

Legal & General Short Dated
Sterling Corporate Bond Index Fund

**Interim Manager's
Short Report
for the period ended
15 August 2018**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The Fund aims to track the total return of the Markit iBoxx Sterling Corporates 1-5 Index (the “Index”) (after adjustment for management charges and taxation).

The Fund will invest primarily in the securities that make up the constituents of the Index. The bonds the Fund invests in will be primarily composed of short dated investment grade Sterling denominated corporate bonds and will be held with weightings generally proportionate to the weightings in the Index.

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

The Fund may hold derivatives for the purpose of efficient portfolio management.

Risk Profile

Credit Risk

This Fund is invested in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations. This risk is managed by monitoring the financial stability of investments and companies, via credit ratings.

Market Risk

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

Interest Rate Risk

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

Fund Facts

Period End Dates for Distributions:	15 Feb, 15 Aug	
Distribution Dates:	15 Apr, 15 Oct	
Ongoing Charges Figures:	15 Aug 18	15 Feb 18
I-Class	0.14%	0.14%
C-Class	0.09%	0.09%
L-Class	0.05%	0.05%

The Ongoing Charges Figure (OCF) is the ratio of the Fund’s total disclosable costs (excluding overdraft interest), to the average net assets of the Fund.

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

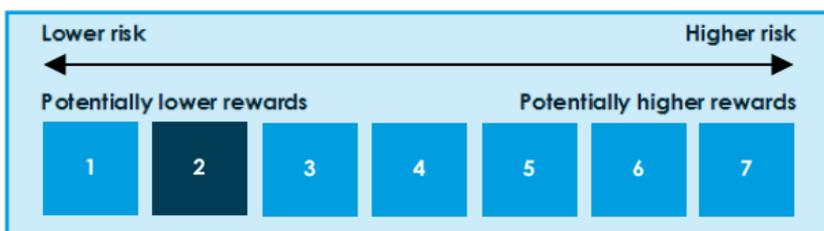
Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
I-Class			
Distribution Units	124,030,092	245,705,274	50.48
Accumulation Units	372,391,992	671,767,487	55.43
C-Class			
Distribution Units	23,871,190	47,186,417	50.59
Accumulation Units	295,877,761	532,695,898	55.54
L-Class			
Distribution Units	92,578,786	182,625,654	50.69

Past performance is not a guide to future performance.

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

Risk and Reward Profile



- This risk and reward indicator 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 two because it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to go up and down. Bonds that are closer to their maturity date tend to be more stable in value. Bonds are generally considered to be higher risk investments than cash, but lower risk than company shares.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

I-Class

The distribution payable on 15 October 2018 is 0.5512p per unit for distribution units and 0.5988p per unit for accumulation units.

C-Class

The distribution payable on 15 October 2018 is 0.5523p per unit for distribution units and 0.5999p per unit for accumulation units.

L-Class

The distribution payable on 15 October 2018 is 0.5534p per unit for distribution units.

