

Legal & General All Stocks Gilt Index Trust  
**Annual Manager's Report**  
**for the year ended**  
**25 May 2017**

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

# Manager's Investment Report

## Investment Objective and Policy

The investment objective of this Trust is to track the total return of UK Government Securities, as represented by the FTSE Actuaries British Government All Stocks Index after adjustment for management charges and taxation, by investment in a representative sample of stocks.

## Manager's Investment Report

During the year under review, the bid price of the Trust's M-Class accumulation units rose by 6.96%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for tracking purposes, the Trust has been revalued using closing prices and adjusted for Trust charges and taxation. On this basis over the review year, the Trust rose by 7.27%, compared with the Index rise of 7.39% (Source: Bloomberg), producing a tracking difference of -0.12%.

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

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

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

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## Market/Economic Review

Global economic activity has improved markedly over the past twelve months. The recovery has been particularly strong in the manufacturing sector, accompanied by an upturn in global trade volumes.

A stabilisation and subsequent increase in commodity prices has been reflected in rising consumer price inflation in the major developed economies. While the recovery has been broad-based, it has been most noticeable in the US where growth accelerated during the second half of 2016, led by consumer demand. There has also been an upturn in investment spending and inventory levels, as Donald Trump's unexpected victory in the November presidential election focused investors on the prospect of increased infrastructure spending and tax cuts. The Federal Reserve has signalled a gradual tightening of monetary policy, raising interest rates in December 2016 and March 2017 and signalling two further rate hikes in 2017. However, monetary policy remained accommodating in all the major economies. After the UK unexpectedly voted to leave the European Union (EU) in the June referendum, the Bank of England cut interest rates to 0.25% and extended its asset purchase programme, known as quantitative easing (QE). Encouragingly, so far the UK economy has weathered the post-referendum volatility well. Both the European Central Bank and

## Manager's Investment Report continued

the Bank of Japan continued with the unorthodox policy of negative interest rates. In recent months, European economic indicators have highlighted an improvement in both manufacturing and service sector activity, while in Japan the economy expanded for four straight quarters in 2016. The Chinese authorities have adopted a range of policy initiatives to boost credit growth and domestic demand as the economy continued its transition from export and investment-driven growth towards consumption driven growth.

Over the past year, higher-rated government bonds such as US treasuries, UK gilts and German bunds were initially underpinned by demand from risk-averse investors, as interest rates remained very low worldwide. However, since late 2016 longer-term interest rates in the major economies have moved higher, particularly in the US where investors discounted looser fiscal policy. In the UK the sharp, post-referendum devaluation of Sterling raised expectations that inflation will accelerate over the coming year and consequently index-linked gilts easily outperformed their conventional counterparts. The Bank of England's decision to add high-quality corporate bonds to its QE programme in August provided a much-needed boost for Sterling-denominated bonds and sparked a wave of new issuance.

### Trust Review

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

During the review year, there were 36 gilt auctions and three syndications, raising a total of £108.5 billion for government funding. The bonds issued by syndication were a tap of the 2.5% Treasury Gilt 2065 for £4 billion nominal in October 2016, the launch of the 1.75% Treasury Gilt 2057 for £4.5 billion nominal in January 2017 and a subsequent tap of the same bond for £5 billion nominal in May 2017. Four new bonds were issued by auction over the course of the year and two bonds redeemed, the 4% Treasury Gilt September 2016 and the 1.75% Treasury Gilt January 2017. Each auction, syndication and redemption resulted in a change to the constituent weightings of the benchmark Index and required the Trust to be rebalanced in line with the revised Index distribution.

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

### Outlook

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

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

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

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

## Authorised Status

### Authorised Status

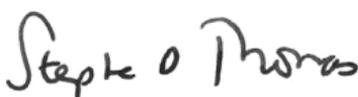
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

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



A. J. C. Craven  
(Director)



S. D. Thomas  
(Director)

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

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

The Manager of the Trust is required by the FCA Collective Investment Schemes sourcebook (COLL) to prepare financial statements for each accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the net revenue and the net capital gains or losses on the Scheme property for the accounting period, and the financial position of the Trust at the end of that period. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Trust will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Trust in accordance with the Trust Deed, the Prospectus and the COLL, maintain proper accounting records to enable them to ensure that the financial statements comply with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 and the COLL and take in these respects reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General All Stocks Gilt Index Trust must ensure that the Trust 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 Trust and its investors.

