

Legal & General Multi-Index 3 Fund
(a Sub-fund of Legal and General
Multi-Index Funds)

**Annual Manager's
Short Report
for the year ended
15 August 2017**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

With effect from 3 July 2017, the Sub-fund's Investment Objective and Policy has changed (please see Significant Changes section on page 21).

Prior to 3 July 2017

The aim of this Sub-fund is to generate capital growth and income, and to keep the Sub-fund within a pre-determined risk profile. The Sub-fund's potential gains and losses are likely to be constrained by the aim to stay within the risk profile.

The Sub-fund will have exposure mainly to fixed income securities (both government and non-government) and cash, with some exposure to equities and property.

To obtain this exposure, the Sub-fund will invest predominantly in collective investment schemes which may also provide an indirect exposure to money market instruments, deposits, near cash and alternative asset classes (such as commodities). The Sub-fund will mainly invest in Index tracker schemes which are operated by Legal & General.

The Sub-fund may also invest directly in transferable securities (equity securities and fixed income securities), money market instruments, deposits, and cash and near cash.

The Sub-fund may hold derivatives for efficient portfolio management purposes.

The Sub-fund's risk profile is managed by restricting the types of assets held and the allocations of each asset type. The asset and allocation restrictions are set with reference to research carried out by an external agency and are based on the long term historic return and volatility of each asset type. This external agency has determined risk bands ranging between 1 to 10, with 10 being the highest. This Sub-fund aims to stay within band 3.

From 3 July 2017

The aim of this Sub-fund is to generate capital growth and income, and to keep the Sub-fund within a pre-determined risk profile. The Sub-fund's potential gains and losses are likely to be constrained by the aim to stay within the risk profile.

The Sub-fund will have exposure to fixed income securities (both government and non-government) cash, equities and property. The Sub-fund will have a strong bias towards fixed income securities.

To obtain this exposure, the Sub-fund will invest at least 75% in collective investment schemes which may also provide an indirect exposure to money market instruments, deposits, near cash and alternative asset classes (such as commodities). The Sub-fund will mainly invest at least 50% in Index tracker schemes which are operated by Legal & General.

The Sub-fund may also invest directly in transferable securities (equity securities and fixed income securities), money market instruments, deposits, and cash and near cash.

Investment Objective and Policy continued

The Sub-fund may hold derivatives for efficient portfolio management purposes only.

The Sub-fund's risk profile is managed by restricting the types of assets held and the allocations of each asset type. The asset and allocation restrictions are set with reference to research carried out by an external agency and are based on the long term historic return and volatility of each asset type. This external agency has determined risk bands ranging between 1 to 10, with 10 being the highest. This Sub-fund aims to stay within band 3.

Risk Profile

Credit risk

This Sub-fund invests in Collective Investment Schemes which hold 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 within the underlying funds 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 Sub-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 Sub-fund is invested in interest distributing funds. The performance of the Sub-fund may therefore be affected by changes in interest rates, through its holdings in these funds.

Currency risk

This Sub-fund is invested in Collective Investment Schemes which may invest in overseas financial securities. The performance of the Sub-fund may therefore be affected by changes in exchange rates. This risk is managed by the use of foreign currency futures, which aim to manage the effect of changing exchange rates.

Fund Facts

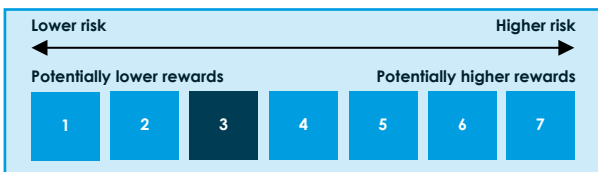
Period End Dates for Distributions:	15 Feb, 15 Aug	
Distribution Dates:	15 Apr, 15 Oct	
Ongoing Charges Figures:	15 Aug 17	15 Aug 16
R-Class*	0.76%	—
F-Class	0.50%	0.50%
I-Class	0.31%	0.31%
C-Class	0.24%	0.24%
L-Class	0.06%	0.06%

* R-Class launched 27 March 2017.

The Ongoing Charges Figure (OCF) is the ratio of the Sub-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 Sub-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 Sub-fund's risk and reward category in the future.
- The category is based on the rate at which the value of the Sub-fund and a representative mix of the underlying funds have moved up and down in the past.
- This Sub-fund is in category three because it invests, through other funds, in bonds, with some exposure to other asset types, mainly company shares. Bonds generally provide lower rewards and lower risks whereas company shares generally provide higher rewards and higher risks. The level of risk in the Sub-fund is managed by restricting the types and proportions of the assets it holds.
- The Sub-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.

