

Legal & General Fixed Interest Trust  
**Interim Manager's Report**  
**for the period ended**  
**5 March 2018**  
**(Unaudited)**

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# Manager's Investment Report

## Investment Objective and Policy

The investment objective is to invest for high income and the prospects of capital growth from fixed interest securities, including overseas issues.

The Manager will choose from a variety of fixed interest instruments including convertibles and preference shares.

## Manager's Investment Report

During the six-month period under review, the Trust's R-Class accumulation units fell by 1.57%, compared to a fall in the iBoxx Sterling Collateralized and Corporates Total Return Index of 2.08% (Source: Bloomberg).

**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

With global economic growth accelerating, expectations of rising inflation have weakened investment grade bond markets globally. The US Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates to 1.5% in December, while signalling three further rate hikes in 2018. The Fed also began unwinding its asset purchase programme, known as quantitative easing (QE), in October.

However, the period under review saw continued positive returns across high yield bond markets, despite some volatility in the middle of the final quarter of 2017 amid a large amount of corporate issuance, and again in February 2018 amid a global sell-off on riskier assets on concerns that the Federal Reserve may be required to raise US interest rates more rapidly than anticipated. Meanwhile, emerging bond markets continued to attract substantial inflows from international investors looking for higher levels of income.

## Trust Review

The Trust delivered negative returns but marginally outperformed the benchmark in a challenging period for credit markets.

In October 2017, we participated in six new deals in the reasonably active primary market and added a range of shorter-dated subordinated financial bonds in the secondary market. We made further purchases in the primary market in November, buying high-quality short-dated bonds ahead of the quiet market year-end.

In 2018, we have participated in a number of new issues. Although we reduced overall credit risk, we participated in new issues from Wellcome Trust, Barclays, UBS, Dwr Cymru Financing, Just Group, Scania and NewRiver REIT.

The purchases were offset by reductions in housing association exposure via sales in Notting Hill Housing Trust and THFC Funding, as well as exposure to Anglian Water Services Financing. We lowered other collateralised exposure elsewhere through sales of a Greene King pubs securitisation issue and RMPA Services. We also sold broadcaster Sky.

## Manager's Investment Report continued

### Outlook

Looking ahead, we believe the economic environment is supportive for high yield companies, with continued steady growth across all regions, combined with low financing costs and moderate corporate leverage. A low yield environment and subdued inflation continues to prevent central banks from acting quickly with monetary tightening policy and ensure the market is likely to be well prepared for any announcements regarding economic policy.

While sectors such as telecoms are vulnerable to disruptive technology and appear over-levered, overall credit quality is improving across the high yield Index. Furthermore, default rates are staying low, meaning that overall downside risk is diminishing in our view. With global yields remaining low in a long-term context, we believe this backdrop is likely to continue to increase investors' desire to seek higher income.

Legal & General Investment Management Limited  
(Investment Adviser)  
28 March 2018

## Authorised Status

### Authorised Status

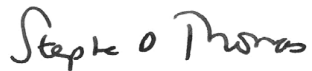
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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)



S. D. Thomas  
(Director)

Legal & General (Unit Trust Managers) Limited  
25 April 2018

## Portfolio Statement

### Portfolio Statement as at 5 March 2018

All investments are in investment grade securities unless otherwise stated. The percentages in brackets show the equivalent holdings at 5 September 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>CORPORATE BONDS</b>		
	<b>— 91.73% (91.84%)</b>		
	<b>Short Dated — 13.89% (14.01%)</b>		
GBP7,000,000	Bank of America 6.125% 15/09/2021	8,056,720	0.59
GBP2,871,000	Barclays Bank 10% 21/05/2021	3,520,294	0.26
GBP3,900,000	Bayerische Landesbank 1.25% 20/12/2021	3,873,839	0.28
GBP2,352,000	BNP Paribas 1.125% 16/08/2022	2,291,297	0.17
GBP6,000,000	Commonwealth Bank 1.125% 22/12/2021	5,935,644	0.44
GBP4,283,000	Cooperatieve Rabobank 2.25% 23/03/2022	4,400,568	0.32
GBP1,755,000	Cooperatieve Rabobank 4% 19/09/2022	1,933,615	0.14
GBP6,117,000	Coventry Building Society 6% 16/10/2019	6,572,331	0.48
GBP4,356,000	Coventry Building Society 1% 05/05/2020	4,325,277	0.32
GBP4,100,000	Deutsche Bank 1.875% 28/02/2020	4,102,317	0.30
GBP3,250,000	E.ON International Finance 6% 30/10/2019	3,494,429	0.26
GBP4,068,000	Eastern Power Networks 4.75% 30/09/2021	4,506,400	0.33
GBP3,001,000	FCA Bank 1.625% 29/09/2021	2,965,543	0.22
GBP3,805,000	Fidelity National Information Services 1.7% 30/06/2022	3,766,687	0.28
GBP350,000	GE Capital UK Funding Unlimited 5.625% 25/04/2019	365,985	0.03
GBP3,324,000	GE Capital UK Funding Unlimited 5.875% 04/11/2020	3,678,176	0.27
GBP14,253	General Electric 6.44% 15/11/2022	15,877	—
GBP2,754,000	GKN 5.375% 19/09/2022	3,047,348	0.22
GBP8,033,000	Heathrow Funding 6.25% 10/09/2018	8,241,818	0.61
GBP1,736,000	Imperial Brands Finance 7.75% 24/06/2019	1,877,078	0.14
GBP4,484,000	Imperial Brands Finance 9% 17/02/2022	5,674,287	0.42
GBP5,000,000	International Bank For Reconstruction 0.75% 07/12/2021	4,929,610	0.36
GBP5,050,000	Juneau Investments 5.9% 22/02/2021 <sup>1</sup>	5,369,413	0.40
GBP3,017,000	Korea Development Bank 1.75% 15/12/2022	2,971,624	0.22
GBP2,000,000	Kreditanstalt fuer Wiederaufbau 0.375% 15/12/2020	1,963,756	0.14
GBP6,510,000	Lloyds Bank 1.75% 31/03/2022	6,612,142	0.49
GBP9,009,000	LVMH 1% 14/06/2022	8,864,297	0.65
GBP5,645,000	Nationwide Building Society 8.625% 29/03/2018	5,668,715	0.42