The Depositary is responsible for the safekeeping all of custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust 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 Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust'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 All Stocks Gilt Index Trust (“the Trust”) for the year ended 25 May 2017**

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust’s units and the application of the Trust’s income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

Northern Trust Global Services Limited  
UK Trustee and Depositary Services  
13 July 2017

# Portfolio Statement

## Portfolio Statement as at 25 May 2017

All investments are in investment grade fixed interest securities unless otherwise stated. The percentages in brackets show the equivalent sector holdings at 25 May 2016.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Government Stocks</b>			
<b>— 97.73% (97.83%)</b>			
<b>Short Dated — 31.29% (30.03%)</b>			
£8,286,516	Treasury 8.75% 25/08/2017	8,464,966	0.70
£24,963,143	Treasury 1% 07/09/2017	25,027,149	2.08
£28,437,436	Treasury 5% 07/03/2018	29,527,329	2.46
£28,260,000	Treasury 1.25% 22/07/2018	28,632,467	2.38
£29,700,749	Treasury 4.5% 07/03/2019	32,043,247	2.67
£29,320,000	Treasury 1.75% 22/07/2019	30,363,704	2.53
£23,582,263	Treasury 3.75% 07/09/2019	25,560,815	2.13
£27,085,973	Treasury 4.75% 07/03/2020	30,592,902	2.54
£26,080,000	Treasury 2% 22/07/2020	27,590,449	2.29
£20,129,502	Treasury 3.75% 07/09/2020	22,523,504	1.87
£26,040,000	Treasury 1.5% 22/01/2021	27,238,179	2.27
£19,716,996	Treasury 8% 07/06/2021	25,889,796	2.15
£23,526,516	Treasury 3.75% 07/09/2021	27,023,262	2.25
£30,431,170	Treasury 4% 07/03/2022	35,729,237	2.97
		<b>376,207,006</b>	<b>31.29</b>
<b>Medium Dated — 14.99% (19.68%)</b>			
£21,120,000	Treasury 0.5% 22/07/2022	21,132,947	1.76
£23,489,275	Treasury 1.75% 07/09/2022	25,077,314	2.09
£22,300,000	Treasury 2.25% 07/09/2023	24,580,978	2.04
£21,505,000	Treasury 2.75% 07/09/2024	24,603,871	2.05
£28,577,897	Treasury 5% 07/03/2025	37,760,147	3.14
£22,330,000	Treasury 2% 07/09/2025	24,403,117	2.03
£21,645,000	Treasury 1.5% 22/07/2026	22,621,190	1.88
		<b>180,179,564</b>	<b>14.99</b>
<b>Long Dated — 51.45% (48.12%)</b>			
£4,750,000	Treasury 1.25% 22/07/2027	4,804,150	0.40
£25,173,159	Treasury 4.25% 07/12/2027	33,183,585	2.76
£15,292,343	Treasury 6% 07/12/2028	23,347,462	1.94
£27,218,382	Treasury 4.75% 07/12/2030	38,827,022	3.23
£28,024,958	Treasury 4.25% 07/06/2032	38,686,745	3.22
£26,327,664	Treasury 4.5% 07/09/2034	38,137,728	3.17
£23,990,227	Treasury 4.25% 07/03/2036	34,321,618	2.85
£6,718,520	Treasury 1.75% 07/09/2037	6,794,506	0.57
£20,164,004	Treasury 4.75% 07/12/2038	31,500,993	2.62
£18,414,646	Treasury 4.25% 07/09/2039	27,185,910	2.26
£19,961,435	Treasury 4.25% 07/12/2040	29,858,035	2.48
£21,452,477	Treasury 4.5% 07/12/2042	33,937,819	2.82
£21,969,500	Treasury 3.25% 22/01/2044	29,106,512	2.42
£22,268,000	Treasury 3.5% 22/01/2045	31,005,072	2.58
£18,745,787	Treasury 4.25% 07/12/2046	29,866,388	2.48
£9,701,306	Treasury 1.5% 22/07/2047	9,305,890	0.77
£16,485,025	Treasury 4.25% 07/12/2049	27,293,662	2.27
£19,012,116	Treasury 3.75% 22/07/2052	29,978,076	2.49
£20,867,680	Treasury 4.25% 07/12/2055	37,091,049	3.08
£8,270,000	Treasury 1.75% 22/07/2057	8,744,533	0.73
£18,547,779	Treasury 4% 22/01/2060	32,879,945	2.74
£12,120,000	Treasury 2.5% 22/07/2065	16,184,369	1.35
£15,630,000	Treasury 3.5% 22/07/2068	26,675,236	2.22
		<b>618,716,305</b>	<b>51.45</b>

## Portfolio Statement continued

**Portfolio of investments**

**Net other assets**

**Total net assets**

<b>Market Value £</b>	<b>% of Net Assets</b>
1,175,102,875	97.73
27,353,744	2.27
<b>£1,202,456,619</b>	<b>100.00%</b>

Total purchases for the year: £421,442,780.

Total sales for the year: £428,742,796.

# Independent Auditors' Report

## Independent Auditors' Report to the Unitholders of Legal & General All Stocks Gilt Index Trust (the "Trust")

### Report on the financial statements

#### ***Our opinion***

In our opinion, Legal & General All Stocks Gilt Index Trust's financial statements, (the "financial statements"):

- give a true and fair view of the financial position of the Trust as at 25 May 2017 and of the net revenue and the net capital gains of the scheme property of the Trust for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

#### ***What we have audited***

The financial statements, included within the Annual Manager's Report, comprise:

- the balance sheet as at 25 May 2017;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to unitholders for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Trust Deed.

