

Legal & General
Sterling Corporate Bond Index Fund
**Interim Manager's
Short Report
for the period ended
20 November 2018**



Investment Objective and Policy

The objective of the Fund is to track the performance of the Markit iBoxx Sterling Non-Gilts ex BBB Index (after adjustment for management charge and taxation).

The Fund will invest primarily in the securities that make up the constituents of the Markit iBoxx Sterling Non-Gilts ex BBB Index. Securities in the Markit iBoxx Sterling Non-Gilts ex BBB Index will be held with weightings generally proportionate to their issuance of debt.

The Fund may hold derivatives for the purpose of Efficient Portfolio Management.

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.

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

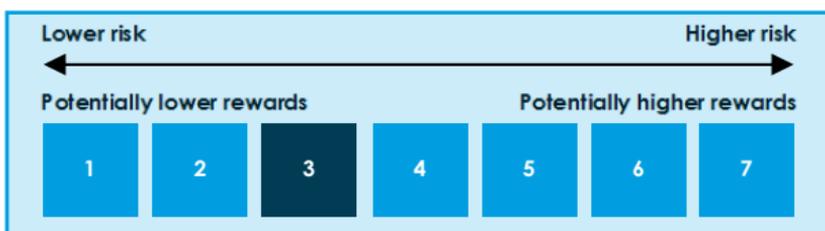
Period End Dates for Distributions:	20 Feb, 20 May, 20 Aug and 20 Nov	
Distribution Dates:	20 Jan, 20 Apr, 20 Jul and 20 Oct	
Ongoing Charges Figures:	20 Nov 18	20 May 18
R-Class†	0.52%	—
F-Class	0.37%	0.37%
I-Class	0.14%	0.14%
C-Class	0.09%	0.09%
L-Class	0.03%	0.03%

† R-Class Units launched on 12 June 2018.

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



- 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 investment grade bonds which generally provide higher rewards and higher risks than investments in cash and lower rewards and lower risks than investments in sub-investment grade bonds or 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

R-Class

The distribution payable on 20 January 2019 is 0.2805p per unit for distribution units and 0.2817p per unit for accumulation units.

F-Class

The distribution payable on 20 January 2019 is 0.3033p per unit for distribution units and 0.3528p per unit for accumulation units.

I-Class

The distribution payable on 20 January 2019 is 0.3067p per unit for distribution units and 0.3517p per unit for accumulation units.

C-Class

The distribution payable on 20 January 2019 is 0.3074p per unit for distribution units and 0.3524p per unit for accumulation units.

L-Class

The distribution payable on 20 January 2019 is 0.3091p 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)
R-Class			
Distribution Units	47,559	96,196	49.44
Accumulation Units	51,138	102,429	49.93
F-Class			
Distribution Units	1,076	1,998	53.85
Accumulation Units	1,158	1,862	62.19
I-Class			
Distribution Units	46,193,918	85,433,523	54.07
Accumulation Units	177,731,504	285,021,901	62.36
C-Class			
Distribution Units	13,073,958	24,117,777	54.21
Accumulation Units	13,786,671	22,058,125	62.50
L-Class			
Distribution Units	419,677,162	769,990,230	54.50

Past performance is not a guide to future performance.

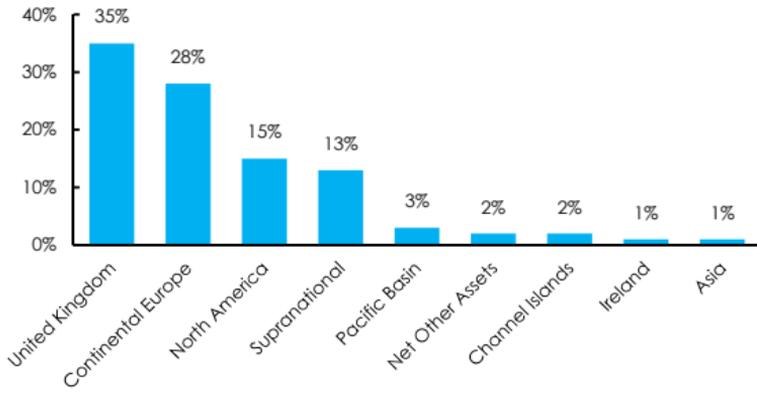
The price of units and any income from them may go down as well as up.