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Short Dated — (cont.)</b>			
GBP6,533,000	Nationwide Building Society 5.625% 09/09/2019	6,975,049	0.51
GBP6,800,000	Nationwide Building Society 2.25% 29/04/2022	7,019,225	0.52
GBP5,545,000	Royal Bank of Canada 1.125% 22/12/2021	5,497,895	0.40
GBP300,000	RWE Finance 6.5% 20/04/2021	344,396	0.03
GBP1,700,000	RWE Finance 5.5% 06/07/2022	1,963,794	0.14
GBP5,000,000	Scania 1.875% 28/06/2022	4,992,120	0.37
GBP1,922,000	Severn Trent Utilities Finance 1.125% 07/09/2021	1,891,548	0.14
GBP7,055,000	Southern Water Services Finance 6.125% 31/03/2019	7,414,734	0.55
GBP2,708,000	Swedbank 1.25% 29/12/2021	2,678,239	0.20
GBP2,081,000	TDC 5.625% 23/02/2023	2,326,766	0.17
GBP1,981,000	Transport for London 2.25% 09/08/2022	2,049,533	0.15
GBP8,753,000	UBS 1.25% 10/12/2020	8,704,885	0.64
GBP3,568,000	Unilever 1.125% 03/02/2022	3,525,648	0.26
GBP5,100,000	Washington Mutual Bank 5.5% 10/06/2019 <sup>1-5</sup>	—	—
GBP4,682,000	Wells Fargo 2.125% 22/04/2022	4,711,857	0.35
GBP4,943,000	Wells Fargo 1.375% 30/06/2022	4,813,859	0.35
GBP4,459,000	Yorkshire Water Services Bradford Finance 6% 21/08/2019	4,759,965	0.35
		188,694,600	13.89
<b>Medium Dated — 22.86% (26.50%)</b>			
GBP4,398,000	America Movil 5% 27/10/2026	5,220,963	0.38
GBP3,571,000	Anglian Water Services Financing 1.625% 10/08/2025	3,433,059	0.25
GBP4,825,000	Anglian Water Services Financing 2.625% 15/06/2027	4,624,193	0.34
GBP2,762,000	Annington Funding 2.646% 12/07/2025	2,732,013	0.20
GBP4,232,000	B.A.T. International Finance 4% 04/09/2026	4,643,647	0.34
GBP6,815,000	Bank of America 2.3% 25/07/2025	6,796,852	0.50
EUR5,101,000	Bank of America 1.776% 04/05/2027	4,640,997	0.34
GBP4,150,000	Barclays 2.375% 06/10/2023	4,135,724	0.30
GBP4,904,000	Barclays 3.25% 12/02/2027	4,947,729	0.36
GBP3,031,000	BASF 1.75% 11/03/2025	2,993,779	0.22
GBP5,013,000	Bazalgette Finance 2.375% 29/11/2027	4,877,303	0.36
GBP844,000	BUPA Finance 5% 25/04/2023	935,641	0.07
GBP2,900,000	BUPA Finance 2% 05/04/2024	2,870,223	0.21
GBP4,780,000	Citigroup 5.15% 21/05/2026	5,696,584	0.42
GBP6,116,000	Credit Suisse Group 2.75% 08/08/2025	6,198,493	0.46
EUR1,371,000	Credit Suisse Group 2.125% 12/09/2025	1,339,012	0.10
GBP2,362,000	Deutsche Bahn Finance 1.375% 07/07/2025	2,293,764	0.17



