

Legal & General Short Dated  
Sterling Corporate Bond Index Fund

**Annual Manager's Report**  
**for the year ended**  
**15 February 2019**





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\* These collectively comprise the Authorised Fund Manager's Report.

# Manager's Investment Report

## Investment Objective and Policy

The Fund aims to track the total return 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 purposes of Efficient Portfolio Management.

## Manager's Investment Report

During the year under review, the bid price of the Fund's I-Class accumulation units rose by 1.62%. 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. On this basis over the review year, the Fund performance was 1.65%, compared with the Index performance of 1.59%, producing a tracking difference of +0.06%.

**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 Review

Although the global economy remains on track for another year of solid growth, growth became less synchronised and more uneven across countries and regions with some loss of momentum in recent months. Worldwide, inflationary pressures have remained subdued by historical standards. Having risen to its highest level in four years in early October, the oil price (Brent crude) declined sharply to just over \$50 per barrel in December, its lowest level for 15 months, driven by increased levels of supply, notably US inventories.

In the UK, both economic and political uncertainty have heightened over the last 12 months, with precariousness as to the outcome of Brexit negotiations and the implications for trade with the EU. Although the UK government negotiated a draft withdrawal agreement with the EU, it is highly uncertain whether this will receive the consent of Parliament. While the UK GDP grew at its slowest pace for six years during the first quarter of 2018, subsequently the economy has picked up, underpinned by consumer demand and exports.

## Manager's Investment Report continued

Although inflation has remained above the Bank of England's (BoE) 2% target, index-linked gilts underperformed conventional securities as inflationary pressures eased. Corporate bonds have struggled to make headway on concerns about the impact of weaker UK economic growth on earnings and uncertainty over the outcome of Brexit negotiations.

During December, a slide in global equities prompted 'safe haven' switching into government bonds. However, high quality Sterling corporate bonds underperformed compared to gilts during the month, with 2018's total return of -2.0% marking investment grade Sterling credit's worst full-year performance since 2008. However, more recently, Sterling credit markets reversed their late-2018 declines, with spreads narrowing significantly in the insurance, capital goods and utilities sectors.

### Fund Review

All investment activity was prompted either by unit holder activity or by monthly changes in the profile of the benchmark. During the year, 72 bonds were added to the Index whilst 59 bonds left the benchmark. The Fund participated in almost all new issue during the year as well as several corporate actions across a range of sectors and issuers.

The Fund experienced net positive cash flow during the year. 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, the dovish shift from the Fed's Jerome Powell is clearly very important given the concerns we have about tightening liquidity conditions, particularly in the US. Even though valuations have recovered significantly since the start of the year, they are still far from the very expensive levels we saw at the start of 2018.

However, while the Fed rate hiking cycle has paused, they are still reducing the size of their balance sheet. In addition, we are concerned about weak activity data out of Europe and China, as policymakers there are unable or unwilling to react aggressively to counter this trend. Therefore, we retain our cautious longer-term outlook for credit markets.

The Fund remains well positioned to capture the performance of the Short-Dated Corporate Bond market.

Legal & General Investment Management Limited  
(Investment Adviser)  
15 March 2019

## Authorised Status

### Authorised Status

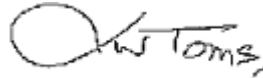
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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)



L. W. Toms  
(Director)

Legal & General (Unit Trust Managers) Limited  
4 April 2019

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net income and net gains or losses on the property of the Fund for the period.

In preparing the financial statements, the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General Short Dated Sterling Corporate Bond Index Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).



## Report of the Trustee

### **Report of the Trustee to the Unitholders of the Legal & General Short Dated Sterling Corporate Bond Index Fund ("the Fund") for the year ended 15 February 2019**

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

Northern Trust Global Services SE UK Branch  
UK Trustee and Depositary Services  
4 April 2019

## Portfolio Statement

### Portfolio Statement as at 15 February 2019

All investments are in investment grade securities unless otherwise stated. The percentages in brackets show the equivalent holdings at 15 February 2018.

