

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

**EVERY  
DAY  
MATTERS.®**





## Investment Objective and Policy

The investment objective of this Trust is to track the total return of UK Government Securities, as represented by the FTSE Actuaries British Government All Stocks Index after adjustment for management charges and taxation, by investment in a representative sample of stocks.

## Risk Profile

### Credit Risk

This Trust is invested in financial securities such as Government 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

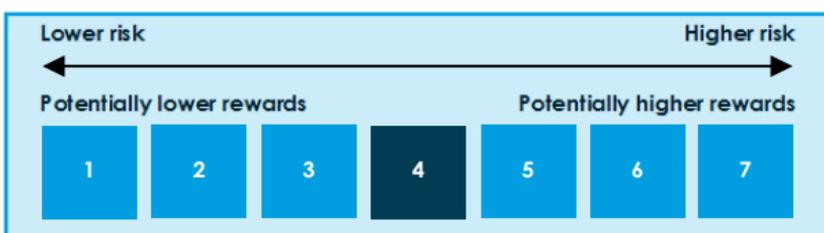
Period End Dates for Distributions:	25 May, 25 Nov (24 Nov)*	
Distribution Dates:	25 Jul, 25 Jan (24 Jan)*	
Ongoing Charges Figures:	24 Nov 17	25 May 17
F-Class	0.37%	0.37%
M-Class	0.15%	0.15%
I-Class	0.15%	0.15%
C-Class	0.10%	0.10%

\* See Significant Changes on page 8.

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 indicator 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 four 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

### F-Class

The distribution payable on 24 January 2018 is 0.7934p per unit for distribution units and 1.4281p per unit for accumulation units.

### M-Class

The distribution payable on 24 January 2018 is 0.8739p per unit for distribution units and 1.5607p per unit for accumulation units.

### I-Class

The distribution payable on 24 January 2018 is 0.8739p per unit for distribution units and 1.5607p per unit for accumulation units.

### C-Class

The distribution payable on 24 January 2018 is 0.8906p per unit for distribution units and 1.5921p per unit for accumulation 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	4,322	3,554	121.61
Accumulation Units	302,401	138,815	217.84
M-Class			
Distribution Units	194,310,970	159,063,023	122.16
Accumulation Units	415,575,800	189,146,294	219.71
I-Class			
Distribution Units	196,580,990	160,921,261	122.16
Accumulation Units	126,750,494	57,689,563	219.71
C-Class			
Distribution Units	133,506,117	109,122,939	122.34
Accumulation Units	25,977,846	11,793,284	220.28

**Past performance is not a guide to future performance.**

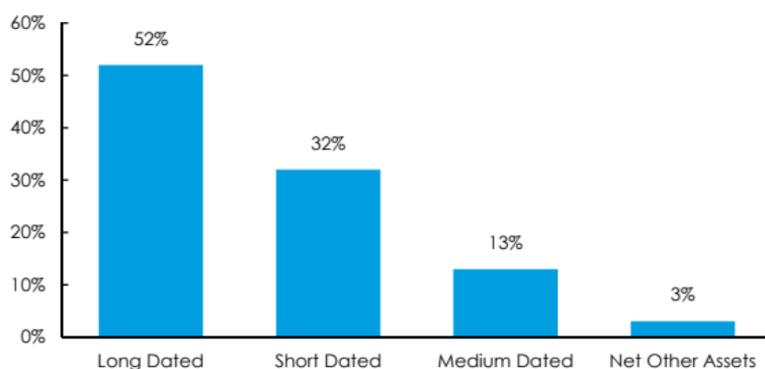
**The price of units and any income from them may go down as well as up.**

