

Legal & General

All Stocks Index Linked Gilt Index Trust

**Interim Manager's Report
for the period ended
26 May 2017
(Unaudited)**

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Manager's Investment Report

Investment Objective and Policy

The investment objective of this Trust is to track the performance of the FTSE Actuaries British Government Index-Linked All Stocks Index (after adjustment for management charge and taxation).

The Manager will seek to achieve this objective by investing primarily in Government or other public securities issued by the Government of the United Kingdom. The Manager may also invest in other assets, including Government or public securities issued by other public bodies (including those outside the United Kingdom), and may make use of optimisation techniques in order to construct and maintain a portfolio, the underlying value of which exhibits the total return performance characteristics of the Index. The Manager may invest in other Collective Investment Schemes, including those managed by companies in the Legal & General Group.

Manager's Investment Report

During the period under review, the bid price of the Trust's M-Class accumulation units rose by 6.44%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for tracking purposes, the Trust has been revalued using closing prices and adjusted for Trust charges and taxation. On this basis, over the review period, from the close of business on 25 November 2016 to the close of business on 26 May 2017 (the first and last working days of the accounting period), the Trust rose by 6.51%, compared with the benchmark Index rise of 6.54% (Source: Bloomberg), producing a tracking difference of -0.03%.

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.

The FTSE Actuaries British Government Index-Linked All Stocks Index is calculated by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this product.

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Market/Economic Review

The start of the review period saw international bond markets come to the end of a steep sell-off, prompted by investors beginning to discount an end to the low growth, low inflation environment that had prevailed since the global financial crisis. The catalyst for this change of perception was the US election result as President-Elect Trump had proposed a large-scale programme of infrastructure spending and tax cuts to boost the US economy. While bond markets had anticipated a rise in US interest rates in December 2016, the Federal Reserve (Fed) surprised investors with more hawkish guidance on monetary policy,

Manager's Investment Report continued

signalling a further three rate hikes in 2017. The Bank of Japan's (BOJ) negative interest rate policy, and its recent announcement that it will intervene if necessary to keep the yield on benchmark 10-year bonds at around 0%, underpinned Japanese government bonds. Although the European Central Bank confirmed it would reduce the scale of its monthly asset purchase programme, known as quantitative easing (QE), this would not take effect until spring 2017 while QE is to be extended until the end of the calendar year. Gilts outperformed international bond markets, recording a modest gain. The prevailing view amongst investors was that higher UK inflation had been primarily triggered by Sterling's sharp depreciation following the EU referendum, as opposed to domestically generated pressures, and that interest rates would remain unchanged. The ongoing purchase of investment-grade credit by the Bank of England (BoE) as part of its expanded quantitative easing programme continued to underpin Sterling-denominated corporate bonds. Although the US presidential election result sparked an initial outflow of funds from international investors on the prospect of a more protectionist approach to US trade policy, sentiment has subsequently improved with strong demand for new issues of both sovereign (government) and corporate bonds in emerging markets.

Trust Review

All investment activity was prompted either by unit holder investment or redemption or by changes in the profile of the benchmark.

There were five auctions and two syndications of index-linked securities during the review period, which raised a total of £15.2 billion for government funding. The bonds issued by syndication were the launch of the Treasury 0.125% Index-Linked 22/11/2056 for £2.25 billion nominal in November 2016 and a tap of the Treasury 0.125% Index-Linked 22/11/2065 for £2.0 billion nominal in February 2017. The auctions were taps of the Treasury 0.125% Index-Linked 22/11/2036 (three times) and the Treasury 0.125% Index-Linked 22/03/2046 (twice). There were no redemptions over the review period. Each issuance and redemption resulted in a change to the constituent weightings of the benchmark Index and required the Trust to be rebalanced in line with the revised Index distribution.

The Trust experienced net negative cash flow during the review period. The cash flows were used to adjust the Trust's holdings in such a way so as to ensure the Trust maintained an Index distribution at all times.

Outlook

The economic backdrop remains benign, with steady but unspectacular global growth mixing with little sign of inflationary pressure. Global central banks are expected to announce gradual policy tightening measures in the coming months, but markets are far from pricing in significant risk from such actions. China does appear to be tightening monetary policy, with some modest weakness filtering through to the housing market, but confidence indicators remain strong, and capital outflow pressure continues to be low.

Manager's Investment Report continued

We believe that, on the balance of probabilities, government bonds will perform relatively well. In the long-term, we remain cautious about global growth and the ability of a highly leveraged global economy to withstand higher interest rates. In the short term, we expect the market to be disappointed by how difficult the Congressional Republican Party will find it to agree on healthcare, tax and regulatory reform. We are also concerned about the impact on risk assets of a 'forced' withdrawal from QE by the BoJ and ECB – both of whom are running out of bonds to buy before inflation has reached target. We would not expect significant rises in UK interest rates as we believe that the Bank of England will keep rates low for a while longer, looking through rising inflation and instead focusing on weaker economic data.