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Medium Dated — (cont.)</b>		
GBP3,989,000	Digital Stout Holdings 4.75% 13/10/2023	4,438,943	0.33
GBP4,610,000	Digital Stout Holdings 4.25% 17/01/2025	5,037,439	0.37
GBP3,540,000	Eastern Power Networks 5.75% 08/03/2024	4,220,643	0.31
GBP3,000,000	Eastern Power Networks 8.5% 31/03/2025	4,182,852	0.31
GBP2,500,000	EDP Finance 8.625% 04/01/2024	3,323,150	0.25
GBP4,553,000	Gaz Capital 4.25% 06/04/2024	4,787,252	0.35
GBP2,300,000	GE Capital UK Funding Unlimited 5.125% 24/05/2023	2,629,716	0.19
GBP195,000	GlaxoSmithKline Capital 3.375% 20/12/2027	212,281	0.02
EUR3,127,000	Global Switch 2.25% 31/05/2027	2,849,786	0.21
GBP5,239,000	Go-Ahead Group 2.5% 06/07/2024	5,139,553	0.38
GBP1,865,000	Goldman Sachs 4.25% 29/01/2026	2,082,582	0.15
GBP10,297,000	Heathrow Funding 7.125% 14/02/2024	12,670,891	0.93
GBP6,041,000	HSBC 2.256% 13/11/2026	5,903,024	0.44
GBP2,860,000	HSBC Bank 6.5% 07/07/2023	3,444,367	0.25
GBP1,910,000	Imperial Brands Finance 8.125% 15/03/2024	2,502,111	0.18
GBP2,500,000	Imperial Brands Finance 5.5% 28/09/2026	2,996,690	0.22
GBP5,213,000	ING Bank 6.875% 29/05/2023	5,268,675	0.39
USD4,000,000	ING Bank 4.125% 21/11/2023	2,915,572	0.22
GBP581,000	InterContinental Hotels 2.125% 24/08/2026	548,424	0.04
GBP854,000	Just Group 3.5% 07/02/2025	854,244	0.06
GBP3,918,000	Land Securities Capital Markets 1.974% 08/02/2026	3,918,239	0.29
GBP7,838,000	Lloyds TSB Bank 5.125% 07/03/2025	9,543,753	0.70
GBP9,147,000	Lloyds TSB Bank 7.625% 22/04/2025	11,951,196	0.88
GBP2,350,261	Mitchells & Butlers Finance 5.965% 15/12/2025	2,581,094	0.19
GBP1,729,000	Nationwide Building Society 3% 06/05/2026	1,842,718	0.14
GBP1,126,000	Nationwide Building Society 3.25% 20/01/2028	1,208,223	0.09
GBP3,048,084	Nats En Route 5.25% 31/03/2026	3,486,804	0.26
GBP9,354,000	Northern Gas 4.875% 30/06/2027	11,181,210	0.82
GBP2,314,000	Northumbrian Water Finance 1.625% 11/10/2026	2,163,229	0.16
GBP4,751,000	Northumbrian Water Finance 2.375% 05/10/2027	4,642,867	0.34
GBP6,335,000	Orange 5.25% 05/12/2025	7,611,655	0.56
GBP3,927,000	Petroleos Mexicanos 3.75% 16/11/2025	3,927,000	0.29
GBP4,142,000	Procter & Gamble 1.375% 03/05/2025	4,014,650	0.30
GBP5,619,000	Scotland Gas Networks 3.25% 08/03/2027	5,901,512	0.43
GBP13,055,000	Scottish Widows 5.5% 16/06/2023	14,574,471	1.07

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Medium Dated — (cont.)</b>			
GBP1,248,000	Severn Trent Utilities Finance 3.625% 16/01/2026	1,345,356	0.10
GBP1,300,000	Society of Lloyd's 4.75% 30/10/2024	1,447,202	0.11
GBP71,000	South Eastern Power Networks 5.5% 05/06/2026	86,530	0.01
GBP1,500,000	Southern Gas Networks 2.5% 03/02/2025	1,519,155	0.11
GBP9,268,000	Southern Water Services 6.64% 31/03/2026	12,143,388	0.89
GBP5,481,000	Stagecoach Group 4% 29/09/2025	5,807,004	0.43
EUR3,700,000	TDF Infrastructure 2.5% 07/04/2026	3,456,331	0.25
GBP11,843,000	Thames Water Utilities Cayman Finance 4% 19/06/2025	13,051,744	0.96
EUR4,241,000	Total Capital International 1.25% 16/12/2024	4,093,854	0.30
GBP195,000	Transport for London 2.125% 24/04/2025	198,943	0.02
GBP3,605,000	Tritax Big Box REIT 2.625% 14/12/2026	3,566,329	0.26
GBP1,500,000	TSB Banking Group 5.75% 06/05/2026	1,640,965	0.12
GBP5,043,000	UBS 6.375% 19/11/2024	5,397,664	0.40
GBP3,100,000	Wales & West Utilities Finance 4.625% 13/12/2023	3,545,203	0.26
GBP5,026,000	Wells Fargo 2% 28/07/2025	4,904,496	0.36
GBP519,000	Western Power Distribution West Midlands 3.875% 17/10/2024	568,686	0.04
GBP6,560,000	Western Power Distribution West Midlands 6% 09/05/2025	8,145,395	0.60
GBP5,117,000	Yorkshire Water Services Odsal Finance 6.454% 28/05/2027	6,774,760	0.50
		310,629,797	22.86
<b>Long Dated — 54.98% (51.33%)</b>			
GBP1,577,000	Abbey National Treasury Services 5.25% 16/02/2029	2,046,847	0.15
GBP3,728,000	America Movil 5.75% 28/06/2030	4,750,784	0.35
GBP3,294,000	America Movil 4.948% 22/07/2033	4,021,315	0.30
GBP1,761,000	America Movil 4.375% 07/08/2041	2,075,309	0.15
GBP4,200,000	America Movil 6.375% 06/09/2073	4,598,236	0.34
GBP1,800,000	Anglian Water Services Financing 6.293% 30/07/2030	2,476,330	0.18
GBP7,613,000	Anheuser-Busch InBev 2.85% 25/05/2037	7,333,336	0.54
GBP3,191,000	Annington Funding 3.184% 12/07/2029	3,152,134	0.23
GBP3,355,000	Annington Funding 3.685% 12/07/2034	3,397,494	0.25
GBP2,502,000	Annington Funding 3.935% 12/07/2047	2,610,652	0.19
GBP5,252,000	Aroundtown 3% 16/10/2029	5,063,212	0.37
GBP5,907,000	Arqiva Financing 4.882% 31/12/2032	6,577,090	0.48
GBP1,606,000	Arqiva Financing 5.34% 30/12/2037	1,869,618	0.14
GBP2,139,138	Aspire Defence Finance 4.674% 31/03/2040	2,592,834	0.19

