

Legal & General Emerging Markets Government  
Bond (US\$) Index Fund

**Annual Manager's Report**  
**for the year ended**  
**10 November 2018**





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

# Manager's Investment Report

## Investment Objective and Policy

The objective of the Fund is to provide income. The Fund will achieve this objective by investing primarily in emerging market government bonds which are included in the JPMorgan Emerging Markets Bond Index Plus.

Securities will be held with weightings generally proportionate to the weightings in the JPMorgan Emerging Markets Bond Index Plus. The bonds the Fund invests in will be composed primarily of securities issued by sovereign entities and which are denominated in US Dollar. Sub-investment grade bonds may be used.

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

The Fund may hold derivatives for Efficient Portfolio Management purposes.

## Manager's Investment Report

During the year under review, the bid price of the Fund's I-Class accumulation units fell by 4.12%. JP Morgan Chase, the Index compiler, calculates the benchmark Index at the end of the business day using closing bid prices, whereas the Fund is valued using prevailing mid 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 fell by 3.34%, compared with a fall in the Index of 3.32% (Source: JP Morgan Chase), producing a tracking difference of -0.02%.

**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

Emerging market bonds underperformed during the review year, reflecting weaker market sentiment in response to the spike in global bond yields and further negative headlines on the US-China global trade dispute.

Aside from the Brazilian Real and the Turkish Lira, other emerging market currencies weakened against the US Dollar. Market turbulence in recent months has prompted a slide in emerging market bond issuance, with sovereign (government) issuers selling the lowest amount of US Dollar-denominated debt in six years during the six months to the end of October. Debt denominated in US Dollars weighs on issuers' finances as the value of their local currencies falls. In the main, governments have preferred to issue local currency denominated debt, which is more financially sustainable for the issuer, although currency weakness dilutes returns for international investors who calculate their returns in US Dollars.

Looking at individual markets more recently, Brazilian bonds rallied ahead of the anticipated victory of far-right front runner Bolsonaro in the presidential election, as following his landslide victory the president-elect reiterated previous pledges to cut Brazil's fiscal deficit, pay down debt and reduce the size of the government. After the resolution of a diplomatic dispute with the US, Turkey returned to the international bond markets with a short-dated issue, which was three times oversubscribed. In contrast, ratings agency Fitch downgraded its outlook for Mexican sovereign (government) debt, commenting that the decision of president-elect Obrador to

## Manager's Investment Report continued

cancel a \$13 billion new airport project has highlighted the risk of policy uncertainty under the incoming administration.

### Fund Review

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

The Fund's bond holdings underperformed US treasuries over the review year, the Index yield spread over US treasuries widening by 53 basis points to 401 basis points. Compared to some other emerging market (EM) debt indices, the EMBI+ Index is relatively stable, having 159 constituents at the beginning and 165 at the end of the review year. There was no change to the country composition of the Index, with 16 countries represented.

The regional breakdown of the Index at the end of the review year was EMEA (Europe, Middle East and Africa) 36.02%, Asia 17.38% and Latin America 46.61%. The most significant changes were reductions in the Index weights of Turkey (-1.35%) and Colombia (-0.68%), with increases in the weights of Russia (+1.33%) and Brazil (+0.94%).

At the end of the review year the Fund held 176 bonds issued by 16 countries. The Index consisted of 165 bonds issued by 16 countries.

### Outlook

Emerging market growth is set to stumble a little longer than previously expected as countries outside of Argentina and Turkey feel the squeeze from tighter financial conditions. Emerging market near- and medium-term prospects have softened on the back of headwinds: China economic growth slowing, high-yielders facing challenges, risks of additional rate hikes and trade tensions weighing on the outlook.

The rise in spot and forecasted oil prices have been against the backdrop of slowing fundamentals. Despite a robust lift in oil prices, which is typically associated with stronger overall emerging market growth, country-level forecasts remained broadly in line. This can be explained in part by the lack of constructive high-frequency data and, in some cases, higher oil prices merely offset the downside risks to activity in oil-producing economies.

Legal & General Investment Management Limited  
(Investment Adviser)  
21 November 2018

## Authorised Status

### Authorised Status

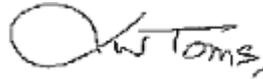
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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  
21 December 2018

## 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 Emerging Markets Government Bond (US\$) 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 Emerging Markets Government Bond (US\$) Index Fund ("the Fund") for the year ended 10 November 2018**

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 Trustee and Depositary Services  
21 December 2018

# Portfolio Statement

## Portfolio Statement as at 10 November 2018

All investments are in investment grade securities unless otherwise stated. The percentages in brackets show the equivalent holdings at 10 November 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>NORTH AMERICA</b>		
	<b>— 14.52% (13.71%)</b>		
	<b>Mexico — 11.57% (10.99%)</b>		
USD3,102,000	Mexico Government International Bond 3.5% 21/01/2021	2,362,340	0.26
USD8,272,000	Mexico Government International Bond 3.625% 15/03/2022	6,233,431	0.70
USD11,476,000	Mexico Government International Bond 4% 02/10/2023	8,629,465	0.96
USD9,475,000	Mexico Government International Bond 3.6% 30/01/2025	6,857,717	0.77
USD10,753,000	Mexico Government International Bond 4.125% 21/01/2026	7,947,577	0.89
USD10,148,000	Mexico Government International Bond 4.15% 28/03/2027	7,385,462	0.82
USD5,986,000	Mexico Government International Bond 3.75% 11/01/2028	4,223,216	0.47
USD6,781,000	Mexico Government International Bond 6.75% 27/09/2034	5,947,560	0.66
USD12,216,000	Mexico Government International Bond 6.05% 11/01/2040	9,729,847	1.09
USD15,640,000	Mexico Government International Bond 4.75% 08/03/2044	10,617,927	1.19
USD10,904,000	Mexico Government International Bond 5.55% 21/01/2045	8,236,692	0.92
USD10,706,000	Mexico Government International Bond 4.6% 23/01/2046	7,080,579	0.79
USD7,045,000	Mexico Government International Bond 4.35% 15/01/2047	4,510,617	0.50
USD10,260,000	Mexico Government International Bond 4.6% 10/02/2048	6,852,602	0.77
USD9,762,000	Mexico Government International Bond 5.75% 12/10/2110	6,943,963	0.78
		<b>103,558,995</b>	<b>11.57</b>
	<b>Panama — 2.95% (2.72%)</b>		
USD4,698,000	Panama Government International Bond 5.2% 30/01/2020	3,684,211	0.41
USD5,242,000	Panama Government International Bond 3.75% 16/03/2025	3,929,729	0.44
USD3,275,000	Panama Government International Bond 7.125% 29/01/2026	2,911,446	0.33
USD3,685,000	Panama Government International Bond 3.875% 17/03/2028	2,715,799	0.30
USD2,809,000	Panama Government International Bond 9.375% 01/04/2029	2,973,322	0.33
USD6,661,000	Panama Government International Bond 6.7% 26/01/2036	6,110,774	0.68
USD3,800,000	Panama Government International Bond 4.5% 15/05/2047	2,713,035	0.30