The Sub-fund targets risk profile three as calculated by Distribution Technology. They are an independent agency who provide risk profiling tools to advisers and fund managers.

The Risk and Reward profile scale above is calculated differently to the Distribution Technology Risk Profiles. The Distribution Technology profiles range from 1 to 10 with 10 being the highest (rather than a scale of 1 to 7 for the Risk and Reward profile).

More information on the Distribution Technology risk profiles is shown in the Prospectus. Alternatively you can contact us with any queries.

Distribution Information

R-Class

The distribution payable on 15 October 2017 is 0.3285p per unit for distribution units and 0.3269p per unit for accumulation units.

F-Class

The distribution payable on 15 October 2017 is 0.5454p per unit for distribution units and 0.5718p per unit for accumulation units.

I-Class

The distribution payable on 15 October 2017 is 0.6035p per unit for distribution units and 0.6350p per unit for accumulation units.

C-Class

The distribution payable on 15 October 2017 is 0.6253p per unit for distribution units and 0.6591p per unit for accumulation units.

L-Class

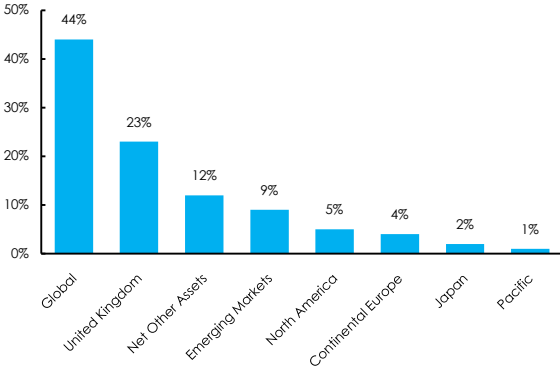
The distribution payable on 15 October 2017 is 0.6791p per unit for distribution units.

Portfolio Information

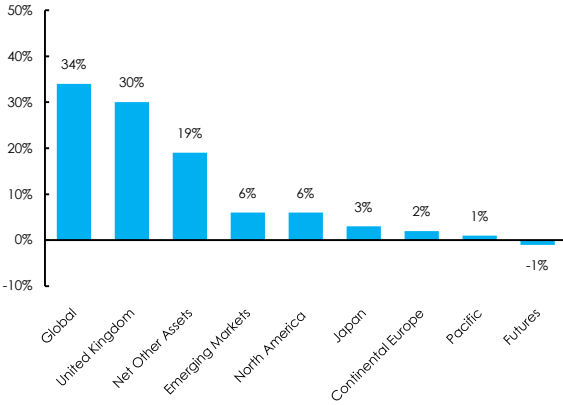
The top 10 holdings and their associated weighting at the current year end and preceding period end were:

Top 10 Holdings at 15 August 2017		Top 10 Holdings at 15 August 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General All Stocks Gilt Index Trust 'I' Inc	11.04%	Legal & General All Stocks Gilt Index Trust 'I' Inc	12.51%
Legal & General Sterling Corporate Bond Index Fund 'L' Inc	10.80%	Legal & General Sterling Corporate Bond Index Fund 'L' Inc	10.74%
Legal & General Global Inflation Linked Bond Index Fund 'L' Inc	10.53%	Legal & General Global Inflation Linked Bond Index Fund 'L' Inc	9.91%
Legal & General Short Dated Sterling Corporate Bond Index Fund 'L' Inc	8.23%	Legal & General UK Index Trust 'L' Inc	7.35%
LGIM Global Corporate Bond Fund 'B' Acc	8.02%	LGIM Global Corporate Bond Fund 'B' Acc	6.92%
Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	5.85%	Legal & General UK Property Fund 'L' Inc	6.44%
Legal & General UK Property Fund 'L' Inc	4.84%	Legal & General US Index Trust 'I' Inc	5.79%
Legal & General US Index Trust 'I' Inc	4.68%	Legal & General High Income Trust 'I' Inc	5.48%
Legal & General High Income Trust 'I' Inc	4.40%	Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	5.14%
Legal & General UK Index Trust 'L' Inc	3.70%	Legal & General All Stocks Index Linked Gilt Index Trust 'I' Inc	4.08%

