Distribution Number 13

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

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

Investment Objective and Policy

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

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

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

The Fund may hold derivatives for Efficient Portfolio Management purposes.

Risk Profile

Credit Risk

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

Market Risk

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

Currency Risk

This Fund is invested in overseas financial securities. The performance of the Fund 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.

Interest Rate Risk

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

Fund Facts

Period End Dates for Distributions:		10 May, 10 Nov
Distribution Dates:		10 Jan, 10 Jul
Ongoing Charges Figures:	10 May 19	10 Nov 18
F-Class	0.48%	0.48%
I-Class	0.29%	0.29%
C-Class	0.19%	0.19%
L-Class	0.04%	0.04%

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

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

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 Fund 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 Fund. The shaded area in the table above shows the Fund's ranking on the Risk and Reward Indicator.
- The Fund is in category four because it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to go up and down. Bonds that are closer to their maturity date tend to be more stable in value. Bonds are generally considered to be higher risk investments than cash, but lower risk than company shares.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

F-Class

The distribution payable on 10 July 2019 is 1.2668p per unit for distribution units and 1.6222p per unit for accumulation units.

I-Class

The distribution payable on 10 July 2019 is 1.2712p per unit for distribution units and 1.6266p per unit for accumulation units.

C-Class

The distribution payable on 10 July 2019 is 1.2785p per unit for distribution units and 1.6351p per unit for accumulation units.

L-Class

The distribution payable on 10 July 2019 is 1.2919p per unit for distribution units.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
F-Class			
Distribution Units	1,375	2,634	52.20
Accumulation Units	129,574	189,463	68.39
I -Class			
Distribution Units	11,932,286	22,795,043	52.35
Accumulation Units	415,407,181	605,396,669	68.62
C-Class			
Distribution Units	1,079,745	2,050,271	52.66
Accumulation Units	3,665,815	5,313,280	68.99
L-Class			
Distribution Units	550,720,388	1,034,553,946	53.23

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.

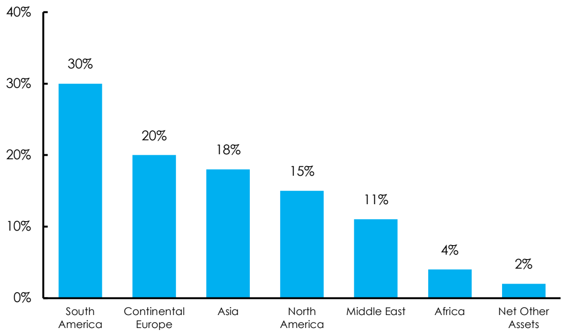
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

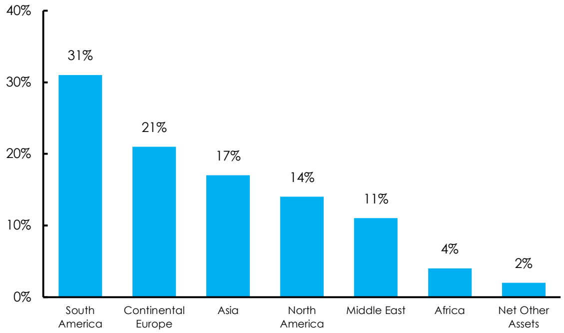
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 10 May 2019		Top 10 Holdings at 10 November 2018	
Holding	**Percentage of Net Asset Value**	**Holding**	**Percentage of Net Asset Value**
Russian Federation 5.25% 23/06/2047	2.05%	Russian Federation 5.25% 23/06/2047	1.89%
Argentina Government International Bond 7.5% 22/04/2026	1.45%	Argentina Government International Bond 7.5% 22/04/2026	1.82%
Colombia Government International Bond 5% 15/06/2045	1.36%	Argentina Government International Bond 8.28% 31/12/2033	1.67%
Mexico Government International Bond 4.75% 08/03/2044	1.30%	Argentina Government International Bond 6.875% 22/04/2021	1.39%
Argentina Government International Bond 8.28% 31/12/2033	1.27%	Brazilian Government International Bond 4.25% 07/01/2025	1.35%
Brazilian Government International Bond 4.25% 07/01/2025	1.26%	Mexico Government International Bond 4.75% 08/03/2044	1.19%
Russian Federation 7.5% 31/03/2030	1.12%	Russian Federation 7.5% 31/03/2030	1.16%
Mexico Government International Bond 6.05% 11/01/2040	1.10%	Colombia Government International Bond 5% 15/06/2045	1.10%
Argentina Government International Bond 6.875% 22/04/2021	1.09%	Mexico Government International Bond 6.05% 11/01/2040	1.09%
Mexico Government International Bond 4% 02/10/2023	1.06%	Turkey Government International Bond 7.375% 05/02/2025	1.07%

