

Legal & General Short Dated Sterling  
Corporate Bond Index Fund

**Interim Manager's Report  
for the period ended  
15 August 2017  
(Unaudited)**

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# Manager's Investment Report

## Investment Objective and Policy

The Fund aims to track the total return performance of the Markit iBoxx Sterling Corporates 1-5 Index (the "Index") (after adjustment for management charges and taxation).

The Fund will invest primarily in the securities that make up the constituents of the Index. The bonds the Fund invests in will be primarily composed of short dated investment grade Sterling denominated corporate bonds and will be held with weightings generally proportionate to the weightings in the Index.

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

The Fund may hold derivatives for the purpose of efficient portfolio management.

## Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 1.71%. 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 and adjusted for the effects of charges and taxation. On this basis over the review period, the Fund rose by 1.71%, compared with the benchmark Index rise of 1.84% (Source: Bloomberg), producing a tracking difference of -0.13%.

**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 have struggled to make headway over the review period, 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) signalled a gradual tightening of monetary policy, raising interest rates on two occasions over the review period. The Fed also signalled it would begin unwinding its asset purchase programme, known as quantitative easing (QE), in the autumn. Bond markets were also unsettled by indications from the European Central Bank that it may taper its QE programme sooner than anticipated in response to stronger regional economic indicators. However, 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 review period marginally higher, while index-linked securities recorded a loss. Although the Consumer Price Index accelerated to a four-year high in May, an inconclusive outcome to the June general election added to the uncertainty on the UK economic outlook as Brexit negotiations commenced with investors beginning to factor in the likelihood of inflation declining over the longer-term. Sterling-denominated

## Manager's Investment Report continued

corporate bonds outperformed gilts with an upsurge in issuance during the first half of 2017.

### 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 review period, 57 bonds were added to the Index. Seventeen were new issues and the rest were existing bonds that entered the Index by falling below five years to maturity. Two bonds left the Index after the amount remaining in issue following a corporate action fell below the Index minimum issue size, one bond left after being called. A further sixteen bonds with less than a year to maturity also left the Index. The Fund participated in seventeen new issues from issuers including Deutsche Bank, LVMH, Wells Fargo and National Australia Bank. The Fund also took part in four corporate actions across a range of sectors.

The Fund experienced net positive cash flow during the review 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, economic growth remains reasonably strong and there is still little sign of inflation. As a result, central bank monetary policy remains supportive for risky asset classes, in line with current tight credit spreads.

However, the yield volatility at the end of June 2017 suggests that this benign backdrop will not last forever, with the ECB and US Federal Reserve set to announce a tapering of asset purchases (reducing balance sheet reinvestment in the case of the Federal Reserve) as early as September 2017.

We think this is the next critical phase for credit markets and could lead to wider spreads as premium for structural risks of excess debt, weakening potential growth and political instability is more accurately reflected in valuations.

Legal & General Investment Management Limited  
(Investment Adviser)  
7 September 2017

## Authorised Status

### Authorised Status

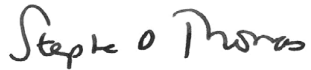
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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  
4 October 2017

## Portfolio Statement

### Portfolio Statement as at 15 August 2017

All investments are in investment grade securities unless otherwise stated. The percentages in brackets show the equivalent holdings at 15 February 2017.

