

Legal & General  
Global Inflation Linked Bond Index Fund  
**Interim Manager's Report**  
**for the period ended**  
**5 December 2018**  
**(Unaudited)**





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# Manager's Investment Report

## Investment Objective and Policy

The objective of the Fund is to achieve income and capital growth in line with the performance of the Barclays World Government Ex UK Inflation Linked Bonds TR Hedged GBP Index (the "Index") (after adjustment for management charges and taxation).

The Fund will invest predominantly in securities that are included in the Index.

The Fund will be passively managed and employs a sampling strategy whereby such securities will be held with weightings generally proportionate to the weightings in the Index. The bonds the Fund invests in will be composed primarily of securities issued by sovereign entities excluding the UK which are denominated in the currency of the issuer and which are inflation linked. Sub-investment grade bonds may be held.

The Fund may also invest in other transferable securities, fixed interest securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes.

The Fund will use forward foreign exchange or currency future derivatives in order to manage the currency exposure in line with the Index. This may mean that, at times, the Fund may use derivatives for investment purposes\*. The Fund may also hold other types of derivatives for Efficient Portfolio Management purposes only.

\* The Fund does not currently use derivatives for investment purposes.

## Manager's Investment Report

During the period under review, the bid price of the Fund's F-Class accumulation units fell by 1.23%. Barclays, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Fund is valued using prevailing prices at 3pm. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis over the review period, the Fund performance was -1.01%, compared with the Index performance of -0.97% (Source: Bloomberg), producing a tracking difference of -0.04%.

**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

In the US, yields rose over the period as the Federal Reserve (Fed) raised rates as expected to 2.25% at its September meeting and signaled it was on course for another hike at the year end and three more in 2019. There were some higher points for the Consumer Price Index (CPI) over the summer (July 2.9% YOY) but the Fed's preferred measure of inflation PCE (personal consumption expenditure) held steady at 2%. The Fed's policy of gradual rate hikes seems vindicated as Q2 GDP grew at its fastest rate in almost four years (4.2% annualised) and indicators suggest a very tight labour market. The Fed's policy has started to draw fire from President Trump but this has been low key so far. The US Tips yield curve flattened over the period under review driven by the short end, the real yield on 1-year rose 290bps, the 2-year rose by 87bps whilst at the long end the 10-year rose 18bps and the 30-year by 21bps. In Europe, bond yields in the peripheral markets came under pressure as the Italian political situation came under scrutiny. Concerns grew that Italian voters might be questioning the benefits of its Eurozone membership and despite the formation of a more market favourable coalition the next big test for Italy was its autumn budget. The Italian government

## Manager's Investment Report continued

bond market suffered increased volatility and significantly reduced liquidity due to daily market speculation and political comments during the negotiations on budgetary spending levels. During the reporting period the Italian 10-year real yield ranged from a low of 1.36% to a high of 2.51% finishing the period at 2.01%. The yield curve flattened with the 1-year yield rising by 159bps and the 30-year by 37bps. In the UK the BoE raised its base rate by 25bps to 75bps in August but despite the backdrop of above target inflation (CPI rose to 2.7% YOY in August) and low unemployment they will be wary of hiking again in the midst of the Brexit timetable.

### Fund Review

The US had six monthly auctions over the period, totalling \$59 billion of new issuance. A new 10-year bond was launched in July and was subsequently re-opened another two times, raising \$35 billion; the 30-year benchmark bond was reopened twice for a total of \$10 billion, increasing its size to \$18.7 billion; whilst the 5-year benchmark was only reopened once with issuance totalling \$14 billion. One bond, the 1.875% July 2019, left the Index at the end of July when its remaining life to maturity fell below one year. For the remaining countries within the Index three bonds left, one each from France, Italy and Spain, whilst one bond from Australia and Spain entered the Index.

The Fund experienced net negative cash flow during the period, which was raised in such a way so as to ensure the Fund maintained an Index distribution at all times.