| Holding/<br>Nominal<br>Value | Investment  | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|------------------------------|---|----------------------|-----------------------|
|                              | <b>CORPORATE BONDS</b>                                |                      |                       |
|                              | <b>— 95.54% (96.14%)</b>                              |                      |                       |
|                              | <b>UNITED KINGDOM</b>                                 |                      |                       |
|                              | <b>— 38.08% (38.14%)</b>                              |                      |                       |
| GBP2,700,000                 | 3i Group 6.875% 09/03/2023                            | 3,171,879            | 0.28                  |
| GBP1,930,000                 | Anglian Water Services Financing<br>5.837% 30/07/2022 | 2,206,901            | 0.19                  |
| GBP2,000,000                 | Anglian Water Services Financing<br>6.875% 21/08/2023 | 2,448,376            | 0.21                  |
| GBP2,600,000                 | Arqiva Financing 4.04% 30/06/2035                     | 2,665,000            | 0.23                  |
| GBP4,150,000                 | Aviva 6.625% 03/06/2041                               | 4,492,470            | 0.39                  |
| GBP1,994,000                 | Aviva 6.875% 29/11/2049                               | 2,045,844            | 0.18                  |
| GBP4,242,000                 | Aviva 5.902% Open Maturity                            | 4,342,968            | 0.38                  |
| GBP7,090,000                 | Aviva 6.125% Open Maturity                            | 7,471,598            | 0.65                  |
| GBP3,500,000                 | BAE Systems 4.125% 08/06/2022                         | 3,716,671            | 0.32                  |
| GBP1,137,000                 | Bank of Scotland 6.375% 16/08/2019                    | 1,162,205            | 0.10                  |
| GBP2,880,000                 | Bank of Scotland 9.375% 15/05/2021                    | 3,301,465            | 0.29                  |
| GBP11,850,000                | Barclays 2.375% 06/10/2023                            | 11,558,087           | 1.01                  |
| GBP11,875,000                | Barclays 3.125% 17/01/2024                            | 11,821,052           | 1.03                  |
| GBP16,100,000                | Barclays Bank 10% 21/05/2021                          | 18,500,236           | 1.62                  |
| GBP1,460,000                 | Barclays Bank 9.5% 07/08/2021                         | 1,678,001            | 0.15                  |
| GBP421,000                   | Barclays Bank 7.125% Open Maturity                    | 442,763              | 0.04                  |
| GBP2,762,000                 | BAT International Finance 6.375%<br>12/12/2019        | 2,864,072            | 0.25                  |
| GBP4,752,000                 | BAT International Finance 1.75%<br>05/07/2021         | 4,717,672            | 0.41                  |
| GBP1,200,000                 | BAT International Finance 6%<br>29/06/2022            | 1,340,972            | 0.12                  |
| GBP3,000,000                 | BAT International Finance 7.25%<br>12/03/2024         | 3,637,848            | 0.32                  |
| GBP545,000                   | Birmingham Airport Finance 6.25%<br>22/02/2021        | 590,586              | 0.05                  |
| GBP6,000,000                 | BP Capital Markets 1.177%<br>12/08/2023               | 5,911,794            | 0.52                  |
| GBP3,217,000                 | British Telecommunications 8.625%<br>26/03/2020       | 3,466,549            | 0.30                  |
| GBP2,800,000                 | Bupa Finance 3.375% 17/06/2021                        | 2,904,653            | 0.25                  |
| GBP5,385,000                 | Bupa Finance 5% 25/04/2023                            | 5,793,054            | 0.51                  |
| GBP4,850,000                 | Bupa Finance 2% 05/04/2024                            | 4,802,116            | 0.42                  |
| GBP1,502,000                 | Bupa Finance 6.125% Open<br>Maturity                  | 1,579,593            | 0.14                  |
| GBP4,604,000                 | Cadent Finance 1.125% 22/09/2021                      | 4,558,103            | 0.40                  |
| GBP2,000,000                 | Centrica 6.375% 10/03/2022                            | 2,280,640            | 0.20                  |
| GBP2,050,000                 | Close Brothers Finance 3.875%<br>27/06/2021           | 2,136,436            | 0.19                  |
| GBP3,517,000                 | Close Brothers Group 2.75%<br>26/04/2023              | 3,518,671            | 0.31                  |
| GBP2,593,000                 | Coventry Building Society 6%<br>16/10/2019            | 2,673,038            | 0.23                  |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value | Investment   | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|------------------------------|--|----------------------|-----------------------|
|                              | <b>UNITED KINGDOM — (cont.)</b>                        |                      |                       |
| GBP1,180,000                 | Coventry Building Society 1%<br>05/05/2020             | 1,171,353            | 0.10                  |
| GBP5,089,000                 | Coventry Building Society 5.875%<br>28/09/2022         | 5,766,193            | 0.50                  |
| GBP2,000,000                 | Coventry Building Society 1.875%<br>24/10/2023         | 1,962,600            | 0.17                  |
| GBP2,500,000                 | CYBG 3.125% 22/06/2025                                 | 2,322,433            | 0.20                  |
| GBP4,000,000                 | CYBG 5% 09/02/2026                                     | 3,910,160            | 0.34                  |
| GBP2,288,000                 | Direct Line Insurance Group 9.25%<br>27/04/2042        | 2,692,999            | 0.24                  |
| GBP2,200,000                 | Eastern Power Networks 4.75%<br>30/09/2021             | 2,376,264            | 0.21                  |
| GBP4,750,000                 | Eastern Power Networks 5.75%<br>08/03/2024             | 5,559,875            | 0.49                  |
| GBP1,350,000                 | ENW Finance 6.125% 21/07/2021                          | 1,490,685            | 0.13                  |
| GBP3,365,000                 | Experian Finance 3.5% 15/10/2021                       | 3,520,678            | 0.31                  |
| GBP4,000,000                 | Experian Finance 2.125% 27/09/2024                     | 4,039,800            | 0.35                  |
| GBP2,197,000                 | FCE Bank 2.759% 13/11/2019                             | 2,203,907            | 0.19                  |
| GBP1,550,000                 | FCE Bank 3.25% 19/11/2020                              | 1,557,965            | 0.14                  |
| GBP3,100,000                 | FCE Bank 2.727% 03/06/2022                             | 3,040,809            | 0.27                  |
| GBP1,853,000                 | FirstGroup 8.75% 08/04/2021                            | 2,075,936            | 0.18                  |
| GBP3,100,000                 | FirstGroup 5.25% 29/11/2022                            | 3,307,505            | 0.29                  |
| GBP1,070,000                 | Friends Life 12% 21/05/2021                            | 1,297,247            | 0.11                  |
| GBP4,229,000                 | Friends Life 8.25% 21/04/2022                          | 4,975,080            | 0.43                  |
| GBP1,835,000                 | G4S 7.75% 13/05/2019                                   | 1,857,769            | 0.16                  |
| GBP850,000                   | Go-Ahead Group 2.5% 06/07/2024                         | 822,105              | 0.07                  |
| GBP7,346,000                 | HSBC 2.175% 27/06/2023                                 | 7,275,963            | 0.64                  |
| GBP6,000,000                 | HSBC 6.5% 20/05/2024                                   | 7,191,036            | 0.63                  |
| GBP3,577,000                 | HSBC Bank 6.5% 07/07/2023                              | 4,204,227            | 0.37                  |
| GBP3,213,000                 | Imperial Brands Finance 7.75%<br>24/06/2019            | 3,276,717            | 0.29                  |
| GBP8,000,000                 | Imperial Brands Finance 9%<br>17/02/2022               | 9,519,112            | 0.83                  |
| GBP4,500,000                 | Imperial Brands Finance 8.125%<br>15/03/2024           | 5,619,087            | 0.49                  |
| GBP2,500,000                 | InterContinental Hotels Group<br>3.875% 28/11/2022     | 2,656,950            | 0.23                  |
| GBP3,600,000                 | Investec 4.5% 05/05/2022                               | 3,775,198            | 0.33                  |
| GBP1,831,000                 | Investec Bank 9.625% 17/02/2022                        | 2,137,898            | 0.19                  |
| GBP5,478,000                 | Investec Bank 4.25% 24/07/2028                         | 5,330,171            | 0.47                  |
| GBP1,632,000                 | Legal & General Group 10%<br>23/07/2041                | 1,921,876            | 0.17                  |
| GBP2,950,000                 | Lendlease Europe Finance 6.125%<br>12/10/2021          | 3,210,435            | 0.28                  |
| GBP3,000,000                 | Liverpool Victoria Friendly Society<br>6.5% 22/05/2043 | 3,178,197            | 0.28                  |
| GBP4,000,000                 | Lloyds Bank 9.625% 06/04/2023                          | 5,066,744            | 0.44                  |
| GBP1,500,000                 | Lloyds Bank 7.5% 15/04/2024                            | 1,877,082            | 0.16                  |
| GBP3,320,000                 | Lloyds Bank 5.75% 09/07/2025                           | 3,462,780            | 0.30                  |
| GBP2,000,000                 | London Power Networks 5.125%<br>31/03/2023             | 2,265,496            | 0.20                  |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value    | Investment  | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|---------------------------------|---|----------------------|-----------------------|
| <b>UNITED KINGDOM — (cont.)</b> |   |                      |                       |
| GBP1,836,000                    | London Stock Exchange Group<br>9.125% 18/10/2019            | 1,925,718            | 0.17                  |
| GBP3,000,000                    | Manchester Airport Group Funding<br>4.125% 02/04/2024       | 3,306,216            | 0.29                  |
| GBP2,223,000                    | Marks & Spencer 6.125% 02/12/2019                           | 2,290,157            | 0.20                  |
| GBP2,500,000                    | Marks & Spencer 6.125% 06/12/2021                           | 2,732,650            | 0.24                  |
| GBP1,664,000                    | Motability Operations Group 6.625%<br>10/12/2019            | 1,733,732            | 0.15                  |
| GBP3,067,000                    | Motability Operations Group 5.375%<br>28/06/2022            | 3,461,395            | 0.30                  |
| GBP1,233,000                    | National Express Group 6.625%<br>17/06/2020                 | 1,307,313            | 0.11                  |
| GBP5,000,000                    | National Express Group 2.5%<br>11/11/2023                   | 4,950,905            | 0.43                  |
| GBP2,000,000                    | National Grid Electricity Transmission<br>5.875% 02/02/2024 | 2,378,778            | 0.21                  |
| GBP600,000                      | National Grid Gas 6.375%<br>03/03/2020                      | 630,686              | 0.06                  |
| GBP1,670,000                    | National Westminster Bank 6.5%<br>07/09/2021                | 1,837,798            | 0.16                  |
| GBP1,994,000                    | Nationwide Building Society 5.625%<br>09/09/2019            | 2,041,776            | 0.18                  |
| GBP5,652,000                    | Nationwide Building Society 2.25%<br>29/04/2022             | 5,755,296            | 0.50                  |
| GBP2,500,825                    | Nats En Route 5.25% 31/03/2026                              | 2,843,733            | 0.25                  |
| GBP2,400,000                    | Next 5.375% 26/10/2021                                      | 2,603,146            | 0.23                  |
| GBP511,000                      | Northern Electric Finance 8.875%<br>16/10/2020              | 571,891              | 0.05                  |
| GBP796,000                      | Northern Gas Networks Finance<br>5.875% 08/07/2019          | 809,111              | 0.07                  |
| GBP575,000                      | Northern Powergrid 9.25%<br>17/01/2020                      | 614,810              | 0.05                  |
| GBP2,120,000                    | Northern Powergrid 7.25%<br>15/12/2022                      | 2,554,539            | 0.22                  |
| GBP3,000,000                    | Northumbrian Water Finance<br>6.875% 06/02/2023             | 3,582,666            | 0.31                  |
| GBP1,277,000                    | NRAM 6.375% 02/12/2019                                      | 1,317,744            | 0.12                  |
| GBP2,500,000                    | Pension Insurance 6.5% 03/07/2024                           | 2,697,820            | 0.24                  |
| GBP3,300,000                    | Principality Building Society 2.375%<br>23/11/2023          | 3,218,523            | 0.28                  |
| GBP3,238,000                    | Provident Financial 7% 04/06/2023                           | 3,195,164            | 0.28                  |
| GBP164,000                      | Prudential 6.875% 20/01/2023                                | 197,085              | 0.02                  |
| GBP1,834,000                    | Prudential 11.375% 29/05/2039                               | 1,882,330            | 0.16                  |
| GBP2,000,000                    | RELX Investments 2.75% 01/08/2019                           | 2,003,320            | 0.18                  |
| GBP3,200,000                    | RL Finance Bonds 6.125%<br>30/11/2043                       | 3,519,491            | 0.31                  |
| GBP748,000                      | Rolls-Royce 6.75% 30/04/2019                                | 755,119              | 0.07                  |
| GBP4,620,000                    | Santander UK 1.875% 17/02/2020                              | 4,634,608            | 0.40                  |
| GBP4,520,000                    | Santander UK 1.625% 10/05/2021                              | 4,511,511            | 0.39                  |
| GBP1,500,000                    | Scottish Power UK 6.75% 29/05/2023                          | 1,790,364            | 0.16                  |
| GBP9,000,000                    | Scottish Widows 5.5% 16/06/2023                             | 9,866,448            | 0.86                  |
| GBP1,510,000                    | SEGRO 5.625% 07/12/2020                                     | 1,608,823            | 0.14                  |
| GBP914,000                      | SEGRO 6.75% 23/11/2021                                      | 1,029,445            | 0.09                  |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value    | Investment  | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|---------------------------------|---|----------------------|-----------------------|
| <b>UNITED KINGDOM — (cont.)</b> |   |                      |                       |
| GBP1,500,000                    | Severn Trent Utilities Finance 1.125%<br>07/09/2021           | 1,483,915            | 0.13                  |
| GBP2,524,000                    | Severn Trent Utilities Finance 1.625%<br>04/12/2022           | 2,515,628            | 0.22                  |
| GBP3,260,000                    | Severn Trent Utilities Finance 6.125%<br>26/02/2024           | 3,870,399            | 0.34                  |
| GBP2,012,000                    | Skipton Building Society 1.75%<br>30/06/2022                  | 1,944,346            | 0.17                  |
| GBP4,066,000                    | Sky 2.875% 24/11/2020   | 4,163,958            | 0.36                  |
| GBP1,410,000                    | Southern Gas Networks 4.875%<br>21/12/2020                    | 1,494,649            | 0.13                  |
| GBP2,400,000                    | Southern Gas Networks 4.875%<br>05/10/2023                    | 2,724,559            | 0.24                  |
| GBP1,981,000                    | SSE 4.25% 14/09/2021  | 2,109,353            | 0.18                  |
| GBP3,700,000                    | SSE 5.875% 22/09/2022   | 4,215,995            | 0.37                  |
| GBP7,640,000                    | SSE 3.875% Open Maturity                                      | 7,638,426            | 0.67                  |
| GBP2,200,000                    | SSE 3.625% 16/09/2077   | 2,145,000            | 0.19                  |
| GBP1,030,000                    | Standard Chartered Bank 5.375%<br>Open Maturity               | 1,048,048            | 0.09                  |
| GBP4,500,000                    | Standard Life Aberdeen 5.5%<br>04/12/2042                     | 4,923,765            | 0.43                  |
| GBP1,250,000                    | Tate & Lyle International Finance<br>6.75% 25/11/2019         | 1,298,489            | 0.11                  |
| GBP3,000,000                    | TP ICAP 5.25% 26/01/2024                                      | 2,877,885            | 0.25                  |
| GBP2,987,000                    | TSB Banking Group 5.75%<br>06/05/2026                         | 2,967,973            | 0.26                  |
