

Legal & General
Mixed Investment 20-60% Fund
**Interim Manager's
Short Report
for the period ended
31 January 2019**



Investment Objective and Policy

This objective of the Fund is to provide long term growth of both capital and income. The Fund will invest in shares, fixed interest securities and other assets including those giving indirect exposure to commodities and real property. Between 20% and 60% of the Fund's property will be invested in shares.

Exposure to these asset classes will be achieved generally through investment in collective investment schemes but may also be achieved by investing directly in the assets. At times the Fund may be fully invested in collective investment schemes only or directly invested only. The collective investment schemes invested in may include those managed by Legal & General.

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

The Fund will use derivatives for Efficient Portfolio Management purposes.

Risk Profile

Credit risk

This Fund holds investments in Collective Investment Schemes which directly invest in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations.

Market risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Fund may suffer through holding market positions in the face of market movements. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Currency risk

This Fund holds Collective Investment Schemes that invest in overseas financial securities. The performance of the Fund may therefore be affected by changes in exchange rates, through its holdings in these schemes.

Interest rate risk

This Fund holds investments in interest distributing funds. The performance of the Fund may therefore be affected by changes in interest rates through its holdings in these schemes.

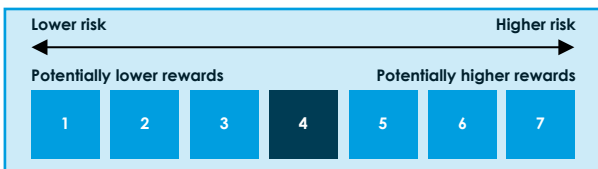
Fund Facts

Period End Dates for Distributions:	31 Jan, 31 Jul	
Distribution Dates:	31 Mar, 30 Sep	
Ongoing Charges Figures:	31 Jan 19	31 Jul 18
F-Class	0.55%	0.55%
I-Class	0.46%	0.46%
C-Class	0.31%	0.31%
D-Class	0.95%	0.95%

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a fund and is calculated based on the last period's figures.

Risk and Reward Profile



- This Risk and Reward 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.
- This Fund is in category four because the mix of different asset types in which the Fund invests has a balancing effect on the rate at which the Fund share price moves up and down. This type of fund is generally considered to be higher risk than one investing only in bonds and lower risk than one investing only in company shares.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

F-Class

The distribution payable on 31 March 2019 is 0.7124p per unit for distribution units and 0.7396p per unit for accumulation units.

I-Class

The distribution payable on 31 March 2019 is 0.7490p per unit for distribution units and 0.8090p per unit for accumulation units.

C-Class

The distribution payable on 31 March 2019 is 0.8597p per unit for accumulation units.

D-Class

The distribution payable on 31 March 2019 is 0.6119p per unit for distribution units and 0.6468p per unit for accumulation units.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
F-Class			
Distribution Units	917	1,673	54.81
Accumulation Units	170,523	295,526	57.70
I-Class			
Distribution Units	831,346	1,488,961	55.83
Accumulation Units	160,838,098	263,715,679	60.99
C-Class			
Accumulation Units	828,662,463	1,350,079,977	61.38
D-Class			
Distribution Units	502,004	898,542	55.87
Accumulation Units	8,075,089	13,527,092	59.70

Past performance is not a guide to future performance.

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

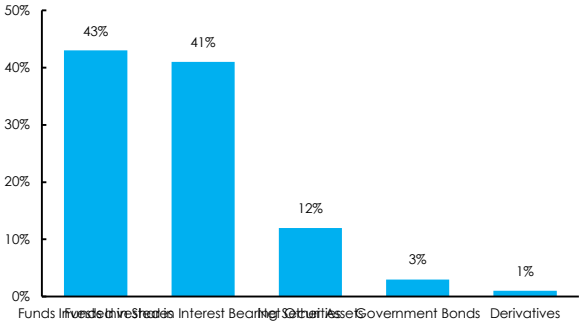
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

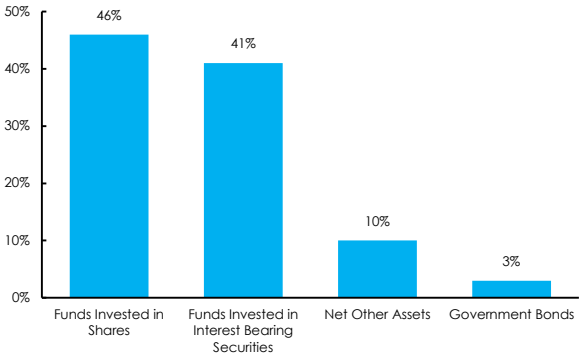
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 31 January 2019		Top 10 Holdings at 31 July 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General Sterling Corporate Bond Index Fund 'L' Inc	10.36%	Legal & General Sterling Corporate Bond Index Fund 'L' Inc	10.63%
LGIM Global Corporate Bond Fund 'B' Acc	9.44%	LGIM Global Corporate Bond Fund 'B' Acc	9.10%
Legal & General (N) Tracker Trust 'I' Inc	8.59%	Legal & General (N) Tracker Trust 'I' Inc	8.88%
Legal & General European Index Trust 'I' Inc	6.76%	Legal & General European Index Trust 'I' Inc	7.53%
Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	6.52%	Legal & General US Index Trust 'I' Inc	7.31%
Legal & General US Index Trust 'I' Inc	6.32%	Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc	6.87%
Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc	5.84%	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc	5.87%
Legal & General High Income Trust 'I' Inc	5.06%	Legal & General High Income Trust 'I' Inc	4.90%
Legal & General Global Real Estate Dividend Index Fund 'L' Inc	3.81%	Legal & General Global Infrastructure Index Fund 'L' Inc	4.32%
Legal & General Global Infrastructure Index Fund 'L' Inc	3.79%	Legal & General Global Real Estate Dividend Index Fund 'L' Inc	3.97%

Fund Holdings as at 31 January 2019



Fund Holdings as at 31 July 2018



Manager's Investment Report

During the period under review, the price performance of the Fund's I-Class accumulation units fell by 2.38%. The Fund out-performed its benchmark as funds within the Investment Association Mixed Investment 20-60% Sector delivered an average return of -3.32% (Source: Lipper Hindsight).

