

Legal & General
All Stocks Index Linked Gilt Index Trust
**Interim Manager's
Short Report
for the period ended
26 May 2017**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective of this Trust is to track the performance of the FTSE Actuaries British Government Index-Linked All Stocks Index (after adjustment for management charge and taxation).

The Manager will seek to achieve this objective by investing primarily in Government or other public securities issued by the Government of the United Kingdom. The Manager may also invest in other assets, including Government or public securities issued by other public bodies (including those outside the United Kingdom), and may make use of optimisation techniques in order to construct and maintain a portfolio, the underlying value of which exhibits the total return performance characteristics of the Index. The Manager may invest in other Collective Investment Schemes, including those managed by companies in the Legal & General Group.

Risk Profile

Credit Risk

This Trust 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 credit profile of financial instruments and Government counterparties.

Market Risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Trust 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 Trust is invested in interest bearing securities. The performance of the Trust may therefore be affected by changes in interest rates. The active monitoring and adjustment of the investments in the portfolio manages this risk.

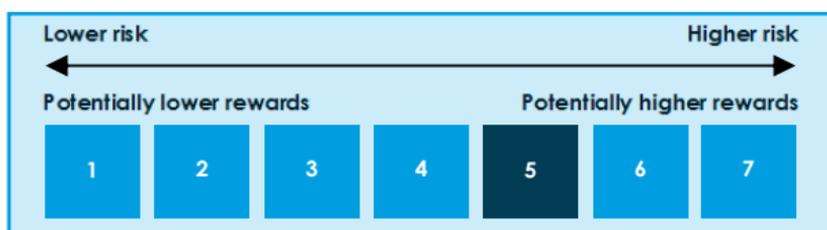
Trust Facts

Period End Dates for Distributions:	26 May, 26 Nov	
Distribution Dates:	26 Jan, 26 Jul	
Ongoing Charges Figures:	26 May 17	26 Nov 16
F-Class	0.37%	0.37%
M-Class	0.15%	0.15%
I-Class	0.15%	0.15%
C-Class	0.10%	0.10%

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total discloseable costs (excluding overdraft interest) to the average net assets of the Trust.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust 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 Trust's risk and reward category in the future.
- The category is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust is in category five because it invests in investment grade bonds which generally provide lower rewards and lower risks than other investments such as sub-investment grade bonds or company shares.
- The Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

Distribution Information

As at 26 May 2017, the whole Trust was in a shortfall position, as the expenses of the Trust exceeded distributable revenue and as such there were no distributions.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
F-Class			
Distribution Units	199,234	166,205	119.87
Accumulation Units	6,226,951	4,509,703	138.08
M-Class			
Distribution Units	410,374,766	341,367,938	120.21
Accumulation Units	674,590,948	485,800,321	138.86
I-Class			
Distribution Units	107,699,767	89,444,472	120.41
Accumulation Units	89,261,371	64,176,255	139.09
C-Class			
Distribution Units	146,373,030	121,304,040	120.67
Accumulation Units	40,675,591	29,178,212	139.40

Past performance is not a guide to future performance.

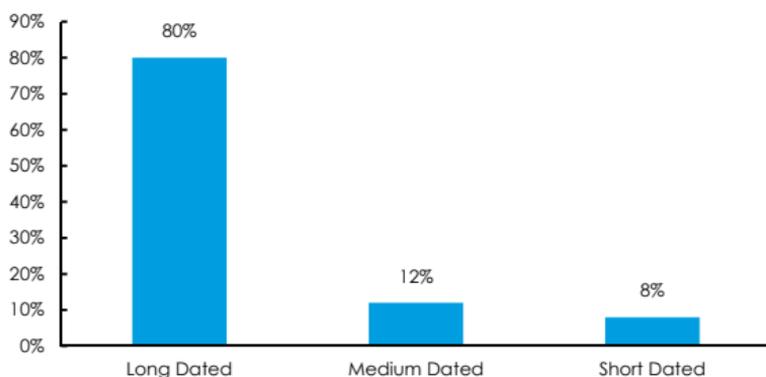
The price of units and any income from them may go down as well as up.

Portfolio Information

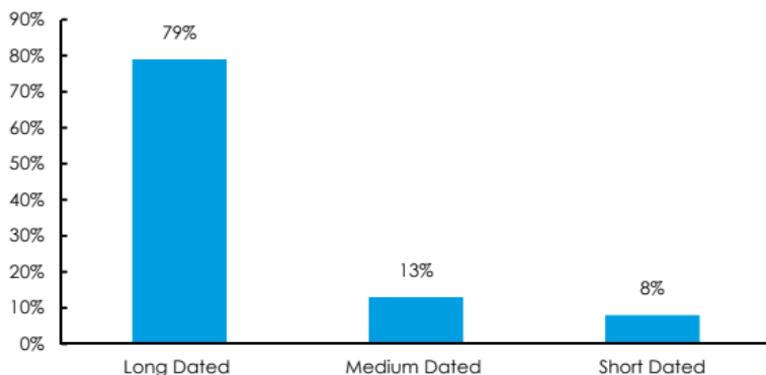
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 26 May 2017		Top 10 Holdings at 26 November 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Treasury 1.25% Index-Linked 22/11/2055	5.64%	Treasury 1.25% Index-Linked 22/11/2055	5.66%
Treasury 0.125% Index-Linked 22/03/2068	5.29%	Treasury 0.375% Index-Linked 22/03/2062	5.17%
Treasury 0.375% Index-Linked 22/03/2062	5.24%	Treasury 0.125% Index-Linked 22/03/2068	5.12%
Treasury 0.5% Index-Linked 22/03/2050	4.53%	Treasury 1.125% Index-Linked 22/11/2037	4.72%
Treasury 0.75% Index-Linked 22/11/2047	4.51%	Treasury 0.5% Index-Linked 22/03/2050	4.60%
Treasury 1.125% Index-Linked 22/11/2037	4.50%	Treasury 0.75% Index-Linked 22/11/2047	4.55%
Treasury 0.625% Index-Linked 22/03/2040	4.40%	Treasury 0.625% Index-Linked 22/03/2040	4.45%
Treasury 0.125% Index-Linked 22/03/2044	4.28%	Treasury 0.125% Index-Linked 22/03/2044	4.30%
Treasury 1.25% Index-Linked 22/11/2027	4.08%	Treasury 1.25% Index-Linked 22/11/2027	4.26%
Treasury 0.25% Index-Linked 22/03/2052	4.04%	Treasury 1.875% Index-Linked 22/11/2022	4.17%