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Panama — (cont.)</b>		
USD2,029,000	Panama Government International Bond 4.5% 16/04/2050	1,423,711	0.16
		<hr/> 26,462,027	<hr/> 2.95
	<b>CONTINENTAL EUROPE</b>		
	<b>— 20.66% (19.82%)</b>		
	<b>Croatia — 1.95% (2.39%)</b>		
USD4,088,000	Croatia Government International Bond 6.625% 14/07/2020 <sup>1</sup>	3,269,772	0.36
USD5,786,000	Croatia Government International Bond 6.375% 24/03/2021 <sup>1</sup>	4,652,697	0.52
USD5,113,000	Croatia Government International Bond 5.5% 04/04/2023 <sup>1</sup>	4,109,115	0.46
USD6,568,000	Croatia Government International Bond 6% 26/01/2024 <sup>1</sup>	5,420,359	0.61
		<hr/> 17,451,943	<hr/> 1.95
	<b>Hungary — 3.90% (4.10%)</b>		
USD4,949,000	Hungary Government International Bond 6.25% 29/01/2020	3,918,205	0.44
USD10,196,000	Hungary Government International Bond 6.375% 29/03/2021	8,274,022	0.93
USD7,034,000	Hungary Government International Bond 5.375% 21/02/2023	5,656,755	0.63
USD8,006,000	Hungary Government International Bond 5.75% 22/11/2023	6,558,649	0.73
USD7,050,000	Hungary Government International Bond 5.375% 25/03/2024	5,720,534	0.64
USD4,592,000	Hungary Government International Bond 7.625% 29/03/2041	4,762,305	0.53
		<hr/> 34,890,470	<hr/> 3.90
	<b>Romania — 1.69% (1.92%)</b>		
USD5,512,000	Romanian Government International Bond 6.75% 07/02/2022	4,558,590	0.51
USD5,098,000	Romanian Government International Bond 4.375% 22/08/2023	3,907,057	0.44
USD3,246,000	Romanian Government International Bond 4.875% 22/01/2024	2,540,801	0.28
USD2,684,000	Romanian Government International Bond 6.125% 22/01/2044	2,217,170	0.25
USD2,694,000	Romanian Government International Bond 5.125% 15/06/2048	1,910,659	0.21
		<hr/> 15,134,277	<hr/> 1.69
	<b>Russian Federation — 9.21% (7.87%)</b>		
USD12,200,000	Russian Federation 5% 29/04/2020	9,508,525	1.06
USD7,400,000	Russian Federation 4.5% 04/04/2022	5,711,054	0.64
USD11,400,000	Russian Federation 4.875% 16/09/2023	8,891,929	0.99

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Russian Federation — (cont.)</b>		
USD11,800,000	Russian Federation 4.75% 27/05/2026	8,850,941	0.99
USD8,400,000	Russian Federation 4.25% 23/06/2027	6,041,086	0.67
USD5,000,000	Russian Federation 4.375% 21/03/2029	3,588,976	0.40
USD12,531,340	Russian Federation 7.5% 31/03/2030	10,426,043	1.16
USD11,400,000	Russian Federation 5.625% 04/04/2042	8,751,726	0.98
USD4,800,000	Russian Federation 5.875% 16/09/2043	3,805,627	0.43
USD24,400,000	Russian Federation 5.25% 23/06/2047	16,940,072	1.89
		<b>82,515,979</b>	<b>9.21</b>
	<b>Ukraine — 3.91% (3.54%)</b>		
USD4,319,000	Ukraine Government International Bond 7.75% 01/09/2020 <sup>1</sup>	3,288,290	0.37
USD4,595,000	Ukraine Government International Bond 7.75% 01/09/2021 <sup>1</sup>	3,456,712	0.39
USD4,523,000	Ukraine Government International Bond 7.75% 01/09/2022 <sup>1</sup>	3,360,825	0.38
USD5,428,000	Ukraine Government International Bond 7.75% 01/09/2023 <sup>1</sup>	3,950,530	0.44
USD4,282,000	Ukraine Government International Bond 7.75% 01/09/2024 <sup>1</sup>	3,079,680	0.34
USD4,749,000	Ukraine Government International Bond 7.75% 01/09/2025 <sup>1</sup>	3,353,649	0.37
USD4,250,000	Ukraine Government International Bond 7.75% 01/09/2026 <sup>1</sup>	2,946,516	0.33
USD4,413,000	Ukraine Government International Bond 7.75% 01/09/2027 <sup>1</sup>	3,032,116	0.34
USD2,464,000	Ukraine Government International Bond 9.75% 01/11/2028 <sup>1</sup>	1,872,534	0.21
USD10,348,000	Ukraine Government International Bond 7.375% 25/09/2032 <sup>1</sup>	6,663,902	0.74
		<b>35,004,754</b>	<b>3.91</b>
	<b>SOUTH AMERICA — 31.13% (31.66%)</b>		
	<b>Argentina — 11.74% (12.22%)</b>		
USD16,757,000	Argentina Government International Bond 6.875% 22/04/2021 <sup>1</sup>	12,446,181	1.39
USD12,918,000	Argentina Government International Bond 5.625% 26/01/2022 <sup>1</sup>	9,049,343	1.01
USD6,025,000	Argentina Government International Bond 4.625% 11/01/2023 <sup>1</sup>	3,995,158	0.45
USD23,694,000	Argentina Government International Bond 7.5% 22/04/2026 <sup>1</sup>	16,279,846	1.82
USD11,447,000	Argentina Government International Bond 6.875% 26/01/2027 <sup>1</sup>	7,513,576	0.84