| GBP3,258,000                    | Unilever 1.125% 03/02/2022                                    | 3,239,462            | 0.28                  |
| GBP2,465,000                    | United Utilities Water 5.75%<br>25/03/2022                    | 2,781,851            | 0.24                  |
| GBP2,336,000                    | Virgin Money 2.25% 21/04/2020                                 | 2,338,495            | 0.20                  |
| GBP1,412,000                    | Wales & West Utilities Finance 6.25%<br>30/11/2021            | 1,592,839            | 0.14                  |
| GBP300,000                      | Wales & West Utilities Finance<br>4.625% 13/12/2023           | 340,943              | 0.03                  |
| GBP1,762,000                    | Wellcome Trust Finance 4.75%<br>28/05/2021                    | 1,899,723            | 0.17                  |
| GBP1,680,000                    | Wessex Water Services Finance 4%<br>24/09/2021                | 1,783,103            | 0.16                  |
| GBP4,700,000                    | Western Power Distribution 3.625%<br>06/11/2023               | 4,910,593            | 0.43                  |
| GBP6,500,000                    | Western Power Distribution East<br>Midlands 5.25% 17/01/2023  | 7,327,372            | 0.64                  |
| GBP550,000                      | Western Power Distribution South<br>Wales 9.25% 09/11/2020    | 620,224              | 0.05                  |
| GBP2,100,000                    | Western Power Distribution West<br>Midlands 3.875% 17/10/2024 | 2,283,410            | 0.20                  |
| GBP2,000,000                    | Wm Morrison Supermarkets 4.625%<br>08/12/2023                 | 2,220,624            | 0.19                  |
| GBP1,200,000                    | Yorkshire Building Society 4.125%<br>20/11/2024               | 1,212,881            | 0.11                  |
| GBP3,670,000                    | Zurich Finance UK 6.625% Open<br>Maturity                     | 4,048,634            | 0.35                  |
|                                 |   | <b>435,904,298</b>   | <b>38.08</b>          |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value                    | Investment   | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|---|--|----------------------|-----------------------|
| <b>IRELAND — 1.37% (1.55%)</b>                  |  |                      |                       |
| GBP1,858,000                                    | ESB Finance 6.5% 05/03/2020                                  | 1,952,611            | 0.17                  |
| GBP2,651,000                                    | GE Capital UK Funding Unlimited<br>4.375% 31/07/2019         | 2,679,111            | 0.24                  |
| GBP4,226,000                                    | GE Capital UK Funding Unlimited<br>5.875% 04/11/2020         | 4,476,657            | 0.39                  |
| GBP3,200,000                                    | GE Capital UK Funding Unlimited<br>5.125% 24/05/2023         | 3,460,496            | 0.30                  |
| GBP3,000,000                                    | GE Capital UK Funding Unlimited<br>4.125% 13/09/2023         | 3,134,502            | 0.27                  |
|   |  | <b>15,703,377</b>    | <b>1.37</b>           |
| <b>CHANNEL ISLANDS — 3.49% (3.37%)</b>          |  |                      |                       |
| GBP5,200,000                                    | Credit Suisse Group Funding<br>Guernsey 3% 27/05/2022        | 5,330,458            | 0.46                  |
| GBP3,000,000                                    | Gatwick Funding 5.25% 23/01/2026                             | 3,424,101            | 0.30                  |
| GBP550,000                                      | Glencore Finance Europe 6.5%<br>27/02/2019                   | 550,568              | 0.05                  |
| GBP4,500,000                                    | Glencore Finance Europe 6%<br>03/04/2022                     | 4,967,847            | 0.43                  |
| GBP2,450,000                                    | Heathrow Funding 6% 20/03/2020                               | 2,562,205            | 0.22                  |
| GBP6,550,000                                    | Heathrow Funding 5.225%<br>15/02/2023                        | 7,414,456            | 0.65                  |
| GBP2,450,000                                    | Heathrow Funding 9.2% 29/03/2023                             | 2,828,238            | 0.25                  |
| GBP5,288,000                                    | Heathrow Funding 7.125%<br>14/02/2024                        | 6,382,119            | 0.56                  |
| GBP1,954,000                                    | HSBC Bank Capital Funding Sterling<br>2 5.862% Open Maturity | 2,016,008            | 0.18                  |
| GBP4,500,000                                    | Kennedy Wilson Europe Real Estate<br>3.95% 30/06/2022        | 4,509,342            | 0.39                  |
|   |  | <b>39,985,342</b>    | <b>3.49</b>           |
| <b>CONTINENTAL EUROPE<br/>— 30.68% (30.80%)</b> |  |                      |                       |
| <b>Belgium — 0.12% (0.17%)</b>                  |  |                      |                       |
| GBP1,000,000                                    | Anheuser-Busch InBev/old 9.75%<br>30/07/2024                 | 1,375,850            | 0.12                  |
| <b>Finland — 0.30% (0.31%)</b>                  |  |                      |                       |
| GBP3,358,000                                    | OP Corporate Bank 2.5% 20/05/2022                            | 3,452,508            | 0.30                  |
| <b>France — 6.78% (6.46%)</b>                   |  |                      |                       |
| GBP2,700,000                                    | AXA 7.125% 15/12/2020  | 2,958,555            | 0.26                  |
| GBP1,219,000                                    | AXA 6.772% Open Maturity                                     | 1,248,865            | 0.11                  |
| GBP3,900,000                                    | Banque Federative du Credit<br>Mutuel 0.875% 08/06/2020      | 3,864,050            | 0.34                  |
| GBP4,700,000                                    | Banque Federative du Credit<br>Mutuel 1.375% 20/12/2021      | 4,646,392            | 0.41                  |
| GBP2,800,000                                    | Banque Federative du Credit<br>Mutuel 1.875% 13/12/2022      | 2,795,066            | 0.24                  |
| GBP3,900,000                                    | Banque Federative du Credit<br>Mutuel 2.25% 18/12/2023       | 3,924,047            | 0.34                  |
| GBP2,442,000                                    | BNP Paribas 2.375% 20/11/2019                                | 2,460,747            | 0.21                  |
| GBP3,700,000                                    | BNP Paribas 5.75% 24/01/2022                                 | 4,065,634            | 0.36                  |
| GBP3,585,000                                    | BNP Paribas 1.125% 16/08/2022                                | 3,505,194            | 0.31                  |
| GBP3,000,000                                    | BPCE 2.125% 16/12/2022                                       | 3,015,102            | 0.26                  |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value   | Investment   | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|--------------------------------|--|----------------------|-----------------------|
| <b>France — (cont.)</b>        |  |                      |                       |
| GBP2,000,000                   | CNP Assurances 7.375% 30/09/2041                                 | 2,211,792            | 0.19                  |
| GBP1,956,000                   | Credit Agricole 5.5% 17/12/2021                                  | 2,172,549            | 0.19                  |
| GBP3,000,000                   | Credit Agricole 7.375% 18/12/2023                                | 3,701,241            | 0.32                  |
| GBP1,000,000                   | Credit Agricole 8.125% Open<br>Maturity                          | 1,038,520            | 0.09                  |
| GBP3,150,000                   | Electricite de France 6.875%<br>12/12/2022                       | 3,763,526            | 0.33                  |
| GBP1,000,000                   | Engie 6.125% 11/02/2021  | 1,092,140            | 0.10                  |
| GBP4,342,000                   | LVMH 1% 14/06/2022   | 4,286,518            | 0.37                  |
| GBP2,650,000                   | Orange 7.25% 10/11/2020  | 2,905,834            | 0.25                  |
| GBP6,777,000                   | Orange 5.75% Open Maturity                                       | 7,209,034            | 0.63                  |
| GBP5,333,000                   | Orange 5.875% Open Maturity                                      | 5,678,045            | 0.50                  |
| GBP1,339,000                   | RCI Banque 3% 09/05/2019   | 1,342,214            | 0.12                  |
| GBP2,416,000                   | RCI Banque 1.875% 08/11/2022                                     | 2,351,879            | 0.21                  |
| GBP1,939,000                   | Total Capital International 2.25%<br>17/12/2020                  | 1,974,389            | 0.17                  |
| GBP4,105,000                   | Total Capital International 2.25%<br>09/06/2022                  | 4,227,731            | 0.37                  |
| GBP1,050,000                   | WPP Finance 6.375% 06/11/2020                                    | 1,131,532            | 0.10                  |
|                                |  | <b>77,570,596</b>    | <b>6.78</b>           |
| <b>Germany — 3.92% (3.43%)</b> |  |                      |                       |
| GBP3,250,000                   | BASF 1.375% 21/06/2022   | 3,252,337            | 0.28                  |
| GBP1,735,000                   | BASF 0.875% 06/10/2023   | 1,693,747            | 0.15                  |
| GBP1,250,000                   | Daimler 1% 20/12/2019  | 1,245,208            | 0.11                  |
| GBP3,228,000                   | Daimler 2.75% 04/12/2020   | 3,287,072            | 0.29                  |
| GBP2,300,000                   | Daimler 1.5% 18/08/2021  | 2,275,434            | 0.20                  |
| GBP1,500,000                   | Daimler 2.375% 16/12/2021  | 1,516,401            | 0.13                  |
| GBP5,016,000                   | Daimler 1.5% 13/01/2022  | 4,947,732            | 0.43                  |
| GBP2,590,000                   | Daimler 2.125% 07/06/2022  | 2,595,708            | 0.23                  |
| GBP5,600,000                   | Daimler 2% 04/09/2023  | 5,518,878            | 0.48                  |
| GBP4,900,000                   | Deutsche Bank 1.875% 28/02/2020                                  | 4,857,698            | 0.43                  |
| GBP4,700,000                   | Deutsche Bank 1.75% 16/12/2021                                   | 4,503,803            | 0.39                  |
| GBP2,800,000                   | Deutsche Bank 3.875% 12/02/2024                                  | 2,790,906            | 0.24                  |
| GBP2,700,000                   | Henkel AG & Co. 0.875% 13/09/2022                                | 2,656,114            | 0.23                  |
| GBP3,300,000                   | Muenchener Rueckversicherungs-<br>Gesellschaft 6.625% 26/05/2042 | 3,740,517            | 0.33                  |
|                                |  | <b>44,881,555</b>    | <b>3.92</b>           |
| <b>Italy — 2.06% (2.65%)</b>   |  |                      |                       |
| GBP4,000,000                   | Assicurazioni Generali 6.416% Open<br>Maturity                   | 4,040,000            | 0.35                  |
| GBP4,300,000                   | Autostrade per l'Italia 6.25%<br>09/06/2022                      | 4,680,825            | 0.41                  |
| GBP2,890,000                   | Enel 6.25% 20/06/2019  | 2,933,177            | 0.26                  |
| GBP2,500,000                   | Enel 7.75% 10/09/2075  | 2,671,250            | 0.23                  |
| GBP4,100,000                   | Enel 6.625% 15/09/2076   | 4,361,375            | 0.38                  |
| GBP3,207,000                   | FCA Bank 1.625% 29/09/2021                                       | 3,104,895            | 0.27                  |
| GBP1,750,000                   | Intesa Sanpaolo 5.25% 28/01/2022                                 | 1,846,579            | 0.16                  |
|                                |  | <b>23,638,101</b>    | <b>2.06</b>           |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value         | Investment  | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|--------------------------------------|---|----------------------|-----------------------|
| <b>Luxembourg — 0.36% (0.04%)</b>    |   |                      |                       |
| GBP3,198,000                         | Gaz Capital 5.338% 25/09/2020                               | 3,333,915            | 0.29                  |
| GBP750,000                           | Nestle Finance International 2.25%<br>30/11/2023            | 785,317              | 0.07                  |
|                                      |   | <b>4,119,232</b>     | <b>0.36</b>           |
| <b>Netherlands — 10.42% (10.86%)</b> |   |                      |                       |
| GBP4,200,000                         | ABN AMRO Bank 1% 30/06/2020                                 | 4,170,680            | 0.36                  |
| GBP4,100,000                         | ABN AMRO Bank 2.375% 07/12/2021                             | 4,182,681            | 0.37                  |
| GBP5,600,000                         | ABN AMRO Bank 1.375% 07/06/2022                             | 5,529,541            | 0.48                  |
| GBP2,956,000                         | BMW Finance 1.875% 29/06/2020                               | 2,970,810            | 0.26                  |
| GBP1,750,000                         | BMW Finance 2.375% 01/12/2021                               | 1,780,077            | 0.16                  |
| GBP4,922,000                         | BMW Finance 0.875% 16/08/2022                               | 4,763,689            | 0.42                  |
| GBP1,250,000                         | BMW International Investment 1%<br>17/11/2021               | 1,226,234            | 0.11                  |
| GBP2,250,000                         | BMW International Investment 1.75%<br>19/04/2022            | 2,243,425            | 0.20                  |
| GBP3,272,000                         | BMW International Investment<br>1.875% 11/09/2023           | 3,236,976            | 0.28                  |
| GBP2,640,000                         | Cooperatieve Rabobank 4.625%<br>13/01/2021                  | 2,796,304            | 0.24                  |
| GBP9,057,000                         | Cooperatieve Rabobank 2.25%<br>23/03/2022                   | 9,248,130            | 0.81                  |
| GBP4,789,000                         | Cooperatieve Rabobank 4%<br>19/09/2022                      | 5,183,906            | 0.45                  |
| GBP1,568,000                         | Cooperatieve Rabobank 4.875%<br>10/01/2023                  | 1,762,305            | 0.15                  |
| GBP2,613,000                         | Daimler International Finance 3.5%<br>06/06/2019            | 2,628,391            | 0.23                  |
| GBP1,283,000                         | Deutsche Telekom International<br>Finance 7.375% 04/12/2019 | 1,341,536            | 0.12                  |
| GBP5,130,000                         | Deutsche Telekom International<br>Finance 6.5% 08/04/2022   | 5,862,513            | 0.51                  |
| GBP2,900,000                         | Deutsche Telekom International<br>Finance 1.25% 06/10/2023  | 2,826,549            | 0.25                  |
| GBP4,800,000                         | E.ON International Finance 6%<br>30/10/2019                 | 4,949,088            | 0.43                  |
| GBP3,000,000                         | EDP Finance 8.625% 04/01/2024                               | 3,821,076            | 0.33                  |
| GBP2,750,000                         | ELM 6.302% Open Maturity                                    | 2,767,693            | 0.24                  |
| GBP3,406,000                         | ING Bank 5.375% 15/04/2021                                  | 3,683,878            | 0.32                  |
| GBP5,400,000                         | innogy Finance 5.625% 06/12/2023                            | 6,303,776            | 0.55                  |
| GBP4,650,000                         | Innogy Finance 6.5% 20/04/2021                              | 5,115,479            | 0.45                  |
| GBP4,400,000                         | Innogy Finance 5.5% 06/07/2022                              | 4,931,093            | 0.43                  |
| GBP1,480,000                         | Linde Finance 5.875% 24/04/2023                             | 1,747,816            | 0.15                  |
| GBP2,700,000                         | NIBC Bank 3.125% 15/11/2023                                 | 2,668,148            | 0.23                  |
| GBP2,002,000                         | Shell International Finance 2%<br>20/12/2019                | 2,015,880            | 0.18                  |
| GBP1,446,000                         | Volkswagen Financial Services<br>2.625% 22/07/2019          | 1,452,073            | 0.13                  |
| GBP2,325,000                         | Volkswagen Financial Services<br>1.75% 17/04/2020           | 2,322,715            | 0.20                  |
| GBP897,000                           | Volkswagen Financial Services<br>2.75% 02/10/2020           | 909,307              | 0.08                  |
| GBP4,217,000                         | Volkswagen Financial Services 1.5%<br>12/04/2021            | 4,162,786            | 0.36                  |