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Long Dated — (cont.)</b>		
GBP2,900,000	AT&T 5.2% 18/11/2033	3,460,512	0.25
GBP13,889,000	AT&T 3.55% 14/09/2037	13,948,915	1.03
GBP9,500,000	AT&T 7% 30/04/2040	14,068,200	1.04
GBP5,500,000	Aviva 6.125% 14/11/2036	6,452,490	0.47
GBP7,194,000	Aviva 6.625% 03/06/2041	8,108,271	0.60
GBP1,707,000	Aviva 4.375% 12/09/2049	1,745,884	0.13
GBP4,227,000	Aviva 5.902% Open Maturity	4,491,188	0.33
GBP8,340,000	Aviva 6.125% Open Maturity	9,288,158	0.68
GBP1,650,000	Aviva 6.875% Open Maturity	1,760,649	0.13
GBP6,858,000	Aviva 6.875% 20/05/2058	9,128,602	0.67
USD11,936,000	AXA 6.463% Open Maturity	8,727,545	0.64
GBP4,754,000	AXA 5.625% 16/01/2054	5,494,421	0.40
GBP470,000	B.A.T. International Finance 6% 24/11/2034	635,763	0.05
GBP7,423,000	B.A.T. International Finance 4% 23/11/2055	8,458,716	0.62
GBP1,160,000	Bank of Scotland 7.281% Open Maturity <sup>2</sup>	1,465,384	0.11
GBP4,443,000	Barclays 3.25% 17/01/2033	4,257,140	0.31
GBP481,000	BAT International Finance 5.75% 05/07/2040	659,763	0.05
GBP1,081,664	BBC Pacific Quay Finance 5.565% 25/07/2034	1,319,351	0.10
GBP1,921,000	BG Energy Capital 5% 04/11/2036	2,530,011	0.19
GBP4,351,000	Brit Insurance Holdings 6.625% 09/12/2030 <sup>1</sup>	4,633,815	0.34
GBP3,662,000	British Telecommunications 5.75% 07/12/2028	4,542,436	0.33
GBP8,538,000	British Telecommunications 3.125% 21/11/2031	8,390,361	0.62
GBP2,403,000	British Telecommunications 3.625% 21/11/2047	2,402,164	0.18
GBP3,705,981	Canary Wharf Finance 6.455% 22/10/2033	4,666,141	0.34
GBP4,404,000	Centrica 7% 19/09/2033	6,390,644	0.47
GBP2,550,000	Chancellor Masters and Scholars of the University of Oxford 2.544% 08/12/2117	2,531,722	0.19
GBP3,029,000	Channel Link Enterprises 3.043% 30/06/2050	2,973,648	0.22
GBP130,000	Channel Link Enterprises Finance 3.848% 30/06/2050	137,808	0.01
GBP3,323,000	Citigroup 7.375% 01/09/2039	5,480,338	0.40
GBP3,387,000	Compass Group 2% 03/07/2029	3,232,207	0.24
GBP1,208,000	Cooperatieve Rabobank 5.25% 23/05/2041	1,670,816	0.12
GBP10,972,000	CPUK Finance 3.588% 28/02/2042	11,553,856	0.85
GBP3,223,000	CPUK Finance 7.239% 28/02/2042	4,018,021	0.30
GBP1,450,000	Credit Agricole 8.125% Open Maturity <sup>2</sup>	1,578,660	0.12
GBP301,000	Deutsche Telekom International Finance 2.25% 13/04/2029	286,504	0.02

