

Legal & General Mixed Investment 20-60% Fund

**Interim Manager's Report  
for the period ended  
31 January 2018  
(Unaudited)**

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# Manager's Investment Report

## Investment Objective and Policy

This Fund aims to provide long term growth of both capital and income. The Fund will invest in shares, fixed interest securities and other assets including those giving indirect exposure to commodities and real property. Between 20% and 60% of the Fund's property will be invested in shares.

Exposure to these asset classes will be achieved generally through investment in collective investment schemes but may also be achieved by investing directly in the assets. At times the Fund may be fully invested in collective investment schemes only or directly invested only. The collective investment schemes invested in may include those managed by Legal & General.

The Fund may also invest in other transferable securities, other collective investment schemes, money market instruments, deposits, cash or near cash.

The Fund will use derivatives for efficient portfolio management purposes.

## Manager's Investment Report

During the period under review, the price of the Fund's I-Class accumulation units rose by 1.30%. The Fund under-performed its benchmark as funds within the Investment Association Mixed Investment 20-60% sector delivered an average return of 2.21% (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

Globally, equity markets made further gains during the review period, reflecting a steady improvement in global economic indicators and earnings growth that has exceeded expectations. Investors have favoured technology stocks in anticipation of an upturn in the semiconductor industry, while earnings announcements from the major technology companies, particularly in the US, have also been encouraging. Mining stocks have performed well as commodity markets rallied, while energy stocks also outperformed as the oil price climbed to a three-year high above \$70 per barrel in January. In contrast, utilities, real estate and telecoms, sectors more sensitive to bond markets, underperformed. US equities ended the review period at an all-time high, boosted by congressional approval for the Trump administration's tax reforms which included a substantial cut in corporation tax. The UK equity market ended 2017 on a positive note, as progress in Brexit negotiations with the European Union underpinned investor confidence, before faltering in January underperforming international markets over the review period. Japan was the leading major market in Sterling terms. Investors reacted favourably to a resounding victory for incumbent Prime Minister Shinzo Abe in the general election, which was viewed as heralding further economic reforms. Asian equity markets advanced as the strong global backdrop has boosted the region's export-driven economies. In Europe, although corporate results have highlighted improving earnings momentum and indicators suggest regional economic activity is accelerating; markets trailed the rest of the world as political concerns resurfaced. Talks to form a coalition government in Germany have protracted, while in Spain regional elections in Catalonia failed to resolve the independence issue. More broadly, emerging markets have outperformed developed markets supported by the improving global economic backdrop and underlying corporate earnings growth.

## Manager's Investment Report continued

The major international bond markets have struggled to make headway as central banks began to embark on withdrawing the extraordinary monetary support that has been in place since the global financial crisis. With global economic growth accelerating, expectations of rising inflation have also weakened bond markets. The US Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates to 1.5% in December, while signalling three further rate hikes in 2018. The Fed also began unwinding its asset purchase programme, known as quantitative easing (QE), in October. Although the European Central Bank (ECB) announced it would taper its QE programme from January, the ECB commented it stood ready to extend quantitative easing beyond next September if necessary. The Bank of Japan's (BOJ) 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. Index-linked gilts outperformed conventional securities over the review period, as the consumer price index accelerated to its highest level for over five years, with the depreciation in Sterling following the EU referendum reflected in higher import prices. The Bank of England increased interest rates to 0.5% in November, removing the emergency support announced in August 2016 in the wake of the EU referendum. The Sterling-denominated corporate bond market saw an upsurge in issuance during 2017 although returns have been modest. Emerging bond markets outperformed the major sovereign bond markets by a substantial margin. International investors have sought higher returns with new sovereign bond issues in countries as diverse as Egypt, Russia and Argentina.

### Fund Review

The Fund delivered a positive return for most of the review period, mainly driven by European and UK equities. Most developed equity markets gained in local terms during 2017, reflecting positive sentiment towards growth and contained volatility. The UK was the source of the strongest contributions towards the end of the year, not just in equities but also across credit and high yield bonds.