In applying the financial reporting framework, the Authorised Fund Manager has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## **Independent Auditors' Report continued**

### **Opinions on matters prescribed by the Collective Investment Schemes sourcebook**

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### ***Propriety of accounting records and information and explanations received***

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### ***Our responsibilities and those of the Authorised Fund Manager***

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 6, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Independent Auditors' Report continued

## What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Manager's Report (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
13 July 2017

### Notes:

- a) The maintenance and integrity of the Legal & General website is the responsibility of the Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Financial Statements

## Statement of Total Return for the year ended 25 May 2017

	Notes	25/05/17		25/05/16	
		£	£	£	£
<b>Income</b>					
Net capital gains	3		62,941,907		39,727,515
Revenue	4	19,610,447		20,803,286	
Expenses	5	(1,672,095)		(1,444,400)	
Interest payable and similar charges	7	(2,973)		(2,310)	
<b>Net revenue before taxation</b>		<u>17,935,379</u>		<u>19,356,576</u>	
Taxation	6	—		—	
<b>Net revenue after taxation for the year</b>		<u>17,935,379</u>		<u>19,356,576</u>	
<b>Total return before distributions</b>		80,877,286		59,084,091	
Distributions	7	(18,771,404)		(20,249,636)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u>£62,105,882</u>		<u>£38,834,455</u>	

## Statement of Change in Net Assets attributable to Unitholders for the year ended 25 May 2017

	25/05/17		25/05/16	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		1,144,266,101		918,410,712
<b>Amounts received on issue of units</b>	422,118,357		330,031,307	
<b>Amounts paid on cancellation of units</b>	(433,890,589)		(151,618,047)	
		<u>(11,772,232)</u>		<u>178,413,260</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		62,105,882		38,834,455
<b>Retained distributions on accumulation units</b>		7,856,868		8,606,754
<b>Unclaimed distributions</b>		—		920
<b>Closing net assets attributable to Unitholders</b>		<u>£1,202,456,619</u>		<u>£1,144,266,101</u>

## Financial Statements continued

### Balance Sheet as at 25 May 2017

	Notes	25/05/17 £	25/05/16 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		1,175,102,875	1,119,460,984
<b>Current assets:</b>			
Debtors	8	11,430,774	17,418,680
Cash and bank balances	9	21,200,876	20,314,144
<b>Total assets</b>		<b><u>1,207,734,525</u></b>	<b><u>1,157,193,808</u></b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Distributions payable		(4,517,502)	(6,354,486)
Other creditors	10	(760,404)	(6,573,221)
<b>Total liabilities</b>		<b><u>(5,277,906)</u></b>	<b><u>(12,927,707)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£1,202,456,619</u></b>	<b><u>£1,144,266,101</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. 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 Trust has early adopted the amendment to FRS 102 in respect of the fair value hierarchy/valuation techniques disclosure. 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 Trust 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.

50% of the fund management fee is charged to capital and 50% is charged to revenue 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 Trust.

## Notes to the Financial Statements continued

### (f) Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 25 May 2017, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price, excluding any accrued interest.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair and reasonable value.

### (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.

### 3. Net capital gains

The net capital gains during the year comprise:

Non-derivative securities

Transaction charges

Net capital gains

25/05/17	25/05/16
£	£
62,941,907	39,727,536
—	(21)
<u>62,941,907</u>	<u>39,727,515</u>

### 4. Revenue

Bank interest

Bond interest

25/05/17	25/05/16
£	£
12,456	42,368
<u>19,597,991</u>	<u>20,760,918</u>
<u>19,610,447</u>	<u>20,803,286</u>

## Notes to the Financial Statements continued

### 5. Expenses

	25/05/17	25/05/16
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic fee	—	17,182
Fund management fees	1,672,095	1,423,843
Registration fees	—	1,527
	<u>1,672,095</u>	<u>1,442,552</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	—	1,242
Safe custody fees	—	434
	<u>—</u>	<u>1,676</u>
Other expenses:		
Audit fee*	—	140
VAT on audit fee	—	28
FCA fee	—	4
	<u>—</u>	<u>172</u>
Total expenses	<u>1,672,095</u>	<u>1,444,400</u>

\* Audit fees of £9,190 plus VAT of £1,838 have been borne by the Manager out of its fund management fee in the current year. In the prior year, the total audit fee was £9,040 plus VAT of £1,808. The amounts charged to the Trust are shown in the table above, with the remainder borne by the Manager out of its fund management fee.