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Long Dated — (cont.)</b>			
GBP1,182,000	Deutsche Telekom International Finance 7.625% 15/06/2030	1,762,353	0.13
USD1,580,000	Deutsche Telekom International Finance 8.75% 15/06/2030	1,632,340	0.12
GBP7,967,000	Digital Stout Holdings 3.3% 19/07/2029	7,957,894	0.59
GBP5,654,000	Dwr Cymru Financing 2.5% 31/03/2036	5,502,999	0.40
GBP2,946,000	E.ON International Finance 6.375% 07/06/2032	4,053,316	0.30
GBP3,650,000	E.ON International Finance 5.875% 30/10/2037	5,060,667	0.37
GBP2,500,000	E.ON International Finance 6.75% 27/01/2039	3,806,365	0.28
GBP293,000	Eastern Power Networks 6.25% 12/11/2036	426,883	0.03
GBP150,000	Electricite de France 6.25% 30/05/2028	193,674	0.01
GBP985,000	Electricite de France 5.875% 18/07/2031	1,264,807	0.09
GBP2,100,000	Electricite de France 5.5% 27/03/2037	2,619,458	0.19
GBP14,900,000	Electricite de France 5.5% 17/10/2041	18,846,518	1.39
GBP3,100,000	Electricite de France 6% Open Maturity <sup>2</sup>	3,216,250	0.24
GBP2,400,000	Electricite de France 5.125% 22/09/2050	2,974,618	0.22
GBP8,200,000	Electricite de France 6% 23/01/2114	11,273,180	0.83
GBP3,700,000	ELM 6.302% Open Maturity	3,881,559	0.29
GBP1,260,000	Enel 5.75% 22/06/2037	1,664,090	0.12
GBP7,405,000	Enel Finance International 5.75% 14/09/2040	9,918,553	0.73
GBP400,000	Engie 5% 01/10/2060	619,026	0.05
GBP1,900,000	European Investment Bank 6% 07/12/2028	2,662,797	0.20
GBP1,000,000	Freshwater Finance 4.607% 17/10/2036	1,243,177	0.09
GBP1,355,000	Gatwick Funding 4.625% 27/03/2036	1,593,261	0.12
GBP2,669,000	Gatwick Funding 5.75% 23/01/2039	3,597,985	0.26
GBP7,114,000	Gatwick Funding 3.125% 28/09/2041	6,922,776	0.51
GBP1,586,000	Gatwick Funding 2.625% 07/10/2048	1,379,017	0.10
GBP1,667,000	GE Capital UK Funding Unlimited 5.875% 18/01/2033	2,180,026	0.16
GBP3,200,000	GE Capital UK Funding Unlimited 6.25% 05/05/2038	4,500,234	0.33
GBP4,758,000	GE Capital UK Funding Unlimited 8% 14/01/2039	7,934,679	0.58
GBP4,690,000	GKN 3.375% 12/05/2032	4,662,798	0.34
GBP10,617,000	GlaxoSmithKline Capital 5.25% 19/12/2033	14,118,656	1.04
GBP4,069,000	GlaxoSmithKline Capital 6.375% 09/03/2039	6,319,238	0.47

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Long Dated — (cont.)</b>			
GBP4,246,000	GlaxoSmithKline Capital 5.25% 10/04/2042	5,970,640	0.44
GBP1,878,000	GlaxoSmithKline Capital 4.25% 18/12/2045	2,344,461	0.17
GBP2,363,000	Goldman Sachs 7.25% 10/04/2028	3,261,569	0.24
GBP2,044,000	Heathrow Funding 7.075% 04/08/2028	2,813,063	0.21
GBP1,532,000	Heathrow Funding 5.875% 13/05/2043	2,152,063	0.16
GBP3,116,000	Heathrow Funding 4.625% 31/10/2046	3,838,526	0.28
GBP2,019,000	Heathrow Funding 2.75% 09/08/2051	1,804,522	0.13
GBP3,033,000	Housing & Care 21 3.288% 08/11/2049	3,067,385	0.23
GBP3,727,000	HSBC 5.375% 22/08/2033	4,653,018	0.34
GBP3,600,000	HSBC 7% 07/04/2038	5,176,602	0.38
GBP9,983,000	HSBC 5.844% Open Maturity	12,755,379	0.94
GBP1,900,000	HSBC Bank 5.375% 04/11/2030	2,245,800	0.17
GBP290,000	Imperial Brands Finance 4.875% 07/06/2032	340,425	0.03
EUR1,800,000	ING Groep 1.625% 26/09/2029	1,584,843	0.12
GBP4,435,000	Land Securities Capital Markets 2.625% 22/09/2039	4,374,285	0.32
GBP3,622,000	Land Securities Capital Markets 2.75% 22/09/2059	3,624,847	0.27
GBP8,277,000	Lloyds TSB Bank 6.5% 17/09/2040	12,721,724	0.94
USD5,720,000	Lloyds TSB Bank 12% Open Maturity <sup>2</sup>	5,365,693	0.39
GBP492,000	Manchester Airport 4.75% 31/03/2034	601,107	0.04
GBP7,235,000	Marston's Issuer 5.641% 15/07/2035 <sup>2</sup>	6,583,032	0.48
GBP4,420,000	Motability Operations Group 2.375% 14/03/2032	4,235,651	0.31
GBP1,040,000	National Grid Gas 2.125% 22/09/2028	986,740	0.07
GBP4,279,000	National Grid Gas 2.625% 22/09/2038	3,976,796	0.29
GBP1,341,000	National Grid Gas 2.75% 22/09/2046	1,237,937	0.09
GBP1,245,000	NewRiver REIT 3.5% 07/03/2028	1,242,809	0.09
GBP3,621,000	NGG Finance 5.625% 18/06/2073	4,064,507	0.30
GBP1,770,000	Notting Hill Housing Trust 3.25% 12/10/2048	1,748,468	0.13
GBP1,757,000	Orange 8.125% 20/11/2028	2,624,677	0.19
GBP172,000	Orange 5.625% 23/01/2034	227,362	0.02
GBP4,303,000	Orange 5.75% Open Maturity	4,750,116	0.35
GBP7,100,000	Orange 5.875% Open Maturity	7,837,023	0.58
GBP4,450,000	Orange 5.375% 22/11/2050	6,185,740	0.46
GBP5,164,000	Pfizer 2.735% 15/06/2043	5,053,139	0.37
GBP3,327,000	Procter & Gamble 1.8% 03/05/2029	3,176,084	0.23
GBP2,385,000	Prologis 2.25% 30/06/2029	2,253,792	0.17
GBP19,341,000	Prudential 11.375% 29/05/2039	21,609,158	1.59
GBP2,202,000	Prudential 5% 20/07/2055	2,343,818	0.17
GBP2,183,000	Prudential 5.7% 19/12/2063	2,461,143	0.18