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Argentina — (cont.)</b>		
USD13,567,000	Argentina Government International Bond 5.875% 11/01/2028 <sup>1</sup>	8,280,181	0.92
USD2,200,000	Argentina Government International Bond 6.625% 06/07/2028 <sup>1</sup>	1,386,629	0.15
USD21,761,029	Argentina Government International Bond 8.28% 31/12/2033 <sup>1</sup>	14,924,746	1.67
USD7,104,000	Argentina Government International Bond 7.125% 06/07/2036 <sup>1</sup>	4,328,880	0.48
USD19,754,000	Argentina Government International Bond 2.5% 31/12/2038 <sup>1</sup>	8,666,979	0.97
USD9,138,000	Argentina Government International Bond 7.625% 22/04/2046 <sup>1</sup>	5,717,387	0.64
USD11,938,000	Argentina Government International Bond 6.875% 11/01/2048 <sup>1</sup>	6,883,232	0.77
USD9,664,000	Argentina Government International Bond 7.125% 28/06/2117 <sup>1</sup>	5,664,487	0.63
		105,136,625	11.74
	<b>Brazil — 8.31% (7.63%)</b>		
USD10,115,000	Brazilian Government International Bond 4.875% 22/01/2021 <sup>1</sup>	7,901,130	0.88
USD7,936,000	Brazilian Government International Bond 2.625% 05/01/2023 <sup>1</sup>	5,645,224	0.63
USD16,280,000	Brazilian Government International Bond 4.25% 07/01/2025 <sup>1</sup>	12,058,745	1.35
USD2,212,000	Brazilian Government International Bond 8.75% 04/02/2025 <sup>1</sup>	2,039,893	0.23
USD7,407,000	Brazilian Government International Bond 6% 07/04/2026 <sup>1</sup>	5,939,360	0.66
USD11,129,000	Brazilian Government International Bond 4.625% 13/01/2028 <sup>1</sup>	7,996,885	0.89
USD5,882,000	Brazilian Government International Bond 8.25% 20/01/2034 <sup>1</sup>	5,413,056	0.60
USD7,388,000	Brazilian Government International Bond 7.125% 20/01/2037 <sup>1</sup>	6,253,086	0.70
USD8,417,000	Brazilian Government International Bond 5.625% 07/01/2041 <sup>1</sup>	5,985,142	0.67
USD13,178,000	Brazilian Government International Bond 5% 27/01/2045 <sup>1</sup>	8,498,018	0.95
USD9,600,000	Brazilian Government International Bond 5.625% 21/02/2047 <sup>1</sup>	6,697,374	0.75
		74,427,913	8.31
	<b>Colombia — 6.49% (7.31%)</b>		
USD6,061,000	Colombia Government International Bond 4.375% 12/07/2021	4,694,878	0.52
USD3,945,000	Colombia Government International Bond 2.625% 15/03/2023	2,831,702	0.32

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Colombia — (cont.)</b>		
USD7,359,000	Colombia Government International Bond 4% 26/02/2024	5,534,423	0.62
USD3,097,000	Colombia Government International Bond 8.125% 21/05/2024	2,780,548	0.31
USD5,522,000	Colombia Government International Bond 4.5% 28/01/2026	4,213,778	0.47
USD8,445,000	Colombia Government International Bond 3.875% 25/04/2027	6,132,686	0.69
USD1,514,000	Colombia Government International Bond 4.5% 15/03/2029	1,137,894	0.13
USD7,123,000	Colombia Government International Bond 7.375% 18/09/2037	6,534,611	0.73
USD9,575,000	Colombia Government International Bond 6.125% 18/01/2041	7,824,802	0.87
USD8,378,000	Colombia Government International Bond 5.625% 26/02/2044	6,566,818	0.73
USD13,583,000	Colombia Government International Bond 5% 15/06/2045	9,809,407	1.10
		58,061,547	6.49
	<b>Peru — 2.36% (2.48%)</b>		
USD6,224,000	Peruvian Government International Bond 7.35% 21/07/2025	5,760,090	0.64
USD3,078,000	Peruvian Government International Bond 4.125% 25/08/2027	2,383,075	0.27
USD1,477,000	Peruvian Government International Bond 8.75% 21/11/2033	1,621,457	0.18
USD3,905,000	Peruvian Government International Bond 6.55% 14/03/2037	3,642,388	0.41
USD8,928,000	Peruvian Government International Bond 5.625% 18/11/2050	7,703,946	0.86
		21,110,956	2.36
	<b>Venezuela — 2.23% (2.02%)</b>		
USD3,150,000	Venezuela Government International Bond 7% 01/12/2018 <sup>2</sup>	580,378	0.07
USD10,775,000	Venezuela Government International Bond 7.75% 13/10/2019 <sup>2</sup>	1,995,599	0.22
USD3,530,000	Venezuela Government International Bond 6% 09/12/2020 <sup>2</sup>	657,708	0.07
USD12,779,000	Venezuela Government International Bond 12.75% 23/08/2022 <sup>2</sup>	2,410,410	0.27
USD11,150,400	Venezuela Government International Bond 9% 07/05/2023 <sup>2</sup>	2,128,899	0.24
USD8,474,000	Venezuela Government International Bond 8.25% 13/10/2024 <sup>2</sup>	1,610,099	0.18
USD8,706,000	Venezuela Government International Bond 7.65% 21/04/2025 <sup>2</sup>	1,675,567	0.19

