

Legal & General  
Mixed Investment 20-60% Fund

**Interim Manager's Report  
for the period ended  
31 January 2017  
(Unaudited)**

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# Manager's Investment Report

## Investment Objective and Policy

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

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

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

The Fund will use derivatives for efficient portfolio management purposes.

## Manager's Investment Report

During the six months under review, the bid price of the fund's I-Class accumulation units rose by 3.29%. The Fund slightly under-performed its peer group as funds within the Investment Association Mixed Investment 20-60% Sector delivered an average total return of 3.77% (Source: Lipper Hindsight).

**Past performance is not a guide to future performance.**

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

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

## Market/Economic Review

The review period began with the UK market recovering well from the initial shock following the EU referendum's 'Leave' outcome and the Pound falling to multi-decade lows against the US Dollar. UK large-cap equities bounced back relatively quickly thanks to a reliance on international earnings, but UK mid-cap stocks took longer to return to their pre-referendum levels. Over the review period, the FTSE 100 eclipsed its mid-2015 peak, and through both December and January posted 14 straight days of gains to set a new record. Gilts were boosted after the Bank of England cut interest rates to 0.25% in August and extended its own quantitative easing (QE) programme to support the UK economy. Subsequently, consumer price inflation rose to its highest level in over two years and conventional gilts recorded a loss. In contrast, index-linked issues performed well as Sterling's continued weakness raised expectations that UK inflation will accelerate over 2017.

On the opposite shores of the Atlantic, the saga of the US presidential election came to an end with Donald Trump inaugurated as the 45th President of the United States. President Trump's victory led investors to discount the prospect of fiscal stimulus in the form of increased

## Manager's Investment Report continued

infrastructure spending and tax cuts. Although the strengthening Dollar remains a significant impediment for revenue growth, the latest quarterly earnings season has been broadly encouraging with results from leading IT and banking stocks exceeding forecasts. Financials have also been boosted by expectations that the new Republican administration will loosen the regulatory regime for the banking sector. Following the US election, the US Dollar rebounded sharply against the Yen, which provided a significant boost to Japanese stocks, particularly major exporting companies. The Bank of Japan's negative interest rate policy, and its recent announcement that it will intervene if necessary to keep the yield on benchmark 10-year bonds at around 0%, underpinned Japanese government bonds. While bond markets had anticipated a rise in US interest rates in December, the Federal Reserve (Fed) surprised investors with more hawkish guidance on monetary policy, signalling three further rate hikes in 2017.

### Fund Review

The Fund saw a positive return over the review period with equities contributing positively to performance. Risk assets performed well against the backdrop of a strengthening global economy and the unfolding implications of a Trump presidency in the US, including reduced deflationary pressures and the likelihood of higher infrastructure spending and tax cuts. Bond yields moved sharply higher, anticipating a higher path for US interest rates in 2017, and the US Dollar made further ground against the Euro, Yen and Sterling. US equities performed particularly well thanks to the additional benefit of a strengthening Dollar. Japanese equities boosted returns despite a weakened Yen and emerging market equities benefitted from improving sentiment around China. The lower allocation to fixed income meant that the impact of rising bond yields did not have a significant adverse effect on performance.

Sterling weakness provided an opportunity to increase our hedging of foreign currency. We reduced emerging markets exposure in favour of European and US equities, anticipating a tough environment for these assets if Trump's protectionist policies manifest.

In the fixed income space, we recently added to sovereign bonds as yields continued to rise and become more attractive. We also increased our exposure to US inflation by topping up our holding in global inflation-linked bonds.

### Outlook

While we remain positive on the global growth outlook for 2017, we are mindful of risks on the horizon. These risks include a number of European elections as well as medium-term challenges such as: China's debt and currency, the US moving to a late-cycle dynamic and the nature of the UK's relationship with the EU. We also have the uncertainty created by Trump's unconventional agenda and unpredictable approach. It remains to be seen in the next few months if he can satisfy all of the expectations placed on him by the market.