Fund Holdings as at 15 August 2017



Fund Holdings as at 15 August 2016



Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 [^] (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	1.01
Operating charges (calculated on average price)	(0.15)
Return after operating charges*	0.86
Distributions on income units	(0.33)
Closing net asset value per unit	50.53
* after direct transaction costs of:	—

Performance

Return after charges	1.72%
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Other Information

Closing net asset value (£)	5,971
Closing number of units	11,817
Operating charges [†]	0.76%
Direct transaction costs	0.01%

Prices

Highest unit price	51.18p
Lowest unit price	50.00p

[^] R-Class launched 27 March 2017.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 [^] (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges*	1.01
Operating charges (calculated on average price)	(0.15)
Return after operating charges*	0.86
Distributions	(0.33)
Retained distributions on accumulation units	0.33
Closing net asset value per unit	50.86
* after direct transaction costs of:	—

Performance

Return after charges	1.72%
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Other Information

Closing net asset value (£)	185,500
Closing number of units	364,724
Operating charges [†]	0.76%
Direct transaction costs	0.01%

Prices

Highest unit price	51.19p
Lowest unit price	50.00p

[^] R-Class launched 27 March 2017.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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Exchange rate changes may cause the value of any overseas investments to rise or fall.

Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 (pence per unit)	15/08/16 [^] (pence per unit)	15/06/15 (pence per unit)
Opening net asset value per unit	59.25	54.88	51.60
Return before operating charges*	2.13	5.49	4.22
Operating charges (calculated on average price)	(0.30)	(0.28)	(0.26)
Return after operating charges*	1.83	5.21	3.96
Distributions on income units	(0.93)	(0.84)	(0.68)
Closing net asset value per unit	60.15	59.25	54.88
* after direct transaction costs of:	—	—	0.01

Performance

Return after charges	3.09%	9.49%	7.67%
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Other Information

Closing net asset value (£)	48,712	25,139	1,063
Closing number of units	80,982	42,430	1,937
Operating charges [†]	0.50%	0.50%	0.50%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest unit price	61.06p	59.68p	57.11p
Lowest unit price	58.00p	53.67p	51.60p

[^] The accounting date changed from 15 June to 15 August 2016.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 (pence per unit)	15/08/16 [^] (pence per unit)	15/06/15 (pence per unit)
Opening net asset value per unit	61.70	56.30	52.34
Return before operating charges*	2.25	5.69	4.23
Operating charges (calculated on average price)	(0.31)	(0.29)	(0.27)
Return after operating charges*	1.94	5.40	3.96
Distributions	(0.97)	(0.86)	(0.67)
Retained distributions on accumulation units	0.97	0.86	0.67
Closing net asset value per unit	63.64	61.70	56.30
* after direct transaction costs of:	—	—	0.01

Performance

Return after charges	3.14%	9.59%	7.57%
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Other Information

Closing net asset value (£)	708,964	367,659	179,891
Closing number of units	1,114,108	595,851	319,506
Operating charges†	0.50%	0.50%	0.50%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest unit price	64.01p	62.15p	58.24p
Lowest unit price	60.40p	55.04p	52.32p

[^] The accounting date changed from 15 June to 15 August 2016.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 (pence per unit)	15/08/16 [^] (pence per unit)	15/06/15 (pence per unit)
Opening net asset value per unit	59.24	54.84	51.57
Return before operating charges*	2.13	5.49	4.15
Operating charges (calculated on average price)	(0.18)	(0.17)	(0.17)
Return after operating charges*	1.95	5.32	3.98
Distributions on income units	(1.05)	(0.92)	(0.71)
Closing net asset value per unit	60.14	59.24	54.84
* after direct transaction costs of:	—	—	0.01

Performance

Return after charges	3.29%	9.70%	7.72%
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Other Information

Closing net asset value (£)	10,035,831	7,822,094	2,790,252
Closing number of units	16,686,151	13,203,263	5,087,857
Operating charges†	0.31%	0.31%	0.31%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest unit price	61.09p	59.67p	57.07p
Lowest unit price	58.02p	53.65p	51.56p

[^] The accounting date changed from 15 June to 15 August 2016.

† Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 (pence per unit)	15/08/16 [^] (pence per unit)	15/06/15 (pence per unit)
Opening net asset value per unit	61.96	56.44	52.39
Return before operating charges*	2.24	5.70	4.22
Operating charges (calculated on average price)	(0.19)	(0.18)	(0.17)
Return after operating charges*	2.05	5.52	4.05
Distributions	(1.10)	(0.95)	(0.72)
Retained distributions on accumulation units	1.10	0.95	0.72
Closing net asset value per unit	64.01	61.96	56.44
* after direct transaction costs of:	—	—	0.01

Performance

Return after charges	3.31%	9.78%	7.73%
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Other Information

Closing net asset value (£)	210,992,112	113,065,138	47,638,128
Closing number of units	329,631,723	182,480,817	84,408,551
Operating charges [†]	0.31%	0.31%	0.31%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest unit price	64.37p	62.41p	58.37p
Lowest unit price	60.68p	55.19p	52.36p

[^] The accounting date changed from 15 June to 15 August 2016.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Comparative Tables continued

C-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 (pence per unit)	15/08/16 [^] (pence per unit)	15/06/15 (pence per unit)
Opening net asset value per unit	59.25	54.84	51.58
Return before operating charges*	2.13	5.49	4.16
Operating charges (calculated on average price)	(0.14)	(0.13)	(0.13)
Return after operating charges*	1.99	5.36	4.03
Distributions on income units	(1.08)	(0.95)	(0.77)
Closing net asset value per unit	60.16	59.25	54.84
* after direct transaction costs of:	—	—	0.01

Performance

Return after charges	3.36%	9.77%	7.81%
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Other Information

Closing net asset value (£)	4,640,740	3,591,932	880,651
Closing number of units	7,714,294	6,062,403	1,605,911
Operating charges [†]	0.24%	0.24%	0.24%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest unit price	61.12p	59.68p	57.06p
Lowest unit price	58.04p	53.65p	51.57p

[^] The accounting date changed from 15 June to 15 August 2016.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 (pence per unit)	15/08/16 [^] (pence per unit)	15/06/15 (pence per unit)
Opening net asset value per unit	62.06	56.50	52.38
Return before operating charges*	2.25	5.70	4.26
Operating charges (calculated on average price)	(0.15)	(0.14)	(0.14)
Return after operating charges*	2.10	5.56	4.12
Distributions	(1.14)	(0.98)	(0.78)
Retained distributions on accumulation units	1.14	0.98	0.78
Closing net asset value per unit	64.16	62.06	56.50
* after direct transaction costs of:	—	—	0.01

Performance

Return after charges	3.38%	9.84%	7.87%
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Other Information

Closing net asset value (£)	31,146,649	24,797,240	10,392,946
Closing number of units	48,547,057	39,954,350	18,395,702
Operating charges [†]	0.24%	0.24%	0.24%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest unit price	64.52p	62.51p	58.39p
Lowest unit price	60.80p	55.25p	52.37p

[^] The accounting date changed from 15 June to 15 August 2016.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	15/08/17 (pence per unit)	15/08/16 [^] (pence per unit)	15/06/15 (pence per unit)
Opening net asset value per unit	59.29	54.89	51.61
Return before operating charges*	2.20	5.46	4.06
Operating charges (calculated on average price)	(0.04)	(0.03)	(0.03)
Return after operating charges*	2.16	5.43	4.03
Distributions on income units	(1.20)	(1.03)	(0.75)
Closing net asset value per unit	60.25	59.29	54.89
* after direct transaction costs of:	—	—	0.01

Performance

Return after charges	3.64%	9.91%	7.81%
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Other Information

Closing net asset value (£)	629	619	573
Closing number of units	1,044	1,044	1,044
Operating charges [†]	0.06%	0.06%	0.06%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest unit price	61.27p	59.77p	57.18p
Lowest unit price	58.12p	53.74p	51.61p

[^] The accounting date changed from 15 June to 15 August 2016.

[†] Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Manager's Investment Report

During the year under review, the bid price of the Sub-fund's F-Class accumulation units rose by 3.14%.

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

Equity markets recorded double-digit percentage gains as investors became more positive on the prospects for global economic growth. Globally, equities have also been underpinned by companies buying back their own shares. Since the turn of the calendar year however, there has been a cooling of the so-called reflation trade that dominated equity markets in the latter half of 2016 when commodity-related sectors and financials performed relatively well. Instead, investors favoured more defensive sectors such as consumer staples and healthcare as central banks signalled the prolonged era of ultra-loose monetary policy was coming to an end. In contrast, sectors closely correlated with bonds struggled, such as utilities and telecommunications, as bond markets globally sold off. Energy stocks have also underperformed as Organisation of Petroleum Exporting Countries (OPEC)'s move to introduce production quotas has failed to restore equilibrium in global oil markets, as North American shale inventories have risen. Amongst developed markets Europe outperformed, reflecting growing confidence over the economic outlook and a reduction in political risks in early 2017. Emerging markets outperformed the World Index as investors became less concerned about the risk of protectionist US trade policies.