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	<b>CORPORATE BONDS</b>		
	<b>— 98.94% (97.15%)</b>		
	<b>UNITED KINGDOM</b>		
	<b>— 41.56% (42.48%)</b>		
GBP930,000	Anglian Water Services Financing 5.837% 30/07/2022	1,138,724	0.20
GBP2,600,000	Arqiva Financing 4.04% 30/06/2035	2,766,842	0.49
GBP2,650,000	Aviva 6.625% 03/06/2041	3,051,446	0.54
GBP1,994,000	Aviva 6.875% 29/11/2049	2,184,802	0.38
GBP3,242,000	Aviva 5.902% Open Maturity	3,534,299	0.62
GBP1,000,000	BAE Systems 4.125% 08/06/2022	1,126,541	0.20
GBP1,137,000	Bank of Scotland 6.375% 16/08/2019	1,251,971	0.22
GBP2,750,000	Bank of Scotland 9.375% 15/05/2021	3,534,088	0.62
GBP11,600,000	Barclays Bank 10% 21/05/2021	14,892,382	2.61
GBP1,460,000	Barclays Bank 9.5% 07/08/2021	1,864,928	0.33
GBP1,297,000	Barclays Bank 6.75% 16/01/2023	1,324,847	0.23
GBP611,000	Barclays Bank 7.125% Open Maturity	681,041	0.12
GBP473,000	Barclays Bank 8.25% Open Maturity	519,307	0.09
GBP2,762,000	BAT International Finance 6.375% 12/12/2019	3,093,120	0.54
GBP3,152,000	BAT International Finance 1.75% 05/07/2021	3,197,852	0.56
GBP545,000	Birmingham Airport Finance 6.25% 22/02/2021	632,570	0.11
GBP3,890,000	BP Capital Markets 4.325% 10/12/2018	4,068,108	0.71
GBP1,217,000	British Telecommunications 8.625% 26/03/2020	1,456,442	0.26
GBP2,800,000	BUPA Finance 3.375% 17/06/2021	3,019,055	0.53
GBP1,502,000	BUPA Finance 6.125% Open Maturity	1,679,341	0.29
GBP4,604,000	Cadent Finance 1.125% 22/09/2021	4,614,069	0.81
GBP2,300,000	Centrica 7% 19/09/2018	2,449,523	0.43
GBP3,200,000	Centrica 6.375% 10/03/2022	3,911,872	0.69
GBP2,050,000	Close Brothers Finance 3.875% 27/06/2021	2,246,816	0.39
GBP1,593,000	Coventry Building Society 6% 16/10/2019	1,762,878	0.31
GBP610,000	Coventry Building Society 1% 05/05/2020	610,379	0.11
GBP314,000	Coventry Building Society 5.875% 28/09/2022	380,725	0.07
GBP827,000	Daily Mail & General Trust 5.75% 07/12/2018	871,686	0.15
GBP3,500,000	Direct Line Insurance Group 9.25% 27/04/2042	4,561,533	0.80
GBP2,200,000	Eastern Power Networks 4.75% 30/09/2021	2,520,228	0.44
GBP2,078,000	EE Finance 4.375% 28/03/2019	2,187,889	0.38
GBP1,350,000	ENW Finance 6.125% 21/07/2021	1,606,916	0.28

## Portfolio Statement continued

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market value £</b>	<b>% of Net Assets</b>
<b>UNITED KINGDOM — (cont.)</b>			
GBP2,247,000	Experian Finance 4.75% 23/11/2018	2,354,418	0.41
GBP2,365,000	Experian Finance 3.5% 15/10/2021	2,583,048	0.45
GBP1,750,000	FCE Bank 2.625% 20/11/2018	1,782,506	0.31
GBP2,197,000	FCE Bank 2.759% 13/11/2019	2,270,274	0.40
GBP1,550,000	FCE Bank 3.25% 19/11/2020	1,636,270	0.29
GBP1,600,000	FCE Bank 2.727% 03/06/2022	1,671,830	0.29
GBP1,208,000	Firstgroup 8.125% 19/09/2018	1,298,950	0.23
GBP1,218,000	Firstgroup 6.125% 18/01/2019	1,301,974	0.23
GBP1,853,000	Firstgroup 8.75% 08/04/2021	2,317,325	0.41
GBP1,000,000	Friends Life 12% 21/05/2021	1,380,590	0.24
GBP3,605,000	Friends Life 8.25% 21/04/2022	4,659,116	0.82
GBP1,835,000	G4S 7.75% 13/05/2019	2,034,054	0.36
GBP1,873,000	GKN 6.75% 28/10/2019	2,100,371	0.37
GBP1,736,000	Hammerson 6.875% 31/03/2020	1,994,485	0.35
GBP917,000	HSBC Bank 5% 20/03/2023	937,174	0.16
GBP990,000	Imperial Brands Finance 6.25% 04/12/2018	1,054,804	0.19
GBP3,213,000	Imperial Brands Finance 7.75% 24/06/2019	3,597,853	0.63
GBP6,000,000	Imperial Brands Finance 9% 17/02/2022	7,908,726	1.39
GBP2,350,000	Investec 4.5% 05/05/2022	2,554,499	0.45
GBP1,931,000	Investec Bank 9.625% 17/02/2022	2,482,173	0.44
GBP1,632,000	Legal & General Group 10% 23/07/2041	2,127,994	0.37
GBP2,224,000	Legal & General Group 5.875% Open Maturity	2,353,659	0.41
GBP1,650,000	Lendlease Europe Finance 6.125% 12/10/2021	1,922,862	0.34
GBP927,000	Lloyds Bank 6.75% 24/10/2018	992,248	0.17
GBP1,200,000	Lloyds Bank 2.75% 09/12/2018	1,230,839	0.22
GBP2,320,000	Lloyds Bank 5.75% 09/07/2025	2,564,412	0.45
GBP1,836,000	London Stock Exchange Group 9.125% 18/10/2019	2,147,984	0.38
GBP2,223,000	Marks & Spencer 6.125% 02/12/2019	2,463,342	0.43
GBP1,500,000	Marks & Spencer 6.125% 06/12/2021	1,766,127	0.31
GBP1,664,000	Motability Operations Group 6.625% 10/12/2019	1,889,901	0.33
GBP1,867,000	Motability Operations Group 5.375% 28/06/2022	2,247,414	0.39
GBP1,233,000	National Express Group 6.625% 17/06/2020	1,412,482	0.25
GBP600,000	National Grid Gas 6.375% 03/03/2020	683,510	0.12
GBP190,000	National Westminster Bank 6.5% 07/09/2021	224,896	0.04
GBP3,984,000	Nationwide Building Society 5.625% 09/09/2019	4,375,818	0.77
GBP3,652,000	Nationwide Building Society 2.25% 29/04/2022	3,852,374	0.68
GBP2,271,173	Nats En Route 5.25% 31/03/2026	2,676,954	0.47
GBP2,400,000	Next 5.375% 26/10/2021	2,757,802	0.48



