

Legal & General Emerging Markets
Government Bond (Local Currency)
Index Fund

**Annual Manager's
Short Report
for the year ended
20 April 2018**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The objective of the Fund is to provide a return in line with the JPMorgan GBI-EM Global Diversified Local Currency Index (after adjustment for management charges and taxation).

The Fund will invest primarily in the constituents of the JPMorgan GBI-EM Global Diversified Local Currency Index. Securities will be held with weightings generally proportionate to the weightings in the JPMorgan GBI-EM Global Diversified Local Currency Index. The bonds the Fund invests in will be composed primarily of securities issued by emerging market sovereign entities and which are denominated in the national currency of the issuer. Sub-investment grade bonds will be used.

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 efficient portfolio management purposes.

Risk Profile

Credit Risk

This Fund 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 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 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.

Currency Risk

This Fund is invested in overseas financial securities. The performance of the Fund may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Interest Rate Risk

This Fund is invested in interest bearing securities. The performance of the Fund may therefore be affected by changes in interest rates. The active monitoring and adjustment of the investments in the portfolio manages this risk.

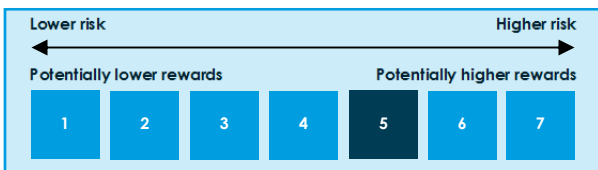
Fund Facts

Period End Dates for Distributions:	20 January, 20 April, 20 July and 20 October	
Distribution Dates:	20 March, 20 June, 20 September and 20 December	
Ongoing Charges Figures:	20 Apr 18	20 Apr 17
I-Class	0.35%	0.35%
C-Class	0.25%	0.25%
L-Class	0.14%	0.14%

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.

Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Fund's unit price has moved up and down in the past. If the Fund has less than five years' track record, the number also reflects the rate at which the Index the Fund tracks has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- The Fund is in category five because it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to go up and down. Bonds that are closer to their maturity date tend to be more stable in value. Bonds are generally considered to be higher risk investments than cash, but lower risk than 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.

Distribution Information

I-Class

The distribution payable on 20 June 2018 is 0.5515p per unit for distribution units and 0.6109p per unit for accumulation units.

C-Class

The distribution payable on 20 June 2018 is 0.5485p per unit for distribution units and 0.6121p per unit for accumulation units.

L-Class

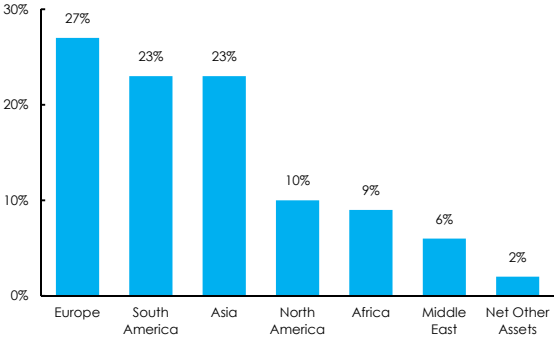
The distribution payable on 20 June 2018 is 0.5540p per unit for distribution units and 0.6136p per unit for accumulation units.

Portfolio Information

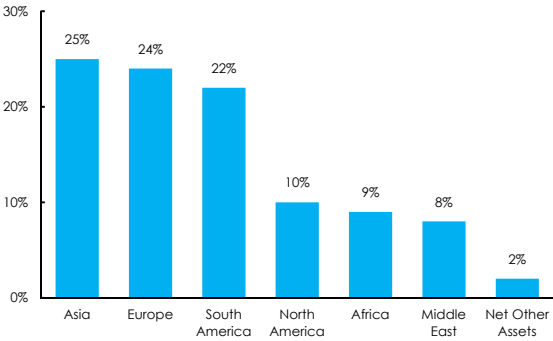
The top 10 holdings and their associated weighting at the current year and preceding period ends were:

