Distribution Number 11

Legal & General Emerging Markets Government Bond (US$) Index Fund

Interim Manager's Short Report for the period ended 10 May 2018

EVERY DAY MATTERS.®

Investment Objective and Policy

The objective of this Fund is to provide income. The Fund will achieve this objective by investing primarily in emerging market government bonds which are included in the JPMorgan Emerging Markets Bond Index Plus.

Securities will be held with weightings generally proportionate to the weightings in the JPMorgan Emerging Markets Bond Index Plus. The bonds the Fund invests in will be composed primarily of securities issued by sovereign entities and which are denominated in US Dollar. Sub-investment grade bonds may be used.

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 may hold derivatives for efficient portfolio management purposes.

Risk Profile

Credit Risk

This Fund is invested in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations. This risk is managed by monitoring the financial stability of investments and countries, via credit ratings.

Market Risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Fund may suffer through holding market positions in the face of market movements. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Currency Risk

This Fund is invested in overseas financial securities. The performance of the Fund may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Interest Rate Risk

This Fund is invested in interest bearing securities. The performance of the Fund may therefore be affected by changes in interest rates. The active monitoring and adjustment of the investments in the portfolio manages this risk.

Fund Facts

Period End Dates for Distributions:		10 May, 10 Nov
Distribution Dates:		10 Jan, 10 Jul
Ongoing Charges Figures:	10 May 18	10 Nov 17
F-Class	0.48%	0.48%
I-Class	0.29%	0.29%
C-Class	0.19%	0.19%
L-Class	0.04%	0.04%

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.

Risk and Reward Profile

Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards
1	2	3	4	**5**	6	7

- 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 five 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.

Distribution Information

F-Class

The distribution payable on 10 July 2018 is 0.9413p per unit for distribution units and 1.1531p per unit for accumulation units.

I-Class

The distribution payable on 10 July 2018 is 0.9424p per unit for distribution units and 1.1569p per unit for accumulation units.

C-Class

The distribution payable on 10 July 2018 is 0.9473p per unit for distribution units and 1.1604p per unit for accumulation units.

L-Class

The distribution payable on 10 July 2018 is 0.9559p per unit for distribution units.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
F-Class			
Distribution Units	37,899	75,728	50.05
Accumulation Units	118,340	189,463	62.46
I -Class			
Distribution Units	12,391,803	24,733,611	50.10
Accumulation Units	293,339,381	468,985,707	62.55
C-Class			
Distribution Units	3,320,677	6,594,817	50.35
Accumulation Units	26,994,714	42,966,095	62.83
L-Class			
Distribution Units	485,562,550	955,382,153	50.82

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.

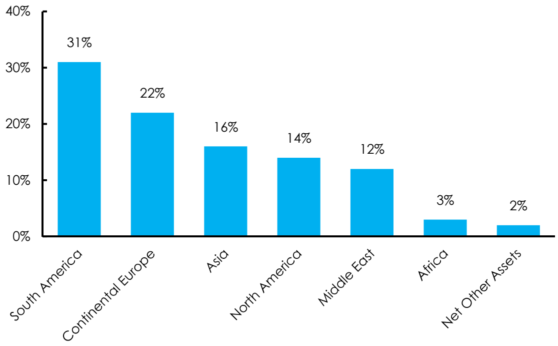
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

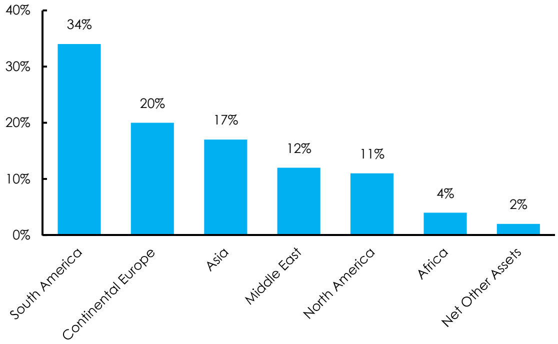
The top 10 holdings and their associated weighting at the current period end and preceding year ends were:

Top 10 Holdings at 10 May 2018		Top 10 Holdings at 10 November 2017	
Holding	**Percentage of Net Asset Value**	**Holding**	**Percentage of Net Asset Value**
Russian Federation 5.25% 23/06/2047	1.89%	Argentina Government International Bond 7.5% 22/04/2026	2.08%
Argentina Government International Bond 7.5% 22/04/2026	1.84%	Argentina Government International Bond 8.28% 31/12/2033	2.06%
Argentina Government International Bond 8.28% 31/12/2033	1.70%	Russian Federation 7.5% 31/03/2030	2.03%
Russian Federation 7.5% 31/03/2030	1.39%	Argentina Government International Bond 6.875% 22/04/2021	1.39%
Argentina Government International Bond 6.875% 22/04/2021	1.35%	Mexico Government International Bond 4.75% 08/03/2044	1.31%
Mexico Government International Bond 4.75% 08/03/2044	1.30%	Colombia Government International Bond 5% 15/06/2045	1.24%
Brazilian Government International Bond 4.25% 07/01/2025	1.29%	Brazilian Government International Bond 4.25% 07/01/2025	1.23%
Colombia Government International Bond 5% 15/06/2045	1.28%	Argentina Government International Bond 6.875% 26/01/2027	1.22%
Russian Federation 5% 29/04/2020	1.16%	Turkey Government International Bond 7.375% 05/02/2025	1.12%
Mexico Government International Bond 6.05% 11/01/2040	1.15%	Mexico Government International Bond 4% 02/10/2023	1.10%

Fund Holdings as at 10 May 2018



Fund Holdings as at 10 November 2017



Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units fell by 7.00%. JP Morgan Chase, the Index compiler, calculates the benchmark Index at the end of the business day using closing bid prices, whereas the Fund is valued using prevailing mid prices at 12 noon. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis over the review period, the Fund fell by 4.86%, compared with a decrease in the Index of 4.89% (Source: JP Morgan Chase), producing a tracking difference of +0.03%.