## Notes to the Financial Statements continued

### 6. Taxation

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

	25/05/17	25/05/16
	£	£
Current tax [note 6(b)]	—	—
Deferred tax [note 6(c)]	—	—
	<u>—</u>	<u>—</u>
Total taxation	<u>—</u>	<u>—</u>

#### (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	<u>17,935,379</u>	<u>19,356,576</u>
Net revenue before taxation multiplied by the applicable rate of Corporation Tax at 20% (2016: 20%)	3,587,076	3,871,315
<b>Effects of:</b>		
Interest distribution allowable as deduction	<u>(3,587,076)</u>	<u>(3,871,315)</u>
Current tax	<u>—</u>	<u>—</u>

#### (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:

	<b>25/05/17</b>	<b>25/05/16</b>
	<b>£</b>	<b>£</b>
Interim distribution	7,502,446	8,338,504
Final distribution	8,796,177	8,653,688
	<u>16,298,623</u>	<u>16,992,192</u>
Add: Revenue deducted on cancellation of units	1,633,620	639,904
Less: Revenue received on creation of units	(1,218,249)	(1,432,066)
Add: Income tax deducted at source	2,057,410	4,049,606
	<u>18,771,404</u>	<u>20,249,636</u>
<b>Distributions for the year</b>		
<b>Interest payable and similar charges</b>		
Bank overdraft interest	2,973	2,310
	<u>18,774,377</u>	<u>20,251,946</u>

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

	<b>25/05/17</b>	<b>25/05/16</b>
	<b>£</b>	<b>£</b>
Net revenue after taxation for the year	17,935,379	19,356,576
Add: Manager's periodic fee	836,047	891,457
Add: Equalisation effect of unit conversions	(22)	1,603
	<u>18,771,404</u>	<u>20,249,636</u>
<b>Distributions for the year</b>		

### 8. Debtors

	<b>25/05/17</b>	<b>25/05/16</b>
	<b>£</b>	<b>£</b>
Amounts receivable for creation of units	695,031	681,854
Sales awaiting settlement	—	5,674,726
Accrued revenue	10,735,743	11,062,100
	<u>11,430,774</u>	<u>17,418,680</u>

### 9. Net uninvested cash

	<b>25/05/17</b>	<b>25/05/16</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	21,200,876	20,314,144
Net uninvested cash	<u>21,200,876</u>	<u>20,314,144</u>

## Notes to the Financial Statements continued

### 10. Other Creditors

	25/05/17	25/05/16
	£	£
Amounts payable for cancellation of units	357,898	6,465,000
Purchases awaiting settlement	288,204	—
Accrued expenses	114,302	108,221
	<u>760,404</u>	<u>6,573,221</u>

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (25 May 2016: same).

### 12. Financial Instruments and Associated Risks

The investments of a Trust 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 Trust 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 Trust is detailed on page 2.

## Notes to the Financial Statements continued

### (a) Market Risk arising from other price 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.

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 Trust can be seen in the Portfolio Statement starting on page 9. Movements in the prices of these investments result in movements in the performance of the Trust. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Trust's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 25 May 2017, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £58,755,144 (25 May 2016: £55,973,049).

## Notes to the Financial Statements 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 Trust 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 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 Trust, in line with the stated investment objective and policy of the Trust.

At 25 May 2017, if interest rates on the Trust 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 £1,334,727 (25 May 2016: £1,258,692). 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 Trust's net assets and liabilities at the balance sheet date was:

	Total	Floating	Fixed	No
	£'000	rate	rate	interest
25/05/17	£'000	£'000	£'000	£'000
Portfolio	1,175,103	—	1,175,103	—
Other assets	32,632	21,201 *	—	11,431
Other liabilities	(5,278)	—	—	(5,278)
<b>Total</b>	<b>1,202,457</b>	<b>21,201</b>	<b>1,175,103</b>	<b>6,153</b>
	Total	Floating	Fixed	No
	£'000	rate	rate	interest
25/05/16	£'000	£'000	£'000	£'000
Portfolio	1,119,461	—	1,119,461	—
Other assets	37,733	20,314 *	—	17,419
Other liabilities	(12,928)	—	—	(12,928)
<b>Total</b>	<b>1,144,266</b>	<b>20,314</b>	<b>1,119,461</b>	<b>4,491</b>

\* The Trust'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.

Currency	Fixed Rate Financial Assets			
	Weighted average Interest rate		Weighted average Period for which Rate is fixed	
	25/05/17	25/05/16	25/05/17	25/05/16
	%		Years	
Sterling	0.97	1.44	15.66	15.04

## Notes to the Financial Statements 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.

At the year end, the Trust had no significant exposures to currencies other than Sterling.

### **(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.

### **(e) Liquidity Risk**

Liquidity Risk relates to the capacity to meet liabilities as they fall due. The primary source of this risk to the Trust 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.

### **(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 Trust in a significant way (25 May 2016: same).

## Notes to the Financial Statements continued

### (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, and subsequently amended by Financial Reporting Exposure Draft 62 (FRED62), requires the classification of the Trust'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 Trust's financial instruments as at the balance sheet date were:

<b>25/05/17</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Valuation technique</b>	<b>£</b>	<b>£</b>
Level 1	1,175,102,875	—
Level 2	—	—
Level 3	—	—
<b>Total</b>	<b>1,175,102,875</b>	<b>—</b>

<b>25/05/16</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Valuation technique</b>	<b>£</b>	<b>£</b>
Level 1	1,119,460,984	—
Level 2	—	—
Level 3	—	—
<b>Total</b>	<b>1,119,460,984</b>	<b>—</b>

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

## Notes to the Financial Statements continued

### 13. Portfolio transaction costs

There were no transaction costs relating to the purchase or sale of assets during the year (25 May 2016: same).