Although the major government bond markets were initially underpinned by demand from risk-averse investors, as interest rates remained very low worldwide, an improving global growth outlook and rising inflationary pressures meant most government bond markets recorded a loss over the year. Since late 2016 longer-term interest rates in the major economies have moved higher, particularly in the US where investors discounted Fed rate hikes and looser fiscal policy, but also latterly in Europe as the European Central Bank signalled it may begin tapering its quantitative easing (QE) programme earlier than expected. In the UK the sharp, post-referendum devaluation of Sterling raised expectations that inflation will accelerate over the coming year and consequently index-linked gilts outperformed their conventional counterparts.

The Bank of England's decision to add high quality corporate bonds to its QE programme in August provided a much-needed boost for Sterling-denominated bonds and sparked a wave of new issuance. Emerging bond markets have attracted substantial inflows from international investors looking for higher levels of income, outperforming major government bond markets.

Manager's Investment Report continued

Fund Review

The Sub-fund delivered a modest positive return over the review year. Risk assets performed well against the backdrop of positive global economic data and subdued volatility despite political and central bank announcements. Equities largely performed well over the review year as emerging markets clawed back some of their underperformance in the wake of President Trump's election.

The Sub-fund's holdings in UK equities contributed to Sub-fund performance; however, UK government bonds both nominal and inflation-linked proved a slight drag in the later months. Our positive bias towards Sterling added to returns as a result of its relative strength over the review year.

As spreads narrowed and yields climbed, we added to Sub-fund duration and have begun gradually decreasing the Sub-fund's exposure to high yield debt. In order to manage political event risk more effectively, we reduced Sterling exposure in favour of the US Dollar.

We added a position in Australian government bonds using futures, one of the highest yielding developed bond markets globally. We also introduced exposure to more defensive utilities within our European equity allocation, which reflect outstanding value relative to other sectors.

Outlook

Over the recent months, our core investment views have remained largely unchanged. Our economic outlook of mid-cycle expansion is consistent with steady but unspectacular returns, but we continue to worry about the latent systemic risks overlooked by the market.

Global trade will likely continue to grow this year, provided that consumers are supported by more favourable labour market conditions and manufacturing continues to grow. Higher bank lending, especially in the Eurozone, should help too. However, there are several headwinds on the horizon. The recent decline in oil prices will likely weigh on the fuels trade. Some slowdown in Chinese growth can also affect global trade in the second half of 2017. Any correction in now fairly buoyant asset prices could affect sentiment. In particular, rising protectionism and lower cross-border investment will likely prevent the return to pre-crisis growth rates. Any wholesale retreat from global integration would act as a structural headwind to trade with particularly negative implications for emerging markets.

Legal & General Investment Management Limited
(Investment Adviser)
15 September 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.

EU Savings Directive

The Sub-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 Sub-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 Sub-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 Sub-fund in the form of a payment from the Manager. This provides an enhanced return to the Sub-fund, through 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	£500
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 and F-Class with a minimum amount of £50 per month.

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 Sub-fund 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.

L-Class is not available to retail customers and is intended only for investment by Legal & General group companies.

Other Information

The information in this report is designed to enable unitholders to understand how the Sub-fund has performed during the year under review and how it is invested at the year end. Further information on the activities and performance of the Sub-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 Changes

New Unit Class: R-Class

With effect from 27 March 2017, R-Class units have launched within each Sub-fund with accumulation and distribution units available.

Change in Investment Objective and Policy

As disclosed on page 1, the Investment Objective and Policy has changed for the Sub-fund on 3 July 2017.

Change of Distribution Type

With effect from 3 July 2017, the form in which any income payments are made from this Sub-fund has changed from Dividend payments to Interest payments. The Manager is making this change as it will be more tax efficient for the Sub-fund. However any increase in performance may be offset or even reversed depending on the tax position of each investor. If you are unsure of how this change will affect you, we recommend seeking specialist tax advice. This change will not affect the management or investment process of the Sub-fund.

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,

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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

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Financial Conduct Authority**

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