### Outlook

The world economy is currently growing around 3.25% (long run average 2.75%), however we expect growth to slow as we head into the second half of 2019 and have reduced our 2019 growth forecast from 3.3% to 3.1% (consensus 3.2%). Despite continued robust global growth, we are worried about the escalating trade war; our measure of global manufacturing inventories suggests that global manufacturing should slow towards trend (depending on trade-war intensity). The US economy has been booming, up 3.4% for Q3 GDP growth, though this had been revised down slightly from 3.5% as estimated in October. We expect gradual cooling, partly as the trade war begins to undermine growth but also further slowing in 2nd half of 2019 as the 2018 fiscal stimulus wears off. We see core inflation picking up over the next few months due to the pass through from higher producer prices and tariffs into goods prices; also unit labour cost pressures from the tighter labour market and the unwind of some temporary factors. The Euro area growth outlook is reasonable despite some signs of weakness in Q3 with weaker confidence surveys; the ECB announced it would cease its QE programme at the end on 2018 but is not expected to raise rates until the 2nd half of 2019.

Legal & General Investment Management Limited  
(Investment Adviser)  
7 January 2019

## Authorised Status

### Authorised Status

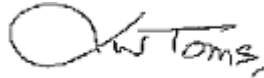
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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  
24 January 2019

## Portfolio Statement

### Portfolio Statement as at 5 December 2018

All investments are in investment grade securities unless otherwise stated.

The percentages in brackets show the equivalent holdings at 5 June 2018.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>NORTH AMERICA</b>		
	<b>— 65.25% (62.74%)</b>		
	<b>United States — 62.52% (60.00%)</b>		
USD11,190,000	US Treasury Index Linked Bond 1.375% 15/01/2020	10,258,563	0.92
USD35,230,000	US Treasury Index Linked Bond 0.125% 15/04/2020	29,292,184	2.64
USD19,782,000	US Treasury Index Linked Bond 1.25% 15/07/2020	18,049,445	1.63
USD24,196,900	US Treasury Index Linked Bond 1.125% 15/01/2021	21,947,073	1.98
USD28,890,000	US Treasury Index Linked Bond 0.125% 15/04/2021	23,566,490	2.12
USD26,090,000	US Treasury Index Linked Bond 0.625% 15/07/2021	22,760,317	2.05
USD28,330,000	US Treasury Index Linked Bond 0.125% 15/01/2022	24,135,817	2.17
USD30,900,000	US Treasury Index Linked Bond 0.125% 15/04/2022	24,386,749	2.20
USD28,920,000	US Treasury Index Linked Bond 0.125% 15/07/2022	24,233,307	2.18
USD29,070,000	US Treasury Index Linked Bond 0.125% 15/01/2023	24,096,095	2.17
USD22,150,000	US Treasury Index Linked Bond 0.625% 15/04/2023	17,376,228	1.57
USD28,430,700	US Treasury Index Linked Bond 0.375% 15/07/2023	23,649,308	2.13
USD28,115,000	US Treasury Index Linked Bond 0.625% 15/01/2024	23,474,167	2.11
USD25,699,900	US Treasury Index Linked Bond 0.125% 15/07/2024	22,402,930	2.02
USD29,453,000	US Treasury Index Linked Bond 0.25% 15/01/2025	23,624,802	2.13
USD16,590,000	US Treasury Index Linked Bond 2.375% 15/01/2025	18,920,413	1.70
USD29,300,000	US Treasury Index Linked Bond 0.375% 15/07/2025	23,646,455	2.13
USD29,610,000	US Treasury Index Linked Bond 0.625% 15/01/2026	24,114,292	2.17
USD13,450,000	US Treasury Index Linked Bond 2% 15/01/2026	14,382,323	1.30
USD23,705,000	US Treasury Index Linked Bond 0.125% 15/07/2026	18,448,980	1.66
USD26,350,000	US Treasury Index Linked Bond 0.375% 15/01/2027	20,578,873	1.85
USD10,725,000	US Treasury Index Linked Bond 2.375% 15/01/2027	11,673,889	1.05
USD27,260,000	US Treasury Index Linked Bond 0.375% 15/07/2027	21,024,041	1.89
USD23,920,000	US Treasury Index Linked Bond 0.5% 15/01/2028	18,375,859	1.66