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Venezuela — (cont.)</b>		
USD8,489,000	Venezuela Government International Bond 11.75% 21/10/2026 <sup>2</sup>	1,629,912	0.18
USD10,927,000	Venezuela Government International Bond 9.25% 15/09/2027 <sup>2</sup>	2,044,304	0.23
USD6,661,000	Venezuela Government International Bond 9.25% 07/05/2028 <sup>2</sup>	1,265,621	0.14
USD12,121,500	Venezuela Government International Bond 11.95% 05/08/2031 <sup>2</sup>	2,314,773	0.26
USD5,487,000	Venezuela Government International Bond 9.375% 13/01/2034 <sup>2</sup>	1,195,042	0.13
USD2,610,000	Venezuela Government International Bond 7% 31/03/2038 <sup>2</sup>	480,884	0.05
		19,989,196	2.23
	<b>AFRICA — 3.65% (3.87%)</b>		
	<b>South Africa — 3.65% (3.87%)</b>		
USD5,396,000	South Africa Government International Bond 5.5% 09/03/2020	4,189,012	0.47
USD3,886,000	South Africa Government International Bond 5.875% 30/05/2022	3,057,846	0.34
USD7,238,000	South Africa Government International Bond 4.665% 17/01/2024	5,356,082	0.60
USD6,252,000	South Africa Government International Bond 5.875% 16/09/2025	4,774,077	0.53
USD5,291,000	South Africa Government International Bond 4.875% 14/04/2026	3,790,185	0.42
USD6,030,000	South Africa Government International Bond 4.3% 12/10/2028	4,000,007	0.45
USD2,100,000	South Africa Government International Bond 5.875% 22/06/2030	1,531,068	0.17
USD2,700,000	South Africa Government International Bond 5.375% 24/07/2044	1,742,737	0.20
USD2,550,000	South Africa Government International Bond 5% 12/10/2046	1,589,316	0.18
USD3,000,000	South Africa Government International Bond 5.65% 27/09/2047	1,972,561	0.22
USD900,000	South Africa Government International Bond 6.3% 22/06/2048	632,609	0.07
		32,635,500	3.65
	<b>ASIA — 16.85% (16.58%)</b>		
	<b>Indonesia — 10.12% (9.99%)</b>		
USD9,282,000	Indonesia Government International Bond 4.875% 05/05/2021	7,276,927	0.81

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Indonesia — (cont.)</b>		
USD7,166,000	Indonesia Government International Bond 3.75% 25/04/2022	5,404,228	0.60
USD500,000	Indonesia Government International Bond 2.95% 11/01/2023	363,059	0.04
USD1,875,000	Indonesia Government International Bond 3.75% 01/03/2023	1,400,391	0.16
USD5,267,000	Indonesia Government International Bond 3.375% 15/04/2023	3,872,041	0.43
USD6,294,000	Indonesia Government International Bond 5.875% 15/01/2024	5,092,221	0.57
USD5,291,000	Indonesia Government International Bond 4.35% 10/09/2024	3,999,011	0.45
USD6,108,000	Indonesia Government International Bond 4.125% 15/01/2025	4,541,870	0.51
USD9,233,000	Indonesia Government International Bond 4.75% 08/01/2026	7,078,012	0.79
USD3,475,000	Indonesia Government International Bond 4.35% 08/01/2027	2,581,877	0.29
USD3,800,000	Indonesia Government International Bond 3.85% 18/07/2027	2,716,148	0.30
USD5,175,000	Indonesia Government International Bond 3.5% 11/01/2028	3,588,365	0.40
USD2,425,000	Indonesia Government International Bond 4.4% 01/03/2028	1,774,163	0.20
USD3,100,000	Indonesia Government International Bond 4.1% 24/04/2028	2,245,786	0.25
USD6,046,000	Indonesia Government International Bond 7.75% 17/01/2038	5,786,635	0.65
USD7,154,000	Indonesia Government International Bond 5.25% 17/01/2042	5,275,973	0.59
USD5,800,000	Indonesia Government International Bond 4.625% 15/04/2043	3,964,887	0.44
USD7,700,000	Indonesia Government International Bond 6.75% 15/01/2044	6,800,691	0.76
USD7,560,000	Indonesia Government International Bond 5.125% 15/01/2045	5,459,717	0.61
USD4,150,000	Indonesia Government International Bond 5.95% 08/01/2046	3,345,260	0.37
USD5,650,000	Indonesia Government International Bond 5.25% 08/01/2047	4,162,093	0.47

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Indonesia — (cont.)</b>			
USD5,775,000	Indonesia Government International Bond 4.35% 11/01/2048	3,830,741	0.43
		90,560,096	10.12
<b>Philippines — 6.73% (6.59%)</b>			
USD2,325,000	Philippine Government International Bond 6.5% 20/01/2020	1,851,891	0.21
USD6,156,000	Philippine Government International Bond 4% 15/01/2021	4,774,961	0.53
USD5,694,000	Philippine Government International Bond 4.2% 21/01/2024	4,431,848	0.49
USD3,340,000	Philippine Government International Bond 5.5% 30/03/2026	2,784,691	0.31
USD6,050,000	Philippine Government International Bond 3% 01/02/2028	4,254,209	0.48
USD6,978,000	Philippine Government International Bond 9.5% 02/02/2030	7,713,298	0.86
USD5,747,000	Philippine Government International Bond 7.75% 14/01/2031	5,800,344	0.65
USD3,093,000	Philippine Government International Bond 6.375% 15/01/2032	2,851,178	0.32
USD7,777,000	Philippine Government International Bond 6.375% 23/10/2034	7,278,830	0.81
USD4,125,000	Philippine Government International Bond 5% 13/01/2037	3,378,629	0.38
USD7,228,000	Philippine Government International Bond 3.95% 20/01/2040	5,163,834	0.58
USD7,070,000	Philippine Government International Bond 3.7% 01/03/2041	4,866,146	0.54
USD7,455,000	Philippine Government International Bond 3.7% 02/02/2042	5,138,083	0.57
		60,287,942	6.73
<b>MIDDLE EAST — 11.09% (12.48%)</b>			
<b>Turkey — 11.09% (12.48%)</b>			
USD6,918,000	Turkey Government International Bond 7% 05/06/2020 <sup>1</sup>	5,374,063	0.60
USD6,546,000	Turkey Government International Bond 5.625% 30/03/2021 <sup>1</sup>	4,934,777	0.55
USD4,200,000	Turkey Government International Bond 5.125% 25/03/2022 <sup>1</sup>	3,062,743	0.34
USD8,551,000	Turkey Government International Bond 6.25% 26/09/2022 <sup>1</sup>	6,421,094	0.72
USD5,291,000	Turkey Government International Bond 3.25% 23/03/2023 <sup>1</sup>	3,513,992	0.39
USD1,687,000	Turkey Government International Bond 7.25% 23/12/2023 <sup>1</sup>	1,299,959	0.15
USD9,183,000	Turkey Government International Bond 5.75% 22/03/2024 <sup>1</sup>	6,630,526	0.74
USD12,529,000	Turkey Government International Bond 7.375% 05/02/2025 <sup>1</sup>	9,603,787	1.07

