

Legal & General
Mixed Investment Income 0-35% Fund
Interim Manager's Report
for the period ended
30 April 2018
(Unaudited)

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Manager's Investment Report

Investment Objective and Policy

This Fund aims to deliver both an income return and capital growth.

The Manager will aim to identify a combination of investments that allow the payment of a regular income, while maintaining a focus on capital preservation.

The Fund invests in a broad range of UK and overseas companies' shares, fixed interest securities, cash and other assets including those giving indirect exposure to commodities and property. The Fund will have a bias towards fixed interest securities and up to 35% of the Fund's property will have an exposure to shares.

Exposure to these asset classes will be achieved usually through investment in collective investment schemes but may also be achieved by investing directly in shares, fixed interest securities, cash, near cash, deposits and money market instruments as well as collective investment schemes. At times the Fund may be fully invested in collective investment schemes only or direct investments only. The collective investment schemes invested in include index-tracking or actively-managed funds managed by Legal & General. The Fund will use derivatives for efficient portfolio management purposes only.

Manager's Investment Report

During the period under review, the price of the Fund's I-Class accumulation units fell by 0.40%. The Fund under-performed its peer group as funds within the Investment Association Mixed Investment 0-35% Sector delivered a mean (average) return of -0.32% (Source: Lipper Hindsight).

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

Although markets closed 2017 on a strong note, reflecting a steady improvement in global economic indicators and corporate earnings growth, selling pressures emerged in the first quarter of 2018. Market volatility rose markedly in February and into March, exacerbated by the escalation of trade tensions between the US and China. However, global equities made modest gains in April, as protectionist rhetoric softened and the oil price rallied.

US equities continued to rise through the final quarter of 2017 and into 2018, recording a new all-time high in January before hitting turbulence in February. Market volatility was initially caused by increased focus on inflationary pressures and the risk that the US Federal Reserve (Fed) would accelerate monetary tightening. Subsequently, the Trump administration's decision to impose tariffs on imported goods raised concerns over a trade dispute. However, trade worries abated in April, which along with the strengthening oil price and strong economic data, supported equities.

Despite closing 2017 on a positive note, UK equities also faltered in recent months before rallying in April. Sterling's strength caused a headwind for companies and sectors with high international earnings in the first quarter of 2018, but the currency weakened again in April which supported markets. Equities were also hit by investor concerns after the Bank of England (BoE) cautioned interest rates may need to be increased earlier and faster than expected. Merger and acquisition activity has remained an important theme over the review period.

Manager's Investment Report continued

European equities underperformed global markets, as political concerns resurfaced. However, the economic background remained positive for Eurozone equity markets, which grew at their fastest rate in a decade in 2017. Meanwhile, emerging market equities generated solid gains, outperforming their global peers, before slipping slightly in April. Gains were headed by Asian markets, helped by strong returns from IT. Despite gains in resource-rich Brazilian stocks, Mexico – weighed by NAFTA (North American Free Trade Agreement)-related uncertainty – dragged on Latin American equities.

Major international bond markets lost ground as central banks began to withdraw monetary support. The Fed also began unwinding quantitative easing (QE) in October 2017. With global economic growth accelerating, international bond markets were also weakened by expectations of rising inflation. The Fed raised interest rates to 1.75% in March, with investors starting to discount the prospect of three further rate hikes in 2018. The Fed also began unwinding quantitative easing (QE) in October.

Although the European Central Bank announced it would taper its QE programme from January, it has reassured investors it will not raise interest rates until past the scheduled end of QE in September. The Bank of Japan's negative interest rate policy, and its announcement that it will intervene if necessary to keep the yield on benchmark 10-year bonds at around 0%, underpinned Japanese government bonds.

The BoE raised interest rates to 0.5% in November. Gilts gained ground over the review period, mainly due to recent volatility highlighting the 'safe haven' appeal of government bonds. Although inflation remains above the BoE's 2% target, the benchmark consumer price index fell to a seven-month low in February. Improving corporate profitability and low default rates have underpinned sterling corporate bonds, although the asset class underperformed gilts.

Emerging bond markets have continued to attract substantial inflows, although currency adjusted returns have been disappointing. Market volatility has risen on concerns the Fed may be required to raise US interest rates more rapidly than anticipated. The risk that sustained weakness in local currencies would increase debt servicing costs has also impacted emerging bond markets.

Fund Review

The Fund produced a negative return over the review period.

The Fund's negative performance was driven by higher allocation to higher yielding, interest rate-sensitive assets such as infrastructure and REITs, which underperformed in the first few months of 2018. This was partially offset by our exposure to emerging market local currency debt.

Following February's sell-off, we reduced our exposure to global investment grade credit and increased our exposure to European and Asia Pacific equities, as well as infrastructure equities.

Outlook

The market volatility we have seen so far in 2018 has prompted investors to consider how the rest of the economic cycle will play out and how equities – after an almost decade-long bull-run (where share prices tend to increase) – will perform. While equity market corrections are relatively common, a prolonged bear market (where share prices tend to decrease) most likely requires a recession.

