 0.42%
Initial charges:	R-Class	Nil
	F-Class*	Nil
	I-Class	Nil

^ See Significant Changes on page 60.

\* 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.

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://www.legalandgeneral.com/investments/fund-information/daily-fund-prices) immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

### Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by completing an application form or on the internet at [www.legalandgeneral.com](http://www.legalandgeneral.com). Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

### ISA Status

This Fund may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

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

## **General Information (unaudited) continued**

### **Prospectus and Manager's Reports**

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

### **EU Savings Directive**

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

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

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

## General Information (unaudited) continued

### Remuneration Disclosure

In accordance with the Undertakings for collective investment in transferable securities (UCITs) Directive, often referred to as the UCITs V Directive, the Legal & General Sterling Income Fund, as a UCITs Scheme, is required to disclose the aggregate remuneration paid by the UCITs Manager and by the UCITs Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITs Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it as at 31 December 2017:

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	226

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
54	6,995	8,712	59

### Controlled Functions

As at 31 December 2017, Legal & General Unit Trust Managers Limited (UTM) engaged the services of six employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition there was one non-executive Director. UTM also engaged the services of a further 20 LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

### Material Risk Takers

As at the 31 December 2017, UTM engaged the services of Legal & General Investment Management Fixed Income Fund Management team, which consists of 54 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Legal & General Investment Management Fixed Income Fund Management team.

## **General Information (unaudited) continued**

### **Significant Changes**

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

As at 12 October 2018, the A-Class was closed. All unitholders in the A-Class as at 12 October 2018 have been moved into the R-Class which is identical to the A-Class. The terms and charges are identical between the classes.

#### **Change of Accounting Date**

The Fund's annual accounting date, usually 15 October, was moved to 12 October 2018 in order to facilitate the closure of A-Class as detailed above. 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 Sterling Income 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.

## General Information (unaudited) continued

### 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

### Directors of the Manager

R. M. Bartley  
A. J. C. Craven  
S. Hynes  
H. Morrissey  
H. Solomon  
S. D. Thomas (resigned 17 October 2018)  
L. W. Toms  
A. R. Toutouchi\*  
M. J. Zinkula

\*Non-executive Director

### Secretary

J. McCarthy

### Registrar

Legal & General (Unit Trust Managers) Limited  
P.O. Box 6080,  
Wolverhampton WV1 9RB  
Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

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

### Trustee

Northern Trust Global Services SE  
Trustee and Depository 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

### Investment Adviser

Legal & General Investment Management Limited  
One Coleman Street,  
London EC2R 5AA  
Authorised and regulated by the Financial Conduct Authority

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

Legal & General  
(Unit Trust Managers) Limited  
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Registered office:  
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London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

