

Legal & General
Multi-Asset Target Return Fund

**Interim Manager's
Short Report
for the period ended
14 October 2018**



Investment Objective and Policy

The Fund aims to provide long-term growth to achieve a total return of both income and capital of the Bank of England Base Interest Rate +5% per annum over rolling three year periods.

Whilst the Fund aims to achieve growth of both capital and income, there is no guarantee that this will be achieved over any period and capital invested in the Fund is at risk.

The Fund seeks to achieve its objective by using a range of investment strategies and techniques to actively gain exposure to a broad range of asset classes.

The Fund may invest in any region of the world, including emerging markets, and in any currency.

The asset classes in which the Fund may invest directly are, generally, equities, fixed interest securities and money market instruments.

The Fund may also gain an indirect exposure to alternative asset classes such as commodities, infrastructure and property through investing in transferable securities, collective investment schemes or through the use of derivatives.

The investment strategies and techniques employed by the Investment Manager may mean that, at any one time, the Fund is largely invested in derivatives. The Fund may therefore at any time have substantial holdings in illiquid assets.

The collective investment schemes in which the Fund invests may include those managed by Legal & General.

The Fund may also invest in other transferable securities, warrants, other collective investment schemes, deposits, cash and near cash.

The Fund may use derivatives for Efficient Portfolio Management as well as for investment 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 companies, 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 holds investments 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.

This Fund also utilises forward currency contracts in pursuit of the investment objective. The performance of the Fund may therefore be affected by changes in exchange rates as a result of these positions.

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.

Investment Risk

Financial derivative instruments may be used to enhance investment returns, manage risk and to help protect returns from market falls. There may be a higher risk of loss by investing in a Fund which uses derivatives in this way, than if you choose a Fund which doesn't use derivatives to enhance performance. This risk is managed by policies laid out in the Derivatives Risk Management Process for the Fund.

Fund Facts

Period End Date for Distribution:		14 April
Distribution Date:		14 June
Ongoing Charges Figures:	14 Oct 18	14 Apr 18
R-Class*	0.95%	—
I-Class	0.65%	0.67%
L-Class	0.06%	0.08%

*See Significant Change on page 9.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total discloseable 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.

Net Asset Values and Units in Issue

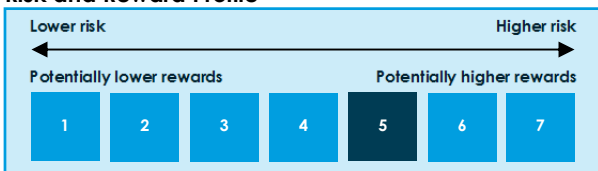
Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class Accumulation Units	105,017	208,721	50.31
I-Class Accumulation Units	6,344,158	10,782,404	58.84
L-Class Accumulation Units	471,673,931	827,881,400	56.97

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.

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 could move up and down based on the Fund's performance target and internal risk limit. If the Fund has at least five years' track record, the number could instead reflect the rate at which the Fund's unit price has moved up and down in the past, but only when this would put the Fund in a higher category. 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 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.

Distribution Information

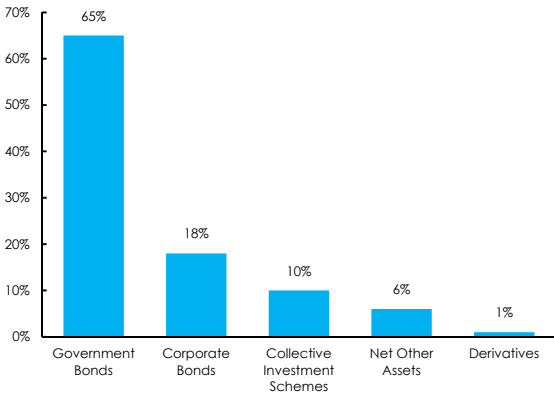
The policy is to distribute on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. This being the case, there is no interim distribution.

Portfolio Information

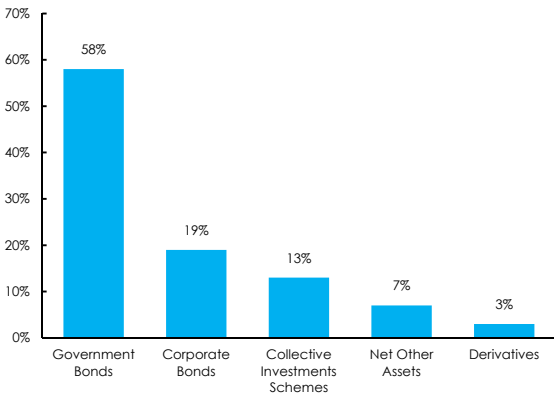
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 14 October 2018		Top 10 Holdings at 14 April 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
United Kingdom Gilt 4.5% 07/03/2019	7.75%	iShares JP Morgan EM Local Government Bond UCITS ETF	6.19%
United Kingdom Gilt 1.75% 22/07/2019	7.01%	United Kingdom Gilt 4.5% 07/03/2019	5.15%
United Kingdom Gilt 3.75% 07/09/2019	6.44%	United Kingdom Gilt 1.75% 22/07/2019	4.97%
United Kingdom Treasury Bill 0% 22/10/2018	6.27%	United Kingdom Gilt 1.25% 22/07/2018	4.75%
United Kingdom Treasury Bill 0% 25/02/2019	6.26%	Hellenic Republic Government Bond 3.375% 15/02/2025	3.76%
Poland Government International Bond 2.5% 25/01/2023	4.20%	Legal & General Global Real Estate Dividend Index Fund 'L' Inc	3.60%
Legal & General Global Real Estate Dividend Index Fund 'L' Inc	3.29%	Hong Kong Sukuk 3.132% 28/02/2027	2.36%
Invesco Physical Gold	3.07%	French Republic Government Bond 0.75% 25/05/2028	2.35%
United Kingdom Gilt 4.75% 07/03/2020	2.59%	Hellenic Republic Government Bond 4.375% 01/08/2022	2.01%
Hong Kong Sukuk 3.132% 28/02/2027	2.53%	New Zealand Government International Bond 4.5% 15/04/2027	1.78%