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>United States — (cont.)</b>			
USD10,230,000	US Treasury Index Linked Bond 1.75% 15/01/2028	10,301,743	0.93
USD11,460,000	US Treasury Index Linked Bond 3.625% 15/04/2028	17,277,209	1.56
USD23,100,000	US Treasury Index Linked Bond 0.75% 15/07/2028	17,868,934	1.61
USD9,608,500	US Treasury Index Linked Bond 2.5% 15/01/2029	10,120,931	0.91
USD12,654,800	US Treasury Index Linked Bond 3.875% 15/04/2029	19,469,435	1.75
USD3,846,700	US Treasury Index Linked Bond 3.375% 15/04/2032	5,525,261	0.50
USD10,745,000	US Treasury Index Linked Bond 2.125% 15/02/2040	11,662,026	1.05
USD16,487,500	US Treasury Index Linked Bond 2.125% 15/02/2041	17,768,526	1.60
USD15,830,000	US Treasury Index Linked Bond 0.75% 15/02/2042	12,701,154	1.14
USD14,109,200	US Treasury Index Linked Bond 0.625% 15/02/2043	10,762,103	0.97
USD15,520,000	US Treasury Index Linked Bond 1.375% 15/02/2044	13,772,360	1.24
USD17,160,700	US Treasury Index Linked Bond 0.75% 15/02/2045	13,049,543	1.18
USD13,320,000	US Treasury Index Linked Bond 1% 15/02/2046	10,681,317	0.96
USD12,750,000	US Treasury Index Linked Bond 0.875% 15/02/2047	9,716,484	0.88
USD11,700,000	US Treasury Index Linked Bond 1% 15/02/2048	9,003,778	0.81
		<b>694,099,404</b>	<b>62.52</b>
<b>Canada — 2.73% (2.74%)</b>			
CAD3,308,000	Canadian Government Index Linked Bond 4.25% 01/12/2021	3,464,447	0.31
CAD3,906,000	Canadian Government Index Linked Bond 4.25% 01/12/2026	4,486,645	0.40
CAD3,684,000	Canadian Government Index Linked Bond 4% 01/12/2031	4,483,196	0.40
CAD3,965,000	Canadian Government Index Linked Bond 3% 01/12/2036	4,200,012	0.38
CAD4,646,000	Canadian Government Index Linked Bond 2% 01/12/2041	4,166,056	0.38
CAD4,922,000	Canadian Government Index Linked Bond 1.5% 01/12/2044	3,960,451	0.36
CAD5,592,000	Canadian Government Index Linked Bond 1.25% 01/12/2047	4,065,913	0.37
CAD2,560,000	Canadian Government Real Return Bond 0.5% 01/12/2050	1,454,440	0.13
		<b>30,281,160</b>	<b>2.73</b>
<b>CONTINENTAL EUROPE</b>			
<b>— 29.13% (30.66%)</b>			
<b>Denmark — 0.34% (0.36%)</b>			
DKK22,285,000	Denmark Government Index Linked Bond 0.1% 15/11/2023	3,032,553	0.27