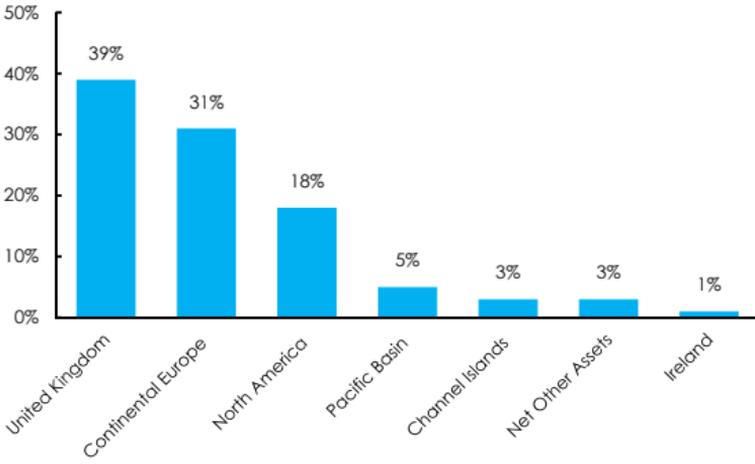
Portfolio Information

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

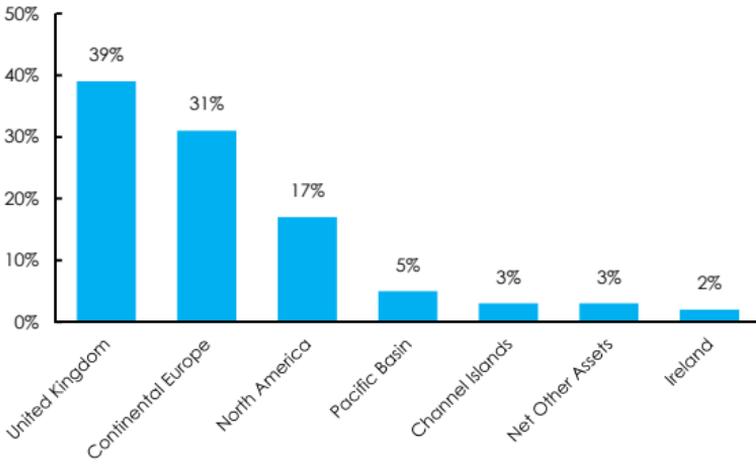
Top 10 Holdings at 15 August 2018		Top 10 Holdings at 15 February 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Barclays Bank 10% 21/05/2021	1.79%	Barclays Bank 10% 21/05/2021	2.03%
Barclays Bank 2.375% 06/10/2023	1.18%	Barclays Bank 2.375% 06/10/2023	1.26%
Imperial Brands Finance 9% 17/02/2022	1.09%	Imperial Brands Finance 9% 17/02/2022	1.08%
Cooperatieve Rabobank 2.25% 23/03/2022	1.02%	UBS 1.25% 10/12/2020	0.92%
UBS 1.25% 10/12/2020	0.92%	Wells Fargo 2.125% 22/04/2022	0.91%
Aviva 6.125% Open Maturity	0.85%	Deutsche Telekom International Finance 6.5% 08/04/2022	0.87%
Scottish Widows 5.5% 16/06/2023	0.85%	Western Power Distribution East Midlands 5.25% 17/01/2023	0.81%
Heathrow Funding 5.225% 15/02/2023	0.83%	Investec Bank 9.625% 17/02/2022	0.77%
Western Power Distribution East Midlands 5.25% 17/01/2023	0.82%	Credit Suisse Group Funding Guernsey 3% 27/05/2022	0.77%
HSBC 2.175% 27/06/2023	0.81%	E.ON International Finance 6% 30/10/2019	0.74%

Holdings with a maturity date greater than 5 years from 15 August 2018 are 'callable' by the issuer within the next 5 years and are therefore likely to mature before the final maturity date shown.

Fund Holdings as at 15 August 2018



Fund Holdings as at 15 February 2018



Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 1.15%. Markit iBoxx, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Fund is valued using prevailing prices at 12 noon. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis over the review period, the Fund performance was 1.16%, compared with the Index performance of 1.12% (Source: Bloomberg), producing a tracking difference of +0.04%.

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.

Any intellectual property rights in any index referred to herein shall remain the exclusive property of the relevant index provider and/or its licensors (the "Index Provider"). The Index Provider does not sponsor, endorse or promote this product and is not in any way connected to Legal & General (Unit Trust Managers) Limited. Legal & General has obtained full licence from the Index Provider to use such copyright in the creation of this product.

"iBoxx" is a registered trademark of International Index Company (IIC), a wholly-owned subsidiary of Markit Group.