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Long Dated — (cont.)</b>		
GBP2,216,000	Rabobank Capital Funding Trust IV 5.556% Open Maturity	2,337,893	0.17
GBP6,618,000	Rabobank Nederland 4.625% 23/05/2029	7,457,639	0.55
GBP3,831,000	RL Finance Bonds 6.125% 30/11/2043	4,323,483	0.32
GBP3,657,000	RL Finance Bonds No. 3 6.125% 13/11/2028	4,228,169	0.31
GBP4,435,592	RMPA Services 5.337% 30/09/2038	5,513,809	0.41
GBP3,256,000	RSA Insurance Group 5.125% 10/10/2045	3,601,279	0.26
GBP3,322,000	RWE Finance 6.25% 03/06/2030	4,402,657	0.32
GBP3,500,000	RWE Finance 4.75% 31/01/2034	4,165,532	0.31
GBP6,300,000	RWE Finance 6.125% 06/07/2039	9,000,382	0.66
GBP2,207,000	Segro 2.375% 11/10/2029	2,130,355	0.16
GBP3,085,000	Segro 2.875% 11/10/2037	2,992,058	0.22
GBP1,974,000	South Eastern Power Networks 6.375% 12/11/2031	2,751,774	0.20
GBP5,270,000	Southern Water Services Finance 4.5% 31/03/2038	5,666,446	0.42
GBP8,006,000	SSE 3.625% 16/09/2077	8,230,808	0.61
GBP1,229,000	Standard Chartered 5.125% 06/06/2034	1,360,569	0.10
GBP5,091,000	Standard Chartered 4.375% 18/01/2038	5,619,812	0.41
GBP7,370,000	Standard Life Aberdeen 5.5% 04/12/2042	8,268,491	0.61
GBP3,120,000	Standard Life Aberdeen 6.546% Open Maturity	3,404,700	0.25
GBP1,250,000	Standard Life Aberdeen 6.75% Open Maturity	1,553,805	0.11
GBP4,879,473	Telereal Secured Finance 4.01% 10/12/2033	5,188,968	0.38
GBP6,262,011	Telereal Securitisation 5.389% 10/12/2033	7,421,955	0.55
GBP2,222,212	Telereal Securitisation 5.553% 10/12/2033	2,659,923	0.20
GBP1,363,854	Telereal Securitisation 5.948% 10/12/2033	1,666,722	0.12
GBP5,092,910	Tesco Property Finance 7.623% 13/07/2039 <sup>2</sup>	6,788,350	0.50
GBP7,391,000	Thames Water 5.75% 13/09/2030	8,340,034	0.61
GBP504,000	Thames Water 5.5% 11/02/2041	685,744	0.05
GBP3,000,000	Thames Water Utilities 2.625% 24/01/2032	2,851,545	0.21
GBP3,622,000	Thames Water Utilities 7.738% 09/04/2058	7,170,205	0.53
GBP5,000,000	Thames Water Utilities Cayman Finance 4.625% 04/06/2046	6,232,255	0.46
GBP1,485,000	Time Warner Cable 5.75% 02/06/2031	1,726,612	0.13
GBP2,951,000	Time Warner Cable 5.25% 15/07/2042	3,322,248	0.24
GBP485,000	Transport for London 4% 12/09/2033	589,075	0.04