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>UNITED KINGDOM — (cont.)</b>			
GBP511,000	Northern Electric Finance 8.875% 16/10/2020	634,815	0.11
GBP796,000	Northern Gas Networks Finance 5.875% 08/07/2019	870,270	0.15
GBP575,000	Northern Powergrid Yorkshire 9.25% 17/01/2020	687,936	0.12
GBP1,277,000	NRAM 6.375% 02/12/2019	1,432,184	0.25
GBP1,995,000	Prudential Financial 8% 23/10/2019	2,236,361	0.39
GBP1,420,000	Prudential 1.75% 27/11/2018	1,436,684	0.25
GBP1,234,000	Prudential 11.375% 29/05/2039	1,450,903	0.25
GBP2,000,000	RELX Investments 2.75% 01/08/2019	2,059,624	0.36
GBP2,748,000	Rolls-Royce 6.75% 30/04/2019	3,020,387	0.53
GBP3,259,000	Royal Bank of Scotland 6.625% 17/09/2018	3,454,537	0.61
GBP4,120,000	Santander UK 1.875% 17/02/2020	4,219,951	0.74
GBP280,000	Santander UK 9.625% 30/10/2023	307,839	0.05
GBP226,000	Scottish Amicable Finance 8.5% Open Maturity	240,069	0.04
GBP588,000	Segro 6% 30/09/2019	649,212	0.11
GBP1,510,000	Segro 5.625% 07/12/2020	1,728,408	0.30
GBP1,834,000	Segro 6.75% 23/11/2021	2,251,954	0.39
GBP1,210,000	Segro 7% 14/03/2022	1,514,061	0.27
GBP500,000	Severn Trent Utilities Finance 1.125% 07/09/2021	501,753	0.09
GBP2,012,000	Skipton Building Society 1.75% 30/06/2022	2,019,076	0.35
GBP3,066,000	Sky 2.875% 24/11/2020	3,241,222	0.57
GBP1,458,000	Southern Gas Networks 5.125% 02/11/2018	1,531,174	0.27
GBP1,410,000	Southern Gas Networks 4.875% 21/12/2020	1,588,083	0.28
GBP2,855,000	SSE 5% 01/10/2018	2,985,642	0.52
GBP1,781,000	SSE 4.25% 14/09/2021	2,008,877	0.35
GBP4,140,000	SSE 3.875% Open Maturity	4,290,489	0.75
GBP1,030,000	Standard Chartered Bank 5.375% Open Maturity	1,089,540	0.19
GBP1,645,000	Standard Life Aberdeen 6.546% Open Maturity	1,805,782	0.32
GBP1,250,000	Tate & Lyle International Finance 6.75% 25/11/2019	1,408,185	0.25
GBP750,000	Unilever 2% 19/12/2018	762,689	0.13
GBP1,758,000	Unilever 1.125% 03/02/2022	1,769,188	0.31
GBP2,465,000	United Utilities Water 5.75% 25/03/2022	2,975,403	0.52
GBP2,336,000	Virgin Money 2.25% 21/04/2020	2,398,642	0.42
GBP1,886,000	Vodafone Group 8.125% 26/11/2018	2,056,947	0.36
GBP1,383,000	Wales & West Utilities Finance 6.25% 30/11/2021	1,681,256	0.29
GBP480,000	Wales & West Utilities Finance 6.75% 17/12/2036	510,822	0.09
GBP1,762,000	Wellcome Trust Finance 4.75% 28/05/2021	2,026,163	0.36