Trust Holdings as at 26 May 2017



Trust Holdings as at 26 November 2016



Manager's Investment Report

During the period under review, the bid price of the Trust's M-Class accumulation units rose by 6.44%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for tracking purposes, the Trust has been revalued using closing prices and adjusted for Trust charges and taxation. On this basis, over the review period, from the close of business on 25 November 2016 to the close of business on 26 May 2017 (the first and last working days of the accounting period), the Trust rose by 6.51%, compared with the benchmark Index rise of 6.54% (Source: Bloomberg), 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.

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Market/Economic Review

The start of the review period saw international bond markets come to the end of a steep sell-off, prompted by investors beginning to discount an end to the low growth, low inflation environment that had prevailed since the global financial crisis. The catalyst for this change of perception was the US election result as President-Elect Trump had proposed a large-scale programme of infrastructure spending and tax cuts to boost the US economy. While bond markets had anticipated a rise in US interest rates in December 2016, the Federal Reserve (Fed) surprised investors with more hawkish guidance on monetary policy, signalling a further three rate hikes in 2017. The Bank of Japan's (BOJ) negative interest rate policy, and its recent announcement that it will intervene if necessary to keep the yield on benchmark 10-year bonds at around 0%, underpinned Japanese government bonds. Although the European Central Bank confirmed it would reduce the scale of its monthly asset purchase programme, known as quantitative easing (QE), this would not take effect until spring 2017 while QE is to be extended until the end of the calendar year. Gilts outperformed international bond markets, recording a modest gain. The prevailing view amongst investors was that higher UK inflation had been primarily triggered by Sterling's sharp depreciation following the EU referendum, as opposed to domestically generated pressures, and that interest rates would remain unchanged. The ongoing purchase of investment-grade credit by the Bank of England (BoE) as part of its expanded quantitative easing programme continued to

Manager's Investment Report continued

underpin Sterling-denominated corporate bonds. Although the US presidential election result sparked an initial outflow of funds from international investors on the prospect of a more protectionist approach to US trade policy, sentiment has subsequently improved with strong demand for new issues of both sovereign (government) and corporate bonds in emerging markets.

Trust Review

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

There were five auctions and two syndications of index-linked securities during the review period, which raised a total of £15.2 billion for government funding. The bonds issued by syndication were the launch of the Treasury 0.125% Index-Linked 22/11/2056 for £2.25 billion nominal in November 2016 and a tap of the Treasury 0.125% Index-Linked 22/11/2065 for £2.0 billion nominal in February 2017. The auctions were taps of the Treasury 0.125% Index-Linked 22/11/2036 (three times) and the Treasury 0.125% Index-Linked 22/03/2046 (twice). There were no redemptions over the review period. Each issuance and redemption resulted in a change to the constituent weightings of the benchmark Index and required the Trust to be rebalanced in line with the revised Index distribution.

The Trust experienced net negative cash flow during the review period. The cash flows were used to adjust the Trust's holdings in such a way so as to ensure the Trust maintained an Index distribution at all times.

Outlook

The economic backdrop remains benign, with steady but unspectacular global growth mixing with little sign of inflationary pressure. Global central banks are expected to announce gradual policy tightening measures in the coming months, but markets are far from pricing in significant risk from such actions. China does appear to be tightening monetary policy, with some modest weakness filtering through to the housing market, but confidence indicators remain strong, and capital outflow pressure continues to be low.

We believe that, on the balance of probabilities, government bonds will perform relatively well. In the long-term, we remain cautious about global growth and the ability of a highly leveraged global economy to withstand higher interest rates. In the short term, we expect the market to be disappointed by how difficult the Congressional Republican Party will find it to agree on healthcare, tax and regulatory reform. We are also concerned about the impact on risk assets of a 'forced' withdrawal from QE by the BoJ and ECB – both of whom are running out of bonds to buy before inflation has reached target. We would not expect significant rises in UK interest rates as we believe that the Bank of England will

Manager's Investment Report continued

keep rates low for a while longer, looking through rising inflation and instead focusing on weaker economic data.

Legal & General Investment Management Limited

(Investment Adviser)

15 June 2017

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 Trust is the measure of the volatility of the differences between the return of the Trust and the return of the benchmark Index. It provides an indication of how closely the Trust is tracking the performance of the benchmark Index after considering things such as Trust charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Trust is 0.05%, whilst over the last three years to the end of May 2017, the annualised Tracking Error of the Trust is 0.06%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/- 0.25% per annum.

EU Savings Directive

The Trust 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 Trust 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.

Minimum Investment Amounts

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

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

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 Trust and
- ii) authorised intermediaries or 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.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust 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 Trust can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

Call charges will vary. We may record and monitor calls

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.

Trustee

Northern Trust Global Services Limited

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

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London SE1 2RT

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

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