Fund Holdings as at 10 May 2019



Fund Holdings as at 10 November 2018



Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 6.40%. JPMorgan Chase, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Fund is valued using prevailing prices at 12 noon. Therefore, for tracking purposes the Fund has been revalued using closing prices. On this basis over the review period, the Fund rose by 6.52%, compared with an increase in the Index of 6.58% (Source: JPMorgan Chase), producing a tracking difference of -0.06%.

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

During the review period, bond issuance levels in emerging markets were high as both sovereign and corporate borrowers looked to attract international investors. However, several emerging economies with relatively high debt levels and current-account deficits came under increased scrutiny, notably Turkey and Argentina. Although market volatility rose in the fourth quarter of 2018 on concerns that the Federal Reserve may be tightening monetary policy too aggressively, emerging bond markets rallied following the turn of the calendar year as the Federal Reserve sounded a much more cautious tone on the need for further US interest-rate hikes.

Fund Review

All investment activity was prompted either by unitholder investment or redemption, or by changes in the profile of the benchmark. The Fund experienced net positive cash flow during the review period.

The Fund's bond holdings underperformed US treasuries over the review period, the Index yield spread over US treasuries widening by 16 basis points to 417 basis points. Compared to some other emerging market (EM) debt indices, the EMBI+ Index is relatively stable, having 165 constituents at the beginning and end of the review period. There was no change to the country composition of the Index, with 16 countries represented.

The regional breakdown of the Index at the end of the review period was EMEA (Europe, Middle East and Africa) 35.24%, Asia 17.99% and Latin America 46.77%. The most significant changes were reductions in the Index weights of Argentina (-1.60%) and Russia (-0.85%), with increases in the weights of Mexico (+0.54%) and Indonesia (+0.52%).

At the end of the period the Fund held 178 bonds issued by 16 countries. The Index consisted of 165 bonds issued by 16 countries.

Outlook

With the Federal Reserve loosening its monetary stance once again, we think that the economic cycle is likely to grow longer yet. This is bullish, in our view, as it gives space for markets to go back to more mid-cycle dynamics – where investors tend to buy on the dip, instead of selling the rallies.

We believe credit risks over the coming year are less imminent. 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.

Political risk remains a worry, given rising populism, income inequality, and tensions between US and China – with no sign of fundamental improvement – as well as fractures in Europe.

Legal & General Investment Management Limited
(Investment Adviser)
11 June 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.

Information on Tracking Error

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

Using monthly returns, over the review period, the annualised Tracking Error of the Fund is 0.22%, whilst over the last three years to the end of April 2019, the annualised Tracking Error of the Fund is 0.25%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.50% per annum.

EU Savings Directive

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

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

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

Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Fund. Where the Manager operates a box through which unit subscriptions and unit redemptions are netted into a single trade instruction to the Trustee, the netting reduces the actual transaction costs and this generates a revenue to the Manager. The revenue generated from this activity is calculated on a monthly basis and returned to the Fund in the form of a payment from the Manager. This provides an enhanced return to the Fund, though the size of any return will be dependent on the size of subscriptions and redemptions.

Minimum Investment Amounts

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

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

Class F units are available to:

i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Fund; and

ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

Class C 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.

Class L units are only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

Other Information

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

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

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
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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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Financial Conduct Authority

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