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>UNITED KINGDOM — (cont.)</b>			
GBP1,680,000	Wessex Water Services Finance 4% 24/09/2021	1,876,945	0.33
GBP550,000	Western Power Distribution South Wales 9.25% 09/11/2020	693,077	0.12
GBP1,200,000	Yorkshire Building Society 4.125% 20/11/2024	1,251,823	0.22
GBP70,000	Zurich Finance UK 6.625% Open Maturity	83,546	0.01
		237,104,797	41.56
<b>IRELAND — 2.24% (2.94%)</b>			
GBP1,858,000	ESB Finance 6.5% 05/03/2020	2,107,570	0.37
GBP2,207,000	FCA Bank 1.625% 29/09/2021	2,183,180	0.38
GBP1,688,000	GE Capital UK Funding Unlimited 6.75% 06/08/2018	1,785,040	0.31
GBP667,000	GE Capital UK Funding Unlimited 5.625% 25/04/2019	719,961	0.13
GBP2,651,000	GE Capital UK Funding Unlimited 4.375% 31/07/2019	2,830,528	0.50
GBP2,726,000	GE Capital UK Funding Unlimited 5.875% 04/11/2020	3,154,456	0.55
		12,780,735	2.24
<b>CHANNEL ISLANDS — 2.61% (1.79%)</b>			
GBP889,000	ASIF III Jersey 5% 18/12/2018	937,075	0.17
GBP2,500,000	Credit Suisse Group Funding Guernsey 3% 27/05/2022	2,671,293	0.47
GBP1,405,000	Heathrow Funding 6.25% 10/09/2018	1,480,520	0.26
GBP2,450,000	Heathrow Funding 6% 20/03/2020	2,743,390	0.48
GBP1,400,000	Heathrow Funding 9.2% 29/03/2023	1,787,960	0.31
GBP1,954,000	HSBC Bank Capital Funding Sterling 2 5.862% Open Maturity	2,156,942	0.38
GBP3,000,000	Kennedy Wilson Europe Real Estate 3.95% 30/06/2022	3,104,550	0.54
		14,881,730	2.61
<b>CONTINENTAL EUROPE — 31.24% (28.66%)</b>			
<b>Belgium — 0.40% (0.37%)</b>			
GBP1,000,000	Eni Finance International 6.125% 17/12/2018	1,066,374	0.19
GBP1,169,000	Eni Finance International 5% 27/01/2019	1,233,296	0.21
		2,299,670	0.40
<b>Denmark — 0.30% (0.39%)</b>			
GBP1,620,000	Danske Bank 5.375% 29/09/2021	1,691,550	0.30
<b>Finland — 0.32% (0.00%)</b>			
GBP1,718,000	OP Corporate Bank 2.5% 20/05/2022	1,823,269	0.32
<b>France — 7.04% (6.26%)</b>			
GBP1,700,000	AXA 7.125% 15/12/2020	2,010,957	0.35
GBP1,219,000	AXA 6.772% Open Maturity	1,339,376	0.24