Top 10 Holdings at 20 April 2018		Top 10 Holdings at 20 April 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Colombia Government International Bond 7.5% 26/08/2026	1.69%	Colombia Government International Bond 7.5% 26/08/2026	1.59%
Brazil Government International Bond 0% 01/07/2020	1.52%	South Africa Government International Bond 10.5% 21/12/2026	1.58%
Brazil Government International Bond 10% 01/01/2023	1.48%	Brazil Government International Bond 0% 01/07/2020	1.39%
Colombia Government International Bond 7% 04/05/2022	1.41%	Colombia Government International Bond 7% 11/09/2019	1.33%
South Africa Government International Bond 10.5% 21/12/2026	1.31%	Thailand Government International Bond 3.875% 13/06/2019	1.29%
Mexico Government International Bond 10% 05/12/2024	1.21%	Brazil Government International Bond 10% 01/01/2023	1.28%
Mexico Government International Bond 8% 11/06/2020	1.19%	Colombia Government International Bond 7% 04/05/2022	1.27%
South Africa Government International Bond 8.75% 28/02/2048	1.17%	Indonesia Government International Bond 8.375% 15/03/2024	1.27%
Thailand Government International Bond 3.65% 17/12/2021	1.05%	Brazil Government International Bond 10% 01/01/2021	1.25%
Brazil Government International Bond 10% 01/01/2027	1.01%	Thailand Government International Bond 3.65% 17/12/2021	1.22%

Fund Holdings as at 20 April 2018



Fund Holdings as at 20 April 2017



Comparative Tables

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	21/04/17 to 20/04/18 (pence per unit)	29/01/16 to 20/04/17 ¹ (pence per unit)
Opening net asset value per unit	60.55	50.00
Return before operating charges*	0.61	15.31
Operating charges (calculated on average price)	(0.21)	(0.26)
Return after operating charges*	0.40	15.05
Distributions on income units [^]	(2.97)	(4.50)
Closing net asset value per unit	57.98	60.55
* after direct transaction costs of:	—	—

Performance

Return after charges	0.66%	30.10%
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Other Information

Closing net asset value (£)	58,325,525	9,272,708
Closing number of units	100,590,362	15,314,188
Operating charges [†]	0.35%	0.35%
Direct transaction costs	0.00%	0.00%

Prices

Highest unit price	63.21p	65.48p
Lowest unit price	57.62p	49.08p

¹ The Fund launched on 29 January 2016.

[^] Distributions on income units are shown gross of taxation.

[†] Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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	21/04/17 to 20/04/18 (pence per unit)	29/01/16 to 20/04/17 ¹ (pence per unit)
Opening net asset value per unit	64.46	50.00
Return before operating charges*	0.60	15.46
Operating charges (calculated on average price)	(0.23)	(0.27)
Return after operating charges*	0.37	15.19
Distributions [^]	(3.22)	(4.61)
Retained distributions on accumulation units [^]	3.22	3.88
Closing net asset value per unit	64.83	64.46
* after direct transaction costs of:	—	—

Performance

Return after charges	0.57%	30.38%
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Other Information

Closing net asset value (£)	204,276,261	160,313,424
Closing number of units	315,071,810	248,708,321
Operating charges †	0.35%	0.35%
Direct transaction costs	0.00%	0.00%

Prices

Highest unit price	68.35p	67.36p
Lowest unit price	63.62p	49.09p

¹ The Fund launched on 29 January 2016.

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

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Comparative Tables continued

C-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	21/04/17 to 20/04/18 (pence per unit)	29/01/16 to 20/04/17 ¹ (pence per unit)
Opening net asset value per unit	60.60	50.00
Return before operating charges*	0.62	15.29
Operating charges (calculated on average price)	(0.15)	(0.18)
Return after operating charges*	0.47	15.11
Distributions on income units [^]	(2.97)	(4.51)
Closing net asset value per unit	58.10	60.60
* after direct transaction costs of:	—	—

Performance

Return after charges	0.78%	30.22%
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Other Information