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Turkey — (cont.)</b>		
USD5,146,000	Turkey Government International Bond 4.25% 14/04/2026 <sup>1</sup>	3,286,717	0.37
USD11,032,000	Turkey Government International Bond 4.875% 09/10/2026 <sup>1</sup>	7,230,893	0.81
USD11,446,000	Turkey Government International Bond 6% 25/03/2027 <sup>1</sup>	7,987,559	0.89
USD5,272,000	Turkey Government International Bond 5.125% 17/02/2028 <sup>1</sup>	3,460,680	0.39
USD1,300,000	Turkey Government International Bond 6.125% 24/10/2028 <sup>1</sup>	901,746	0.10
USD4,809,000	Turkey Government International Bond 11.875% 15/01/2030 <sup>1</sup>	4,854,778	0.54
USD7,123,000	Turkey Government International Bond 6.75% 30/05/2040 <sup>1</sup>	4,823,750	0.54
USD10,177,000	Turkey Government International Bond 6% 14/01/2041 <sup>1</sup>	6,325,983	0.71
USD9,498,000	Turkey Government International Bond 4.875% 16/04/2043 <sup>1</sup>	5,218,049	0.58
USD10,636,000	Turkey Government International Bond 6.625% 17/02/2045 <sup>1</sup>	7,022,716	0.78
USD12,361,000	Turkey Government International Bond 5.75% 11/05/2047 <sup>1</sup>	7,338,342	0.82
		<b>99,292,154</b>	<b>11.09</b>
<b>Portfolio of investments</b>		<b>876,520,374</b>	<b>97.90</b>
<b>Net other assets</b>		<b>18,758,137</b>	<b>2.10</b>
<b>Total net assets</b>		<b>£895,278,511</b>	<b>100.00%</b>

<sup>1</sup> These are sub-investment grade fixed interest securities and represent 37% of the net assets of the Fund.

<sup>2</sup> Defaulted securities are valued at the Manager's best assessment of their fair and reasonable value.

Total purchases for the year: £318,841,479.

Total sales for the year: £145,963,457.

# Independent Auditor's Report

## Independent auditor's report to the Unitholders of Legal & General Emerging Markets Government Bond (US\$) Index Fund ('the Fund')

### **Opinion**

We have audited the financial statements of the Fund for the year ended 10 November 2018 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 21 to 22.

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 10 November 2018 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.

### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **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.

## Independent Auditor's Report continued

### ***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.

### ***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.

Jatin Patel  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square,  
London E14 5GL  
21 December 2018

## Financial Statements

### Statement of Total Return for the year ended 10 November 2018

Notes	10/11/18		10/11/17	
	£	£	£	£
<b>Income</b>				
Net capital losses	3	(66,604,210)		(52,045,875)
Revenue	4	36,421,656	32,274,103	
Expenses	5	(1,221,167)	(902,415)	
Interest payable and similar charges	7	(6,113)	(11,979)	
<b>Net revenue before taxation</b>		<u>35,194,376</u>	<u>31,359,709</u>	
Taxation	6	—	—	
<b>Net revenue after taxation for the year</b>		<u>35,194,376</u>	<u>31,359,709</u>	
Total return before distributions		(31,409,834)	(20,686,166)	
Distributions	7	<u>(36,415,543)</u>	<u>(32,262,124)</u>	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£(67,825,377)</b></u>	<u><b>£(52,948,290)</b></u>	

### Statement of Change in Net Assets attributable to Unitholders for the year ended 10 November 2018

	10/11/18		10/11/17	
	£	£	£	£
Opening net assets attributable to Unitholders		792,728,267		527,052,987
Amounts received on issue of units		245,619,381	351,382,762	
Amounts paid on cancellation of units		<u>(90,373,734)</u>	<u>(46,463,345)</u>	
		155,245,647	304,919,417	
Change in net assets attributable to Unitholders from investment activities		(67,825,377)	(52,948,290)	
Retained distributions on accumulation units		<u>15,129,974</u>	<u>13,704,153</u>	
<b>Closing net assets attributable to Unitholders</b>		<u><b>£895,278,511</b></u>	<u><b>£792,728,267</b></u>	

## Financial Statements continued

### Balance Sheet as at 10 November 2018

	Notes	10/11/18 £	10/11/17 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		876,520,374	777,849,999
<b>Current assets:</b>			
Debtors	8	12,366,731	12,214,718
Cash and bank balances	9	<u>19,785,974</u>	<u>22,239,174</u>
<b>Total assets</b>		<b><u>908,673,079</u></b>	<b><u>812,303,891</u></b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Bank overdrafts	9	(147,878)	—
Distributions payable		(13,015,815)	(11,809,634)
Other creditors	10	<u>(230,875)</u>	<u>(7,765,990)</u>
<b>Total liabilities</b>		<b><u>(13,394,568)</u></b>	<b><u>(19,575,624)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£895,278,511</u></b>	<b><u>£792,728,267</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.

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 9 November 2018, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price, excluding any accrued interest. The fair value for derivative instruments is the cost of closing out the contract on the last working day of the accounting year.

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.

#### (h) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 9 November 2018, being the last working day of the accounting year.

### 3. Net capital losses

	10/11/18	10/11/17
	£	£
The net capital losses during the year comprise:		
Non-derivative securities	(66,740,070)	(51,589,756)
Forward currency contracts	(161,607)	(1,576,122)
Currency gains	297,467	1,120,003
Net capital losses	<u>(66,604,210)</u>	<u>(52,045,875)</u>

### 4. Revenue

	10/11/18	10/11/17
	£	£
Bond Interest	36,398,340	32,270,349
Bank interest	23,316	3,754
	<u>36,421,656</u>	<u>32,274,103</u>

### 5. Expenses

	10/11/18	10/11/17
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	1,221,167	902,415
Total expenses	<u>1,221,167</u>	<u>902,415</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 period, the total audit fee was £9,820 plus VAT of £1,964.