## **Manager's Investment Report continued**

Our response to this environment is two-fold: a somewhat cautious stance on risk assets at the overall portfolio level, and a heightened emphasis on flexibility in managing allocations. However, we are not too negative as we believe we are still “mid-cycle”, which is positive for risk assets. Interest rates are very low globally and only gradually increasing in the US.

Legal & General Investment Management Limited  
(Investment Adviser)  
16 February 2017

## Authorised Status

### Authorised Status

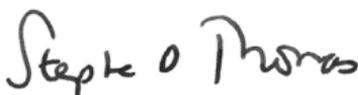
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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)



S. D. Thomas  
(Director)

Legal & General (Unit Trust Managers) Limited  
21 March 2017

## Portfolio Statement

### Portfolio Statement as at 31 January 2017

All investments are in investment grade fixed interest securities or Collective Investment Schemes unless otherwise stated. The percentages in brackets show the equivalent sector holdings at 31 July 2016.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Government Bonds</b>		
	<b>— 1.98% (1.82%)</b>		
€2,665,000	Spain Government Bond 2.15% 31/10/2025	2,417,511	0.93
\$3,304,000	US Treasury 0.625% Index-Linked 15/01/2026	2,727,793	1.05
		<b>5,145,304</b>	<b>1.98</b>
	<b>Funds Invested in Shares</b>		
	<b>— 43.64% (40.98%)</b>		
14,895,597	Legal & General (N) Tracker Trust (I Class) Inc	26,722,702	10.31
6,687,256	Legal & General European Index Trust (I Class) Inc	17,246,432	6.65
16,114,753	Legal & General Global Emerging Markets Index Fund (L Class) Inc	8,415,124	3.25
18,390,112	Legal & General Global Real Estate Dividend Index Fund (L Class) Inc	11,311,758	4.36
23,332,919	Legal & General Japan Index Trust (I Class) Inc	11,582,461	4.47
7,551,575	Legal & General Pacific Index Trust (I Class) Inc	7,596,885	2.93
11,000,000	Legal & General UK Mid Cap Index Fund (L Class) Inc	5,449,400	2.10
4,453,631	Legal & General UK Index Trust (L Class) Inc	6,929,849	2.67
4,911,404	Legal & General US Index Trust (I Class) Inc	17,892,244	6.90
		<b>113,146,855</b>	<b>43.64</b>
	<b>Funds Invested in Interest Bearing Securities — 44.20% (44.33%)</b>		
19,736	Legal & General All Stocks Index Linked Gilt Index Trust (I Class) Inc	22,834	0.01
13,051,282	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund (L Class) Inc	7,841,211	3.03
25,991,539	Legal & General Emerging Markets Government Bond (US\$) Index Fund (L Class) Inc	15,259,633	5.89
18,762,818	Legal & General Global Inflation Linked Bond Index Fund (L Class) Inc	9,901,139	3.82
34,328,275	Legal & General High Income Trust (I Class) Inc	17,171,003	6.62
57,088,682	Legal & General Sterling Corporate Bond Index Fund (L Class) Inc	31,512,953	12.15
27,638,788	LGIM Global Corporate Bond Fund (B Class) Acc	32,879,102	12.68
		<b>114,587,875</b>	<b>44.20</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Equity Investment Instruments</b>		
	<b>— 3.75% (4.02%)</b>		
517,550	iShares Macquarie Global Infrastructure 100 Income	9,729,940	3.75
	<b>Futures — -0.05% (-0.03%)</b>		
30	Australia 10 Year Future March 2017	10,251	—
52	Long Gilt Future March 2017	10,029	—
113	DJ US Real Estate Future March 2017	25,874	0.01
(91)	EMINI MSCI Emerging Market Future March 2017	(152,939)	(0.05)
14	EMINI S&P Future March 2017	10,744	—
(32)	Euro STOXX 50 Future March 2017	12,276	—
(54)	FTSE 100 Future March 2017	(70,952)	(0.03)
10	FTSE 250 Future March 2017	8,850	—
(7)	OSE TOPIX Future March 2017	4,224	—
40	Russell 2K Index Future March 2017	62,823	0.02
(38)	AUD/USD Currency Future March 2017	(66,055)	(0.02)
(27)	CHF/USD Currency Future March 2017	(61,625)	(0.02)
407	GBP/USD Currency Future CME March 2017	47,138	0.02
(22)	EUR/GBP Currency Future March 2017	54,975	0.02
83	USD/KRW Currency Future KFE February 2017	(12,700)	—
		(117,087)	(0.05)
	<b>Portfolio of investments*</b>	242,492,887	93.52
	<b>Net other assets**</b>	16,808,535	6.48
	<b>Total net assets</b>	<b>£259,301,422</b>	<b>100.00%</b>