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>France — (cont.)</b>			
GBP1,300,000	Banque Federative du Credit Mutuel 0.875% 08/06/2020	1,298,284	0.23
GBP2,442,000	BNP Paribas 2.375% 20/11/2019	2,533,260	0.44
GBP2,200,000	BNP Paribas 5.75% 24/01/2022	2,577,298	0.45
GBP1,000,000	BNP Paribas 1.125% 16/08/2022	127,774	0.02
GBP2,000,000	CNP Assurances 7.375% 30/09/2041	2,360,204	0.41
GBP1,856,000	Credit Agricole 5.5% 17/12/2021	2,206,626	0.39
GBP1,000,000	Engie 6.125% 11/02/2021	1,179,880	0.21
GBP2,200,000	Engie 4.625% Open Maturity	2,289,320	0.40
GBP929,000	LVMH 1.625% 20/12/2017	931,977	0.16
GBP2,342,000	LVMH 1% 14/06/2022	2,339,314	0.41
GBP2,650,000	Orange 7.25% 10/11/2020	3,175,447	0.56
GBP3,700,000	Orange 5.875% Open Maturity	4,111,625	0.72
GBP1,339,000	RCI Banque 3% 09/05/2019	1,380,640	0.24
GBP1,750,000	Societe Generale 5% 20/12/2018	1,846,948	0.32
GBP2,327,000	Total Capital 3.875% 14/12/2018	2,422,847	0.43
GBP1,939,000	Total Capital International 2.25% 17/12/2020	2,029,600	0.36
GBP2,605,000	Total Capital International 2.25% 09/06/2022	2,754,610	0.48
GBP1,050,000	WPP Finance 6.375% 06/11/2020	1,226,726	0.22
		<b>40,142,713</b>	<b>7.04</b>
<b>Germany — 3.47% (2.62%)</b>			
GBP2,013,000	Daimler 2.375% 16/07/2018	2,039,793	0.36
GBP1,250,000	Daimler 1% 20/12/2019	1,250,265	0.22
GBP3,228,000	Daimler 2.75% 04/12/2020	3,400,182	0.60
GBP1,500,000	Daimler 2.375% 16/12/2021	1,573,245	0.27
GBP2,799,000	Daimler 1.5% 13/01/2022	2,825,842	0.49
GBP1,090,000	Daimler 2.125% 07/06/2022	1,132,051	0.20
GBP4,900,000	Deutsche Bank 1.875% 28/02/2020	4,945,952	0.87
GBP2,200,000	Muenchener Rueckversicherungs- Gesellschaft 6.625% 26/05/2042	2,656,551	0.46
		<b>19,823,881</b>	<b>3.47</b>
<b>Italy — 1.80% (0.65%)</b>			
GBP446,000	Acquedotto Pugliese 6.92% 29/06/2018	460,291	0.08
GBP3,000,000	Assicurazioni Generali 6.416% Open Maturity	3,289,938	0.58
GBP2,300,000	Autostrade per l'Italia 6.25% 09/06/2022	2,795,287	0.49
GBP2,890,000	Enel 6.25% 20/06/2019	3,160,550	0.55
GBP500,000	Intesa Sanpaolo 5.25% 28/01/2022	560,540	0.10
		<b>10,266,606</b>	<b>1.80</b>
<b>Luxembourg — 1.18% (0.89%)</b>			
GBP3,550,000	Glencore Finance Europe 6.5% 27/02/2019	3,831,217	0.67
GBP2,500,000	Glencore Finance Europe 6% 03/04/2022	2,931,325	0.51
		<b>6,762,542</b>	<b>1.18</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>Netherlands — 12.11% (10.95%)</b>			
GBP2,215,000	ABN AMRO Bank 2.5% 18/12/2018	2,266,470	0.40
GBP1,700,000	ABN AMRO Bank 4.875% 16/01/2019	1,797,854	0.32
GBP2,100,000	ABN AMRO Bank 2.375% 07/12/2021	2,227,016	0.39
GBP3,265,000	BMW Finance 3.375% 14/12/2018	3,371,276	0.59
GBP1,956,000	BMW Finance 1.875% 29/06/2020	2,008,247	0.35
GBP1,750,000	BMW Finance 2.375% 01/12/2021	1,845,155	0.32
GBP1,400,000	BMW Finance 0.875% 16/08/2022	1,374,825	0.24
GBP1,250,000	BMW International Investment 1% 17/11/2021	1,246,363	0.22
GBP2,400,000	Cooperatieve Rabobank 4.625% 13/01/2021	2,694,122	0.47
GBP3,257,000	Cooperatieve Rabobank 2.25% 23/03/2022	3,419,127	0.60
GBP100,000	Cooperatieve Rabobank 4% 19/09/2022	113,378	0.02
GBP2,613,000	Daimler International Finance 3.5% 06/06/2019	2,728,421	0.48
GBP1,283,000	Deutsche Telekom International Finance 7.375% 04/12/2019	1,470,404	0.26
GBP4,130,000	Deutsche Telekom International Finance 6.5% 08/04/2022	5,100,905	0.89
GBP4,800,000	E.ON International Finance 6% 30/10/2019	5,326,138	0.93
GBP2,750,000	ELM 6.302% Open Maturity	2,951,410	0.52
GBP3,406,000	ING Bank 5.375% 15/04/2021	3,946,273	0.69
GBP2,578,000	ING Bank 6.875% 29/05/2023	2,686,807	0.47
GBP3,650,000	innogy Finance 6.5% 20/04/2021	4,331,305	0.76
GBP2,200,000	innogy Finance 5.5% 06/07/2022	2,611,118	0.46
GBP906,000	PACCAR Financial Europe 1.513% 29/05/2018	911,650	0.16
GBP1,174,000	PostNL 7.5% 14/08/2018	1,249,044	0.22
GBP2,002,000	Shell International Finance 2% 20/12/2019	2,061,281	0.36
GBP1,858,000	Volkswagen Financial Services 2.375% 13/11/2018	1,884,948	0.33
GBP1,446,000	Volkswagen Financial Services 2.625% 22/07/2019	1,483,984	0.26
GBP2,325,000	Volkswagen Financial Services 1.75% 17/04/2020	2,356,053	0.41
GBP897,000	Volkswagen Financial Services 2.75% 02/10/2020	936,567	0.17
GBP3,017,000	Volkswagen Financial Services 1.5% 12/04/2021	3,022,756	0.53
GBP1,650,000	Volkswagen Financial Services 1.75% 12/09/2022	1,654,455	0.29
		<b>69,077,352</b>	<b>12.11</b>
<b>Norway — 0.46% (0.61%)</b>			
GBP2,430,000	DNB Bank 4.25% 27/01/2020	2,633,075	0.46
<b>Spain — 0.84% (1.39%)</b>			
GBP4,300,000	Telefonica Emisiones 5.597% 12/03/2020	4,783,109	0.84