## Notes to the Financial Statements continued

### 6. Taxation

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

	10/11/18	10/11/17
	£	£
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	35,194,376	31,359,709
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	7,038,875	6,271,942
<b>Effects of:</b>		
Interest distributions deductible for tax purposes	(7,038,875)	(6,271,942)
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:

	10/11/18	10/11/17
	£	£
Interim distribution	15,355,726	16,538,308
Final distribution	<u>22,219,092</u>	<u>19,901,019</u>
	37,574,818	36,439,327
Add: Revenue deducted on cancellation of units	771,846	446,431
Less: Revenue received on creation of units	<u>(1,931,121)</u>	<u>(4,623,634)</u>
<b>Distributions for the year</b>	<b>36,415,543</b>	<b>32,262,124</b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	<u>6,113</u>	<u>11,979</u>
	<u>36,421,656</u>	<u>32,274,103</u>

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

	10/11/18	10/11/17
	£	£
Net revenue after taxation for the year	35,194,376	31,359,709
Add: Expenses charged to capital	<u>1,221,167</u>	<u>902,415</u>
<b>Distributions for the year</b>	<b>36,415,543</b>	<b>32,262,124</b>

### 8. Debtors

	10/11/18	10/11/17
	£	£
Accrued revenue	11,976,461	10,300,087
Amounts receivable for creation of units	388,888	1,914,631
Receivable for foreign exchange contracts	<u>1,382</u>	<u>—</u>
	<u>12,366,731</u>	<u>12,214,718</u>

## Notes to the Financial Statements continued

### 9. Net uninvested cash

	10/11/18	10/11/17
	£	£
Cash and bank balances	19,785,974	22,239,174
Bank overdrafts	(147,878)	—
Net uninvested cash	<u>19,638,096</u>	<u>22,239,174</u>

### 10. Other creditors

	10/11/18	10/11/17
	£	£
Accrued expenses	151,992	131,771
Amounts payable for cancellation of units	78,883	546,002
Payable for foreign exchange contracts	—	2,755
Purchases awaiting settlement	—	7,085,462
	<u>230,875</u>	<u>7,765,990</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (10 November 2017: 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 10 November 2018, 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 £43,826,019 (10 November 2017: £38,892,500).

## 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 10 November 2018, 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 £674,145 (10 November 2017: £608,279). 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 £'000	Floating rate £'000	Fixed rate £'000	No interest £'000
<b>10/11/18</b>				
Portfolio	876,520	—	876,520	—
Other assets	32,153	19,786†	—	12,367
Other liabilities	(13,394)	(148)†	—	(13,246)
<b>Total</b>	<b>895,279</b>	<b>19,638</b>	<b>876,520</b>	<b>(879)</b>

	Total £'000	Floating rate £'000	Fixed rate £'000	No interest £'000
<b>10/11/17</b>				
Portfolio	777,850	—	777,846	4
Other assets	34,454	22,239†	—	12,215
Other liabilities	(19,576)	—†	—	(19,576)
<b>Total</b>	<b>792,728</b>	<b>22,239</b>	<b>777,846</b>	<b>(7,357)</b>

† 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 or its overseas equivalent.

Currency	Fixed Rate Financial Assets			
	Weighted average Interest rate %		Weighted average Period for which Rate is fixed Years	
	10/11/18	10/11/17	10/11/18	10/11/17
US Dollar	6.00	5.53	13.83	13.88

## 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.

Forward currency contracts were utilised during the current and the preceding year.

At 10 November 2018, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £8,931,335 (10 November 2017: £7,960,995).

The direct foreign currency profile of the Fund's net assets at the balance sheet date was:

10/11/18 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
US Dollar	16,613	876,520	893,133

10/11/17 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
US Dollar	18,254	777,846	796,100

#### (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. Bond holdings with low credit ratings (sub-investment grade) are disclosed in the Portfolio Statement on pages 8 to 16.

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) Derivative Risk - Sensitivity Analysis

Derivative Risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

At the balance sheet date, no derivatives were held that could impact the Fund in a significant way (10 November 2017: same).

#### (g) 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:

10/11/18 Basis of Valuation	Assets £	Liabilities £
Level 1 - Quoted Prices	82,515,979	—
Level 2 - Observable Market Data	794,004,395	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>876,520,374</b>	<b>—</b>

10/11/17 Basis of Valuation	Assets £	Liabilities £
Level 1 - Quoted Prices	62,346,350	—
Level 2 - Observable Market Data	715,503,649	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>777,849,999</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.

## Notes to the Financial Statements continued

### 13. Portfolio transaction costs

As the Fund mainly invests in assets that are not subject to commissions or taxes, there are no transaction costs (10 November 2017: same).

Total purchases for the year: £318,841,479  
(10 November 2017: £414,141,779)

Total sales for the year: £145,963,457  
(10 November 2017: £96,816,173)

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.64% (10 November 2017: 0.60%).

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 43. 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 35 to 41. The distributions per unit class are given in the distribution tables on pages 32 and 33. All classes have the same rights on winding up.

<b>F-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	75,728	189,463
Units issued	—	—
Units cancelled	—	—
Units converted	—	—
Closing Units	75,728	189,463

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	23,826,088	452,095,130
Units issued	5,810,628	154,899,269
Units cancelled	(5,560,875)	(26,073,915)
Units converted	—	—
Closing Units	24,075,841	580,920,484

<b>C-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	11,211,952	34,582,837
Units issued	5,760,037	10,063,561
Units cancelled	(15,835,100)	(42,650,411)
Units converted	—	—
Closing Units	1,136,889	1,995,987

<b>L-Class</b>	<b>Distribution</b>
Opening Units	804,051,930
Units issued	254,271,984
Units cancelled	(68,866,624)
Units converted	—
Closing Units	989,457,290

## Notes to the Financial Statements continued

### 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 44.86% (42.11% as at 10 November 2017) of the Fund's units in issue.

### 16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per I-Class accumulation unit was 64.49p. The Net Asset Value per I-Class accumulation unit as at 12 noon on 19 December 2018 was 67.04p. This represents an increase of 3.95% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 10 November 2018

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	
			11/11/17	to 10/05/18
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/07/18</b>	<b>10/07/17</b>
Group 1	0.9413	—	0.9413	1.5152
Group 2	—	0.9413	0.9413	1.5152
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/07/18</b>	<b>10/07/17</b>
Group 1	1.1531	—	1.1531	1.7631
Group 2	—	1.1531	1.1531	1.7631
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/07/18</b>	<b>10/07/17</b>
Group 1	0.9424	—	0.9424	1.5117
Group 2	0.5300	0.4124	0.9424	1.5117
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/07/18</b>	<b>10/07/17</b>
Group 1	1.1569	—	1.1569	1.7594
Group 2	0.5524	0.6045	1.1569	1.7594
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/07/18</b>	<b>10/07/17</b>
Group 1	0.9473	—	0.9473	1.5152
Group 2	0.4652	0.4821	0.9473	1.5152
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/07/18</b>	<b>10/07/17</b>
Group 1	1.1604	—	1.1604	1.7657
Group 2	0.5580	0.6024	1.1604	1.7657
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/07/18</b>	<b>10/07/17</b>
Group 1	0.9559	—	0.9559	1.5286
Group 2	0.5424	0.4135	0.9559	1.5286