## Portfolio Statement continued

| Holding/<br>Nominal<br>Value       | Investment   | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|------------------------------------|--|----------------------|-----------------------|
| <b>Netherlands — (cont.)</b>       |  |                      |                       |
| GBP4,000,000                       | Volkswagen Financial Services<br>1.875% 07/09/2021 | 3,959,768            | 0.35                  |
| GBP2,100,000                       | Volkswagen Financial Services<br>1.625% 09/06/2022 | 2,050,793            | 0.18                  |
| GBP3,150,000                       | Volkswagen Financial Services<br>1.75% 12/09/2022  | 3,080,322            | 0.27                  |
| GBP1,600,000                       | Volkswagen Financial Services<br>2.75% 10/07/2023  | 1,603,990            | 0.14                  |
|                                    |  | 119,299,428          | 10.42                 |
| <b>Norway — 0.22% (0.37%)</b>      |  |                      |                       |
| GBP2,430,000                       | DNB Bank 4.25% 27/01/2020                          | 2,496,521            | 0.22                  |
| <b>Russia — 0.09% (0.00%)</b>      |  |                      |                       |
| GBP1,000,000                       | Gazprom 4.25% 06/04/2024                           | 1,015,060            | 0.09                  |
| <b>Spain — 1.95% (1.35%)</b>       |  |                      |                       |
| GBP3,800,000                       | Banco Santander 2.75% 12/09/2023                   | 3,814,486            | 0.34                  |
| GBP4,600,000                       | Iberdrola Finanzas 7.375%<br>29/01/2024            | 5,734,429            | 0.50                  |
| GBP4,300,000                       | Telefonica Emisiones 5.597%<br>12/03/2020          | 4,475,259            | 0.39                  |
| GBP7,400,000                       | Telefonica Emisiones 5.289%<br>09/12/2022          | 8,270,403            | 0.72                  |
|                                    |  | 22,294,577           | 1.95                  |
| <b>Sweden — 3.67% (4.13%)</b>      |  |                      |                       |
| GBP2,198,000                       | Nordea Bank 2.125% 13/11/2019                      | 2,212,645            | 0.19                  |
| GBP6,410,000                       | Nordea Bank 2.375% 02/06/2022                      | 6,569,718            | 0.57                  |
| GBP1,625,000                       | Scania 1.875% 28/06/2022                           | 1,598,201            | 0.14                  |
| GBP2,223,000                       | Skandinaviska Enskilda Banken 3%<br>18/12/2020     | 2,285,242            | 0.20                  |
| GBP6,200,000                       | Skandinaviska Enskilda Banken<br>1.25% 05/08/2022  | 6,129,190            | 0.54                  |
| GBP2,355,000                       | Svenska Handelsbanken 3%<br>20/11/2020             | 2,420,775            | 0.21                  |
| GBP3,650,000                       | Svenska Handelsbanken 2.375%<br>18/01/2022         | 3,738,078            | 0.33                  |
| GBP3,936,000                       | Svenska Handelsbanken 1.625%<br>18/06/2022         | 3,936,504            | 0.34                  |
| GBP3,169,000                       | Svenska Handelsbanken 2.75%<br>05/12/2022          | 3,296,755            | 0.29                  |
| GBP756,000                         | Swedbank 1.625% 15/04/2019                         | 756,547              | 0.07                  |
| GBP3,620,000                       | Swedbank 1.25% 29/12/2021                          | 3,582,975            | 0.31                  |
| GBP3,919,000                       | Swedbank 1.625% 28/12/2022                         | 3,910,731            | 0.34                  |
| GBP1,477,000                       | Vattenfall 6.125% 16/12/2019                       | 1,533,439            | 0.14                  |
|                                    |  | 41,970,800           | 3.67                  |
| <b>Switzerland — 0.79% (1.03%)</b> |  |                      |                       |
| GBP8,369,000                       | UBS 1.25% 10/12/2020                               | 8,333,080            | 0.73                  |
| GBP722,000                         | UBS 6.375% 19/11/2024                              | 747,129              | 0.06                  |
|                                    |  | 9,080,209            | 0.79                  |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value                      | Investment   | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|---|--|----------------------|-----------------------|
| <b>NORTH AMERICA — 17.56% (16.97%)</b>            |  |                      |                       |
| <b>Bermuda — 0.37% (0.37%)</b>                    |  |                      |                       |
| GBP2,296,000                                      | Fidelity International 6.75%<br>19/10/2020                     | 2,463,516            | 0.22                  |
| GBP1,760,000                                      | Hiscox 2% 14/12/2022   | 1,727,544            | 0.15                  |
|   |  | <b>4,191,060</b>     | <b>0.37</b>           |
| <b>British Virgin Islands<br/>— 0.28% (0.47%)</b> |  |                      |                       |
| GBP3,000,000                                      | Global Switch 4.375% 13/12/2022                                | 3,229,890            | 0.28                  |
| <b>Canada — 1.21% (1.02%)</b>                     |  |                      |                       |
| GBP2,160,000                                      | Bank of Montreal 1.375% 29/12/2021                             | 2,148,900            | 0.19                  |
| GBP3,633,000                                      | Bank of Montreal 1.625% 21/06/2022                             | 3,636,462            | 0.32                  |
| GBP1,850,000                                      | Bank of Nova Scotia 1.25%<br>08/06/2022                        | 1,830,654            | 0.16                  |
| GBP3,000,000                                      | Bank of Nova Scotia 1.75%<br>23/12/2022                        | 3,006,864            | 0.26                  |
| GBP2,982,000                                      | Glencore Canada Financial 7.375%<br>27/05/2020                 | 3,180,372            | 0.28                  |
|   |  | <b>13,803,252</b>    | <b>1.21</b>           |
| <b>Cayman Islands — 2.56% (2.63%)</b>             |  |                      |                       |
| GBP707,000  | ASIF II 6.375% 05/10/2020                                      | 760,038              | 0.07                  |
| GBP3,200,000                                      | Dwr Cymru Financing 6.907%<br>31/03/2021                       | 3,562,371            | 0.31                  |
| GBP4,000,000                                      | Phoenix Group 4.125% 20/07/2022                                | 4,048,864            | 0.35                  |
| GBP1,296,000                                      | South East Water Finance 5.658%<br>30/09/2019                  | 1,327,257            | 0.12                  |
| GBP2,234,000                                      | Southern Water Services Finance<br>6.125% 31/03/2019           | 2,244,978            | 0.20                  |
| GBP3,250,000                                      | Southern Water Services Finance 5%<br>31/03/2021               | 3,479,902            | 0.30                  |
| GBP1,961,000                                      | Southern Water Services Finance<br>4.5% 31/03/2038             | 2,136,484            | 0.19                  |
| GBP2,300,000                                      | Thames Water Utilities Finance<br>2.375% 03/05/2023            | 2,236,646            | 0.20                  |
| GBP2,400,000                                      | Thames Water Utilities Finance<br>1.875% 24/01/2024            | 2,350,762            | 0.20                  |
| GBP2,750,000                                      | Thames Water Utilities Finance 5.75%<br>13/09/2030             | 3,001,097            | 0.26                  |
| GBP1,731,000                                      | Yorkshire Water Services Bradford<br>Finance 6% 21/08/2019     | 1,770,074            | 0.15                  |
| GBP2,000,000                                      | Yorkshire Water Services Bradford<br>Finance 6.588% 21/02/2023 | 2,375,174            | 0.21                  |
|   |  | <b>29,293,647</b>    | <b>2.56</b>           |
| <b>Mexico — 0.40% (0.44%)</b>                     |  |                      |                       |
| GBP4,349,000                                      | América Móvil 6.375% 06/09/2073                                | 4,578,258            | 0.40                  |
| <b>United States — 12.74% (12.04%)</b>            |  |                      |                       |
| GBP3,333,000                                      | American Honda Finance 1.3%<br>21/03/2022                      | 3,301,393            | 0.29                  |
| GBP2,254,000                                      | American Honda Finance 2.625%<br>14/10/2022                    | 2,331,028            | 0.20                  |
| GBP6,000,000                                      | American International 5%<br>26/04/2023                        | 6,636,252            | 0.58                  |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value         | Investment  | Market<br>Value<br>£ | % of<br>Net<br>Assets |
|--------------------------------------|---|----------------------|-----------------------|
| <b>United States — (cont.)</b>       |   |                      |                       |
| GBP4,604,000                         | Bank of America 5.5% 04/12/2019                           | 4,753,275            | 0.41                  |
| GBP6,100,000                         | Bank of America 6.125% 15/09/2021                         | 6,755,396            | 0.59                  |
| GBP2,250,000                         | Bank of America 5.5% 22/11/2021                           | 2,451,755            | 0.21                  |
| GBP1,676,000                         | BMW US Capital 2% 20/11/2019                              | 1,684,564            | 0.15                  |
| GBP943,000                           | Citigroup 6.25% 02/09/2019                                | 967,487              | 0.08                  |
| GBP5,364,000                         | Citigroup 2.75% 24/01/2024                                | 5,442,540            | 0.48                  |
| GBP1,500,000                         | Citigroup 5.875% 01/07/2024                               | 1,742,414            | 0.15                  |
| GBP3,400,000                         | Digital Stout 4.75% 13/10/2023                            | 3,720,923            | 0.32                  |
| GBP1,457,000                         | Fidelity National Information<br>Services 1.7% 30/06/2022 | 1,437,110            | 0.13                  |
| GBP2,424,000                         | General Electric 6.25% 29/09/2020                         | 2,570,315            | 0.22                  |
| GBP1,914,000                         | General Electric 5.5% 07/06/2021                          | 2,041,292            | 0.18                  |
| GBP3,500,000                         | Goldman Sachs 5.5% 12/10/2021                             | 3,798,431            | 0.33                  |
| GBP5,590,000                         | International Business Machines<br>2.75% 21/12/2020       | 5,723,780            | 0.50                  |
| GBP3,150,000                         | International Business Machines<br>2.625% 05/08/2022      | 3,266,103            | 0.28                  |
| GBP6,120,000                         | JPMorgan Chase 1.875% 10/02/2020                          | 6,156,830            | 0.54                  |
| GBP1,500,000                         | McDonald's 6.375% 03/02/2020                              | 1,569,738            | 0.14                  |
| GBP3,575,000                         | MetLife 5.25% 29/06/2020                                  | 3,747,598            | 0.33                  |
| GBP4,584,000                         | Metropolitan Life Global Funding I<br>1.125% 15/12/2021   | 4,533,296            | 0.40                  |
| GBP2,500,000                         | Metropolitan Life Global Funding I<br>1.625% 09/06/2022   | 2,495,928            | 0.22                  |
| GBP3,954,000                         | Metropolitan Life Global Funding I<br>2.625% 05/12/2022   | 4,097,143            | 0.36                  |
| GBP2,500,000                         | Metropolitan Life Global Funding I<br>2.875% 11/01/2023   | 2,617,848            | 0.23                  |
| GBP2,951,000                         | Nestle 1.75% 09/12/2020                                   | 2,982,136            | 0.26                  |
| GBP5,062,000                         | Nestle 1% 11/06/2021                                      | 5,040,208            | 0.44                  |
| GBP4,267,000                         | New York Life Global Funding 1%<br>15/12/2021             | 4,211,004            | 0.37                  |
| GBP4,385,000                         | New York Life Global Funding 1.75%<br>15/12/2022          | 4,421,027            | 0.39                  |
| GBP5,143,000                         | PepsiCo 2.5% 01/11/2022                                   | 5,365,106            | 0.47                  |
| GBP1,969,000                         | Rabobank Capital Funding Trust IV<br>5.556% Open Maturity | 2,021,647            | 0.18                  |
| GBP361,000                           | Textron 6.625% 07/04/2020                                 | 378,961              | 0.03                  |
| GBP2,690,000                         | Toyota Motor Credit 1.125%<br>07/09/2021                  | 2,669,018            | 0.23                  |
| GBP5,600,000                         | Toyota Motor Credit 1% 27/09/2022                         | 5,488,280            | 0.48                  |
| GBP2,300,000                         | Walgreens Boots Alliance 2.875%<br>20/11/2020             | 2,343,106            | 0.20                  |
| GBP7,561,000                         | Wells Fargo 2.125% 22/04/2022                             | 7,587,804            | 0.66                  |
| GBP6,284,000                         | Wells Fargo 1.375% 30/06/2022                             | 6,155,304            | 0.54                  |
| GBP8,050,000                         | Wells Fargo 2.125% 20/12/2023                             | 8,024,804            | 0.70                  |
| GBP4,750,000                         | Wells Fargo Bank 5.25% 01/08/2023                         | 5,355,748            | 0.47                  |
|                                      |   | 145,886,592          | 12.74                 |
| <b>PACIFIC BASIN — 4.36% (5.31%)</b> |   |                      |                       |
| <b>Australia — 3.71% (4.66%)</b>     |   |                      |                       |
| GBP5,400,000                         | BHP Billiton Finance 6.5% 22/10/2077                      | 6,037,378            | 0.53                  |
| GBP1,550,000                         | Macquarie Bank 3.5% 18/12/2020                            | 1,602,328            | 0.14                  |