January 2018 delivered modest negative returns, mainly driven by weakness from interest rate sensitive equities and currency effects. Although many overseas equity markets delivered strong positive gains, when translated back to pound Sterling the gains were effectively cancelled out.

Over the period, our REIT holdings proved a minor drag on relative performance along with our overseas currency exposure. Emerging market debt denominated in both hard and local currency was also a minor drag on performance.

We increased our allocation to European equities, while trimming our allocation to REITs, emerging market and US equities to lower risk towards the end of 2017. However, we reversed the tactical underweight to US equities in early 2018, as well as increasing our US Treasury exposure following the sharp rise in yields towards what we considered a fairer price.

### Outlook

The pace of equity market gains has come as a bit of a surprise in January, continuing a long positive streak for equities, thanks to a synchronised economic recovery but only subdued inflation. While this is consistent with mid-economic cycle dynamics, rising inflation would start to push us towards late cycle. While our economists do not see a recession as imminent, we remain vigilant as we inch closer. The economic scenario playing out is one of lower unemployment, President Trump's tax plan and protectionism stoking inflationary pressures, while global growth remains strong. The

## Manager's Investment Report continued

recent US Employment Report supported the case that inflation could be heading higher.

While there is little visibility on what would be the next catalyst for a large asset price correction, we remain prudent in our investment strategy. If markets and economic data progress as we expect, we would gradually reduce the equity exposure as we go deeper into 2018; but if inflation stays subdued and other risks do not build, we will be more inclined to stay closer to neutral positioning. In addition, we also hold some specific hedges in the portfolio: namely a larger allocation to the US Dollar as well as US inflation linked bonds amongst our diversified fixed income assets.

Legal & General Investment Management Limited  
(Investment Adviser)  
23 February 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  
20 March 2018

# Portfolio Statement

## Portfolio Statement as at 31 January 2018

All investments are in investment grade securities or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 31 July 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>GOVERNMENT BONDS</b>			
<b>— 2.53% (2.39%)</b>			
EUR5,360,000	Spain Government Bond 2.15% 31/10/2025	5,090,472	0.76
USD16,204,000	US Treasury Index-Linked 15/01/2026	11,894,132	1.77
		<b>16,984,604</b>	<b>2.53</b>
<b>FUNDS INVESTED IN SHARES</b>			
<b>— 40.38% (42.34%)</b>			
29,456,529	Legal & General (N) Tracker Trust 'I' Inc <sup>1</sup>	56,527,079	8.43
13,922,613	Legal & General European Index Trust 'I' Inc <sup>1</sup>	40,932,483	6.10
33,067,975	Legal & General Global Emerging Markets Index Fund 'L' Inc <sup>1</sup>	20,351,685	3.04
47,699,856	Legal & General Global Real Estate Dividend Index Fund 'L' Inc <sup>1</sup>	27,441,727	4.09
44,716,437	Legal & General Japan Index Trust 'I' Inc <sup>1</sup>	24,473,306	3.65
18,172,537	Legal & General Pacific Index Trust 'I' Inc <sup>1</sup>	20,298,724	3.03
12,523,017	Legal & General UK Index Trust 'L' Inc <sup>1</sup>	20,919,700	3.12
18,407,517	Legal & General UK Mid Cap Index Fund 'L' Inc <sup>1</sup>	10,279,678	1.53
12,332,284	Legal & General US Index Trust 'I' Inc <sup>1</sup>	49,588,115	7.39
		<b>270,812,497</b>	<b>40.38</b>
<b>FUNDS INVESTED IN INTEREST BEARING SECURITIES</b>			
<b>— 46.00% (45.94%)</b>			
19,736	Legal & General All Stocks Index Linked Gilt Index Trust 'I' Inc <sup>1</sup>	22,953	—
63,799,184	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc <sup>1</sup>	37,638,329	5.61
84,674,292	Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc <sup>1</sup>	44,288,888	6.60
51,864,291	Legal & General Global Inflation Linked Bond Index Fund 'L' Inc <sup>1</sup>	27,215,787	4.06
73,152,157	Legal & General High Income Trust 'I' Inc <sup>1</sup>	37,567,290	5.60
146,319,363	Legal & General Sterling Corporate Bond Index Fund 'L' Inc <sup>1</sup>	82,480,225	12.30