Portfolio Information

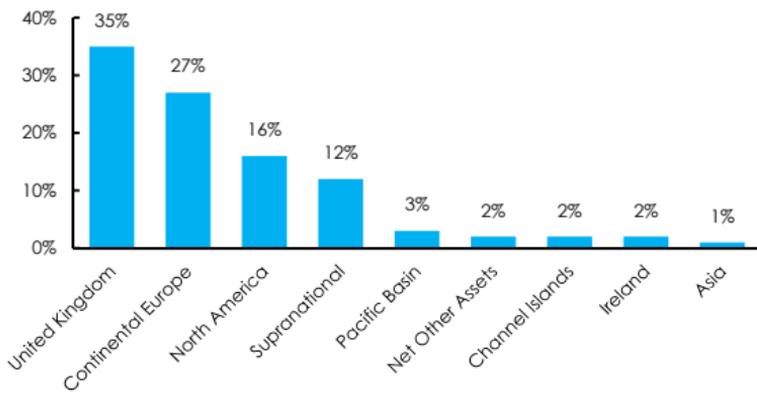
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 20 November 2018		Top 10 Holdings at 20 May 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Kreditanstalt fuer Wiederaufbau 6% 07/12/2028	1.07%	Kreditanstalt fuer Wiederaufbau 6% 07/12/2028	1.10%
Kreditanstalt fuer Wiederaufbau 1.125% 23/12/2019	0.96%	Kreditanstalt fuer Wiederaufbau 1.125% 23/12/2019	1.00%
Kreditanstalt fuer Wiederaufbau 5.55% 07/06/2021	0.81%	Kreditanstalt fuer Wiederaufbau 5.55% 07/06/2021	0.85%
European Investment Bank 6% 07/12/2028	0.81%	European Investment Bank 6% 07/12/2028	0.84%
European Investment Bank 5.625% 07/06/2032	0.73%	European Investment Bank 5.625% 07/06/2032	0.76%
Kreditanstalt fuer Wiederaufbau 5.75% 07/06/2032	0.68%	Kreditanstalt fuer Wiederaufbau 5.75% 07/06/2032	0.70%
European Investment Bank 5.375% 07/06/2021	0.66%	European Investment Bank 2.5% 31/10/2022	0.68%
European Investment Bank 2.5% 31/10/2022	0.66%	European Investment Bank 1.125% 07/09/2021	0.64%
European Investment Bank 1.125% 07/09/2021	0.62%	European Investment Bank 5% 15/04/2039	0.64%
European Investment Bank 5% 15/04/2039	0.61%	Electricite de France 6.125% 02/06/2034	0.56%

Fund Holdings as at 20 November 2018



Fund Holdings as at 20 May 2018



Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 0.31%. Markit iBoxx, 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 12 noon. Therefore, for tracking purposes, the Fund has been revalued using closing prices. On this basis, over the review period, the Fund rose by 0.05%, compared with the Index fall of 0.06% (Source: Bloomberg), producing a tracking difference of +0.11%.

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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"iBoxx" is a registered trademark of International Index Company (IIC), a wholly-owned subsidiary of Markit Group.

Market/Economic Review

The major international bond markets struggled to make headway in local currency terms although as with equities, currency movements translated into a modest gain for Sterling-based investors. Central banks have 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. The Fed also continued unwinding its asset purchase programme, known as quantitative easing (QE).

Although the European Central Bank announced it would cease its QE programme at the end of 2018, the central bank has reassured investors that it would not raise interest rates at least until mid-2019.

Gilts ended the review period marginally higher, as investors became more concerned about the global economic outlook for 2019. The theme of monetary tightening had dominated the market during the third quarter. Although early August's 0.25% UK interest rate rise had been largely priced in, the unanimous Monetary Policy Committee vote surprised investors, particularly so with uncertainty surrounding Brexit negotiations. Index-linked gilts marginally outperformed their conventional counterparts as inflation remained above its 2% target. Sterling-denominated corporate bonds have underperformed gilts, affected by concerns about the UK economic outlook and corporate profits, with the deadline for the conclusion of Brexit negotiations fast approaching.

Manager's Investment Report continued

Fund Review

All investment activity was prompted either by unit holder activity or by monthly changes in the profile of the benchmark Index.

During the period 36 bonds were added to the Index. 28 of these were new issues, 8 were bonds upgraded from a BBB to an A rating. 6 bonds left the Index after being downgraded to a BBB rating. 13 bonds exited the Index after falling below one year to maturity, 3 bonds exited the Index following tender offers which left the amount outstanding below the minimum required.

The Fund participated in 47 new issues and tap auctions across sectors such as telecoms, financials, utilities, housing associations, consumer goods and mortgage-backed securities.

The Fund experienced net positive cash flow during the period.

The cash flows were used to adjust the Fund's holdings in such a way so as to ensure the Fund maintained an Index distribution at all times. The Fund was also rebalanced at each month end in line with the revised Index distribution.

Outlook

Looking ahead, the near-term global growth outlook remains solid despite some pockets of weakness in recent months (Japan, Euro area, parts of Emerging Markets). Global manufacturing has slowed, but as underlying demand is steady and inventories near neutral, growth should stabilize slightly below trend. We still believe that Brexit negotiations will be a leading driver of relative performance during the first quarter of 2019 with parliament unlikely to have a meaningful vote until the beginning of next year, the potential for material news (in either direction) should occur in the next few months. The BoE is likely to stay on hold with regards to monetary policy until next year (May is our base case as the transition period should be in place by then). Risks of two hikes in 2019 have faded in light of the sharp oil price decline.

The Fund remains well placed to capture the performance of the Index.

Legal & General Investment Management Limited

(Investment Adviser)

18 December 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 0.11%, whilst over the last three years to the end of October 2018, the annualised Tracking Error of the Fund is 0.10%. 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:

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

In addition, monthly contributions can be made into the R-Class with a minimum amount of £20 per month.

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.

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 Change

New Unit Class: R-Class

With effect from 12 June 2018, R-Class units have launched within the Fund, with accumulation and distribution 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

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London E14 5GL

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Financial Conduct Authority**

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