## Portfolio Statement continued

| Holding/<br>Nominal<br>Value          | Investment                                       | Market<br>Value<br>£  | % of<br>Net<br>Assets |
|---------------------------------------|--|-----------------------|-----------------------|
| <b>Australia — (cont.)</b>            |  |                       |                       |
| GBP3,715,000                          | National Australia Bank 1.875%<br>20/02/2020     | 3,735,878             | 0.33                  |
| GBP2,510,000                          | National Australia Bank 0.875%<br>26/06/2020     | 2,490,944             | 0.22                  |
| GBP6,067,000                          | National Australia Bank 5.125%<br>09/12/2021     | 6,642,952             | 0.58                  |
| GBP1,650,000                          | National Australia Bank 1.375%<br>27/06/2022     | 1,631,068             | 0.14                  |
| GBP2,500,000                          | Pacific National Finance 5%<br>19/09/2023        | 2,729,285             | 0.24                  |
| GBP3,000,000                          | QBE Insurance Group 6.115%<br>24/05/2042         | 3,219,168             | 0.28                  |
| GBP2,946,000                          | Scentre Group Trust 2.375%<br>08/04/2022         | 2,985,738             | 0.26                  |
| GBP1,100,000                          | SGSP Australia Assets 5.125%<br>11/02/2021       | 1,169,969             | 0.10                  |
| GBP2,350,000                          | Toyota Finance Australia 1.625%<br>11/07/2022    | 2,352,442             | 0.20                  |
| GBP3,535,000                          | Westpac Banking 5% 21/10/2019                    | 3,625,441             | 0.32                  |
| GBP4,160,000                          | Westpac Banking 2.625%<br>14/12/2022             | 4,302,056             | 0.37                  |
|                                       |  | <b>42,524,647</b>     | <b>3.71</b>           |
| <b>New Zealand — 0.65% (0.65%)</b>    |  |                       |                       |
| GBP1,575,000                          | ASB Finance 1% 07/09/2020                        | 1,562,205             | 0.14                  |
| GBP1,800,000                          | Chorus 6.75% 06/04/2020                          | 1,893,053             | 0.17                  |
| GBP2,107,000                          | Fonterra Co-operative Group<br>9.375% 04/12/2023 | 2,800,654             | 0.24                  |
| GBP1,125,000                          | Westpac Securities 2.5% 13/01/2021               | 1,145,947             | 0.10                  |
|                                       |  | <b>7,401,859</b>      | <b>0.65</b>           |
| <b>GOVERNMENT BONDS</b>               |  |                       |                       |
| <b>— 0.94% (0.65%)</b>                |  |                       |                       |
| <b>UNITED KINGDOM — 0.94% (0.65%)</b> |  |                       |                       |
| GBP1,350,000                          | United Kingdom Gilt 3.75%<br>07/09/2021          | 1,452,762             | 0.13                  |
| GBP3,800,000                          | United Kingdom Gilt 0.75%<br>22/07/2023          | 3,790,184             | 0.33                  |
| GBP5,500,000                          | United Kingdom Gilt 1% 22/04/2024                | 5,536,575             | 0.48                  |
|                                       |  | <b>10,779,521</b>     | <b>0.94</b>           |
| <b>Portfolio of investments</b>       |  | <b>1,104,476,180</b>  | <b>96.48</b>          |
| <b>Net other assets</b>               |  | <b>40,329,699</b>     | <b>3.52</b>           |
| <b>Total net assets</b>               |  | <b>£1,144,805,879</b> | <b>100.00%</b>        |

Total purchases for the year: £588,121,972.

Total sales for the year: £142,451,296.

The maturity dates for all holdings in the Portfolio Statement are final contractual maturity dates. Where this maturity date is greater than 5 years from the balance sheet date, or there is an open maturity date, the bond is 'callable' by the issuer within the next 5 years and is therefore likely to mature before the final contractual maturity date shown.

# Independent Auditor's Report

## Independent auditor's report to the Unitholders of Legal & General Short Dated Sterling Corporate Bond Index Fund ('the Fund')

### **Opinion**

We have audited the financial statements of the Fund for the year ended 15 February 2019 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Fund and the accounting policies set out on pages 24 to 25.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 15 February 2019 and of the net revenue and the net capital losses on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Manager and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Fund's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Fund's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a fund and this is particularly the case in relation to Brexit.

### **Going concern**

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

## Independent Auditor's Report continued

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model, including the impact of Brexit, and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Fund will continue in operation.