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>FUNDS INVESTED IN INTEREST BEARING SECURITIES — (cont.)</b>			
64,688,786	LGIM Global Corporate Bond Fund 'B' Acc <sup>1</sup>	79,379,610	11.83
		<hr/>	<hr/>
		308,593,082	46.00
<b>EQUITY INVESTMENT INSTRUMENTS — 3.65% (2.90%)</b>			
1,334,133	iShares Global Infrastructure UCITS ETF	24,501,353	3.65
<b>FUTURES CONTRACTS — 0.21% (0.02%)</b>			
91	Australia 10 Year Future Expiry March 2018	(135,981)	(0.02)
(99)	Long Gilt Future Expiry March 2018	327,540	0.05
101	CME E-Mini Russell 2000 Index Future Expiry March 2018	202,698	0.03
294	DJ US Real Estate Future Expiry March 2018	(110,697)	(0.02)
45	E-mini Energy Select Sector Future Expiry March 2018	172,369	0.03
(122)	E-mini S&P 500 Future Expiry March 2018	(790,039)	(0.12)
424	Euro STOXX 50 Future Expiry March 2018	47,215	0.01
55	Euro-BTP Future Expiry March 2018	(144,918)	(0.02)
(16)	FTSE 100 Index Future Expiry March 2018	(32,360)	(0.01)
183	FTSE 250 Index Future Expiry March 2018	26,729	—
(162)	MSCI Emerging Markets Index Future Expiry March 2018	(776,517)	(0.12)
(14)	OSE Topix Future Expiry March 2018	(45,348)	(0.01)
167	SGX Nifty 50 Index Future Expiry February 2018	42,410	0.01
616	STOXX 600 Utilities Index Future Expiry March 2018	(536,041)	(0.08)
(70)	CHF/USD Currency Future Expiry March 2018	(50,017)	(0.01)
(43)	EUR/GBP Currency Future Expiry March 2018	43,215	0.01
(114)	EUR/USD Currency Future Expiry March 2018	(601,202)	(0.09)
1,100	GBP/USD Currency Future Expiry March 2018	3,821,851	0.57
110	INR/USD Currency Future Expiry February 2018	(3,046)	—
248	USD/KRW Currency Future Expiry February 2018	(5,406)	—
		<hr/>	<hr/>
		1,452,455	0.21

## Portfolio Statement continued

**Portfolio of investments<sup>2</sup>**

**Net other assets<sup>3</sup>**

**Total net assets**

622,343,991	92.77
48,479,753	7.23
<b>£670,823,744</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.

<sup>3</sup> Includes £46,641,924 of nominals in the LGIM Liquidity Fund Class 1 which is shown as a cash equivalent in the balance sheet of the Fund.

Total purchases for the period: £219,280,163.

Total sales for the period: £26,773,308.

## Financial Statements

### Statement of Total Return for the period ended 31 January 2018

	31/01/18		31/01/17	
	£	£	£	£
<b>Income</b>				
Net capital (losses)/ gains		(91,130)		3,879,625
Revenue	8,105,198		2,412,765	
Expenses	(966,536)		(336,495)	
Interest payable and similar charges	(2,221)		(3,463)	
<b>Net revenue before taxation</b>	<u>7,136,441</u>		<u>2,072,807</u>	
Taxation	(792,585)		(224,874)	
<b>Net revenue after taxation for the period</b>		<u>6,343,856</u>		<u>1,847,933</u>
<b>Total return before distributions</b>		<u>6,252,726</u>		<u>5,727,558</u>
Distributions		(6,343,856)		(1,850,105)
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u>£(91,130)</u>		<u>£3,877,453</u>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 31 January 2018

