Distribution Number 40

Legal & General Asian Income Trust

Interim Manager's Short Report for the period ended 10 March 2019

Investment Objective and Policy

The objective of the Trust is to generate income with some potential for capital growth through exposure mainly to Asian securities.

The Trust will invest mainly in securities across all economic sectors which are registered and quoted in the countries included within the FTSE All World Asia Pacific (excluding Japan) Index, the Indian sub-continent and securities quoted on other stock exchanges where the underlying assets of those securities reflect investments in the economies of the countries listed above.

The Trust may hold derivatives for the purpose of Efficient Portfolio Management.

Risk Profile

Market Risk

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

Currency Risk

This Trust is invested in overseas financial securities. The performance of the Trust may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Trust Facts

Period End Dates for Distributions:		10 Mar, 10 Jun, 10 Sep, 10 Dec
Distribution Dates:		10 Feb, 10 May, 10 Aug, 10 Nov
Ongoing Charges Figures:	10 Mar 19	14 Sep 18[1]
R-Class	1.58%	1.65%
E-Class	—	1.65%
F-Class	1.08%	1.15%
I-Class	0.83%	0.86%
C-Class	0.65%	0.68%

[1] The Trust's final accounting date, usually 10 September, was moved to 14 September 2018 in order to facilitate the closure of E-Class.

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

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

Risk and Reward Profile

Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards
1	2	3	4	5	6	7

- The Risk and Reward Indicator table demonstrates where the Trust ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Trust. The shaded area in the table above shows the Trust's ranking on the Risk and Reward Indicator.
- The Trust is in category five because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- Even a trust in the lowest category is not a risk free investment.

Distribution Information

R-Class

The distribution payable on 10 May 2019 is 3.7614p per unit for distribution units and 6.0149p per unit for accumulation units.

F-Class

The distribution payable on 10 May 2019 is 3.9005p per unit for distribution units and 6.2448p per unit for accumulation units.

I-Class

The distribution payable on 10 May 2019 is 4.0005p per unit for distribution units and 6.4052p per unit for accumulation units.

C-Class

The distribution payable on 10 May 2019 is 0.5337p per unit for distribution units and 0.6139p per unit for accumulation units.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	34,735,878	6,944,333	500.20
Accumulation Units	127,763,860	15,813,403	807.95
F-Class			
Distribution Units	6,625	1,278	518.39
Accumulation Units	43,879	5,240	837.39
I-Class			
Distribution Units	91,014,056	17,090,652	532.54
Accumulation Units	76,562,704	8,912,320	859.07
C-Class			
Distribution Units	34,500,818	48,665,974	70.89
Accumulation Units	39,652,621	48,370,667	81.98

Past performance is not a guide to future performance.

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

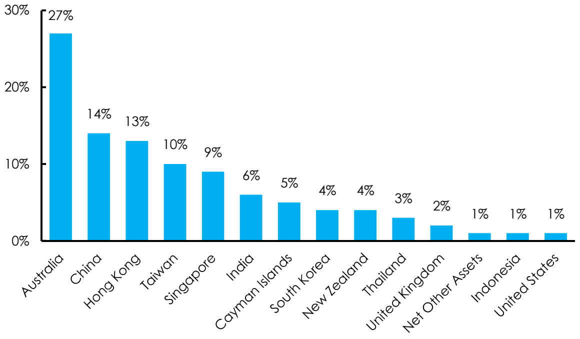
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

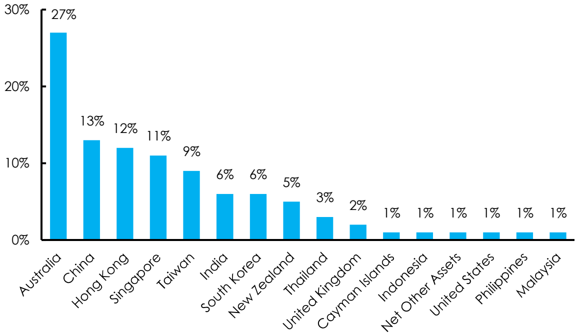
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 10 March 2019		Top 10 Holdings at 14 September 2018	
Holding	**Percentage of Net Asset Value**	**Holding**	**Percentage of Net Asset Value**
Transurban	4.07%	Taiwan Semiconductor Manufacturing	4.03%
China Mobile	4.00%	Transurban	3.89%
Taiwan Semiconductor Manufacturing	3.76%	Qantas Airways	3.43%
China Construction Bank 'H'	3.71%	China Construction Bank 'H'	3.20%
Westpac Banking	3.04%	China Mobile	3.12%
Qantas Airways	2.98%	DBS Group	2.67%
DBS Group	2.66%	CNOOC	2.48%
MGM China	2.61%	Amcor	2.46%
Amcor	2.54%	Westpac Banking	2.45%
Bharti Infratel	2.47%	United Overseas Bank	2.37%

Trust Holdings as at 10 March 2019



Trust Holdings as at 14 September 2018



Manager's Investment Report

During the period under review, the Trust's R-Class accumulation units rose by 1.41%. This compares to a rise in the FTSE All-World Asia Pacific (excluding Japan) Index of 0.17% on a total return, Sterling adjusted basis (Source: Bloomberg).