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Denmark — (cont.)</b>		
DKK5,800,000	Denmark Government Index Linked Bond 0.1% 15/11/2030	778,829	0.07
		<hr/>	<hr/>
		3,811,382	0.34
	<b>France — 13.17% (13.61%)</b>		
EUR14,095,000	France Government Index Linked Bond 2.25% 25/07/2020	16,940,115	1.53
EUR5,240,000	France Government Index Linked Bond 0.1% 01/03/2021	5,021,387	0.45
EUR5,555,000	France Government Index Linked Bond 0.1% 25/07/2021	5,348,854	0.48
EUR11,695,000	France Government Index Linked Bond 1.1% 25/07/2022	12,831,915	1.16
EUR11,448,000	France Government Index Linked Bond 2.1% 25/07/2023	13,285,166	1.20
EUR11,055,000	France Government Index Linked Bond 0.25% 25/07/2024	11,238,053	1.01
EUR7,500,000	France Government Index Linked Bond 0.1% 01/03/2025	7,298,319	0.66
EUR13,842,000	France Government Index Linked Bond 1.85% 25/07/2027	16,962,289	1.53
EUR5,445,000	France Government Index Linked Bond 0.1% 01/03/2028	5,301,280	0.48
EUR5,945,000	France Government Index Linked Bond 3.4% 25/07/2029	9,815,836	0.88
EUR9,280,000	France Government Index Linked Bond 0.7% 25/07/2030	9,888,154	0.89
EUR7,365,000	France Government Index Linked Bond 3.15% 25/07/2032	12,747,573	1.15
EUR1,980,000	France Government Index Linked Bond 0.1% 25/07/2036	1,927,272	0.17
EUR7,545,000	France Government Index Linked Bond 1.8% 25/07/2040	11,633,959	1.05
EUR6,030,000	France Government Index Linked Bond 0.1% 25/07/2047	5,933,365	0.53
		<hr/>	<hr/>
		146,173,537	13.17
	<b>Germany — 4.21% (4.18%)</b>		
EUR10,285,568	Germany (Federal Republic) Index Linked Bond 1.75% 15/04/2020	10,805,638	0.97
EUR11,133,939	Germany (Federal Republic) Index Linked Bond 0.1% 15/04/2023	11,359,458	1.02
EUR10,005,000	Germany (Federal Republic) Index Linked Bond 0.1% 15/04/2026	10,245,814	0.92
EUR7,806,855	Germany (Federal Republic) Index Linked Bond 0.5% 15/04/2030	8,537,141	0.77
EUR5,020,000	Germany (Federal Republic) Index Linked Bond 0.1% 15/04/2046	5,846,289	0.53
		<hr/>	<hr/>
		46,794,340	4.21
	<b>Italy — 7.49% (8.53%)</b>		
EUR11,960,000	Italy Government Index Linked Bond 2.1% 15/09/2021	12,530,771	1.13
EUR6,580,000	Italy Government Index Linked Bond 0.1% 15/05/2022	5,971,587	0.54

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Italy — (cont.)</b>		
EUR3,000,000	Italy Government Index Linked Bond 0.1% 15/05/2023	2,602,250	0.24
EUR12,245,000	Italy Government Index Linked Bond 2.6% 15/09/2023	13,759,707	1.24
EUR8,805,000	Italy Government Index Linked Bond 2.35% 15/09/2024	8,565,457	0.77
EUR8,255,000	Italy Government Index Linked Bond 3.1% 15/09/2026	8,873,936	0.80
EUR9,050,000	Italy Government Index Linked Bond 1.3% 15/05/2028	7,858,538	0.71
EUR7,670,000	Italy Government Index Linked Bond 1.25% 15/09/2032	6,325,650	0.57
EUR8,620,000	Italy Government Index Linked Bond 2.35% 15/09/2035	9,804,916	0.88
EUR6,580,000	Italy Government Index Linked Bond 2.55% 15/09/2041	6,817,041	0.61
		<hr/>	
		83,109,853	7.49
	<b>Spain — 2.66% (2.74%)</b>		
EUR4,125,000	Spain Government Index Linked Bond 0.3% 30/11/2021	3,973,025	0.36
EUR8,865,000	Spain Government Index Linked Bond 1.8% 30/11/2024	9,346,534	0.84
EUR5,976,000	Spain Government Index Linked Bond 0.65% 30/11/2027	5,797,117	0.52
EUR6,475,000	Spain Government Index Linked Bond 1% 30/11/2030	6,411,591	0.58
EUR1,900,000	Spain Government Inflation Linked Bond 0.15% 30/11/2023	1,789,864	0.16
EUR2,400,000	Spain Government Inflation Linked Bond 0.7% 30/11/2033	2,209,720	0.20
		<hr/>	
		29,527,851	2.66
	<b>Sweden — 1.26% (1.24%)</b>		
SEK26,740,000	Swedish Government Index Linked Bond 4% 01/12/2020	3,566,081	0.32
SEK23,060,000	Swedish Government Index Linked Bond 0.25% 01/06/2022	2,330,112	0.21
SEK18,675,000	Swedish Government Index Linked Bond 1% 01/06/2025	2,038,211	0.18
SEK8,100,000	Swedish Government Index Linked Bond 0.125% 01/06/2026	849,449	0.08
SEK7,800,000	Swedish Government Index Linked Bond 0.125% 01/12/2027	816,467	0.07
SEK18,810,000	Swedish Government Index Linked Bond 3.5% 01/12/2028	3,247,352	0.29
SEK10,900,000	Swedish Government Index Linked Bond 0.125% 01/06/2032	1,185,357	0.11
		<hr/>	
		14,033,029	1.26
	<b>ASIA — 4.09% (3.79%)</b>		
	<b>Japan — 4.09% (3.79%)</b>		
JPY290,000,000	Japanese Government Index Linked Bond 0.1% 10/09/2023	2,166,032	0.19
JPY416,000,000	Japanese Government Index Linked Bond 0.1% 10/03/2024	3,101,789	0.28