Total purchases for the year: £421,442,780  
(25 May 2016: £364,929,259)

Total sales for the year: £428,742,796  
(25 May 2016: £183,645,366)

### 14. Unit classes

The Trust currently has four unit classes: F-Class, M-Class, I-Class, and C-Class. The fund management fee on each unit class can be found on page 40. 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 31 to 38. The distribution per unit class is given in the distribution tables on pages 28 to 29. All classes have the same rights on winding up.

<b>F-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	3,554	162,646
Units issued	—	12,496
Units cancelled	—	(27,843)
Units converted	—	—
Closing Units	3,554	147,299

<b>M-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	182,809,754	213,677,981
Units issued	44,726,366	52,654,204
Units cancelled	(60,037,303)	(66,930,920)
Units converted	(89,370)	(42,965)
Closing Units	167,409,447	199,358,300

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	123,782,059	50,703,340
Units issued	48,623,890	8,838,591
Units cancelled	(8,634,518)	(6,649,141)
Units converted	361,579	(8,908)
Closing Units	164,133,010	52,883,882

<b>C-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	170,321,858	14,101,816
Units issued	29,513,357	61,185,020
Units cancelled	(38,964,485)	(63,520,301)
Units converted	(272,045)	51,787
Closing Units	160,598,685	11,818,322

## Notes to the Financial Statements continued

### 15. Ultimate controlling party and related party transactions

The Manager and Trustee are regarded as controlling parties of the Trust by virtue of having the ability to act in concert in respect of Trust operations. The ultimate controlling parties of the Manager and Trustee are Legal & General Group Plc and Northern Trust Global Services Limited, respectively. These entities and their subsidiaries are also related parties of the Trust.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Trust. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

At the year end, the Manager and its associates held 3.41% (2.89% as at 25 May 2016) of the Trust's units in issue.

There were no units held by the Trustee or its associates. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 5, 7, 8 and 10 to the financial statements, the statement of change in net assets attributable to unitholders. Within note 10, accrued expenses of £114,302 (£108,221 as at 25 May 2016) are due to the Manager.

### 16. Post balance sheet market movements

As at the close of business on the balance sheet date, the Net Asset Value per M-Class accumulation unit was 222.69p. The Net Asset Value per M-Class accumulation unit for the Trust as at 12 noon on 12 July 2017 was 217.70p. This represents a decrease of 2.24% from the year end value.

## Distribution Tables

### Distribution Tables for the year ended 25 May 2017

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 26/05/16 to 25/11/16	
	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution 25/01/17	Distribution 25/01/16
<b>F-Class Distribution Units</b>						
Group 1	0.9433	0.1887	0.7546	—	0.7546	0.8770
Group 2	—	—	—	0.7546	0.7546	0.8770
<b>F-Class Accumulation Units</b>						
Group 1	1.6555	0.3311	1.3244	—	1.3244	1.5226
Group 2	0.8013	0.1603	0.6410	0.6834	1.3244	1.5226
<b>M-Class Distribution Units</b>						
Group 1	1.0148	0.2030	0.8118	—	0.8118	0.9422
Group 2	0.5175	0.1035	0.4140	0.3978	0.8118	0.9422
<b>M-Class Accumulation Units</b>						
Group 1	1.7874	0.3575	1.4299	—	1.4299	1.6337
Group 2	0.9429	0.1886	0.7543	0.6756	1.4299	1.6337
<b>I-Class Distribution Units</b>						
Group 1	1.0150	0.2030	0.8120	—	0.8120	0.9422
Group 2	0.3899	0.0780	0.3119	0.5001	0.8120	0.9422
<b>I-Class Accumulation Units</b>						
Group 1	1.7887	0.3578	1.4309	—	1.4309	1.6337
Group 2	0.9610	0.1922	0.7688	0.6621	1.4309	1.6337
<b>C-Class Distribution Units</b>						
Group 1	1.0322	0.2065	0.8257	—	0.8257	0.9458
Group 2	0.4785	0.0957	0.3828	0.4429	0.8257	0.9458
<b>C-Class Accumulation Units</b>						
Group 1	1.8228	0.3646	1.4582	—	1.4582	1.6400
Group 2	0.9955	0.1991	0.7964	0.6618	1.4582	1.6400