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

Whilst the US Dollar/Sterling rate has moved from 1.32 to 1.41 against Sterling over the review period, it is the more recent rise since the beginning of April against a broad range of local currencies in emerging markets that has raised concerns about the ability of both sovereign and corporate borrowers to repay Dollar-denominated debt. Rising US interest rates have presented a further headwind for emerging market bonds. With the 10-year US Treasury bond yield having risen significantly since the start of 2018, climbing above 3% in late April and standing at 2.96% at the end of the review period, the appeal of emerging market debt has lost a little of its lustre for international investors.

Inflationary pressures are also a concern for investors in emerging market bonds. A notable example is Argentina, where the central bank raised interest rates by 3% to stem weakness in the Peso, which had forced it to deploy over $3 billion of reserves to defend the currency. Investors have increasingly been questioning the central bank's credibility, since it relaxed its inflation target in December. Moreover, the country is running substantial budget and current account deficits, and is therefore heavily reliant on international markets to finance the shortfall.

More broadly, recent evidence suggests that growth in the emerging economies is losing momentum, particularly in commodity producing economies such as Russia and Brazil. Purchasing managers' indices of manufacturing activity have also softened in recent months, in India, Taiwan, China and Poland, with South Korea now seeing an outright contraction in its manufacturing sector.

Emerging bond markets have attracted substantial inflows from international investors looking for higher levels of income; although currency adjusted returns have been disappointing. Accordingly, issuance levels in emerging bond markets have been high as both sovereign and corporate borrowers have looked to attract international investors. However, there have been concerns about deteriorating credit quality amongst sovereign issuers in particular, with ratings downgrades for China, Brazil, Turkey and South Africa. Nevertheless, South African bonds have rallied in recent months after the pro-reform candidate, Cyril Ramaphosa won the leadership of the ruling African National Congress.

Fund Review

All investment activity was prompted either by unit holder investment or redemption, or by changes in the profile of the benchmark. The Fund experienced a net positive cash flow during the review period.

The Fund's bond holdings underperformed US Treasury Securities over the review period, the Index yield spread over US Treasury Securities widening by 14 basis points to 362 basis points. Compared to some other emerging market (EM) debt indices, the EMBI+ Index is relatively stable, having 159 constituents at the beginning and 158 at the end of the review period. There was no change to the country composition of the Index, with 16 countries represented.

The regional breakdown of the Index at the end of the review period was EMEA (Europe, Middle East and Africa) 37.44%, Asia 16.15% and Latin America 46.41%. The most significant changes were reductions in the Index weights of Argentina (-1.51%) and Indonesia (-0.92%), with increases in the weights of Brazil (+1.36%) and Russia (+1.25%).

At the end of the period, the Fund held 178 bonds issued by 16 countries. The Index consisted of 158 bonds issued by 16 countries.

Outlook

The shift in creditworthiness in emerging markets aligns with increasingly prudent central bank activity, relatively careful public sector spending and improving GDP growth. In the 1980s, emerging economies contributed 30% to global GDP growth, whereas developed economies contributed 70%. This picture has now reversed, with emerging economies contributing 70% and developed economies contributing only 30% to growth. As a result of the divergence, emerging markets have increased their geopolitical significance: another reason why developed market protectionism may ultimately be blunted.

While emerging markets remain vulnerable in the short term to any pick-up in US protectionism, their increased interdependence provides a buffer, as does the relative improvement in emerging market versus developed market fundamentals over the past years.

Legal & General Investment Management Limited
(Investment Adviser)
24 May 2018

Manager’s Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager’s Reports are available free of charge by telephoning 0370 050 0955, by writing to the Manager or are available on the internet at www.legalandgeneral.com/investments/fund-information/managers-reports.

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

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 3 years, to the end of May 2018, the annualised Tracking Error is 0.08%. 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.

Minimum Investment Amounts

The minimum initial lump sum investment amounts for each class are as follows:

F-Class	£500
I-Class	£1,000,000
C-Class	£100,000,000
L-Class	£500,000

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 intend 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.

Other Information

The information in this report is designed to enable unitholders to understand how the Fund has performed during the period under review and how it is invested at the period end. Further information on the activities and performance of the Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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

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 Data Protection Regulation (GDPR)

Legal & General takes your privacy very seriously. Under data protection legislation, we have classified ourselves as a 'data controller'. This means that we are subject to certain obligations relating to how we process personal data. These obligations include, without limitation, providing individuals with certain information regarding how we process their personal data.

We will use the personal data you have provided to us in connection with an investment in units of Legal & General Emerging Markets Government Bond (US$) Index Fund, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at www.lgim.com/UTMprivacy (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
Registered office:
One Coleman Street,
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Telephone: 0370 050 3350
Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services PLC
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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 London

Authorised and regulated by the Financial Conduct Authority

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