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Japan — (cont.)</b>		
JPY619,500,000	Japanese Government Index Linked Bond 0.1% 10/09/2024	4,503,312	0.41
JPY1,612,000,000	Japanese Government Index Linked Bond 0.1% 10/03/2025	11,785,962	1.06
JPY1,413,000,000	Japanese Government Index Linked Bond 0.1% 10/03/2026	10,359,149	0.93
JPY1,029,000,000	Japanese Government Index Linked Bond 0.1% 10/03/2027	7,565,264	0.68
JPY815,000,000	Japanese Government Index Linked Bond 0.1% 10/03/2028	5,950,797	0.54
		<b>45,432,305</b>	<b>4.09</b>
	<b>PACIFIC BASIN — 2.26% (2.25%)</b>		
	<b>Australia — 1.57% (1.61%)</b>		
AUD1,610,000	Australia Government Index Linked Bond 4% 20/08/2020	1,670,826	0.15
AUD4,075,000	Australia Government Index Linked Bond 1.25% 21/02/2022	2,705,462	0.24
AUD5,325,000	Australia Government Index Linked Bond 3% 20/09/2025	4,283,987	0.39
AUD2,250,000	Australia Government Index Linked Bond 0.75% 21/11/2027	1,319,972	0.12
AUD3,670,000	Australia Government Index Linked Bond 2.5% 20/09/2030	2,983,145	0.27
AUD3,090,000	Australia Government Index Linked Bond 2% 21/08/2035	2,283,746	0.21
AUD2,710,000	Australia Government Index Linked Bond 1.25% 21/08/2040	1,726,038	0.15
AUD800,000	Australia Government Index Linked Bond 1% 21/02/2050	454,939	0.04
		<b>17,428,115</b>	<b>1.57</b>
	<b>New Zealand — 0.69% (0.64%)</b>		
NZD3,635,000	New Zealand Government Index Linked Bond 2% 20/09/2025	2,236,475	0.20
NZD3,055,000	New Zealand Government Index Linked Bond 3% 20/09/2030	2,065,629	0.18
NZD2,890,000	New Zealand Government Index Linked Bond 2.5% 20/09/2035	1,848,097	0.17
NZD2,400,000	New Zealand Government Index Linked Bond 2.5% 20/09/2040	1,523,828	0.14
		<b>7,674,029</b>	<b>0.69</b>
	<b>FORWARD CURRENCY CONTRACTS</b>		
	<b>— -0.25% (-1.34%)</b>		
GBP(608,315)	Sold Sterling		
AUD1,055,000	for Australian Dollar (Expires 07/01/2019) <sup>1</sup>	(5,980)	—
GBP(1,007,402)	Sold Sterling		
CAD1,699,000	for Canadian Dollar (Expires 07/01/2019) <sup>1</sup>	(7,016)	—
GBP(129,028)	Sold Sterling		
DKK1,077,000	for Danish Krone (Expires 07/01/2019) <sup>1</sup>	(310)	—
GBP(10,323,947)	Sold Sterling		
EUR11,550,000	for Euro (Expires 07/01/2019) <sup>1</sup>	(24,865)	—