## Distribution Tables continued

Final interest distribution in pence per unit				Period 26/11/16 to 25/05/17		
	Gross Revenue	Income Tax*	Net Revenue	Equalisation	Distribution 25/07/17	Distribution 25/07/16
<b>F-Class Distribution Units</b>						
Group 1	0.8491	—	0.8491	—	0.8491	0.8474
Group 2	—	—	—	0.8491	0.8491	0.8474
<b>F-Class Accumulation Units</b>						
Group 1	1.4888	—	1.4888	—	1.4888	1.4674
Group 2	0.8143	—	0.8143	0.6745	1.4888	1.4674
<b>M-Class Distribution Units</b>						
Group 1	0.9124	—	0.9124	—	0.9124	0.8948
Group 2	0.4383	—	0.4383	0.4741	0.9124	0.8948
<b>M-Class Accumulation Units</b>						
Group 1	1.6179	—	1.6179	—	1.6179	1.5645
Group 2	0.7660	—	0.7660	0.8519	1.6179	1.5645
<b>I-Class Distribution Units</b>						
Group 1	0.9125	—	0.9125	—	0.9125	0.8952
Group 2	0.4903	—	0.4903	0.4222	0.9125	0.8952
<b>I-Class Accumulation Units</b>						
Group 1	1.6188	—	1.6188	—	1.6188	1.5655
Group 2	0.6879	—	0.6879	0.9309	1.6188	1.5655
<b>C-Class Distribution Units</b>						
Group 1	0.9291	—	0.9291	—	0.9291	0.9080
Group 2	0.5425	—	0.5425	0.3866	0.9291	0.9080
<b>C-Class Accumulation Units</b>						
Group 1	1.6481	—	1.6481	—	1.6481	1.5874
Group 2	0.7536	—	0.7536	0.8945	1.6481	1.5874

\*See Significant Changes on page 43.

## Trust Information

The Comparative Tables on pages 31 to 38 give the performance of each active unit class in the Trust.

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 Trust's performance disclosed in the Manager's report, which is calculated based on the latest published price.

## Trust Information continued

### Comparative Tables

#### F-Class Distribution Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	117.90	113.73	106.23
Return before operating charges	8.55	6.75	10.30
Operating charges (calculated on average price)	(0.46)	(0.43)	(0.42)
Return after operating charges	8.09	6.32	9.88
Distributions on income units <sup>^</sup>	(1.79)	(2.15)	(2.38)
Closing net asset value per unit	124.20	117.90	113.73
after direct transaction costs of:	—	—	—

#### Performance

Return after charges	6.86%	5.56%	9.30%
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#### Other Information

Closing net asset value (£)	4,414	4,190	4,042
Closing number of units	3,554	3,554	3,554
Operating charges <sup>†</sup>	0.37%	0.37%	0.37%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	131.00p	120.00p	120.60p
Lowest unit price	117.90p	111.40p	105.70p

<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 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 Trust 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.**

## Trust Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	207.08	196.88	180.81
Return before operating charges	15.11	11.69	17.60
Operating charges (calculated on average price)	(0.81)	(0.74)	(0.72)
Return after operating charges	14.30	10.95	16.88
Distributions <sup>^</sup>	(3.14)	(3.74)	(4.06)
Retained distributions on accumulation units <sup>^</sup>	2.81	2.99	3.25
Closing net asset value per unit after direct transaction costs of:	221.05	207.08	196.88
	—	—	—

#### Performance

Return after charges	6.91%	5.56%	9.34%
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#### Other Information

Closing net asset value (£)	325,598	336,813	269,299
Closing number of units	147,299	162,646	136,786
Operating charges <sup>†</sup>	0.37%	0.37%	0.37%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	230.20p	209.40p	207.10p
Lowest unit price	207.10p	192.80p	179.90p

<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 the 2017 final distribution, which will be paid on a gross basis – See Significant Changes on page 43.

<sup>†</sup> Operating charges, otherwise known as the 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 Trust 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.**

## Trust Information continued

### Comparative Tables continued

#### M-Class Distribution Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	118.20	113.93	106.33
Return before operating charges	8.59	6.73	10.32
Operating charges (calculated on average price)	(0.19)	(0.17)	(0.18)
Return after operating charges	8.40	6.56	10.14
Distributions on income units <sup>^</sup>	(1.93)	(2.29)	(2.54)
Closing net asset value per unit	124.67	118.20	113.93
after direct transaction costs of:	—	—	—

#### Performance

Return after charges	7.11%	5.76%	9.53%
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#### Other Information

Closing net asset value (£)	208,715,874	216,083,271	225,835,216
Closing number of units	167,409,447	182,809,754	198,220,881
Operating charges <sup>†</sup>	0.15%	0.15%	0.16%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	131.40p	120.30p	120.80p
Lowest unit price	118.20p	111.60p	105.80p

<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 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 Trust 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.**

## Trust Information continued

### Comparative Tables continued

#### M-Class Accumulation Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	208.19	197.54	181.09
Return before operating charges	15.19	11.75	17.63
Operating charges (calculated on average price)	(0.33)	(0.30)	(0.31)
Return after operating charges	14.86	11.45	17.32
Distributions <sup>^</sup>	(3.41)	(3.99)	(4.34)
Retained distributions on accumulation units <sup>^</sup>	3.05	3.19	3.47
Closing net asset value per unit	222.69	208.19	197.54
after direct transaction costs of:	—	—	—

#### Performance

Return after charges	7.14%	5.80%	9.56%
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#### Other Information

Closing net asset value (£)	443,957,974	444,859,866	395,729,648
Closing number of units	199,358,300	213,677,981	200,331,480
Operating charges <sup>†</sup>	0.15%	0.15%	0.16%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	231.50p	210.40p	207.60p
Lowest unit price	208.20p	193.50p	180.20p

<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 the 2017 final distribution, which will be paid on a gross basis – See Significant Changes on page 43.