In our view the fundamentals driving economic growth remain relatively strong and global growth is synchronised. We therefore see limited recession risks in the next

Manager's Investment Report continued

12 months and maintain our equity holdings in the portfolio. But imbalances are likely to start developing thereafter. We continue to monitor recession indicators closely and will reduce equity exposure if recession risks build.

We see valuations on corporate bonds as expensive compared to other asset classes. While we increased our equity exposure in February, we have started reducing allocations to credit assets. We maintain our view that listed real estate and infrastructure should provide relatively stable returns through a combination of high yields, attractive valuations and with a degree of 'built-in' inflation-protection. While recent performance has been disappointing, the medium-term case remains sound.

Legal & General Investment Management Limited
(Investment Adviser)
4 May 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)



S. D. Thomas
(Director)

Legal & General (Unit Trust Managers) Limited
17 May 2018

Portfolio Statement

Portfolio Statement as at 30 April 2018

All investments are in investment grade securities or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 30 October 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	GOVERNMENT BONDS		
	— 6.86% (2.96%)		
USD554,000	Portugal Government International Bond 5.125% 15/10/2024	428,192	0.87
USD3,869,000	US Treasury Index-Linked 0.625% 15/01/2026	2,924,075	5.99
		3,352,267	6.86
	FUNDS INVESTED IN SHARES		
	— 19.72% (14.58%)		
1,881,290	Legal & General (N) Tracker Trust 'I' Inc ¹	3,581,977	7.34
476,390	Legal & General European Index Trust 'I' Inc ¹	1,366,286	2.80
3,216,722	Legal & General Global Infrastructure Index Fund 'L' Inc ¹	1,689,262	3.46
2,637,325	Legal & General Global Real Estate Dividend Index Fund 'L' Inc ¹	1,525,956	3.13
567,846	Legal & General UK Index Trust 'L' Inc ¹	941,205	1.93
131,403	Legal & General US Index Trust 'I' Inc ¹	517,531	1.06
		9,622,217	19.72
	FUNDS INVESTED IN INTEREST BEARING SECURITIES		
	— 60.85% (67.73%)		
1,967,733	Legal & General All Stocks Gilt Index Trust 'I' Inc ¹	2,398,667	4.91
6,055,400	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc ¹	3,555,125	7.28
8,647,563	Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc ¹	4,539,971	9.30
9,027,942	Legal & General High Income Trust 'I' Inc ¹	4,487,790	9.19
6,539,955	Legal & General Managed Monthly Income Trust 'I' Inc ¹	4,255,222	8.71
4,381,710	Legal & General Short Dated Sterling Corporate Bond Index Fund 'L' Inc ¹	2,237,520	4.58
3,845,980	Legal & General Sterling Corporate Bond Index Fund 'L' Inc ¹	2,145,672	4.39
5,053,508	LGIM Global Corporate Bond Fund 'B' Acc ¹	6,101,865	12.49
		29,721,832	60.85

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
EQUITY INVESTMENT INSTRUMENTS			
— 5.97% (9.35%)			
43,898	iShares Euro Dividend UCITS ETF	899,250	1.84
222,146	iShares UK Dividend UCITS ETF	2,017,974	4.13
		2,917,224	5.97
FUTURES CONTRACTS			
— -0.29% (0.06%)			
13	Australia 10 Year Future Expiry June 2018	1,541	—
12	ASX SPI 200 Index Future Expiry June 2018	6,979	0.01
21	DJ US Real Estate Future Expiry June 2018	2,657	0.01
(10)	Euro STOXX 50 Future Expiry June 2018	(15,077)	(0.03)
(4)	FTSE 100 Index ICF Future Expiry June 2018	(18,592)	(0.04)
79	STOXX 600 Utilities Future Expiry June 2018	78,475	0.16
17	AUD/USD Currency Future Expiry June 2018	(29,362)	(0.06)
(3)	EUR/GBP Currency Future Expiry June 2018	(1,700)	—
(9)	EUR/USD Currency Future Expiry June 2018	25,962	0.05
160	GBP/USD Currency Future Expiry June 2018	(191,526)	(0.39)
		(140,643)	(0.29)
Portfolio of investments²		45,472,897	93.11
Net other assets³		3,364,964	6.89
Total net assets		£48,837,861	100.00%

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

² Including investment liabilities.

³ Includes £4,338 of nominals in the LGIM Sterling Liquidity Fund Class 1 which is shown as a cash equivalent in the balance sheet of the Fund.

Total purchases for the period: £15,463,225.

Total sales for the period: £2,145,030.