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>Sweden — 3.18% (3.52%)</b>			
GBP2,198,000	Nordea Bank 2.125% 13/11/2019	2,264,582	0.40
GBP2,410,000	Nordea Bank 2.375% 02/06/2022	2,557,270	0.45
GBP2,223,000	Skandinaviska Enskilda Banken 3% 18/12/2020	2,376,636	0.42
GBP200,000	Skandinaviska Enskilda Banken 1.25% 05/08/2022	200,332	0.03
GBP2,399,000	Svenska Handelsbanken 4% 18/01/2019	2,507,473	0.44
GBP2,355,000	Svenska Handelsbanken 3% 20/11/2020	2,514,834	0.44
GBP2,150,000	Svenska Handelsbanken 2.375% 18/01/2022	2,276,495	0.40
GBP1,756,000	Swedbank 1.625% 15/04/2019	1,779,127	0.31
GBP1,477,000	Vattenfall 6.125% 16/12/2019	1,653,141	0.29
		<b>18,129,890</b>	<b>3.18</b>
<b>Switzerland — 0.14% (1.01%)</b>			
GBP722,000	UBS 6.375% 19/11/2024	796,726	0.14
<b>NORTH AMERICA — 16.01% (16.54%)</b>			
<b>Bermuda — 0.47% (0.21%)</b>			
GBP2,296,000	Fidelity International 6.75% 19/10/2020	2,652,890	0.47
<b>Canada — 0.82% (0.68%)</b>			
GBP1,250,000	Bank of Nova Scotia 1.25% 08/06/2022	1,248,113	0.22
GBP2,982,000	Glencore Canada Financial 7.375% 27/05/2020	3,455,917	0.60
		<b>4,704,030</b>	<b>0.82</b>
<b>Cayman Islands — 1.94% (2.78%)</b>			
GBP707,000	ASIF II 6.375% 05/10/2020	822,058	0.14
GBP2,000,000	Dwr Cymru Financing 6.907% 31/03/2021	2,427,544	0.43
GBP1,296,000	South East Water Finance 5.658% 30/09/2019	1,415,328	0.25
GBP1,484,000	Southern Water Services Finance 6.125% 31/03/2019	1,606,101	0.28
GBP2,000,000	Southern Water Services Finance 5% 31/03/2021	2,281,080	0.40
GBP561,000	Southern Water Services Finance 4.5% 31/03/2038	622,891	0.11
GBP1,731,000	Yorkshire Water Services Bradford Finance 6% 21/08/2019	1,905,836	0.33
		<b>11,080,838</b>	<b>1.94</b>
<b>Mexico — 0.55% (0.69%)</b>			
GBP2,849,000	America Movil 6.375% 06/09/2073	3,133,900	0.55
<b>United States — 12.23% (12.18%)</b>			
GBP1,633,000	American Honda Finance 1.3% 21/03/2022	1,638,177	0.29
GBP3,104,000	Bank of America 5.5% 04/12/2019	3,416,343	0.60
GBP4,100,000	Bank of America 6.125% 15/09/2021	4,874,748	0.85
GBP2,250,000	Bank of America 5.5% 22/11/2021	2,607,941	0.46