<sup>†</sup> Operating charges, otherwise known as the 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 Trust 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.**

## Trust Information continued

### Comparative Tables continued

#### I-Class Distribution Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	118.23	113.96	106.35
Return before operating charges	8.59	6.73	10.33
Operating charges (calculated on average price)	(0.19)	(0.17)	(0.18)
Return after operating charges	8.40	6.56	10.15
Distributions on income units <sup>^</sup>	(1.93)	(2.29)	(2.54)
Closing net asset value per unit	124.70	118.23	113.96
after direct transaction costs of:	—	—	—

#### Performance

Return after charges	7.10%	5.76%	9.54%
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#### Other Information

Closing net asset value (£)	204,679,242	146,342,058	94,844,087
Closing number of units	164,133,010	123,782,059	83,227,416
Operating charges <sup>†</sup>	0.15%	0.15%	0.16%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	131.50p	120.40p	120.80p
Lowest unit price	118.20p	111.60p	105.80p

<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 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 Trust 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.**

## Trust Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	208.32	197.67	181.20
Return before operating charges	15.20	11.75	17.65
Operating charges (calculated on average price)	(0.33)	(0.30)	(0.31)
Return after operating charges	14.87	11.45	17.34
Distributions <sup>^</sup>	(3.41)	(3.99)	(4.35)
Retained distributions on accumulation units <sup>^</sup>	3.05	3.19	3.48
Closing net asset value per unit after direct transaction costs of:	222.83	208.32	197.67
	—	—	—

#### Performance

Return after charges	7.14%	5.79%	9.57%
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#### Other Information

Closing net asset value (£)	117,843,722	105,627,489	74,098,815
Closing number of units	52,883,882	50,703,340	37,487,064
Operating charges <sup>†</sup>	0.15%	0.15%	0.16%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	231.70p	210.50p	207.80p
Lowest unit price	208.30p	193.70p	180.30p

<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 the 2017 final distribution, which will be paid on a gross basis – See Significant Changes on page 43.

<sup>†</sup> Operating charges, otherwise known as the 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 Trust and is calculated based on the last period's figures.

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## Trust Information continued

### Comparative Tables continued

#### C-Class Distribution Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	118.36	114.05	106.37
Return before operating charges	8.60	6.74	10.34
Operating charges (calculated on average price)	(0.12)	(0.12)	(0.12)
Return after operating charges	8.48	6.62	10.22
Distributions on income units <sup>^</sup>	(1.96)	(2.31)	(2.54)
Closing net asset value per unit after direct transaction costs of:	—	—	—

#### Performance

Return after charges	7.16%	5.80%	9.61%
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#### Other Information

Closing net asset value (£)	200,550,001	201,599,646	100,499,022
Closing number of units	160,598,685	170,321,858	88,119,085
Operating charges <sup>†</sup>	0.10%	0.10%	0.10%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	131.60p	120.50p	120.90p
Lowest unit price	118.30p	111.70p	105.80p

<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 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 Trust 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.**

## Trust Information continued

### Comparative Tables continued

#### C-Class Accumulation Units

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

Accounting year ending	25/05/17 (pence per unit)	25/05/16 (pence per unit)	25/05/15 (pence per unit)
Opening net asset value per unit	208.57	197.81	181.23
Return before operating charges	15.22	11.77	17.65
Operating charges (calculated on average price)	(0.22)	(0.20)	(0.20)
Return after operating charges	15.00	11.57	17.45
Distributions <sup>^</sup>	(3.47)	(4.03)	(4.34)
Retained distributions on accumulation units <sup>^</sup>	3.11	3.22	3.47
Closing net asset value per unit after direct transaction costs of:	223.21	208.57	197.81
	—	—	—

#### Performance

Return after charges	7.19%	5.85%	9.63%
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#### Other Information

Closing net asset value (£)	26,379,794	29,412,768	27,130,583
Closing number of units	11,818,322	14,101,816	13,715,544
Operating charges <sup>†</sup>	0.10%	0.10%	0.10%
Direct transaction costs	nil	nil	nil

#### Prices

Highest unit price	232.00p	210.80p	207.90p
Lowest unit price	208.50p	193.80p	180.40p

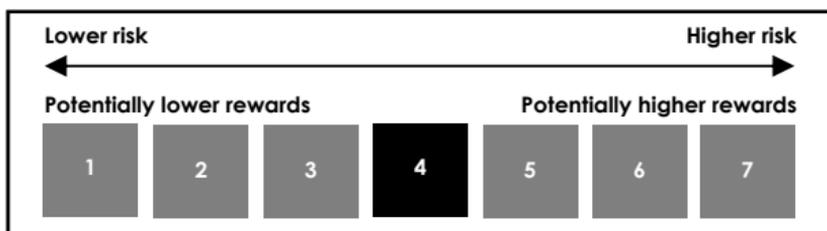
<sup>^</sup> Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for the 2017 final distribution, which will be paid on a gross basis – See Significant Changes on page 43.