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>FORWARD CURRENCY CONTRACTS</b>			
<b>— (cont.)</b>			
EUR(169,000)	Sold Euro		
GBP150,946	for Sterling (Expires 07/01/2019) <sup>1</sup>	250	—
CAD(26,000,000)	Sold Canadian Dollar		
GBP15,306,696	for Sterling (Expires 07/01/2019) <sup>1</sup>	(2,338)	—
USD(180,800,000)	Sold US Dollars		
GBP141,439,839	for Sterling (Expires 07/01/2019) <sup>1</sup>	(470,669)	(0.04)
NZD(14,349,000)	Sold New Zealand Dollar		
GBP7,708,118	for Sterling (Expires 07/01/2019) <sup>1</sup>	(74,015)	(0.01)
CAD(26,030,000)	Sold Canadian Dollar		
GBP15,323,951	for Sterling (Expires 07/01/2019) <sup>1</sup>	(2,747)	—
EUR(71,000,000)	Sold Euro		
GBP63,336,757	for Sterling (Expires 07/01/2019) <sup>1</sup>	26,385	—
NZD(11,000)	Sold New Zealand Dollar		
GBP5,983	for Sterling (Expires 07/01/2019) <sup>1</sup>	17	—
DKK(33,085,000)	Sold Danish Krone		
GBP3,955,696	for Sterling (Expires 07/01/2019) <sup>1</sup>	1,538	—
JPY(2,160,600,000)	Sold Japanese Yen		
GBP14,936,734	for Sterling (Expires 07/01/2019) <sup>1</sup>	(103,565)	(0.01)
USD(7,559,000)	Sold US Dollars		
GBP5,911,731	for Sterling (Expires 07/01/2019) <sup>1</sup>	(21,352)	—
JPY(2,160,500,000)	Sold Japanese Yen		
GBP14,935,743	for Sterling (Expires 07/01/2019) <sup>1</sup>	(103,860)	(0.01)
EUR(71,000,000)	Sold Euro		
GBP63,342,792	for Sterling (Expires 07/01/2019) <sup>1</sup>	32,420	—
USD(180,734,000)	Sold US Dollars		
GBP141,387,654	for Sterling (Expires 07/01/2019) <sup>1</sup>	(471,050)	(0.04)
USD(180,800,000)	Sold US Dollars		
GBP141,442,273	for Sterling (Expires 07/01/2019) <sup>1</sup>	(468,234)	(0.04)
EUR(71,000,000)	Sold Euro		
GBP63,340,683	for Sterling (Expires 07/01/2019) <sup>1</sup>	30,311	—
EUR(70,988,000)	Sold Euro		
GBP63,317,704	for Sterling (Expires 07/01/2019) <sup>1</sup>	18,032	—
USD(675,000)	Sold US Dollars		
GBP529,703	for Sterling (Expires 07/01/2019) <sup>1</sup>	(107)	—
DKK(31,000)	Sold Danish Krone		
GBP3,711	for Sterling (Expires 07/01/2019) <sup>1</sup>	7	—
AUD(16,203,000)	Sold Australian Dollar		
GBP9,261,258	for Sterling (Expires 07/01/2019) <sup>1</sup>	10,425	—
JPY(3,282,000)	Sold Japanese Yen		
GBP22,773	for Sterling (Expires 07/01/2019) <sup>1</sup>	(74)	—
JPY(2,160,500,000)	Sold Japanese Yen		
GBP14,937,354	for Sterling (Expires 07/01/2019) <sup>1</sup>	(102,249)	(0.01)
AUD(16,200,000)	Sold Australian Dollar		
GBP9,259,730	for Sterling (Expires 07/01/2019) <sup>1</sup>	10,610	—
SEK(164,481,000)	Sold Swedish Krona		
GBP14,212,006	for Sterling (Expires 07/01/2019) <sup>1</sup>	(197,270)	(0.02)
AUD(41,000)	Sold Australian Dollar		
GBP23,763	for Sterling (Expires 07/01/2019) <sup>1</sup>	355	—
CAD(212,000)	Sold Canadian Dollar		
GBP126,408	for Sterling (Expires 07/01/2019) <sup>1</sup>	1,580	—
USD(180,800,000)	Sold US Dollars		
GBP141,444,707	for Sterling (Expires 07/01/2019) <sup>1</sup>	(465,800)	(0.04)
EUR(71,000,000)	Sold Euro		
GBP63,348,451	for Sterling (Expires 07/01/2019) <sup>1</sup>	38,079	—