## Portfolio Information

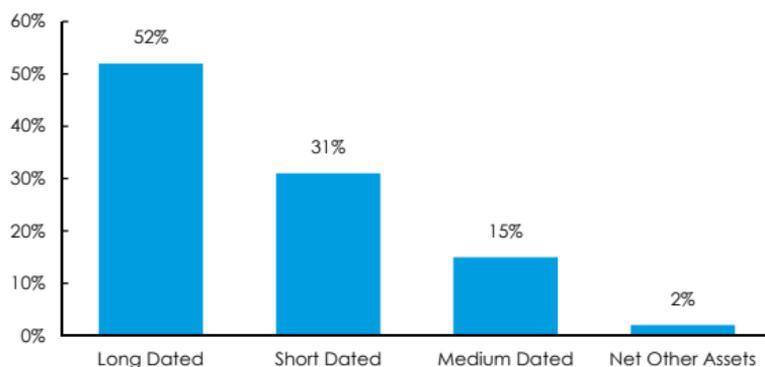
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 24 November 2017		Top 10 Holdings at 25 May 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
United Kingdom Gilt 4.25% 07/06/2032	3.26%	United Kingdom Gilt 4.75% 07/12/2030	3.23%
United Kingdom Gilt 4.75% 07/12/2030	3.22%	United Kingdom Gilt 4.25% 07/06/2032	3.22%
United Kingdom Gilt 5% 07/03/2025	3.10%	United Kingdom Gilt 4.5% 07/09/2034	3.17%
United Kingdom Gilt 4.5% 07/09/2034	3.09%	United Kingdom Gilt 5% 07/03/2025	3.14%
United Kingdom Gilt 4.25% 07/12/2055	3.07%	United Kingdom Gilt 4.25% 07/12/2055	3.08%
United Kingdom Gilt 4% 07/03/2022	3.02%	United Kingdom Gilt 4% 07/03/2022	2.97%
United Kingdom Gilt 4.5% 07/12/2042	2.91%	United Kingdom Gilt 4.25% 07/03/2036	2.85%
United Kingdom Gilt 4.25% 07/03/2036	2.87%	United Kingdom Gilt 4.5% 07/12/2042	2.82%
United Kingdom Gilt 4.25% 07/12/2027	2.74%	United Kingdom Gilt 4.25% 07/12/2027	2.76%
United Kingdom Gilt 4% 22/01/2060	2.73%	United Kingdom Gilt 4% 22/01/2060	2.74%

## Trust Holdings as at 24 November 2017



## Trust Holdings as at 25 May 2017



## **Manager's Investment Report**

During the period under review, the bid price of the Trust's I-Class accumulation units fell by 1.39%. 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, the Trust fell by 1.13% compared with the Index fall of 1.09% (Source: Bloomberg), producing a tracking difference of -0.04%.

**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.**

The FTSE Actuaries UK Government Securities All Stocks Index is calculated by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this product.

All copyright in the Index values and constituent list belongs to FTSE. Legal & General has obtained full licence from FTSE to use such copyright in the creation of this product.

"FTSE™", "FT-SE®" and "Footsie®" are trademarks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited ("FTSE") under license.

## **Market/Economic Review**

The major international bond markets have struggled to make headway over the last six months, as investors began to discount an end to the low growth, low inflation environment that has prevailed since the global financial crisis. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates in June and signalling a further rate hike prior to the year-end. 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 QE 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. Conventional gilts ended the period lower, as did index-linked securities. In the UK, inflation accelerated to its highest level for over five years in September, as the depreciation in Sterling since last year's EU referendum has fed through to import prices.

With UK economic growth remaining relatively subdued compared to both last year and to the recent performance of leading Eurozone economies, gilt prices firmed amid expectations that inflation will soon peak and see the Bank of England embark on a period of only gradual and limited rises in borrowing costs.

## **Manager's Investment Report continued**

### **Trust Review**

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

During the review period there were 15 gilt auctions and 1 syndication, raising a total of £45.3 billion for government funding. The bond issued by syndication was a tap of the 2½% Treasury Gilt 2065 for £4bn nominal in September. One new bond was issued by auction – the 0¾% Treasury Gilt 2023, for approximately £3.2bn nominal in July, and was the subject of 3 further auctions over the period. Two bonds were redeemed – the 8¾% Treasury Gilt August 2017 and the 1% Treasury Gilt September 2017. Each auction, syndication 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 period. The cash flows were used to adjust the Trust's holdings in such a way so as to ensure the Trust maintained the Index distribution at all times.

### **Outlook**

With low government bond yields and few obvious risks on the immediate horizon, many investors are chasing yields with strong inflows to risky asset classes. This benign environment is being reflected in tight credit valuations and low implied equity volatility. In the UK, the 5 year high in inflation will necessitate further rate hikes, however, if rates rise too fast, the economy could be hurt should downside risks materialise. The Bank of England increased interest rates by 0.25% to 0.5% on 2nd November, but was keen to stress that inflation would not return to target unless interest rates were hiked further. This is consistent with our own expectation of slow rate hikes.

Against this backdrop of expected tightening of monetary policy, the Trust remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited

(Investment Adviser)

19 December 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](http://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 0.01%, whilst over the last three years to the end of November 2017, the annualised Tracking Error of the Trust is 0.02%. 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.

## Significant Changes

### Closure of M-Class

As at 24 November 2017, the M-Class was closed. All unitholders in the M-Class as at 24 November 2017 have been moved into the I-Class which is identical to the M-Class. The terms and charges are identical between the classes.

### Change of Accounting Date

The Trust's Interim accounting date, usually 25 November, has been moved to 24 November 2017 in order to facilitate the closure of M-Class as detailed above. As such, the Trust's corresponding distribution payment date, usually 25 January will be made on 24 January 2018. The accounting and distribution payment will revert to their normal dates after this event.

**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

**Independent Auditors**

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

**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)  
GIL0118