Closing net asset value (£)	1,162	1,212
Closing number of units	2,000	2,000
Operating charges [†]	0.25%	0.25%
Direct transaction costs	0.00%	0.00%

Prices

Highest unit price	63.30p	65.52p
Lowest unit price	57.73p	49.09p

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Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	21/04/17 to 20/04/18 (pence per unit)	29/01/16 to 20/04/17 ¹ (pence per unit)
Opening net asset value per unit	64.53	50.00
Return before operating charges*	0.60	15.45
Operating charges (calculated on average price)	(0.16)	(0.19)
Return after operating charges*	0.44	15.26
Distributions [^]	(3.22)	(4.62)
Retained distributions on accumulation units [^]	3.22	3.89
Closing net asset value per unit	64.97	64.53
* after direct transaction costs of:	—	—

Performance

Return after charges	0.68%	30.52%
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Other Information

Closing net asset value (£)	76,246,176	31,281,416
Closing number of units	117,349,867	48,474,795
Operating charges	0.25%	0.25%
Direct transaction costs	0.00%	0.00%

Prices

Highest unit price	68.45p	67.40p
Lowest unit price	63.69p	49.09p

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Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	21/04/17 to 20/04/18 (pence per unit)	29/01/16 to 20/04/17 ¹ (pence per unit)
Opening net asset value per unit	60.72	50.00
Return before operating charges*	0.59	15.33
Operating charges (calculated on average price)	(0.08)	(0.10)
Return after operating charges*	0.51	15.23
Distributions on income units [^]	(2.98)	(4.51)
Closing net asset value per unit	58.25	60.72
* after direct transaction costs of:	—	—

Performance

Return after charges	0.84%	30.46%
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Other Information

Closing net asset value (£)	386,385,227	181,040,829
Closing number of units	663,282,910	292,175,665
Operating charges [†]	0.14%	0.14%
Direct transaction costs	0.00%	0.00%

Prices

Highest unit price	63.42p	65.58p
Lowest unit price	57.89p	49.09p

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Comparative Tables continued

L-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	21/04/17 to 20/04/18 (pence per unit)	29/01/16 to 20/04/17 ¹ (pence per unit)
Opening net asset value per unit	64.62	50.00
Return before operating charges*	0.61	15.45
Operating charges (calculated on average price)	(0.09)	(0.10)
Return after operating charges*	0.52	15.35
Distributions [^]	(3.23)	(4.62)
Retained distributions on accumulation units [^]	3.23	3.89
Closing net asset value per unit	65.14	64.42
* after direct transaction costs of:	—	—

Performance

Return after charges	0.80%	30.70%
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Other Information

Closing net asset value (£)	127,900,439	56,874,370
Closing number of units	196,361,920	88,012,672
Operating charges [†]	0.14%	0.14%
Direct transaction costs	0.00%	0.00%

Prices

Highest unit price	68.58p	67.46p
Lowest unit price	63.79p	49.09p

¹ The Fund launched on 29 January 2016.

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Manager's Investment Report

During the year under review, the bid price of the Fund's I-Class accumulation units rose by 0.62%. JP Morgan Chase, the Index compiler, calculates the benchmark Index at the end of the business day using closing bid prices, whereas the Fund is valued using prevailing bid prices at 12 noon. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis over the review year, the Fund rose by 0.96%, compared with a rise in the JPMorgan GBI-EM Global Diversified Local Currency Index of 1.21% (Source:LGIM), producing a tracking difference of -0.25%.

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Market/Economic Review

The global economic background has improved over the review year, led by solid growth in the major developed economies. Although, recent indicators suggest the global industrial cycle peaked during the winter and has since lost momentum. Despite a rise in commodity prices, with the oil price recovering to \$70 per barrel in March, inflationary pressures worldwide have remained subdued by historical standards.

In the US, economic activity has accelerated with growth underpinned by improving consumer and business sentiment, a stronger labour market and a recovery in the energy sector. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates three times over the last twelve months. The Fed also began unwinding its asset purchase programme, known as quantitative easing (QE), in October.