### **Other information**

The Manager (Legal & General (Unit Trust Managers) Limited) is responsible for the other information presented in the Annual Manager's Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial year is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

### **Manager's responsibilities**

As explained more fully in their statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report continued**

### ***Auditor's responsibilities***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### ***The purpose of our audit work and to whom we owe our responsibilities***

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square,  
London E14 5GL  
4 April 2019

## Financial Statements

### Statement of Total Return for the year ended 15 February 2019

| Notes  | 15/02/19 |                     | 15/02/18            |             |
|--|----------|---------------------|---------------------|-------------|
|  | £        | £                   | £                   | £           |
| <b>Income</b>  |          |                     |                     |             |
| Net capital losses   | 3        | (4,822,232)         |                     | (7,996,094) |
| Revenue  | 4        | 19,391,525          | 11,696,019          |             |
| Expenses   | 5        | (1,030,555)         | (628,750)           |             |
| Interest payable<br>and similar charges  | 7        | —                   | (1)                 |             |
| <b>Net revenue<br/>before taxation</b>   |          | <u>18,360,970</u>   | <u>11,067,268</u>   |             |
| Taxation   | 6        | —                   | —                   |             |
| <b>Net revenue<br/>after taxation for the year</b>   |          | <u>18,360,970</u>   | <u>11,067,268</u>   |             |
| <b>Total return<br/>before distributions</b>   |          | 13,538,738          | 3,071,174           |             |
| Distributions  | 7        | (19,391,525)        | (11,696,018)        |             |
| <b>Change in net assets<br/>attributable to Unitholders<br/>from investment activities</b> |          | <u>£(5,852,787)</u> | <u>£(8,624,844)</u> |             |

### Statement of Change in Net Assets attributable to Unitholders for the year ended 15 February 2019

|  | 15/02/19 |                       | 15/02/18            |             |
|--|----------|-----------------------|---------------------|-------------|
|  | £        | £                     | £                   | £           |
| <b>Opening net assets<br/>attributable to Unitholders</b>                                  |          | 702,602,324           |                     | 439,529,678 |
| Amounts received on<br>issue of units  |          | 494,002,330           | 385,660,967         |             |
| Amounts paid on<br>cancellation of units   |          | (61,795,213)          | (122,324,735)       |             |
|  |          | <u>432,207,117</u>    | <u>263,336,232</u>  |             |
| <b>Change in net assets<br/>attributable to Unitholders<br/>from investment activities</b> |          | (5,852,787)           | (8,624,844)         |             |
| <b>Retained distributions on<br/>accumulation units</b>                                    |          | <u>15,849,225</u>     | <u>8,361,258</u>    |             |
| <b>Closing net assets<br/>attributable to Unitholders</b>                                  |          | <u>£1,144,805,879</u> | <u>£702,602,324</u> |             |



## Financial Statements continued

### Balance Sheet as at 15 February 2019

|   | Notes | 15/02/19<br>£                | 15/02/18<br>£              |
|---|-------|------------------------------|----------------------------|
| <b>ASSETS</b>                                 |       |                              |                            |
| <b>Fixed assets:</b>                          |       |                              |                            |
| Investments                                   |       | 1,104,476,180                | 680,057,025                |
| <b>Current assets:</b>                        |       |                              |                            |
| Debtors                                       | 8     | 31,940,751                   | 20,266,568                 |
| Cash and bank balances                        | 9     | <u>22,158,212</u>            | <u>11,675,509</u>          |
| <b>Total assets</b>                           |       | <b><u>1,158,575,143</u></b>  | <b><u>711,999,102</u></b>  |
| <b>LIABILITIES</b>                            |       |                              |                            |
| <b>Creditors:</b>                             |       |                              |                            |
| Distributions payable                         |       | (3,342,524)                  | (2,381,420)                |
| Other creditors                               | 10    | <u>(10,426,740)</u>          | <u>(7,015,358)</u>         |
| <b>Total liabilities</b>                      |       | <b><u>(13,769,264)</u></b>   | <b><u>(9,396,778)</u></b>  |
| <b>Net assets attributable to Unitholders</b> |       | <b><u>£1,144,805,879</u></b> | <b><u>£702,602,324</u></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 Management Association in May 2014 (2014 SORP).

## 2. Summary of Significant Accounting Policies

### (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.

The principal accounting policies which have been applied consistently are set out below.

### (b) Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

### (c) Recognition of Revenue

Bond revenue is accounted for on an effective yield basis, calculated with reference to the purchase price. If the Manager believes that future commitments will not be met due to the bond issuer showing signs of financial distress, revenue accruals will be discounted. Any resultant revenue from these issues will then be treated on a receipts basis.

All other revenue is recognised on an accruals basis.

### (d) Treatment of Expenses

All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

### (e) Distribution Policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. In order to conduct a controlled dividend flow, interim distributions will be at the Manager's discretion, up to a maximum of the distributable revenue for the period. All remaining revenue is distributed in accordance with the COLL.

Fund Management Fees are deducted from capital for the purpose of calculating the distribution. This increases the amount of the distribution paid, but reduces the capital growth potential of the Fund. Marginal tax relief is not accounted for in determining the distribution.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Fund.

### (f) Basis of Valuation of Investments

All investments are valued at their fair value as at 12 noon on 15 February 2019, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price, excluding any accrued interest.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair and reasonable value.

## Notes to the Financial Statements continued

### 2. Summary of Significant Accounting Policies continued

#### (g) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply.

### 3. Net capital losses

The net capital losses during the year comprise:

Non-derivative securities

Net capital losses

| 15/02/19           | 15/02/18           |
|--------------------|--------------------|
| £                  | £                  |
| (4,822,232)        | (7,996,094)        |
| <u>(4,822,232)</u> | <u>(7,996,094)</u> |

### 4. Revenue

Bond Interest

Bank interest

| 15/02/19          | 15/02/18          |
|-------------------|-------------------|
| £                 | £                 |
| 19,365,320        | 11,693,429        |
| 26,205            | 2,590             |
| <u>19,391,525</u> | <u>11,696,019</u> |

### 5. Expenses

Payable to the Manager, associates of the Manager and agents of either of them:

Fund management fees

Total expenses

| 15/02/19         | 15/02/18       |
|------------------|----------------|
| £                | £              |
| 1,030,555        | 628,750        |
| <u>1,030,555</u> | <u>628,750</u> |

Audit fees of £11,000 plus VAT of £2,200 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £11,278 plus VAT of £2,256.

## Notes to the Financial Statements continued

### 6. Taxation

#### (a) Analysis of taxation charge in year

|                          | 15/02/19 | 15/02/18 |
|--------------------------|----------|----------|
|                          | £        | £        |
| Corporation tax          | —        | —        |
| Current tax [note 6(b)]  | —        | —        |
| Deferred tax [note 6(c)] | —        | —        |
| Total taxation           | —        | —        |

#### (b) Factors affecting taxation charge for the year

The current tax charge excludes capital gains and losses for the reason that Authorised Unit Trusts are not subject to Corporation Tax on these items. Current tax differs from taxation assessed on net revenue before taxation as follows:

|   |             |             |
|---|-------------|-------------|
| Net revenue before taxation   | 18,360,970  | 11,067,268  |
| Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2018: 20%) | 3,672,194   | 2,213,454   |
| <b>Effects of:</b>  |             |             |
| Interest distributions deductible for tax purposes  | (3,672,194) | (2,213,454) |
| Current tax   | —           | —           |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

## Notes to the Financial Statements continued

### 7. Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprise:

|  | 15/02/19          | 15/02/18          |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Interim distribution                           | 9,844,629         | 5,901,702         |
| Final distribution                             | 11,973,043        | 7,076,184         |
|  | <u>21,817,672</u> | <u>12,977,886</u> |
| Add: Revenue deducted on cancellation of units | 292,241           | 858,072           |
| Less: Revenue received on creation of units    | (2,718,388)       | (2,139,940)       |
| <b>Distributions for the year</b>              | <b>19,391,525</b> | <b>11,696,018</b> |
| <b>Interest payable and similar charges</b>    |                   |                   |
| Bank overdraft interest                        | —                 | 1                 |
|  | <u>19,391,525</u> | <u>11,696,019</u> |

The differences between the net revenue after taxation and the distributions for the year are as follows:

|   | 15/02/19          | 15/02/18          |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Net revenue after taxation for the year | 18,360,970        | 11,067,268        |
| Add: Expenses charged to capital        | 1,030,555         | 628,750           |
| <b>Distributions for the year</b>       | <b>19,391,525</b> | <b>11,696,018</b> |

### 8. Debtors

|  | 15/02/19          | 15/02/18          |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Accrued revenue                          | 20,509,907        | 13,012,019        |
| Amounts receivable for creation of units | 11,430,844        | 3,906,606         |
| Sales awaiting settlement                | —                 | 3,347,943         |
|  | <u>31,940,751</u> | <u>20,266,568</u> |

## Notes to the Financial Statements continued

### 9. Net uninvested cash

|                        | 15/02/19          | 15/02/18          |
|------------------------|-------------------|-------------------|
|                        | £                 | £                 |
| Cash and bank balances | <u>22,158,212</u> | <u>11,675,509</u> |
| Net uninvested cash    | <u>22,158,212</u> | <u>11,675,509</u> |

### 10. Other creditors

|   | 15/02/19          | 15/02/18         |
|---|-------------------|------------------|
|   | £                 | £                |
| Accrued expenses                          | 53,136            | 31,986           |
| Amounts payable for cancellation of units | 35,000            | 3,473,081        |
| Purchases awaiting settlement             | <u>10,338,604</u> | <u>3,510,291</u> |
|   | <u>10,426,740</u> | <u>7,015,358</u> |

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 February 2018: same).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

The investments of a Fund in financial securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in such instruments. Legal & General (Unit Trust Managers) Limited (UTM) is the Authorised Fund Manager and has responsibility for ensuring appropriate risk management processes are implemented for each Unit Trust.

The UTM Board has delegated the risk oversight function to the Fund Manager Oversight Committee (FMOC), a committee of the Legal & General Investment Management (Holdings) Limited (LGIMH) Board that meets monthly. The primary objective of the FMOC is to ensure proper oversight of the investment management activities and associated services performed by LGIM, its delegates and other Fund Managers, under the Investment Management Agreement (IMA), on behalf of UTM in its capacity as Authorised Fund Manager. The committee consists of senior members of LGIMH and members of the UTM Board. Other senior staff members are also in attendance, as required by the agenda.

Each Fund has Investment Guidelines, an Investment Objective and Investment Restrictions, against which the fund manager will operate. These are set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager, reviewed by the LGIM Operational Risk and Compliance Teams and approved senior members of LGIMH on behalf of the UTM board. The Schedule provides the detail needed to determine the risk profile for each fund. Fund managers are not permitted to invest into any new instruments without first gaining approval from UTM.

The Investment Objective and Policy of this Fund is detailed on page 2.

#### **(a) Market Risk arising from other price 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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar instruments traded in the market.

The assets held by the Fund can be seen in the Portfolio Statement starting on page 8. Movements in the prices of these investments result in movements in the performance of the Fund. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Fund's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 15 February 2019, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £55,223,809 (15 February 2018: £34,002,851).

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (b) Interest Rate Risk

Interest Rate Risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Fund is exposed to interest rate risk through its holdings in debt securities. The market value of debt securities and any floating rate payments from debt securities held (and interest rate swaps) may fluctuate as a result of changes in interest rates. This risk is managed by the active monitoring and adjustment of the investments held by the Fund, in line with the stated investment objective and policy of the Fund.