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
	<b>United States — (cont.)</b>		
GBP1,676,000	BMW US Capital 2% 20/11/2019	1,716,606	0.30
GBP3,985,000	Citigroup 5.125% 12/12/2018	4,195,009	0.74
GBP943,000	Citigroup 6.25% 02/09/2019	1,041,691	0.18
GBP457,000	Fidelity National Information Services 1.7% 30/06/2022	460,789	0.08
GBP1,424,000	General Electric 6.25% 29/09/2020	1,657,508	0.29
GBP1,914,000	General Electric 5.5% 07/06/2021	2,234,853	0.39
GBP3,500,000	Goldman Sachs 5.5% 12/10/2021	4,054,852	0.71
GBP1,198,000	HSBC Finance 6.25% 19/08/2019	1,323,871	0.23
GBP4,100,000	International Business Machines 2.75% 21/12/2020	4,356,742	0.76
GBP1,740,000	International Business Machines 2.625% 05/08/2022	1,862,635	0.33
GBP4,120,000	JPMorgan Chase 1.875% 10/02/2020	4,229,147	0.74
GBP1,500,000	McDonald's 6.375% 03/02/2020	1,694,937	0.30
GBP2,375,000	MetLife 5.25% 29/06/2020	2,664,567	0.47
GBP2,584,000	Metropolitan Life Global Funding I 1.125% 15/12/2021	2,590,886	0.45
GBP2,434,000	National Capital Trust I 5.62% Open Maturity	2,554,678	0.45
GBP1,597,000	National Grid North America 1.875% 06/08/2018	1,610,408	0.28
GBP2,951,000	Nestle 1.75% 09/12/2020	3,053,624	0.54
GBP957,000	New York Life Global Funding 1% 15/12/2021	961,477	0.17
GBP1,969,000	Rabobank Capital Funding Trust IV 5.556% Open Maturity	2,122,141	0.37
GBP361,000	Textron 6.625% 07/04/2020	402,595	0.07
GBP2,450,000	Toyota Motor Credit 1.125% 07/09/2021	2,464,235	0.43
GBP2,300,000	Walgreens Boots Alliance 2.875% 20/11/2020	2,416,233	0.42
GBP4,861,000	Wells Fargo 2.125% 22/04/2022	5,043,725	0.88
GBP2,534,000	Wells Fargo 1.375% 30/06/2022	2,540,614	0.45
		<b>69,791,032</b>	<b>12.23</b>
	<b>PACIFIC BASIN — 5.28% (4.74%)</b>		
	<b>Australia — 4.46% (3.86%)</b>		
GBP800,000	AusNet Services 7.125% 26/06/2018	841,837	0.15
GBP2,470,000	Commonwealth Bank of Australia 2.25% 07/12/2018	2,519,402	0.44
GBP420,000	Commonwealth Bank of Australia 4.875% 19/12/2023	439,744	0.08
GBP1,450,000	Macquarie Bank 3.5% 18/12/2020	1,562,317	0.27
GBP3,615,000	National Australia Bank 1.875% 20/02/2020	3,702,284	0.65
GBP2,240,000	National Australia Bank 0.875% 26/06/2020	2,236,304	0.39
GBP3,807,000	National Australia Bank 5.125% 09/12/2021	4,450,444	0.78
GBP3,000,000	QBE Insurance Group 6.115% 24/05/2042	3,385,017	0.59
GBP1,176,000	Scentre Group Trust 2.375% 08/04/2022	1,229,639	0.22

## Portfolio Statement continued

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market value £</b>	<b>% of Net Assets</b>
<b>Australia — (cont.)</b>			
GBP1,100,000	SGSP Australia Assets 5.125% 11/02/2021	1,240,771	0.22
GBP3,535,000	Westpac Banking 5% 21/10/2019	3,852,797	0.67
		25,460,556	4.46
<b>New Zealand — 0.82% (0.88%)</b>			
GBP1,375,000	ASB Finance 1% 07/09/2020	1,369,775	0.24
GBP1,800,000	Chorus 6.75% 06/04/2020	2,044,726	0.36
GBP250,000	Vector 7.625% 14/01/2019	270,105	0.05
GBP925,000	Westpac Securities 2.5% 13/01/2021	970,926	0.17
		4,655,532	0.82
<b>GOVERNMENT BONDS — 1.01% (0.15%)</b>			
<b>UNITED KINGDOM — 1.01% (0.15%)</b>			
GBP5,775,000	UK Gilt 0.5% 22/07/2022	5,775,116	1.01
		570,251,539	99.95
<b>Portfolio of investments</b>			
<b>Net other assets</b>		312,984	0.05
<b>Total net assets</b>		£570,564,523	100.00%

Total purchases for the period: £241,917,298.

Total sales for the period: £91,433,105.