Financial Statements

Statement of Total Return For the period ended 30 April 2018

	30/04/18		30/04/17	
	£	£	£	£
Income				
Net capital (losses)/ gains		(619,054)		441,263
Revenue	599,661		326,907	
Expenses	(71,808)		(32,045)	
Interest payable and similar charges	(615)		(222)	
Net revenue before taxation	<u>527,238</u>		<u>294,640</u>	
Taxation	(997)		(1,020)	
Net revenue after taxation for the period		<u>526,241</u>		<u>293,620</u>
Total return before distributions		(92,813)		734,883
Distributions		(619,769)		(356,341)
Change in net assets attributable to Unitholders from investment activities		<u>£(712,582)</u>		<u>£378,542</u>

Statement of Change in Net Assets attributable to Unitholders for the period ended 30 April 2018

	30/04/18		30/04/17	
	£	£	£	£
Opening net assets attributable to Unitholders		34,793,206		17,342,905
Amounts received on issue of units	15,208,367		13,638,688	
Amounts paid on cancellation of units	(500,516)		(5,196,623)	
		14,707,851		8,442,065
Dilution levy		13,903		1,917
Change in net assets attributable to Unitholders from investment activities		(712,582)		378,542
Retained distributions on accumulation units		35,483		14,313
Closing net assets attributable to Unitholders		<u>£48,837,861</u>		<u>£26,179,742</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 30 April 2018

	30/04/18 £	30/10/17 £
ASSETS		
Fixed assets:		
Investments	45,729,154	32,951,280
Current assets:		
Debtors	773,622	399,141
Cash and bank balances	3,214,105	1,766,752
Cash equivalents	4,338	4,338
Total assets	49,721,219	35,121,511
LIABILITIES		
Investment liabilities	(256,257)	(9,530)
Creditors:		
Bank overdrafts	(103,162)	(45,522)
Distributions payable	(129,342)	(193,295)
Other creditors	(394,597)	(79,958)
Total liabilities	(883,358)	(328,305)
Net assets attributable to Unitholders	£48,837,861	£34,793,206

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.

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	83,858	160,714	52.18
Accumulation Units	1,109	2,000	55.45
I-Class			
Distribution Units	926	1,730	53.53
Accumulation Units	1,119	1,932	57.92
C-Class			
Distribution Units	46,262,179	86,088,135	53.74
Accumulation Units	2,045,769	3,520,438	58.11
D-Class			
Distribution Units	161,727	306,118	52.83
Accumulation Units	280,078	490,353	57.12
L-Class			
Distribution Units	1,096	2,025	54.12

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

	30 Apr 18	30 Oct 17
F-Class	0.62%	0.65%
I-Class	0.48%	0.51%
C-Class	0.38%	0.41%
D-Class	0.98%	1.01%
L-Class	0.06%	0.09%

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

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

Fund Information continued

Distribution Information

F-Class

The distribution payable on 29 May 2018 is 0.1451p per unit for distribution units and 0.1540p per unit for accumulation units.

I-Class

The distribution payable on 29 May 2018 is 0.1470p per unit for distribution units and 0.1585p per unit for accumulation units.

C-Class

The distribution payable on 29 May 2018 is 0.1494p per unit for distribution units and 0.1610p per unit for accumulation units.

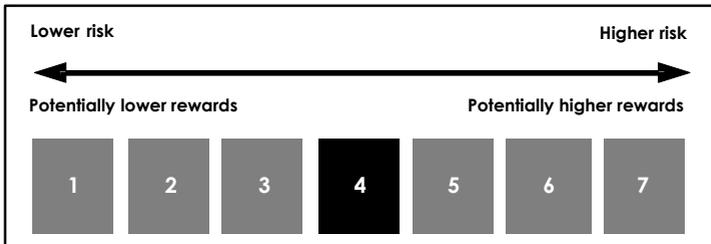
D-Class

The distribution payable on 29 May 2018 is 0.1469p per unit for distribution units and 0.1584p per unit for accumulation units.

L-Class

The distribution payable on 29 May 2018 is 0.1503p 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 a representative mix of the underlying funds has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- The Fund is in category four because the mix of different asset types in which the Fund invests has a balancing effect on the rate at which the Fund share price moves up and down. This type of fund is generally considered to be higher risk than one investing only in bonds and lower risk than one investing only in company shares.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

General Information

Constitution

Launch date:	5 October 2015
Period end dates for distributions:	30 of each month (28 in February), 30 October (Final)
Distribution dates:	29 of each month (27 in February), 29 November (Final)
First Accounting Date	30 April 2016
Minimum initial lump sum investment:	F-Class† £20 I-Class £1,000,000 C-Class* £100,000,000 D-Class £500 L-Class** £100,000
Valuation point:	3pm
Fund Management Fee:	F-Class† Annual 0.59% I-Class Annual 0.45% C-Class* Annual 0.35% D-Class Annual 0.95% L-Class** Annual 0.03%
Initial charge:	F-Class† Nil I-Class Nil C-Class* Nil D-Class Nil L-Class** Nil

† 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 only available to distributors who actively market and distribute such units (or whom the Manager believes intends to do so) and to whom the Manager has confirmed by letter that they meet the criteria for investment in such units.
- ** L-Class is not available to retail customers and is intended only for investment by Legal & General group companies.

Pricing and Dealing

The prices are published on the internet at 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.

General Information continued

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. 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.

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.

Significant Changes

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 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

KPMG LLP
15 Canada Square
London E14 5GL

Investment Adviser

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