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Market/Economic Review

Global equity indices have performed poorly over the last six months. Markets became increasingly volatile as 2018 ended, recording heavy losses before regaining some lost ground in January and February. Concerns that the Federal Reserve was raising US interest rates too quickly, the risk of a prolonged government shutdown in the US, the ongoing US-China trade dispute and weaker global economic indicators all combined to trigger widespread risk aversion amongst investors. The healthcare sector performed well, boosted by robust earnings growth. As global economic prospects became more uncertain, technology stocks struggled while the energy sector performed poorly, as the oil price fell back to a 15-month low in December.

Asia-Pacific equities struggled, underperforming relative to global and broader emerging market equities. Even as early worries that the US-China trade dispute was dragging on exports gave way to optimism that talks could produce a negotiated solution, China's ongoing economic slowdown continued to cast a shadow over Asia-Pacific equities generally, although a decision to increase the country's weighting in a key Index boosted Chinese equities in February. Japanese equities struggled on disappointing export data and concerns that economic weakness could warrant further stimulus. Despite unease over the effects of falling house prices, buoyant consumer activity lent some support to Australian equities.

Trust Review

The Trust delivered a minor positive return over the review period. In falling global equity markets over the last few months of 2018, the Asian market fared comparatively better. The Trust benefited from investors' style rotation alongside a focus on quality and value stocks. While the Trust's underweight position in China was beneficial for relative performance early in the period, this proved a headwind in the later months.

At the stock level, MGM China was a positive active contributor. The shares performed well after the company reported fourth quarter results that were above market expectations. Strong earnings performance came from a notable Cotai property ramp-up. Meanwhile, costs improved and volumes in VIP impressed investors.

We also saw good returns from Rio Tinto on the back of a surge in iron ore prices. This was triggered by a tragic dam collapse in Brazil, which affected iron ore assets owned by Vale. Overall, the mining sector made new relative highs, with iron ore breaking higher and the CRB Spot Metals Index near a five-month high. Specifically for Rio Tinto, any considerable uplift in spot iron ore prices can have a significant impact on free-cashflow generation, which we expect would likely be returned to shareholders.

During the review period, we continued to build our new position in Yuzhou Properties, given the attractive investment case for Chinese property. Based in Shanghai, this is a national property developer that has expanded rapidly, benefiting from exposure to 25 cities and managing total assets worth 1037 billion Renminbi (RMB). The company is making selective land acquisition at attractive valuations in tier 1 and 2 cities, which the management believe offers strong growth potential, including its recent mainland acquisitions from competitor Coastal Greenland. We consider Yuzhou Properties to have highly efficient operational qualities, with a management team that are confident in achieving their financial targets. Yuzhou Properties also offers a stable dividend policy and a yield in excess of 10%.

We exited our small remaining position in Philippines telecom carrier PLDT Incorporated, following a bounce in the share price. This decision is predominantly due to increased concerns around the level of competition in the market. We also reduced our holdings of Meridian Energy and Transurban, following a period of strong performance. We used the cash from closed positions to increase our positions in China Construction Bank 'H', Telstra and NTPC.

Outlook

We see next year as the start of the twilight zone between expansion and a downturn marking the end of the cycle, an environment where a point forecast for equities at the end of 2019 becomes increasingly useless. However, those hoping for a return to tranquillity may be disappointed. There are still severe warning signs over credit creation in China. But we struggle to identify a disaster catalyst, given the economy's fiscal space, the decent loan-to-deposit ratios within its banking sector and its limited dependence on foreign investors. We believe the country has managed to stabilise its deleveraging process for now and expect capital flight to subside or even reverse. A rebound in Chinese economic activity is likely, pepping up the outlook for global growth over 2019.

Legal & General Investment Management Limited
(Investment Adviser)
1 April 2019

Manager's Report and Accounts

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

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

Minimum Investment Amounts

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

R-Class	£100
F-Class	£500
I-Class	£1,000,000
C-Class	£50,000,000
L-Class	£100,000

In addition, monthly contributions can be made into the R-Class with a minimum amount of £20 per month and F-Class with a minimum amount of £50 per month.

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 Trust; 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 companies.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust 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 Trust can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Trust. 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 Trust in the form of a payment from the Manager. This provides an enhanced return to the Trust, though the size of any return will be dependent on the size of subscriptions and redemptions.

Significant Change

New Unit Class: L-Class

With effect from 25 April 2019, L-Class units have launched within the Trust with accumulation units available.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
Registered office:
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Telephone: 0370 050 3350
Authorised and regulated by the Financial Conduct Authority

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

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Independent Auditors

KPMG LLP
15 Canada Square,
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Authorised and regulated by the
Financial Conduct Authority

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