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>FORWARD CURRENCY CONTRACTS</b>			
<b>— (cont.)</b>			
USD(180,800,000)	Sold US Dollars		
GBP141,432,835	for Sterling (Expires 07/01/2019) <sup>1</sup>	(477,672)	(0.04)
JPY(294,000,000)	Sold Japanese Yen		
GBP2,032,100	for Sterling (Expires 07/01/2019) <sup>1</sup>	(14,483)	—
GBP(1,533,791)	Sold Sterling		
JPY220,400,000	for Japanese Yen (Expires 07/01/2019) <sup>1</sup>	450	—
GBP(253,789)	Sold Sterling		
NZD467,000	for New Zealand Dollar (Expires 07/01/2019) <sup>1</sup>	(513)	—
GBP(467,380)	Sold Sterling		
SEK5,347,000	for Swedish Krona (Expires 07/01/2019) <sup>1</sup>	1,041	—
GBP(5,493)	Sold Sterling		
SEK63,000	for Swedish Krona (Expires 07/01/2019) <sup>1</sup>	26	—
GBP(23,207,060)	Sold Sterling		
USD29,663,000	for US Dollars (Expires 07/01/2019) <sup>1</sup>	75,525	0.01
		<b>(2,767,118)</b>	<b>(0.25)</b>
<b>Portfolio of investments<sup>2</sup></b>		<b>1,115,597,887</b>	<b>100.48</b>
<b>Net other liabilities</b>		<b>(5,302,081)</b>	<b>(0.48)</b>
<b>Total net assets</b>		<b>£1,110,295,806</b>	<b>100.00%</b>

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

<sup>2</sup> Including investment liabilities.

Total purchases for the period: £136,229,854.

Total sales for the period: £308,261,950.

## Financial Statements

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

	05/12/18		05/12/17	
	£	£	£	£
<b>Income</b>				
Net capital (losses)/ gains		(25,455,360)		5,932,977
Revenue	12,050,933		9,084,010	
Expenses	(1,136,638)		(1,005,364)	
Interest payable and similar charges	(5,944)		(30,286)	
<b>Net revenue before taxation</b>	<u>10,908,351</u>		<u>8,048,360</u>	
Taxation	—		—	
<b>Net revenue after taxation for the period</b>		<u>10,908,351</u>		<u>8,048,360</u>
<b>Total return before distributions</b>		<u>(14,547,009)</u>		<u>13,981,337</u>
Distributions		<u>(10,905,115)</u>		<u>(8,048,360)</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u>£(25,452,124)</u>		<u>£5,932,977</u>

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

	05/12/18		05/12/17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		1,267,508,709		958,373,826
Amounts received on issue of units	117,412,148		238,809,209	
Amounts paid on cancellation of units	(254,423,179)		(48,619,597)	
		<u>(137,011,031)</u>		<u>190,189,612</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u>(25,452,124)</u>		<u>5,932,977</u>
<b>Retained distributions on accumulation units</b>		<u>5,250,252</u>		<u>4,303,661</u>
<b>Closing net assets attributable to Unitholders</b>		<u>£1,110,295,806</u>		<u>£1,158,800,076</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 December 2018