Legal & General Investment Management Limited
(Investment Adviser)
15 June 2017

Authorised Status

Authorised Status

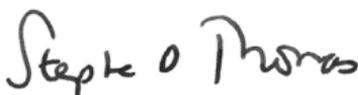
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven
(Director)



S. D. Thomas
(Director)

Legal & General (Unit Trust Managers) Limited
14 July 2017

Portfolio Statement

Portfolio Statement as at 26 May 2017

All investments are in investment grade inflation linked securities unless otherwise stated. The percentages in brackets show the equivalent sector holdings at 26 November 2016.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Government Stocks		
	— 99.74% (99.71%)		
	Short Dated — 7.62% (8.28%)		
£25,710,162	Treasury 1.25%		
	Index-Linked 22/11/2017	36,620,450	2.48
£18,032,000	Treasury 0.125%		
	Index-Linked 22/11/2019	21,090,742	1.43
£14,705,974	Treasury 2.5%		
	Index-Linked 16/04/2020	54,734,901	3.71
		112,446,093	7.62
	Medium Dated — 12.42% (13.00%)		
£34,773,000	Treasury 1.875%		
	Index-Linked 22/11/2022	57,469,205	3.90
£33,358,000	Treasury 0.125%		
	Index-Linked 22/03/2024	43,575,255	2.95
£15,125,772	Treasury 2.5%		
	Index-Linked 17/07/2024	56,015,271	3.80
£20,802,000	Treasury 0.125%		
	Index-Linked 23/03/2026	26,160,265	1.77
		183,219,996	12.42
	Long Dated — 79.70% (78.43%)		
£31,525,000	Treasury 1.25%		
	Index-Linked 22/11/2027	60,155,649	4.08
£31,384,000	Treasury 0.125%		
	Index-Linked 22/03/2029	45,082,357	3.05
£10,672,240	Treasury 4.125%		
	Index-Linked 22/07/2030	39,797,851	2.70
£29,798,000	Treasury 1.25%		
	Index-Linked 22/11/2032	57,518,854	3.90
£32,472,000	Treasury 0.75%		
	Index-Linked 22/03/2034	56,493,670	3.83
£20,250,781	Treasury 2%		
	Index-Linked 26/01/2035	55,260,331	3.74
£13,090,000	Treasury 0.125%		
	Index-Linked 22/11/2036	19,556,147	1.32
£28,928,000	Treasury 1.125%		
	Index-Linked 22/11/2037	66,335,659	4.50
£31,119,984	Treasury 0.625%		
	Index-Linked 22/03/2040	64,937,566	4.40
£26,117,000	Treasury 0.625%		
	Index-Linked 22/11/2042	58,582,010	3.97
£34,888,052	Treasury 0.125%		
	Index-Linked 22/03/2044	63,180,090	4.28
£29,798,000	Treasury 0.125%		
	Index-Linked 22/03/2046	52,363,694	3.55
£25,768,000	Treasury 0.75%		
	Index-Linked 22/11/2047	66,537,883	4.51
£26,734,000	Treasury 0.5%		
	Index-Linked 22/03/2050	66,913,084	4.53
£27,492,000	Treasury 0.25%		
	Index-Linked 22/03/2052	59,541,668	4.04

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Long Dated — (cont.)		
£22,580,717	Treasury 1.25%		
	Index-Linked 22/11/2055	83,155,708	5.64
£5,033,000	Treasury 0.125%		
	Index-Linked 22/11/2056	10,464,098	0.71
£24,226,000	Treasury 0.125%		
	Index-Linked 22/03/2058	53,815,237	3.65
£27,544,985	Treasury 0.375%		
	Index-Linked 22/03/2062	77,276,085	5.24
£16,123,000	Treasury 0.125%		
	Index-Linked 22/11/2065	40,951,463	2.77
£27,747,000	Treasury 0.125%		
	Index-Linked 22/03/2068	78,001,966	5.29
		<hr/>	
		1,175,921,070	79.70
	Portfolio of investments	<hr/>	
		1,471,587,159	99.74
	Net other assets	<hr/>	
		3,814,499	0.26
	Total net assets	<hr/>	
		£1,475,401,658	100.00%

Total purchases for the period: £46,076,830.

Total sales for the period: £136,456,830.