<sup>†</sup> Operating charges, otherwise known as the 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 Trust 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.**

## Risk and Reward Profile



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

## General Information

### Constitution

Launch date:	8 March 1981
Period end dates for distributions:	25 May, 25 November
Distribution dates:	25 July, 25 January
Minimum initial lump sum investment:	F-Class* £500 M-Class £1,000,000 I-Class £1,000,000 C-Class** £100,000,000
Valuation point:	12 noon
Fund Management Fee:	F-Class* Annual 0.37% M-Class Annual 0.15% I-Class Annual 0.15% C-Class** Annual 0.10%
Initial charge:	F-Class* Nil M-Class Nil I-Class Nil C-Class** Nil

\* F-Class units are only available to:

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

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

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](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 Trust may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

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

### Prospectus and Manager's Reports

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

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

### Information on Tracking Error

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

Using monthly returns, over the review year, the annualised Tracking Error of the Trust is 0.10%, whilst over the last three years to the end of May 2017, the annualised Tracking Error of the Trust is 0.07%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/- 0.25% per annum.

### EU Savings Directive

The Trust has been reviewed against the requirements of the Directive 2003/48/EC on Taxation of savings in the form of interest payments (ESD), following the HM Revenue & Customs debt investment reporting guidance notes.

Under the Directive, information is collected about the payment of distributions to residents in certain other countries and is reported to HM Revenue & Customs to be exchanged with Tax authorities in those countries.

The Trust falls within the 25% debt investment reporting threshold. This means that details of all distributions and redemption proceeds paid to non UK investors will be reported by Legal & General (Unit Trust Managers) Limited to HM Revenue & Customs to be exchanged with the relevant Tax authorities.

## General Information continued

### 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 All Stocks Gilt Index Trust, 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:

#### Controlled Functions

Headcount	Scheme Value at 31.12.16 (£'000)	Total Assets managed by UTM at 31.12.16 (£'000)	% Fund Value of Total Assets
16	968,753	35,886,497	2.70

Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Total Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
3,278	5,980	9,258	250

#### Material Risk Takers

Headcount	Scheme Value at 31.12.16 (£'000)	Total Assets managed by the Index Fund Management Team at 31.12.16 (£'000)	% Fund Value of Total Assets
22	968,753	319,800,000	0.30

Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Total Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
2,178	2,535	4,713	14

## General Information continued

### Remuneration Disclosure continued

#### Controlled Functions

As at 31 December 2016, Legal & General Unit Trust Managers Limited (UTM) engaged the services of five 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, one LGIMH employee plus one LGR employee were also engaged in Director Services during the year, but resigned in 2016. UTM also engaged the services of a further five LGIMH employees and a further two 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 and Significant Management 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 present the total value of the Fund, excluding other UTM fund cross holdings, and total value of assets managed by UTM, to help put this remuneration in context.

#### Material Risk Takers

As at the 31 December 2016, UTM engaged the services of Legal & General Investment Management's Index Fund Management team, which is constituted 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 Scheme. The team is also engaged in managing other Legal & General 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 present the total value of the Fund, excluding other UTM fund cross holdings, and total value of assets managed by the teams, to help put this remuneration in context.

#### Significant Changes

##### Gross Distribution Payments

We'd like to make you aware of an HM Revenue & Customs ruling which became effective from 6 April 2017. Where interest distributions were previously paid net, we are required to start paying all interest distributions on a gross basis, starting with the July 2017 annual distribution payment. Prior to 6 April 2017, interest distributions were paid to clients after the deduction of 20% income tax, unless the client has completed a gross declaration form. From 6 April 2017, we will not deduct tax on any interest distributions and all payments will be made gross.

It will become your responsibility to make any declarations to HM Revenue & Customs. If you are in any doubt as to your taxation position, please consult a professional adviser.

## General Information continued

### Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

### Directors of the Manager

R. M. Bartley

A. J. C. Craven

S. Hynes (appointed 29 June 2016)

H. Solomon

S. D. Thomas

L. W. Toms

A. R. Toutouchi\*

M. J. Zinkula

\* Non-executive Director

### Secretary

J. McCarthy

### Registrar

Legal & General (Unit Trust Managers) Limited

P.O. Box 6080,

Wolverhampton WV1 9RB

Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

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

### Trustee

Northern Trust Global Services Limited

Trustee and Depositary Services

50 Bank Street,

Canary Wharf,

London E14 5NT

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

## **General Information continued**

### **Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### **Investment Adviser**

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