\* Including Investment liabilities

\*\* Includes £6,093,783 of nominals in the LGIM Sterling Liquidity Fund Class 4 which is shown as a cash equivalent in the balance sheet of the Fund.

Total purchases for the period: £137,501,956.

Total sales for the period: £1,810,167.

# Financial Statements

## Statement of Total Return for the period ended 31 January 2017

	31/01/17		31/01/16	
	£	£	£	£
<b>Income</b>				
<b>Net capital gains/(losses)</b>		3,879,625		(1,582,669)
<b>Revenue</b>	2,412,765		546,885	
<b>Expenses</b>	(336,495)		(88,571)	
<b>Interest payable and similar charges</b>		(3,463)		(92)
<b>Net revenue before taxation</b>	2,072,807		458,222	
<b>Taxation</b>	(224,874)		(27,784)	
<b>Net revenue after taxation for the period</b>		<u>1,847,933</u>		<u>430,438</u>
<b>Total return before distributions</b>		5,727,558		(1,152,231)
<b>Distributions</b>		<u>(1,850,105)</u>		<u>(430,749)</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£3,877,453</b></u>		<u><b>£(1,582,980)</b></u>

## Statement of Change in Net Assets attributable to Unitholders for the period ended 31 January 2017

	31/01/17		31/01/16	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		113,211,711		42,220,562
<b>Amounts received on issue of units</b>	140,497,584		16,251,982	
<b>Amounts paid on cancellation of units</b>		<u>(1,406,327)</u>		<u>(17,719,818)</u>
		139,091,257		(1,467,836)
<b>Dilution levy</b>		208,384		16,052
<b>Change in net assets attributable to Unitholders from investment activities</b>		3,877,453		(1,582,980)
<b>Retained distributions on accumulation units</b>		<u>2,912,617</u>		<u>453,727</u>
<b>Closing net assets attributable to Unitholders</b>		<u><b>£259,301,422</b></u>		<u><b>£39,639,525</b></u>

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

## Financial Statements continued

### Balance Sheet as at 31 January 2017

	31/01/17	31/07/16
	£	£
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	242,857,158	103,415,547
<b>Current assets:</b>		
Debtors	5,964,603	3,311,259
Cash and bank balances	6,433,881	2,433,115
Cash equivalent	6,093,783	5,566,818
<b>Total assets</b>	<b><u>261,349,425</u></b>	<b><u>114,726,739</u></b>
<b>LIABILITIES</b>		
<b>Investment liabilities</b>	(364,271)	(250,269)
<b>Creditors:</b>		
Bank overdrafts	(863)	(73,771)
Distributions payable	(14,673)	(8,615)
Other creditors	(1,668,196)	(1,182,373)
<b>Total liabilities</b>	<b><u>(2,048,003)</u></b>	<b><u>(1,515,028)</u></b>
<b>Net assets attributable to Unitholders</b>	<b><u>£259,301,422</u></b>	<b><u>£113,211,711</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 Association in May 2014 (2014 SORP).