At 15 February 2019, if interest rates on the Fund increased or decreased by 1 basis point, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £320,546 (15 February 2018: £207,268). This represents the Manager's best estimate of a reasonable possible shift in interest rates, having regard to historical volatility of those rates.

The interest rate profile of the Fund's net assets and liabilities at the balance sheet date was:

|                   | Total            | Floating       | Fixed            | No            |
|-------------------|------------------|----------------|------------------|---------------|
| 15/02/19          | £'000            | rate           | rate             | interest      |
|                   | £'000            | £'000          | £'000            | £'000         |
| Portfolio         | 1,104,476        | 99,995*        | 1,004,481        | —             |
| Other assets      | 54,099           | 22,158†        | —                | 31,941        |
| Other liabilities | (13,769)         | —†             | —                | (13,769)      |
| <b>Total</b>      | <b>1,144,806</b> | <b>122,153</b> | <b>1,004,481</b> | <b>18,172</b> |

|                   | Total          | Floating      | Fixed          | No            |
|-------------------|----------------|---------------|----------------|---------------|
| 15/02/18          | £'000          | rate          | rate           | interest      |
|                   | £'000          | £'000         | £'000          | £'000         |
| Portfolio         | 680,057        | 80,215*       | 599,842        | —             |
| Other assets      | 31,942         | 11,675†       | —              | 20,267        |
| Other liabilities | (9,397)        | —†            | —              | (9,397)       |
| <b>Total</b>      | <b>702,602</b> | <b>91,890</b> | <b>599,842</b> | <b>10,870</b> |

\* The Fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

† The Fund's floating rate other assets and liabilities are represented by its bank balances and overdraft facilities. Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR.

| Currency | Fixed Rate Financial Assets |          |                  |          |
|----------|-----------------------------|----------|------------------|----------|
|          | Weighted average            |          | Weighted average |          |
|          | Interest rate               |          | Period for which |          |
|          | %                           |          | Rate is fixed    |          |
|          | 15/02/19                    | 15/02/18 | 15/02/19         | 15/02/18 |
|          |                             |          | Years            |          |
| Sterling | 2.22                        | 1.96     | 4.63             | 5.11     |

The bonds shown in the Portfolio Statement with open maturity dates are assumed to mature on 31 December 2049 for the purpose of calculating the weighted average period for which the rate is fixed.



## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (c) Foreign Currency Risk

Foreign Currency Risk is the risk of movements in the value of financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the use of forward currency contracts or currency futures as necessary.

At the year end the Fund had no significant exposures to currencies other than Sterling (15 February 2018: same).

Forward currency contracts were not utilised during the current and the preceding year.

#### (d) Credit Risk

Credit Risk is the risk of suffering financial loss as a result of a counterparty to a financial transaction being unable to fulfil their financial obligations as they fall due.

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

The Fund's investments in bonds expose it to the default risk of the bond issuer with regards interest payments and principal repayments. At the balance sheet date none of the bonds held by the Fund's had low credit ratings (sub-investment grade).

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Fund's investment objective and policy.

#### (e) Liquidity Risk

Liquidity Risk relates to the capacity to meet liabilities as they fall due. The primary source of this risk to the Fund is the liability to Unitholders for any cancellation of units.

This risk is minimised by holding a large proportion of readily realisable assets, cash balances and via access to overdraft facilities.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (f) Fair Value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no material difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 requires the classification of the Fund's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Fund's financial instruments as at the balance sheet date were:

| <b>15/02/19</b>                  | <b>Assets</b>        | <b>Liabilities</b> |
|----------------------------------|----------------------|--------------------|
| <b>Basis of Valuation</b>        | <b>£</b>             | <b>£</b>           |
| Level 1 - Quoted Prices          | 10,779,521           | —                  |
| Level 2 - Observable Market Data | 1,093,696,659        | —                  |
| Level 3 - Unobservable Data      | —                    | —                  |
| <b>Total</b>                     | <b>1,104,476,180</b> | <b>—</b>           |

| <b>15/02/18</b>                  | <b>Assets</b>      | <b>Liabilities</b> |
|----------------------------------|--------------------|--------------------|
| <b>Basis of Valuation</b>        | <b>£</b>           | <b>£</b>           |
| Level 1 - Quoted Prices          | 4,565,326          | —                  |
| Level 2 - Observable Market Data | 675,491,699        | —                  |
| Level 3 - Unobservable Data      | —                  | —                  |
| <b>Total</b>                     | <b>680,057,025</b> | <b>—</b>           |

#### Level 1

The unadjusted quoted price in an active market for assets or liabilities that the entity can access at the measurement date.

#### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1.

#### Level 3

Valuation techniques using unobservable inputs.

### 13. Portfolio transaction costs

As the Fund mainly invests in assets that are not subject to commissions or taxes, there are no transaction costs (15 February 2018: same).

Total purchases for the year: £588,121,972  
(15 February 2018: £515,099,930)

Total sales for the year: £142,451,296  
(15 February 2018: £241,621,892)

The average portfolio dealing spread, as at the balance sheet date was 0.32%  
(15 February 2018: 0.29%).

## Notes to the Financial Statements continued

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 44. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 38 to 42. The distributions per unit class are given in the distribution tables on pages 35 and 36. All classes have the same rights on winding up.

| <b>I-Class</b>  | <b>Distribution</b> | <b>Accumulation</b> |
|-----------------|---------------------|---------------------|
| Opening Units   | 202,670,660         | 462,478,733         |
| Units issued    | 180,466,295         | 425,175,241         |
| Units cancelled | (14,256,154)        | (33,498,812)        |
| Units converted | 174,384             | 814,469             |
| Closing Units   | 369,055,185         | 854,969,631         |

| <b>C-Class</b>  | <b>Distribution</b> | <b>Accumulation</b> |
|-----------------|---------------------|---------------------|
| Opening Units   | 86,228,081          | 390,229,876         |
| Units issued    | 18,359,705          | 261,195,756         |
| Units cancelled | (48,759,507)        | (20,957,267)        |
| Units converted | —                   | (972,648)           |
| Closing Units   | 55,828,279          | 629,495,717         |

| <b>L-Class</b>  | <b>Distribution</b> |
|-----------------|---------------------|
| Opening Units   | 175,809,821         |
| Units issued    | 30,164,688          |
| Units cancelled | —                   |
| Units converted | —                   |
| Closing Units   | 205,974,509         |

### 15. Ultimate controlling party and related party transactions

The Manager is regarded as a related party to the Fund because it provides key management personnel services to the Fund. The ultimate controlling party of the Manager is Legal & General Group Plc. Subsidiaries of Legal & General Group Plc are also considered related parties to the Fund.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Fund. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

Equalisation amounts relating to creations and cancellations of units are shown within note 7. Fees received by the Authorised Fund Manager from the Fund plus any rebates paid by the Authorised Fund Manager to the Fund are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Fund, or rebates receivable by the Fund from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 4.23% (3.47% as at 15 February 2018) of the Fund's units in issue.

## Notes to the Financial Statements continued

### 16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per I-Class distribution unit was 50.19p. The Net Asset Value per I-Class distribution unit for the Fund as at 12 noon on 2 April 2019 was 50.75p. This represents an increase of 1.12% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 15 February 2019

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

Equalisation is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

| Interim Interest distribution in pence per unit |                |                     | Period              |                     |
|---|----------------|---------------------|---------------------|---------------------|
|   |                |                     | 16/02/18            | to 15/08/18         |
| <b>I-Class</b>                                  |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Distribution Units</b>                       |                |                     | <b>15/10/18</b>     | <b>15/10/17</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1   | 0.5512         | —                   | 0.5512              | 0.5340              |
| Group 2   | 0.2878         | 0.2634              | 0.5512              | 0.5340              |
| <b>I-Class</b>                                  |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Accumulation Units</b>                       |                |                     | <b>15/10/18</b>     | <b>15/10/17</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1   | 0.5988         | —                   | 0.5988              | 0.5683              |
| Group 2   | 0.2374         | 0.3614              | 0.5988              | 0.5683              |
| <b>C-Class</b>                                  |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Distribution Units</b>                       |                |                     | <b>15/10/18</b>     | <b>15/10/17</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1   | 0.5523         | —                   | 0.5523              | 0.5346              |
| Group 2   | 0.2718         | 0.2805              | 0.5523              | 0.5346              |
| <b>C-Class</b>                                  |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Accumulation Units</b>                       |                |                     | <b>15/10/18</b>     | <b>15/10/17</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1   | 0.5999         | —                   | 0.5999              | 0.5691              |
| Group 2   | 0.4311         | 0.1688              | 0.5999              | 0.5691              |
| <b>L-Class</b>                                  |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Distribution Units</b>                       |                |                     | <b>15/10/18</b>     | <b>15/10/17</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1   | 0.5534         | —                   | 0.5534              | 0.5354              |
| Group 2   | 0.1670         | 0.3864              | 0.5534              | 0.5354              |

## Distribution Tables continued

| Final Interest distribution in pence per unit |                |                     | Period              |                     |
|---|----------------|---------------------|---------------------|---------------------|
|   |                |                     | 16/08/18            | to 15/02/19         |
| <b>I-Class</b>                                |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Distribution Units</b>                     |                |                     | <b>15/04/19</b>     | <b>15/04/18</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1                                       | 0.5289         | —                   | 0.5289              | 0.5116              |
| Group 2                                       | 0.2968         | 0.2321              | 0.5289              | 0.5116              |
| <b>I-Class</b>                                |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Accumulation Units</b>                     |                |                     | <b>15/04/19</b>     | <b>15/04/18</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1                                       | 0.5808         | —                   | 0.5808              | 0.5501              |
| Group 2                                       | 0.2594         | 0.3214              | 0.5808              | 0.5501              |
| <b>C-Class</b>                                |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Distribution Units</b>                     |                |                     | <b>15/04/19</b>     | <b>15/04/18</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1                                       | 0.5301         | —                   | 0.5301              | 0.5125              |
| Group 2                                       | 0.1662         | 0.3639              | 0.5301              | 0.5125              |
| <b>C-Class</b>                                |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Accumulation Units</b>                     |                |                     | <b>15/04/19</b>     | <b>15/04/18</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1                                       | 0.5820         | —                   | 0.5820              | 0.5510              |
| Group 2                                       | 0.2280         | 0.3540              | 0.5820              | 0.5510              |
| <b>L-Class</b>                                |                |                     | <b>Distribution</b> | <b>Distribution</b> |
| <b>Distribution Units</b>                     |                |                     | <b>15/04/19</b>     | <b>15/04/18</b>     |
|   | <b>Revenue</b> | <b>Equalisation</b> |                     |                     |
| Group 1                                       | 0.5313         | —                   | 0.5313              | 0.5134              |
| Group 2                                       | 0.1846         | 0.3467              | 0.5313              | 0.5134              |

## Fund Information

The Comparative Tables on pages 38 to 42 give the performance of each active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Fund's performance disclosed in the Manager's report, which is calculated based on the latest published price.