Financial Statements

Statement of Total Return for the period ended 26 May 2017

	26/05/17		26/05/16	
	£	£	£	£
Income				
Net capital gains		78,395,633		16,659,124
Revenue	13,668,076		6,565,425	
Expenses	(1,044,268)		(868,841)	
Interest payable and similar charges		(45)		(56)
Net revenue before taxation	12,623,763		5,696,528	
Taxation	—		—	
Net revenue after taxation for the period		<u>12,623,763</u>		<u>5,696,528</u>
Total return before distributions		91,019,396		22,355,652
Distributions		<u>(81,834)</u>		<u>(760,299)</u>
Change in net assets attributable to Unitholders from investment activities		<u>£90,937,562</u>		<u>£21,595,353</u>

Statement of Change in Net Assets attributable to Unitholders for the period ended 26 May 2017

	26/05/17		26/05/16	
	£	£	£	£
Opening net assets attributable to Unitholders		1,478,578,913		1,235,988,770
Amounts received on issue of units		44,575,996		86,997,235
Amounts paid on cancellation of units		<u>(138,690,813)</u>		<u>(74,169,333)</u>
		(94,114,817)		12,827,902
Change in net assets attributable to Unitholders from investment activities		90,937,562		21,595,353
Retained distributions on accumulation units		—		<u>336,389</u>
Closing net assets attributable to Unitholders		<u>£1,475,401,658</u>		<u>£1,270,748,414</u>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

Financial Statements continued

Balance Sheet as at 26 May 2017

	26/05/17	26/11/16
	£	£
ASSETS		
Fixed assets:		
Investments	1,471,587,159	1,474,276,243
Current assets:		
Debtors	2,933,738	1,920,244
Cash and bank balances	2,663,923	3,264,934
Total assets	<u>1,477,184,820</u>	<u>1,479,461,421</u>
LIABILITIES		
Creditors:		
Other creditors	(1,783,162)	(882,508)
Total liabilities	<u>(1,783,162)</u>	<u>(882,508)</u>
Net assets attributable to Unitholders	<u>£1,475,401,658</u>	<u>£1,478,578,913</u>

Notes to the Financial Statements

1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP).

2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

(a) Basis of preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain assets and liabilities measured at fair value through profit or loss.

Trust Information

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
F-Class			
Distribution Units	199,234	166,205	119.87
Accumulation Units	6,226,951	4,509,703	138.08
M-Class			
Distribution Units	410,374,766	341,367,938	120.21
Accumulation Units	674,590,948	485,800,321	138.86
I-Class			
Distribution Units	107,699,767	89,444,472	120.41
Accumulation Units	89,261,371	64,176,255	139.09
C-Class			
Distribution Units	146,373,030	121,304,040	120.67
Accumulation Units	40,675,591	29,178,212	139.40

Past performance is not a guide to future performance.

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

Ongoing Charges Figures

	26 May 17	26 Nov 16
F-Class	0.37%	0.37%
M-Class	0.15%	0.15%
I-Class	0.15%	0.15%
C-Class	0.10%	0.10%

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total discloseable costs (excluding overdraft interest) to the average net assets of the Trust.

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

Distribution Information

As at 26 May 2017, the whole Trust was in a shortfall position, as the expenses of the Trust exceeded distributable revenue and as such there were no distributions.

Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Trust's risk and reward category in the future.
- The category is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust is in category five because it invests in investment grade bonds which generally provide lower rewards and lower risks than other investments such as sub-investment grade bonds or company shares.
- The Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

General Information

Constitution

Launch date:	4 February 2004
Period end dates for distributions:	26 May, 26 November
Distribution dates:	26 July, 26 January
Minimum initial lump sum investment:	F-Class* £500 M-Class £1,000,000 I-Class £1,000,000 C-Class** £100,000,000
Valuation point:	12 noon
Fund management fees:	F-Class* Annual 0.37% M-Class Annual 0.15% I-Class Annual 0.15% C-Class** Annual 0.10%
Initial charges:	F-Class* Nil M-Class Nil I-Class Nil C-Class** Nil

* F-Class units are only available to:

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

** C-Class units are only available to distributors who actively market and distribute such units (or whom the Manager believes intends to do so) and to whom the Manager has confirmed by letter that they meet the criteria for investment in such Units.

Pricing and Dealing

The prices are published on the internet at 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. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

General Information continued

ISA Status

This Trust 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.

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

Information on Tracking Error

The 'Tracking Error' of a Trust is the measure of the volatility of the differences between the return of the Trust and the return of the benchmark Index. It provides an indication of how closely the Trust is tracking the performance of the benchmark Index after considering things such as Trust charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Trust is 0.05%, whilst over the last three years to the end of May 2017, the annualised Tracking Error of the Trust is 0.06%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/- 0.25% per annum.

EU Savings Directive

The Trust 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 Trust 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.

General Information continued

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

Directors of the Manager

R. M. Bartley

A. J. C. Craven

S. Hynes (appointed 29 June 2016)

H. Solomon

S. D. Thomas

L. W. Toms

A. R. Toutouchi*

M. J. Zinkula

*Non-executive Director

Secretary

J. McCarthy

Registrar

Legal & General (Unit Trust Managers) Limited

P.O. Box 6080,

Wolverhampton WV1 9RB

Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

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

Trustee

Northern Trust Global Services Limited

Trustee and Depositary Services

50 Bank Street,

Canary Wharf,

London E14 5NT

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

General Information continued

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Investment Adviser

Legal & General Investment Management Limited
One Coleman Street,
London EC2R 5AA

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(Unit Trust Managers) Limited
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One Coleman Street,
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