## 2. Accounting Policies

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

### (a) Basis of preparation

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

## Fund Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
C-Class			
Accumulation Units	188,889,461	323,140,140	58.45
D-Class			
Distribution Units	461,461	829,515	55.63
Accumulation Units	4,590,573	7,972,045	57.58
I-Class			
Distribution Units	890,230	1,600,813	55.61
Accumulation Units	64,382,044	110,514,133	58.26
F-Class			
Distribution Units	86,549	158,550	54.59
Accumulation Units	1,104	2,000	55.20

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**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.**

### Ongoing Charges Figures

	31 Jan 17	31 Jul 16
C-Class	0.33%	0.35%
D-Class	0.97%	0.98%
I-Class	0.48%	0.49%
F-Class	0.57%	0.58%

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

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

## **Fund Information continued**

### **Distribution Information**

#### **C-Class**

The distribution payable on 31 March 2017 is 0.6720p per unit for accumulation units.

#### **D-Class**

The distribution payable on 31 March 2017 is 0.4749p per unit for distribution units and 0.4874p per unit for accumulation units.

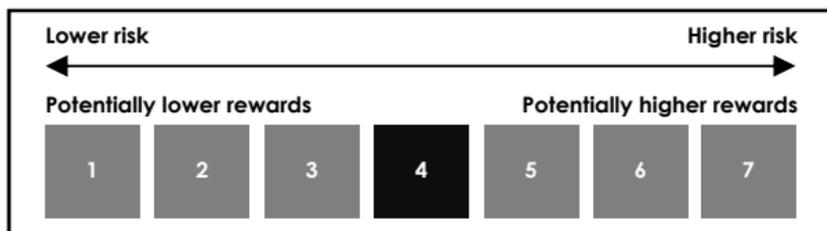
#### **I-Class**

The distribution payable on 31 March 2017 is 0.6133p per unit for distribution units and 0.6352p per unit for accumulation units.

#### **F-Class**

The distribution payable on 31 March 2017 is 0.5769p per unit for distribution units and 0.5725p per unit for accumulation units.

## Risk and Reward Profile



- 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 is based on the rate at which the value of the Fund and a representative mix of the underlying funds have moved up and down in the past.
- This Fund is in category four because it invests, sometimes through other funds, in a variety of investments. A mixture of higher risk investments and lower risk investments has a balancing effect. The result is that this fund is lower risk than one investing only in company shares and higher risk than one investing only in investment grade bonds.
- 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

### Constitution

Launch date:	30 June 2014
Period end dates for distributions:	31 January, 31 July
Distribution dates:	31 March, 30 September
Minimum initial lump sum investment:	C-Class* £100,000,000 D-Class £500 I-Class £1,000,000 F-Class** £500
Valuation point:	3pm
Fund management fee:	C-Class* Annual 0.30% D-Class Annual 0.94% I-Class Annual 0.45% F-Class** Annual 0.54%
Initial charge:	C-Class* Nil D-Class Nil I-Class Nil F-Class** Nil

\* 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.

\*\* F-Class units are only available to:

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

### 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 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.

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

## General Information continued

### Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

### Directors of the Manager

R. M. Bartley

A. J. C. Craven

S. Hynes

H. Solomon

S. D. Thomas

L. W. Toms

A. R. Toutouchi\*

M. J. Zinkula

\* Non-executive Director

### Secretary

J. McCarthy

### Registrar

Legal & General (Unit Trust Managers) Limited

P.O. Box 6080,

Wolverhampton WV1 9RB

Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

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

### Trustee

Northern Trust Global Services Limited

Trustee and Depositary Services

50 Bank Street,

Canary Wharf,

London E14 5NT

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

## **General Information continued**

### **Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### **Investment Adviser**

Legal & General Investment Management Limited  
One Coleman Street,  
London EC2R 5AA  
Authorised and regulated by the Financial Conduct Authority

**Authorised and regulated by the  
Financial Conduct Authority**

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