	31/01/18		31/01/17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		460,770,064		113,211,711
Amounts received on issue of units	203,265,452		140,497,584	
Amounts paid on cancellation of units	(897,855)		(1,406,327)	
		<u>202,367,597</u>		<u>139,091,257</u>
Dilution levy		36,001		208,384
<b>Change in net assets attributable to Unitholders from investment activities</b>		(91,130)		3,877,453
<b>Retained distributions on accumulation units</b>		<u>7,741,212</u>		<u>2,912,617</u>
<b>Closing net assets attributable to Unitholders</b>		<u>£670,823,744</u>		<u>£259,301,422</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 31 January 2018

	31/01/18 £	31/07/17 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	625,575,563	433,200,170
<b>Current assets:</b>		
Debtors	9,186,691	7,986,559
Cash and bank balances	9,916,006	7,329,993
Cash equivalents	46,641,924	14,937,615
<b>Total assets</b>	<b>691,320,184</b>	<b>463,454,337</b>
<b>LIABILITIES</b>		
Investment liabilities	(3,231,572)	(1,989,310)
<b>Creditors:</b>		
Bank overdrafts	(1,777)	(1,573)
Distributions payable	(16,924)	(12,826)
Other creditors	(17,246,167)	(680,564)
<b>Total liabilities</b>	<b>(20,496,440)</b>	<b>(2,684,273)</b>
<b>Net assets attributable to Unitholders</b>	<b>£670,823,744</b>	<b>£460,770,064</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 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	947	1,673	56.60
Accumulation Units	133,453	228,649	58.37
I-Class			
Distribution Units	1,129,193	1,957,843	57.68
Accumulation Units	114,758,718	186,186,628	61.64
C-Class			
Accumulation Units	547,498,765	883,949,413	61.94
D-Class			
Distribution Units	502,258	870,573	57.69
Accumulation Units	6,800,410	11,217,416	60.62

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**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

	31 Jan 18	31 Jul 17
F-Class	0.57%	0.57%
I-Class	0.48%	0.48%
C-Class	0.33%	0.33%
D-Class	0.97%	0.97%

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 31 March 2018 is 0.6043p per unit for distribution units and 0.6161p per unit for accumulation units.

#### **I-Class**

The distribution payable on 31 March 2018 is 0.6411p per unit for distribution units and 0.6776p per unit for accumulation units.

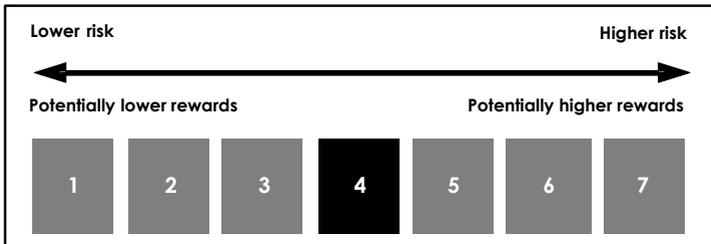
#### **C-Class**

The distribution payable on 31 March 2018 is 0.7262p per unit for accumulation units.

#### **D-Class**

The distribution payable on 31 March 2018 is 0.5008p per unit for distribution units and 0.5216p per unit for accumulation 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.
- This 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:	30 June 2014
Period end dates for distributions:	31 January, 31 July
Distribution dates:	31 March, 30 September
Minimum initial lump sum investment:	F-Class* £20 I-Class £1,000,000 C-Class** £100,000,000 D-Class £500
Valuation point:	3pm
Fund management fees:	F-Class* Annual 0.54% I-Class Annual 0.45% C-Class** Annual 0.30% D-Class Annual 0.94%
Initial charges:	F-Class* Nil I-Class Nil C-Class** Nil D-Class Nil

\* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries and platforms in relation to their investment in units in the Fund and
- (ii) authorised intermediaries or distributors who the Fund reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Fund, 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.

### 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.

## 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 Limited  
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

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

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