Past performance is not a guide to future performance.

The value of investments and any income from them may go down as well as up.

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

Market/Economic Review

Concerns that the Federal Reserve was raising US interest rates too quickly, the risk of a prolonged government shutdown in the US, the ongoing US-China trade dispute and weaker global economic indicators all combined to trigger widespread risk aversion amongst investors during the period under review. Markets became increasingly volatile as 2018 ended, recording heavy losses before regaining some lost ground in January.

Global equity indices have performed poorly over the last six months. The healthcare sector outperformed, boosted by robust earnings growth. As global economic prospects became more uncertain, technology stocks struggled while the energy sector underperformed as the oil price fell back to a 15-month low in December.

US equities recorded a loss over the period. The market fell sharply in December as concerns about the impact of higher interest rates and the political impasse between the Trump administration and Congress combined to unsettle investors. Real estate, utilities and healthcare were the best performing sectors, while the energy, financials and communication services sectors were weakest.

UK equities underperformed global indices as uncertainty surrounding the outcome of Brexit negotiations preoccupied investors. Sterling weakened to a 20-month low against the US Dollar in December. Energy and industrials were amongst the weakest sectors, while it was also a disappointing period for retailers.

Returns from European equities have also been disappointing over the period. Political concerns have resurfaced, most notably in Italy. This reawakened the debate on the future of the Eurozone. Renewed fears of contagion risk drove down financial stocks, notably banks.

Although concerns over US-China trade tensions and higher US interest rates weighed on global equities, emerging market equities demonstrated some element of resilience. In regional terms, Latin American equities outperformed.

The major international bond markets outperformed equities, recording a modest gain for Sterling-based investors. Gilts ended

Manager's Investment Report continued

the period with a modest gain. Sterling-denominated corporate bonds underperformed gilts, impacted by concerns about the UK economic outlook and corporate profits, with the deadline for the conclusion of Brexit negotiations fast approaching.

Fund Review

The Fund produced a negative return over the review period.

The Fund's negative performance was largely driven by December's market falls. In particular, the Fund's allocation to UK and European equities damaged performance during this period, followed by high yield debt. However, the Fund delivered a positive return in January, as markets rallied after the December lows. A significant part of the positive performance can be attributed to developed market equities improving their performance the most after last quarter. Investment grade credit was also a positive contributor.

Recently, the most significant change to the portfolio positioning was increasing UK equities across most of the funds, taking advantage of more attractive valuations after experiencing large falls in December. This was beneficial for Fund performance in January.

Meanwhile, we closed the European utilities position in the funds, after strong performance on an absolute and relative basis against European equities. Similarly, we closed the Australian sovereign bond position, partially replacing it with US treasuries.

Outlook

Our view is that US fundamentals remain solid, but also, we see this year as the start of the twilight zone between expansion and a downturn marking the end of the cycle.

Our research suggests that equity bull market **rallies** tend to end **suddenly**, so de-risking a few months too early can be as problematic as a few months too late. However, those hoping for a return to tranquillity may be disappointed, and we believe this is an environment where a point forecast for equities at the end of the year is increasingly difficult to pin down. As such, at this stage we'll tend to lean against strong investor sentiment in either direction.

The recent dovish shift from the US Federal Reserve seems to have given equity markets the leg-up they needed, and in the broader setting it may mean we are further from the end of the economic cycle than we previously thought. In this context, we continue to hold our neutral position in risk assets, currently preferring European and Japanese **stocks** to broad US stocks, while also favouring the technology and US energy sectors. We expect continued pressure on credit markets. However, consistent with our constructive outlook for emerging market fundamentals; emerging market debt (both hard and local currency) looks increasingly interesting.

Manager's Investment Report continued

One important concern is the potential for a persistent change in the relationship between equities and bonds. Bonds' shock-absorbing capacity could disappear when an inflationary mind-set takes hold. We also think we may continue to see pressure on the Euro as Brexit negotiations go to the wire, and lacklustre growth appears to weaken further as Italy has tipped into recession.

Legal & General Investment Management Limited
(Investment Adviser)
21 February 2019

Manager's Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0370 050 0955, by writing to the Manager or are available on the internet at www.legalandgeneral.com/investments/fund-information/managers-reports.

Call charges will vary. We may record and monitor calls.

Minimum Investment Amounts

The minimum initial lump sum investment amounts for each class are as follows:

F-Class	£20
I-Class	£1,000,000
C-Class	£100,000,000
D-Class	£100

Class F units are available to:

- i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Fund; and
- ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

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.

Other Information

The information in this report is designed to enable unitholders to understand how the Fund has performed during the period under review and how it is invested at the period end. Further information on the activities and performance of the Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

Call charges will vary. We may record and monitor calls.

Trustee

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Canary Wharf,

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Independent Auditors

KPMG LLP

15 Canada Square,

London E14 5GL

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Financial Conduct Authority**

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