Looking at the Asian economies, the Chinese authorities have adopted a range of policy initiatives to facilitate the economy's transition from export and investment-driven growth towards consumption and services, while tightening regulation of shadow banking and encouraging debt reduction in the broader economy. Recent Chinese economic indicators suggest a 'rebalancing' is now underway. Amongst other emerging economies, both Brazil and Russia saw a turn of fortunes as the year progressed, given the boost of a recovery in commodity markets.

Emerging bond markets have attracted substantial inflows from international investors looking for higher levels of income; although currency adjusted returns have been disappointing. Accordingly, issuance levels in emerging bond markets have been high as both sovereign and corporate borrowers have looked to attract international investors. However, there have been concerns about deteriorating credit quality amongst sovereign issuers in particular, with ratings downgrades for China, Brazil, Turkey and South Africa. Nevertheless, South African bonds have rallied in recent months after the pro-reform candidate, Cyril Ramaphosa, won the leadership of the ruling African National Congress.

Manager's Investment Report continued

Fund Review

All investment activity was prompted either by unit holder investment or redemption, or by changes in the profile of the benchmark Index. The Fund experienced net positive cash flow during the review year.

The Fund's bond holdings marginally overperformed US treasuries over the review year; the Index yield spread over US treasuries tightening by 108 basis points to 311 basis points. Compared to some other emerging market (EM) debt indices, the GBI-EM Global Diversified Index is relatively stable, having 215 constituents at the end of the review year compared to 198 at the beginning. Czech Republic entered the Index at the end of April 2017 and Uruguay entered at the end of July bringing the total number of countries to 18.

The regional breakdown of the Index at the end of the review year was EMEA (Europe, Middle East and Africa) 43.3%, Asia 23.3% and Latin America 33.4%. The most significant changes were reductions in the Index weights of Turkey (-2.0%) and Malaysia (-1.7%), with increases in the weights of Czech Republic (+4.1%) and Chile (+1.4%).

At the end of the year the Fund held 223 bonds issued by 18 countries and the Index consisted of 215 bonds issued by 18 countries.

Outlook

The rest of 2018 is set to be a challenging but also engaging period for the EM fixed income universe. The risks are: tighter G2 monetary policies and a more protectionist US economic policy, idiosyncratic EM political noise, a potentially uncertain EM inflation backdrop and, as always, any disruption to the Chinese growth story. The supporting factors are: any continued US curve flattening and residual cross-over demand in the first half of 2018, sustained but visibly lower EM spread/carry pick-up and a benign EM external debt repayment schedule. At last an increased interdependence of developing country economies provides a buffer, as does the relative improvement in emerging market versus developed market fundamentals over the past years.

The Fund remains well placed to capture the performance of the benchmark Index.

Legal & General Investment Management Limited
(Investment Adviser)
11 May 2018

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 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 year, the annualised Tracking Error of the Fund is 0.07%, whilst since launch on 29 January 2016 to the end of April 2018, the annualised Tracking Error of the Fund is 0.07%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.5% 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, 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
I-Class	£1,000,000
C-Class	£100,000,000
L-Class	£100,000

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

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 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 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

Change of Auditor

With effect from 28 April 2018, PricewaterhouseCoopers LLP ceased to be Independent Auditors of the Fund and KPMG LLP have been appointed. The change of Auditor has no impact on the way the Fund is operated.

General Data Protection Regulation

Legal & General takes your privacy very seriously. Under data protection legislation, we have classified ourselves as a 'data controller'. This means that we are subject to certain obligations relating to how we process personal data. These obligations include, without limitation, providing individuals with certain information regarding how we process their personal data. We will use the personal data you have provided to us in connection with an investment in units of Legal & General Emerging Markets Government Bond (Local Currency) Index Fund, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at www.lgim.com/UTMPrivacy (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

New Unit Class: R-Class

With effect from 1 June 2018, R-Class units have been launched with accumulation and distribution units available.

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 PLC

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

KPMG LLP

15 Canada Square

London E14 5GL

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Financial Conduct Authority**

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