## Distribution Tables continued

Final Interest distribution in pence per unit			Period	
			11/05/18	to 10/11/18
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/01/19</b>	<b>10/01/18</b>
Group 1	1.2621	—	1.2621	1.3914
Group 2	—	1.2621	1.2621	1.3914
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/01/19</b>	<b>10/01/18</b>
Group 1	1.5753	—	1.5753	1.6624
Group 2	—	1.5753	1.5753	1.6624
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/01/19</b>	<b>10/01/18</b>
Group 1	1.2642	—	1.2642	1.3913
Group 2	0.6386	0.6256	1.2642	1.3913
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/01/19</b>	<b>10/01/18</b>
Group 1	1.5782	—	1.5782	1.6615
Group 2	1.0488	0.5294	1.5782	1.6615
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/01/19</b>	<b>10/01/18</b>
Group 1	1.2709	—	1.2709	1.3966
Group 2	0.8617	0.4092	1.2709	1.3966
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/01/19</b>	<b>10/01/18</b>
Group 1	1.5861	—	1.5861	1.6673
Group 2	1.2897	0.2964	1.5861	1.6673
<b>L-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>10/01/19</b>	<b>10/01/18</b>
Group 1	1.2831	—	1.2831	1.4079
Group 2	0.9060	0.3771	1.2831	1.4079

## Fund Information

The Comparative Tables on pages 35 to 41 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

#### F-Class Distribution Units

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

Accounting Year ending	11/11/17 to 10/11/18 (pence per unit)	11/11/16 to 10/11/17 (pence per unit)	14/11/15 <sup>1</sup> to 10/11/16 (pence per unit)
Opening net asset value per unit	54.79	59.06	45.96
Return before operating charges*	(2.05)	(1.08)	16.26
Operating charges (calculated on average price)	(0.25)	(0.28)	(0.26)
Return after operating charges*	(2.30)	(1.36)	16.00
Distributions on income units <sup>^</sup>	(2.20)	(2.91)	(2.90)
Closing net asset value per unit	50.29	54.79	59.06
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(4.20)%	(2.30)%	34.81%
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#### Other Information

Closing net asset value (£)	38,085	41,494	44,725
Closing number of units	75,728	75,728	75,728
Operating charges <sup>†</sup>	0.48%	0.48%	0.48%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	55.46p	61.07p	63.09p
Lowest unit price	50.02p	55.12p	45.49p

<sup>1</sup> To accommodate the transition of Trustee, the Fund's period end date, normally 10 November, was moved to 13 November 2015.

<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.**

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

## Fund Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	11/11/17 to 10/11/18 (pence per unit)	11/11/16 to 10/11/17 (pence per unit)	14/11/15 <sup>1</sup> to 10/11/16 (pence per unit)
Opening net asset value per unit	67.12	68.72	51.26
Return before operating charges*	(2.47)	(1.27)	18.41
Operating charges (calculated on average price)	(0.31)	(0.33)	(0.29)
Return after operating charges*	(2.78)	(1.60)	18.12
Distributions <sup>^</sup>	(2.73)	(3.43)	(3.27)
Retained distributions on accumulation units <sup>^</sup>	2.73	3.43	2.61
Closing net asset value per unit	64.34	67.12	68.72
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(4.14)%	(2.33)%	35.35%
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#### Other Information

Closing net asset value (£)	121,905	127,176	130,199
Closing number of units	189,463	189,463	189,463
Operating charges <sup>†</sup>	0.48%	0.48%	0.48%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	68.04p	71.06p	71.91p
Lowest unit price	61.28p	64.13p	50.75p

<sup>1</sup> To accommodate the transition of Trustee, the Fund's period end date, normally 10 November, was moved to 13 November 2015.

<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.

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## Fund Information continued

### Comparative Tables continued

#### I-Class Distribution Units

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

Accounting Year ending	11/11/17 to 10/11/18 (pence per unit)	11/11/16 to 10/11/17 (pence per unit)	14/11/15 <sup>1</sup> to 10/11/16 (pence per unit)
Opening net asset value per unit	54.81	58.96	45.80
Return before operating charges*	(2.05)	(1.08)	16.22
Operating charges (calculated on average price)	(0.15)	(0.17)	(0.16)
Return after operating charges*	(2.20)	(1.25)	16.06
Distributions on income units <sup>^</sup>	(2.21)	(2.90)	(2.90)
Closing net asset value per unit	50.40	54.81	58.96
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(4.01)%	(2.12)%	35.07%
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#### Other Information

Closing net asset value (£)	12,133,283	13,059,121	10,492,247
Closing number of units	24,075,841	23,826,088	17,794,297
Operating charges <sup>†</sup>	0.29%	0.29%	0.29%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	55.47p	61.01p	62.98p
Lowest unit price	50.07p	55.03p	45.34p

<sup>1</sup> To accommodate the transition of Trustee, the Fund's period end date, normally 10 November, was moved to 13 November 2015.

<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.

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## Fund Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

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

Accounting Year ending	11/11/17 to 10/11/18 (pence per unit)	11/11/16 to 10/11/17 (pence per unit)	14/11/15 <sup>1</sup> to 10/11/16 (pence per unit)
Opening net asset value per unit	67.15	68.62	51.09
Return before operating charges*	(2.47)	(1.27)	18.36
Operating charges (calculated on average price)	(0.19)	(0.20)	(0.17)
Return after operating charges*	(2.66)	(1.47)	18.19
Distributions <sup>^</sup>	(2.74)	(3.42)	(3.27)
Retained distributions on accumulation units <sup>^</sup>	2.74	3.42	2.61
Closing net asset value per unit	64.49	67.15	68.62
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(3.96)%	(2.14)%	35.60%
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#### Other Information

Closing net asset value (£)	374,659,491	303,583,771	175,222,352
Closing number of units	580,920,484	452,095,130	255,366,802
Operating charges <sup>†</sup>	0.29%	0.29%	0.29%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	68.07p	71.00p	71.79p
Lowest unit price	61.34p	64.04p	50.58p

<sup>1</sup> To accommodate the transition of Trustee, the Fund's period end date, normally 10 November, was moved to 13 November 2015.