## Fund Information continued

### Comparative Tables

#### I-Class Distribution Units

#### Change in Net Asset Value per Unit

| Accounting Year ending                             | 15/02/19<br>(pence<br>per unit) | 15/02/18<br>(pence<br>per unit) | 15/02/17<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                   | 50.45                           | 50.95                           | 49.33                           |
| Return before operating charges*                   | 0.89                            | 0.62                            | 2.98                            |
| Operating charges<br>(calculated on average price) | (0.07)                          | (0.07)                          | (0.07)                          |
| Return after operating charges*                    | 0.82                            | 0.55                            | 2.91                            |
| Distributions on income units <sup>^</sup>         | (1.08)                          | (1.05)                          | (1.29)                          |
| Closing net asset value per unit                   | 50.19                           | 50.45                           | 50.95                           |
| * after direct transaction costs of:               | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.63% | 1.08% | 5.90% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Closing net asset value (£)    | 185,232,972 | 102,255,479 | 68,177,676  |
| Closing number of units        | 369,055,185 | 202,670,660 | 133,815,312 |
| Operating charges <sup>†</sup> | 0.14%       | 0.14%       | 0.14%       |
| Direct transaction costs       | 0.00%       | 0.00%       | 0.00%       |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 51.18p | 52.03p | 51.99p |
| Lowest unit price  | 50.10p | 50.97p | 49.37p |

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> 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. 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.

**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.**



## Fund Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

##### Change in Net Asset Value per Unit

| Accounting Year ending                                    | 15/02/19<br>(pence<br>per unit) | 15/02/18<br>(pence<br>per unit) | 15/02/17<br>(pence<br>per unit) |
|---|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                          | 54.81                           | 54.23                           | 51.33                           |
| Return before operating charges*                          | 0.97                            | 0.66                            | 3.11                            |
| Operating charges<br>(calculated on average price)        | (0.08)                          | (0.08)                          | (0.07)                          |
| Return after operating charges*                           | 0.89                            | 0.58                            | 3.04                            |
| Distributions <sup>^</sup>                                | (1.18)                          | (1.12)                          | (1.35)                          |
| Retained distributions on accumulation units <sup>^</sup> | 1.18                            | 1.12                            | 1.21                            |
| Closing net asset value per unit                          | 55.70                           | 54.81                           | 54.23                           |
| * after direct transaction costs of:                      | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.62% | 1.07% | 5.92% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Closing net asset value (£)    | 476,217,757 | 253,475,294 | 103,070,462 |
| Closing number of units        | 854,969,631 | 462,478,733 | 190,077,925 |
| Operating charges <sup>†</sup> | 0.14%       | 0.14%       | 0.14%       |
| Direct transaction costs       | 0.00%       | 0.00%       | 0.00%       |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 55.91p | 55.52p | 54.41p |
| Lowest unit price  | 54.80p | 54.25p | 51.38p |

<sup>^</sup> 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 are paid on a gross basis.

<sup>†</sup> 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. 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.

**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.**

## Fund Information continued

### Comparative Tables continued

#### C-Class Distribution Units

##### Change in Net Asset Value per Unit

| Accounting Year ending                             | 15/02/19<br>(pence<br>per unit) | 15/02/18<br>(pence<br>per unit) | 15/02/17<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                   | 50.55                           | 51.02                           | 49.38                           |
| Return before operating charges*                   | 0.89                            | 0.63                            | 2.98                            |
| Operating charges<br>(calculated on average price) | (0.05)                          | (0.05)                          | (0.05)                          |
| Return after operating charges*                    | 0.84                            | 0.58                            | 2.93                            |
| Distributions on income units <sup>^</sup>         | (1.08)                          | (1.05)                          | (1.29)                          |
| Closing net asset value per unit                   | 50.31                           | 50.55                           | 51.02                           |
| * after direct transaction costs of:               | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.66% | 1.14% | 5.93% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |            |            |            |
|--------------------------------|------------|------------|------------|
| Closing net asset value (£)    | 28,088,863 | 43,588,751 | 35,749,130 |
| Closing number of units        | 55,828,279 | 86,228,081 | 70,067,497 |
| Operating charges <sup>†</sup> | 0.09%      | 0.09%      | 0.09%      |
| Direct transaction costs       | 0.00%      | 0.00%      | 0.00%      |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 51.29p | 52.11p | 52.05p |
| Lowest unit price  | 50.22p | 51.05p | 49.41p |

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> 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. 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.

**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.**

## Fund Information continued

### Comparative Tables continued

#### C-Class Accumulation Units

##### Change in Net Asset Value per Unit

| Accounting Year ending                                    | 15/02/19<br>(pence<br>per unit) | 15/02/18<br>(pence<br>per unit) | 15/02/17<br>(pence<br>per unit) |
|---|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                          | 54.90                           | 54.29                           | 51.37                           |
| Return before operating charges*                          | 0.97                            | 0.66                            | 3.11                            |
| Operating charges<br>(calculated on average price)        | (0.05)                          | (0.05)                          | (0.05)                          |
| Return after operating charges*                           | 0.92                            | 0.61                            | 3.06                            |
| Distributions <sup>^</sup>                                | (1.18)                          | (1.12)                          | (1.35)                          |
| Retained distributions on accumulation units <sup>^</sup> | 1.18                            | 1.12                            | 1.21                            |
| Closing net asset value per unit                          | 55.82                           | 54.90                           | 54.29                           |
| * after direct transaction costs of:                      | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.68% | 1.12% | 5.96% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Closing net asset value (£)    | 351,399,968 | 214,244,212 | 179,161,936 |
| Closing number of units        | 629,495,717 | 390,229,876 | 329,999,671 |
| Operating charges <sup>†</sup> | 0.09%       | 0.09%       | 0.09%       |
| Direct transaction costs       | 0.00%       | 0.00%       | 0.00%       |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 56.04p | 55.61p | 54.48p |
| Lowest unit price  | 54.89p | 54.31p | 51.41p |

<sup>^</sup> 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 are paid on a gross basis.

<sup>†</sup> 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. 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.

**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.**

## Fund Information continued

### Comparative Tables continued

#### L-Class Distribution Units

##### Change in Net Asset Value per Unit

| Accounting Year ending                             | 15/02/19<br>(pence<br>per unit) | 15/02/18<br>(pence<br>per unit) | 15/02/17<br>(pence<br>per unit) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Opening net asset value per unit                   | 50.64                           | 51.10                           | 49.43                           |
| Return before operating charges*                   | 0.90                            | 0.62                            | 2.99                            |
| Operating charges<br>(calculated on average price) | (0.03)                          | (0.03)                          | (0.03)                          |
| Return after operating charges*                    | 0.87                            | 0.59                            | 2.96                            |
| Distributions on income units <sup>^</sup>         | (1.08)                          | (1.05)                          | (1.29)                          |
| Closing net asset value per unit                   | 50.43                           | 50.64                           | 51.10                           |
| * after direct transaction costs of:               | —                               | —                               | —                               |

#### Performance

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Return after charges | 1.72% | 1.15% | 5.98% |
|----------------------|-------|-------|-------|

#### Other Information

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Closing net asset value (£)    | 103,866,319 | 89,038,588  | 53,370,474  |
| Closing number of units        | 205,974,509 | 175,809,821 | 104,453,181 |
| Operating charges <sup>†</sup> | 0.05%       | 0.05%       | 0.05%       |
| Direct transaction costs       | 0.00%       | 0.00%       | 0.00%       |

#### Prices

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 51.39p | 52.20p | 52.11p |
| Lowest unit price  | 50.33p | 51.12p | 49.47p |

<sup>^</sup> Distributions on income units are shown gross of taxation.

<sup>†</sup> 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. 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.

**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.**

## Risk and Reward Profile (unaudited)



- The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table above shows the Fund's ranking on the Risk and Reward Indicator.
- The Fund is in category two 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.
- Even a fund in the lowest category is not a risk free investment.

## General Information (unaudited)

### 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<br>C-Class* £100,000,000<br>L-Class** £100,000       |
| Valuation point:                     | 12 noon   |
| Fund management fees:                | I-Class Annual 0.14%<br>C-Class* Annual 0.09%<br>L-Class** Annual 0.05% |
| Initial charge:                      | Nil for all existing unit classes                                       |

\* Class C units are available to certain eligible investors who meet the criteria for investment in such units as outlined in the share class policy of the Manager, which is available to investors in the C-Class upon request. Where investors in the C-Class no longer continue to meet the criteria for investment in such units, further investment in such units may not be permitted.

\*\* Class L units are not available to retail customers and are intended only for investment by Legal & General group of 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.

### 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.

## General Information (unaudited) continued

### 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 0.05%, whilst over the last three years to the end of February 2019, the annualised Tracking Error of the Fund is 0.08%. 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 (unaudited) continued

### Remuneration Disclosure

In accordance with the Undertakings for collective investment in transferable securities (UCITs) Directive, often referred to as the UCITs V Directive, the Legal & General Short Dated Sterling Corporate Bond Index Fund, as a UCITs Scheme, is required to disclose the aggregate remuneration paid by the UCITs Manager and by the UCITs Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITs Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it as at 31 December 2017. At the time of publishing, figures for 31 December 2018 were unavailable. We shall publish this data in the Fund's interim report, due to be published in October 2019.

### Controlled Functions

| Headcount | Fixed Remuneration (£,000) | Variable Remuneration (£,000) | Remuneration related to this Fund (Pro-rated) (£'000) |
|-----------|----------------------------|-------------------------------|---|
| 32        | 6,726                      | 11,997                        | 235   |

### Material Risk Takers

| Headcount | Fixed Remuneration (£,000) | Variable Remuneration (£,000) | Remuneration related to this Fund (Pro-rated) (£'000) |
|-----------|----------------------------|-------------------------------|---|
| 22        | 2,281                      | 3,000                         | 9   |

### Controlled Functions

As at 31 December 2017, Legal & General Unit Trust Managers Limited (UTM) engaged the services of six employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition, there was one non-executive Director. UTM also engaged the services of a further twenty LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.



## General Information (unaudited) continued

### Material Risk Takers

As at 31 December 2017, UTM engaged the services of Legal & General Investment Management's Index Fund Management team, which consists of 22 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Index Fund Management team.

## General Information (unaudited) 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 (resigned 31 December 2018)  
A. J. C. Craven  
S. Hynes  
H. Morrissey  
H. Solomon  
S. D. Thomas (resigned 17 October 2018)  
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 SE UK Branch  
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

KPMG LLP  
15 Canada Square,  
London E14 5GL

### 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**

Legal & General  
(Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
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London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