## Financial Statements

### Statement of Total Return for the period ended 15 August 2017

	15/08/17		15/08/16	
	£	£	£	£
<b>Income</b>				
Net capital gains		2,950,123		9,762,995
Revenue	5,396,318		3,451,911	
<b>Expenses</b>	(277,009)		(129,669)	
Interest payable and similar charges	—		—	
<b>Net revenue before taxation</b>	5,119,309		3,322,242	
Taxation	—		—	
<b>Net revenue after taxation for the period</b>		5,119,309		3,322,242
<b>Total return before distributions</b>		8,069,432		13,085,237
Distributions		(5,396,318)		(3,451,912)
<b>Change in net assets attributable to Unitholders from investment activities</b>		<b>£2,673,114</b>		<b>£9,633,325</b>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 15 August 2017

	15/08/17		15/08/16	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		439,529,678		247,536,986
Amounts received on issue of units	184,696,450		41,648,781	
Amounts paid on cancellation of units	(60,001,212)		(19,124,958)	
		124,695,238		22,523,823
<b>Change in net assets attributable to Unitholders from investment activities</b>		2,673,114		9,633,325
Retained distributions on accumulation units		3,666,493		2,058,323
<b>Closing net assets attributable to Unitholders</b>		<b>£570,564,523</b>		<b>£281,752,457</b>

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 15 August 2017

	15/08/17 £	15/02/17 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	570,251,539	427,658,218
<b>Current assets:</b>		
Debtors	14,437,205	19,118,537
Cash and bank balances	7,319,383	4,698,617
<b>Total assets</b>	<b>592,008,127</b>	<b>451,475,372</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distributions payable	(2,235,208)	(1,917,101)
Other creditors	(19,208,396)	(10,028,593)
<b>Total liabilities</b>	<b>(21,443,604)</b>	<b>(11,945,694)</b>
<b>Net assets attributable to Unitholders</b>	<b>£570,564,523</b>	<b>£439,529,678</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)
I-Class			
Distribution Units	91,570,228	178,539,902	51.29
Accumulation Units	183,554,839	332,795,254	55.16
C-Class			
Distribution Units	41,960,360	81,676,214	51.37
Accumulation Units	172,261,369	311,865,680	55.24
L-Class			
Distribution Units	81,217,727	157,829,877	51.46

**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.**

### Ongoing Charges Figures

	15 Aug 17	15 Feb 17
I-Class	0.14%	0.14%
C-Class	0.09%	0.09%
L-Class	0.05%	0.05%

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

### Distribution Information

#### I-Class

The distribution payable on 15 October 2017 is 0.5340p per unit for distribution units and 0.5683p per unit for accumulation units.

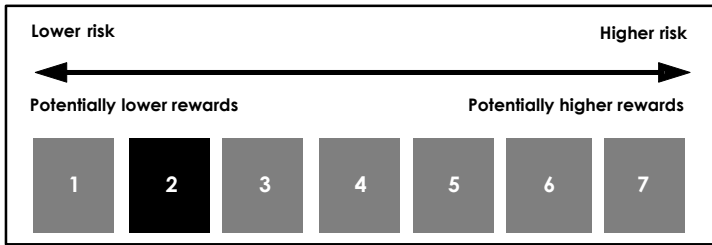
#### C-Class

The distribution payable on 15 October 2017 is 0.5346p per unit for distribution units and 0.5691p per unit for accumulation units.

#### L-Class

The distribution payable on 15 October 2017 is 0.5354p per unit for distribution 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 is based on the rate at which the Fund and the Index it is tracking have moved up and down in the past.
- This Fund is in category two because it invests in investment grade bonds with between 1 and 5 years until maturity which generally provide higher rewards and higher risks than investments in cash and lower rewards and lower risks than investments in investment grade bonds with a longer time until maturity, 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.

## General Information

### Constitution

Launch date:	14 May 2014
Period end dates for distributions:	15 February, 15 August
Distribution dates:	15 April, 15 October
Minimum initial lump sum investment:	I-Class £1,000,000 C-Class* £100,000,000 L-Class** £100,000
Valuation point:	12 noon
Fund management fees:	I-Class Annual 0.14% C-Class* Annual 0.09% L-Class** Annual 0.05%
Initial charge:	I-Class Nil C-Class* Nil L-Class** Nil

\* 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..

### 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.

### 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.

## General Information continued

### 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.

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 0.02%, whilst over the last three years to the end of August 2017, the annualised Tracking Error of the Fund is 0.03%. 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.

## General Information continued

### Significant Changes

#### Gross Distribution Payments

We'd like to make you aware of an HM Revenue & Customs ruling which became effective from 6 April 2017. Where interest distributions were previously paid net, we are required to start paying all interest distributions on a gross basis, starting with the April 2017 distribution payment. Prior to 6 April 2017, interest distributions were paid to clients after the deduction of 20% income tax, unless the client has completed a gross declaration form. From 6 April 2017, we will not deduct tax on any interest distributions and all payments will be made gross.

It will become your responsibility to make any declarations to HM Revenue & Customs. If you are in any doubt as to your taxation position, please consult a professional adviser.

## 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. 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**

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