	05/12/18 £	05/06/18 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	1,118,612,056	1,269,629,802
<b>Current assets:</b>		
Debtors	42,352,382	43,541,130
Cash and bank balances	4,996,372	2,911,576
<b>Total assets</b>	<b>1,165,960,810</b>	<b>1,316,082,508</b>
<b>LIABILITIES</b>		
<b>Investment liabilities</b>		
	(3,014,169)	(26,214,062)
<b>Creditors:</b>		
Bank overdrafts	(3,173,354)	(11,169)
Distributions payable	(5,537,452)	(4,880,961)
Other creditors	(43,940,029)	(17,467,607)
<b>Total liabilities</b>	<b>(55,665,004)</b>	<b>(48,573,799)</b>
<b>Net assets attributable to Unitholders</b>	<b>£1,110,295,806</b>	<b>£1,267,508,709</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 Management 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.



## Fund Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
F-Class			
Distribution Units	146,241	288,247	50.73
Accumulation Units	265,197	500,277	53.01
I-Class			
Distribution Units	101,268,565	199,188,992	50.84
Accumulation Units	467,194,402	871,450,593	53.61
C-Class			
Distribution Units	69,202,761	135,994,327	50.89
Accumulation Units	95,968,329	178,215,964	53.85
L-Class			
Distribution Units	376,250,311	739,032,168	50.91

**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 Dec 18	5 Jun 18
F-Class	0.51%	0.51%
I-Class	0.27%	0.27%
C-Class	0.17%	0.17%
L-Class	0.07%	0.07%

The Ongoing Charges Figure (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.

## Fund Information continued

### Distribution Information

#### **F-Class**

The distribution payable on 5 February 2019 is 0.4120p per unit for distribution units and 0.4267p per unit for accumulation units.

#### **I-Class**

The distribution payable on 5 February 2019 is 0.4754p per unit for distribution units and 0.4957p per unit for accumulation units.

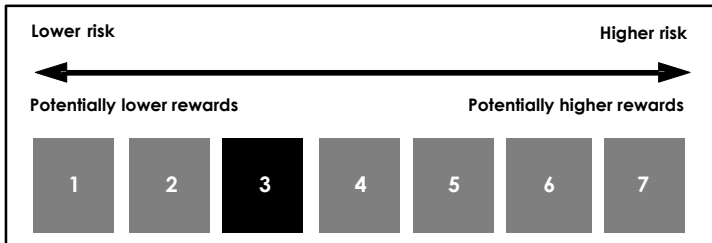
#### **C-Class**

The distribution payable on 5 February 2019 is 0.5021p per unit for distribution units and 0.5207p per unit for accumulation units.

#### **L-Class**

The distribution payable on 5 February 2019 is 0.5285p per unit for distribution units.

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Fund's unit price has moved up and down in the past. If the Fund has less than five years' track record, the number also reflects the rate at which the Index the Fund tracks 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

### Constitution

Launch date:	28 August 2013
Period end dates for distributions:	5 June, 5 December
Distribution dates:	5 August, 5 February
Minimum initial lump sum investment:	F-Class* £500 I-Class £1,000,000 C-Class^ £100,000,000 L-Class† £100,000
Minimum monthly contributions:	F-Class* £50 I-Class N/A C-Class^ N/A L-Class† N/A
Valuation point:	3pm
Fund management fees:	F-Class* Annual 0.51% I-Class Annual 0.27% C-Class^ Annual 0.17% L-Class† Annual 0.07%
Initial charge:	Nil for all existing unit classes

\* 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.

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

† L-Class units are not available to retail customers and are intended only for investment by Legal & General group of companies.

### 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 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.

### 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.

### Information on Tracking Error

The 'Tracking Error' of a Fund is the measure of the volatility of the differences between the return of the Fund and the return of the benchmark Index. It provides an indication of how closely the Fund is tracking the performance of the benchmark Index after considering things such as Fund charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Fund is 0.06%, whilst over the last three years to the end of December 2018, the annualised Tracking Error of the Fund is 0.07%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.50% per annum.

### 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.

### Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Fund. 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 Fund in the form of a payment from the Manager. This provides an enhanced return to the Fund, 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  
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 Depositary Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

### Independent Auditors

KPMG LLP  
15 Canada Square,  
London E14 5GL

### 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:  
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London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