<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.

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

## Fund Information continued

### Comparative Tables continued

#### C-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting Year ending	11/11/17 to 10/11/18 (pence per unit)	11/11/16 to 10/11/17 (pence per unit)	14/11/15 <sup>1</sup> to 10/11/16 (pence per unit)
Opening net asset value per unit	55.05	59.16	45.91
Return before operating charges*	(2.05)	(1.09)	16.25
Operating charges (calculated on average price)	(0.10)	(0.11)	(0.11)
Return after operating charges*	(2.15)	(1.20)	16.14
Distributions on income units <sup>^</sup>	(2.22)	(2.91)	(2.89)
Closing net asset value per unit	50.68	55.05	59.16
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(3.91)%	(2.03)%	35.16%
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#### Other Information

Closing net asset value (£)	576,132	6,172,157	9,895,429
Closing number of units	1,136,889	11,211,952	16,726,849
Operating charges <sup>†</sup>	0.19%	0.19%	0.19%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	55.72p	61.23p	63.18p
Lowest unit price	50.32p	55.22p	45.44p

<sup>1</sup> To accommodate the transition of Trustee, the Fund's period end date, normally 10 November, was moved to 13 November 2015.

<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.

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

## Fund Information continued

### Comparative Tables continued

#### C-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting Year ending	11/11/17 to 10/11/18 (pence per unit)	11/11/16 to 10/11/17 (pence per unit)	14/11/15 <sup>1</sup> to 10/11/16 (pence per unit)
Opening net asset value per unit	67.42	68.82	51.18
Return before operating charges*	(2.48)	(1.27)	18.42
Operating charges (calculated on average price)	(0.12)	(0.13)	(0.12)
Return after operating charges*	(2.60)	(1.40)	18.30
Distributions <sup>^</sup>	(2.75)	(3.43)	(3.27)
Retained distributions on accumulation units <sup>^</sup>	2.75	3.43	2.61
Closing net asset value per unit	64.82	67.42	68.82
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(3.86)%	(2.03)%	35.76%
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#### Other Information

Closing net asset value (£)	1,293,724	23,315,076	20,810,966
Closing number of units	1,995,987	34,582,837	30,240,806
Operating charges <sup>†</sup>	0.19%	0.19%	0.19%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	68.34p	71.23p	72.00p
Lowest unit price	61.61p	64.23p	50.69p

<sup>1</sup> To accommodate the transition of Trustee, the Fund's period end date, normally 10 November, was moved to 13 November 2015.

<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.

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

## Fund Information continued

### Comparative Tables continued

#### L-Class Distribution Units

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

Accounting Year ending	11/11/17 to 10/11/18 (pence per unit)	11/11/16 to 10/11/17 (pence per unit)	14/11/15 <sup>1</sup> to 10/11/16 (pence per unit)
Opening net asset value per unit	55.52	59.58	46.15
Return before operating charges*	(2.07)	(1.10)	16.37
Operating charges (calculated on average price)	(0.02)	(0.02)	(0.02)
Return after operating charges*	(2.09)	(1.12)	16.35
Distributions on income units <sup>^</sup>	(2.24)	(2.94)	(2.92)
Closing net asset value per unit	51.19	55.52	59.58
* after direct transaction costs of:	—	—	—

#### Performance

Return after charges	(3.76)%	(1.88)%	35.43%
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#### Other Information

Closing net asset value (£)	506,455,891	446,429,472	310,457,069
Closing number of units	989,457,290	804,051,930	521,102,205
Operating charges <sup>†</sup>	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest unit price	56.20p	61.69p	63.63p
Lowest unit price	50.77p	55.61p	45.70p

<sup>1</sup> To accommodate the transition of Trustee, the Fund's period end date, normally 10 November, was moved to 13 November 2015.

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

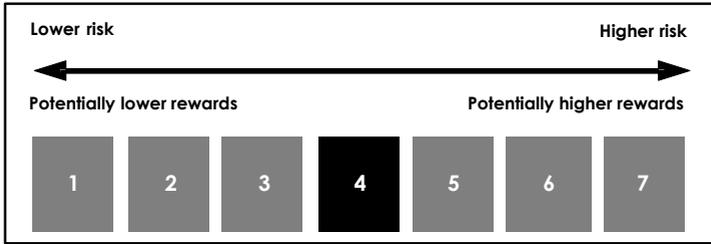
<sup>†</sup> Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund 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.**

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

## Risk and Reward Profile (unaudited)



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

## General Information (unaudited)

### Constitution

Launch date:	11 December 2012
Period end dates for distributions:	10 May, 10 November
Distribution dates:	10 January, 10 July
Minimum initial lump sum investment:	F-Class* £500 I-Class £1,000,000 C-Class** £100,000,000 L-Class*** £500,000
Valuation point:	12 noon
Fund Management fees:	F-Class* Annual 0.48% I-Class Annual 0.29% C-Class** Annual 0.19% L-Class*** Annual 0.04%
Initial charges:	F-Class* Nil I-Class Nil C-Class** Nil L-Class*** Nil

\* F-Class units are only 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.

\*\* C-Class 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.

\*\*\* L-Class is not available to retail customers and is 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.

## General Information (unaudited) continued

### 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.

### 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 0.24%, whilst over the last three years, to the end of October 2018, the annualized tracking error is 0.28%. 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 Emerging Markets Government Bond (US\$) 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:

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	213

### Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
22	2,281	3,000	8

### 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 20 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.

### Material Risk Takers

As at the 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 Legal & General Investment Management's Index Fund Management team.

## **General Information (unaudited) continued**

### **Significant Changes**

#### **Change of Auditor**

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

#### **General Data Protection Regulation (GDPR)**

Legal & General takes your privacy very seriously. Under data protection legislation, we have classified ourselves as a 'data controller'. This means that we are subject to certain obligations relating to how we process personal data. These obligations include, without limitation, providing individuals with certain information regarding how we process their personal data.

We will use the personal data you have provided to us in connection with an investment in units of Legal & General Emerging Markets Government Bond (US\$) Index Fund, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at [www.lgim.com/UTMprivacy](http://www.lgim.com/UTMprivacy) (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

## 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  
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  
Trustee and Depository 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  
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Registered office:  
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London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