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Long Dated — (cont.)</b>			
GBP3,000,000	Transport for London 5% 31/03/2035	3,936,714	0.29
GBP2,542,000	Tritax Big Box REIT 3.125% 14/12/2031	2,490,812	0.18
GBP1,233,000	Unite (USA) II 3.921% 30/06/2030	1,363,111	0.10
GBP841,000	Vattenfall 6.875% 15/04/2039	1,324,620	0.10
GBP4,152,000	Verizon Communications 3.125% 02/11/2035	4,001,378	0.29
GBP7,314,000	Verizon Communications 3.375% 27/10/2036	7,198,938	0.53
GBP4,113,000	Vodafone Group 3.375% 08/08/2049	3,746,038	0.28
GBP3,850,000	Vodafone Group 3% 12/08/2056	3,244,380	0.24
GBP3,399,000	Wales & West Utilities Finance 6.75% 17/12/2036	3,533,278	0.26
GBP2,805,000	Wal-Mart Stores 5.625% 27/03/2034	3,949,045	0.29
GBP1,047,000	Wal-Mart Stores 5.25% 28/09/2035	1,449,050	0.11
GBP5,863,000	Wellcome Trust 2.517% 07/02/2118	5,788,470	0.43
GBP4,050,000	Wells Fargo 4.875% 29/11/2035	4,804,094	0.35
GBP3,477,000	Welltower 4.8% 20/11/2028	3,974,211	0.29
GBP574,000	Welltower 4.5% 01/12/2034	649,570	0.05
GBP2,400,000	Western Power Distribution South Wales 5.75% 23/03/2040	3,368,335	0.25
GBP9,258,000	Western Power Distribution South West 2.375% 16/05/2029	8,907,705	0.66
GBP3,394,000	WM Treasury 2 3.25% 20/10/2048	3,388,488	0.25
GBP8,549,000	Yorkshire Water Services Bradford Finance 3.75% 22/03/2046 <sup>2</sup>	8,909,229	0.66
GBP849,000	Yorkshire Water Services Odsal Finance 6.601% 17/04/2031	1,204,560	0.09
		<b>747,023,756</b>	<b>54.98</b>
<b>GOVERNMENT BONDS</b>			
<b>— 4.52% (6.49%)</b>			
<b>Short Dated — 0.77% (0.26%)</b>			
GBP1,380,000	UK Treasury Gilt 1.75% 22/07/2019	1,399,980	0.10
GBP1,500,000	UK Treasury Gilt 3.75% 07/09/2019	1,568,250	0.12
GBP1,350,000	UK Treasury Gilt 4% 07/03/2022	1,514,111	0.11
GBP6,136,000	UK Treasury Gilt 0.5% 22/07/2022	6,009,009	0.44
		<b>10,491,350</b>	<b>0.77</b>
<b>Medium Dated — 1.01% (0.07%)</b>			
GBP3,526,479	UK Treasury Gilt 0.75% 22/07/2023	3,456,274	0.25
GBP1,746,000	UK Treasury Gilt 2.75% 07/09/2024	1,915,135	0.14
GBP6,685,842	UK Treasury Gilt 4.25% 07/12/2027	8,368,642	0.62
		<b>13,740,051</b>	<b>1.01</b>
<b>Long Dated — 2.74% (6.16%)</b>			
GBP6,445,000	UK Treasury Gilt 6% 07/12/2028	9,282,089	0.68
GBP1,500,000	UK Treasury Gilt 4.75% 07/12/2030	2,030,400	0.15
GBP3,763,000	UK Treasury Gilt 4.25% 07/06/2032	4,956,563	0.37
GBP800,000	UK Treasury Gilt 4.5% 07/09/2034	1,108,070	0.08
GBP4,004,248	UK Treasury Gilt 4.25% 07/12/2040	5,747,297	0.42
GBP4,830,000	UK Treasury Gilt 4.5% 07/12/2042	7,304,583	0.54
GBP1,663,000	UK Treasury Gilt 3.5% 22/01/2045	2,216,500	0.16

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Long Dated — (cont.)</b>			
GBP1,417,000	UK Treasury Gilt 4.25% 07/12/2046	2,152,602	0.16
GBP621,484	UK Treasury Gilt 1.5% 22/07/2047	567,831	0.04
GBP1,835,000	UK Treasury Gilt 1.75% 22/07/2057	1,850,095	0.14
		37,216,030	2.74
<b>FORWARD CURRENCY CONTRACTS — 0.00% (-0.06%)</b>			
USD(42,440,000)	Sold US Dollars		
GBP30,726,434	for Sterling (Expires 18/04/2018) <sup>3</sup>	68,465	—
EUR(14,791,000)	Sold Euro		
GBP13,161,891	for Sterling (Expires 18/04/2018) <sup>3</sup>	(27,034)	—
GBP(5,440,253)	Sold Sterling		
USD7,550,000	for US Dollars (Expires 18/04/2018) <sup>3</sup>	13,745	—
		55,176	—
<b>FUTURES CONTRACTS — -0.02% (-0.02%)</b>			
(17)	Euro-Bobl Future Expiry June 2018	606	—
(57)	Euro-Bund Future Expiry June 2018	10,659	—
(291)	LIFFE Long Gilt Index Future Expiry June 2018	(255,285)	(0.02)
20	Ultra US 10 Year Treasury Notes Future Expiry June 2018	2,941	—
(217)	US 10 Year Treasury Notes Future Expiry June 2018	(8,513)	—
(16)	US Treasury Long Bond Future Expiry June 2018	(2,577)	—
		(252,169)	(0.02)
<b>Portfolio of investments<sup>4</sup></b>		1,307,598,591	96.23
<b>Net other assets</b>		51,177,645	3.77
<b>Total net assets</b>		£1,358,776,236	100.00%

<sup>1</sup> These are unrated fixed interest securities and represent 0.74% of the net assets of the Trust.

<sup>2</sup> These are sub-investment grade fixed interest securities and represent 2.50% of the net assets of the Trust.

<sup>3</sup> Unlisted securities are valued at the Manager's best assessment of their fair and reasonable value.

<sup>4</sup> Including investment liabilities.

<sup>5</sup> Defaulted securities are valued at the Manager's best assessment of their fair and reasonable value.

Total purchases for the period: £501,091,021.

Total sales for the period: £531,768,387.