Market Review

The major international bond markets struggled to make headway as central banks began to embark on withdrawing the extraordinary monetary support that has been in place since the global financial crisis. With global economic growth accelerating, expectations of rising inflation have also held back bonds, although as equity markets became more volatile there was some rotation back into government bonds. The US Federal Reserve (Fed) raised interest rates by 0.25% in March and again in June, with investors discounting the prospect of two further rate hikes in 2018. The Fed also continued unwinding its asset purchase programme, known as quantitative easing (QE). For UK-based investors, Sterling's weakness has resulted in positive currency adjusted returns from international bonds over the period.

Although the European Central Bank (ECB) announced it would cease its QE programme at the end of 2018, the ECB has reassured investors that it would not raise interest rates until at least mid-2019. The Bank of Japan's (BOJ) negative interest rate policy, and its announcement that it will intervene if necessary to keep the yield on benchmark 10-year bonds at around 0%, underpinned Japanese government bonds.

Gilts recorded a modest gain over the review period. Although inflation remains above the Bank of England's (BOE) 2% target, the benchmark consumer price Index peaked in November and fell to its lowest rate since March 2017 in June. The UK economy grew at its slowest pace for six years during the first quarter of 2018, leading the BOE to shelve plans for an interest rate hike in May. Despite lower inflation, Index-linked gilts marginally outperformed their conventional counterparts, underpinned by liability driven

Manager's Investment Report continued

demand from UK institutional investors. Sterling-denominated corporate bonds have underperformed gilts on concerns about the UK economic outlook and corporate profits, amid continuing uncertainty as to the outcome of Brexit negotiations with the European Union (EU).

Fund Review

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

During the period 37 bonds were added to the Index. Seventeen were new issues and the rest were existing bonds that entered the Index by falling below five years to maturity. Six bonds left the Index after the amount remaining in issue following a corporate action fell below the Index minimum issue size, one bond left after being called. A further sixteen bonds with less than a year to maturity also left the Index.

The Fund participated in fourteen new issues from issuers including HSBC, Volkswagen, Swedbank AB and Santander UK PLC. The Fund also took part in ten corporate actions across a range of sectors.

The Fund experienced net positive cash flow during the period. The cash flows were used to adjust the Fund's holdings in such a way so as to ensure the Fund maintained an Index distribution at all times. The Fund was also rebalanced at each month end in line with the revised Index distribution.

Outlook

Looking ahead, the near term global growth outlook remains strong and broad based, however subject to risk coming from a more protectionist US economic policy, idiosyncratic Emerging Market (EM) political noise, a potentially uncertain EM inflation backdrop and, as always, any disruption to the Chinese growth story. The US Fed is likely to continue hiking once a quarter with inflation now close to target and pipeline price pressures building. In Europe, the ECB has signalled tapering but no rate increases until late 2019 whilst concerns still remain that Italy's fledgling coalition government is on a collision course with the European Union. We still believe that Brexit negotiations will be a leading driver of relative performance during 2018 with parliament unlikely to have a meaningful vote until October at the earliest, the potential for material news (in either direction) should occur in the next few months.

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

Legal & General Investment Management Limited

(Investment adviser)

31 August 2018

Manager's Report and Accounts

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

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

Information on Tracking Error

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

Using monthly returns, over the review period, the annualised Tracking Error of the Fund is 0.05%, whilst over the last three years to the end of August 2018, the annualised Tracking Error of the Fund is 0.10%. 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.

Minimum Investment Amounts

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

I-Class	£1,000,000
C-Class	£100,000,000
L-Class	£100,000

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.

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

Other Information

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

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

Significant Changes

Change of Auditor

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

General Data Protection Regulation (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 Short Dated Sterling Corporate Bond Index Fund, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at www.lgim.com/UTMprivacy (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services PLC

Trustee and Depositary Services

50 Bank Street,

Canary Wharf,

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

Independent Auditors

KPMG LLP

15 Canada Square,

London E14 5GL

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Financial Conduct Authority**

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