Fund Holdings as at 14 October 2018



Fund Holdings as at 14 April 2018



Manager's Investment Report

During the six-month period under review, the bid price of the Fund's L-Class accumulation units rose by 0.92%.

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.

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Market/Economic Review

The global economic background has improved over the past six months, driven increasingly by the strength of domestic demand in the major economies. In the US, economic activity remains in good shape, underpinned by improving consumer and business sentiment, as the impact of tax cuts and a strong labour market have boosted domestic demand. In the UK, both economic and political uncertainty have heightened over the last 12 months, with precariousness as to the outcome of Brexit negotiations and the implications for trade with the EU.

Global equity indices have made substantial gains over the last six months, driven by strong earnings growth, led by the US market. For UK-based investors, Sterling weakness, particularly against the US Dollar, enhanced returns. Emerging market equities fell over the review period, trailing far behind the gains in global equity indices. The rising risk of a US-China trade war and the effect of rising US interest rates weighed on markets. Although Asian markets demonstrated some resilience, amid optimism that the positive growth outlook should continue to support corporate profits, a loss of investor confidence in individual markets in Europe and Latin America weighed on sentiment.

The major international bond markets struggled to make headway, as central banks continued to withdraw the extraordinary monetary support that has been in place since the global financial crisis. The US Federal Reserve (Fed) raised interest rates by 0.25% in June and again in September, signalling another hike before the year-end and further tightening in 2019. Gilts lost ground over the review period, with the long-dated area of the market suffering the largest losses, as bonds with a longer maturity profile are typically more sensitive to sharper price falls in a rising yield environment. Index-linked gilts marginally underperformed their conventional counterparts, while Sterling-denominated corporate bonds have been impacted by concerns about the UK economic outlook and corporate profits, amid continuing uncertainty as to the outcome of Brexit negotiations with the EU.

Manager's Investment Report continued

Fund Review

The Fund delivered positive return over the review period.

Overall risk taking, as reflected by the volatility of the Fund, remained fairly stable and continues to be at the low end of the target range. This is mainly due to low market volatility in general, and a high percentage of unsystematic risk in the portfolio (explaining over 60% of volatility). In terms of the three return sources of the Fund, we continue to take somewhat more risk in tactical strategies.

Within equity markets, we favour exposure to Europe, as we believe that European equities look more attractive from a valuation perspective than North American equities in particular. In currencies, we hold a long Sterling versus Euro position.

We are structurally long bond volatility, which means we hold a downside protection strategy against a spike in bond volatility. This is something we have been doing in South Korea in particular.

In Europe, meanwhile, we increased exposure to Hungary through interest rate swaps and continue to look for opportunities to add duration (interest rate risk), as part of our longer for lower rates theme.

Regarding inflation protection, we favour exposure to US Treasury Inflation Protected Securities (TIPS), as we believe that the US economy continues to generate strong growth and that inflation protection is more expensive to receive via UK index-linked gilts.

Outlook

Two countervailing forces have kept markets in a holding pattern recently: growth in the global economy and company earnings, and the ascent of populist economic policies. Trade wars continue to occupy markets' attention. Although there has yet to be any major fall-out, our economists do anticipate some damage to growth over the next year, and have slightly revised down our economic growth forecasts for both US and China.

The Federal Reserve has continued to raise US interest rates, leading to a stronger Dollar. We still prefer the Dollar to the Euro over the medium term. We have a tactically positive view of equities following the recent market falls, and have become more constructive on emerging market equities. We still have a negative view of corporate bonds in the growth funds, as to us they look expensive relative to other types of bonds.

Legal & General Investment Management Limited

(Investment Adviser)

1 November 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.

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:

R-Class	£100
I-Class	£1,000,000
L-Class	£100,000

L-Class units are only available to Legal & General group clients.

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.

Significant Change

New Unit Class: R-Class

With effect from 12 June 2018, R-Class units have launched with accumulation units available.

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

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

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Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

Independent Auditors

KPMG LLP

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London E14 5GL

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

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