## Financial Statements

### Statement of Total Return for the period ended 5 March 2018

	05/03/18		05/03/17	
	£	£	£	£
<b>Income</b>				
Net capital losses		(39,000,102)		(57,777,952)
Revenue	23,452,219		26,066,242	
Expenses	(5,227,642)		(5,313,132)	
Interest payable and similar charges	(198,081)		(2,343)	
Net revenue before taxation	18,026,496		20,750,767	
Taxation	—		—	
Net revenue after taxation for the period		18,026,496		20,750,767
Total return before distributions		(20,973,606)		(37,027,185)
Distributions		(18,026,601)		(20,750,958)
Change in net assets attributable to Unitholders from investment activities		<u>£(39,000,207)</u>		<u>£(57,778,143)</u>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 5 March 2018

	05/03/18		05/03/17	
	£	£	£	£
Opening net assets attributable to Unitholders		1,410,138,889		1,476,677,142
Amounts received on issue of units	24,925,378		31,335,360	
Amounts paid on cancellation of units	(44,541,712)		(76,472,570)	
		(19,616,334)		(45,137,210)
Change in net assets attributable to Unitholders from investment activities		(39,000,207)		(57,778,143)
Retained distributions on accumulation units		7,252,178		7,403,540
Unclaimed distributions		1,710		—
Closing net assets attributable to Unitholders		<u>£1,358,776,236</u>		<u>£1,381,165,329</u>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

## Financial Statements continued

### Balance Sheet as at 5 March 2018

	05/03/18 £	05/09/17 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	1,307,892,000	1,386,740,154
<b>Current assets:</b>		
Debtors	37,320,571	39,802,987
Cash and bank balances	31,412,186	6,438,949
<b>Total assets</b>	<b><u>1,376,624,757</u></b>	<b><u>1,432,982,090</u></b>
<b>LIABILITIES</b>		
<b>Investment liabilities</b>		
	(293,409)	(1,256,982)
<b>Creditors:</b>		
Bank overdrafts	(1,015,211)	(267,788)
Distributions payable	(5,137,982)	(5,864,825)
Other creditors	(11,401,919)	(15,453,606)
<b>Total liabilities</b>	<b><u>(17,848,521)</u></b>	<b><u>(22,843,201)</u></b>
<b>Net assets attributable to Unitholders</b>	<b><u>£1,358,776,236</u></b>	<b><u>£1,410,138,889</u></b>

# 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 Association in May 2014 (2014 SORP).

## 2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

### (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.

## Trust Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	639,304,384	899,825,488	71.05
Accumulation Units	335,217,986	243,004,000	137.95
A-Class			
Distribution Units	181,517	255,486	71.05
Accumulation Units	830,259	601,866	137.95
F-Class			
Distribution Units	442,677	616,693	71.78
Accumulation Units	655,441	462,361	141.76
I-Class			
Distribution Units	174,137,304	245,037,899	71.07
Accumulation Units	208,006,668	142,604,429	145.86

**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.**

### Ongoing Charges Figures

	5 Mar 18	5 Sep 17
R-Class	0.92%	0.92%
A-Class	0.92%	0.92%
F-Class	0.57%	0.57%
I-Class	0.33%	0.33%

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

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

## Trust Information continued

### Distribution Information

#### R-Class

The distribution payable on 5 May 2018 is 0.4257p per unit for distribution units and 0.8218p per unit for accumulation units.

#### A-Class

The distribution payable on 5 May 2018 is 0.4257p per unit for distribution units and 0.8218p per unit for accumulation units.

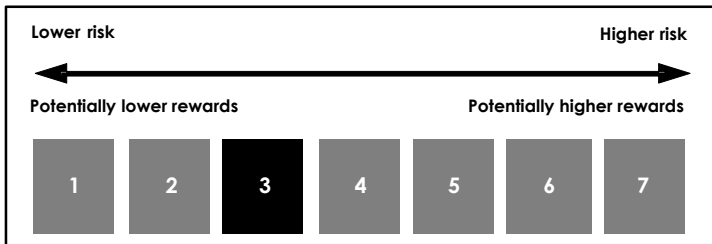
#### F-Class

The distribution payable on 5 May 2018 is 0.4935p per unit for distribution units and 0.9680p per unit for accumulation units.

#### I-Class

The distribution payable on 5 May 2018 is 0.5316p per unit for distribution units and 1.0831p per unit for accumulation units.

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Trust's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Trust's unit price has moved up and down in the past. If the Trust has less than five years' track record, the number also reflects the rate at which a representative benchmark has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- The Trust is in category three because it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to go up and down. Bonds that are closer to their maturity date tend to be more stable in value. Bonds are generally considered to be higher risk investments than cash, but lower risk than company shares.
- The Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

## General Information

### Constitution

Launch date:	8 March 1988
Period end dates for distributions:	5 March, June, September and December
Distribution dates:	5 February, May, August and November
Minimum initial lump sum investment:	R-Class £500 A-Class £500 F-Class* £500 I-Class £1,000,000
Minimum monthly contributions:	R-Class £50 A-Class £50 F-Class* £50 I-Class N/A
Valuation point:	12 noon
Fund management fees:	R-Class Annual 0.92% A-Class Annual 0.92% F-Class* Annual 0.57% I-Class Annual 0.33%
Initial charges:	R-Class Nil A-Class Nil F-Class* Nil I-Class Nil

\* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries and platforms in relation to their investment in units in the Trust and
- (ii) authorised intermediaries or 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.

## General Information continued

### ISA Status

This Trust 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.

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

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

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

### Dual Pricing Arrangement

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



## General Information 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 (appointed 5 July 2017)  
H. Solomon  
S. D. Thomas  
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 PLC  
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

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### 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  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

