

Legal & General Emerging Markets
Government Bond (Local Currency)
Index Fund

**Interim Manager's
Short Report
for the period ended
20 October 2017**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The objective of the Fund is to provide a return in line with the JPMorgan GBI-EM Global Diversified Local Currency Index (after adjustment for management charges and taxation).

The Fund will invest primarily in the constituents of the JPMorgan GBI-EM Global Diversified Local Currency Index. Securities will be held with weightings generally proportionate to the weightings in the JPMorgan GBI-EM Global Diversified Local Currency Index. The bonds the Fund invests in will be composed primarily of securities issued by emerging market sovereign entities and which are denominated in the national currency of the issuer. Sub-investment grade bonds will be used.

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

The Fund may hold derivatives for 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 companies, via credit ratings.

Market Risk

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

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.

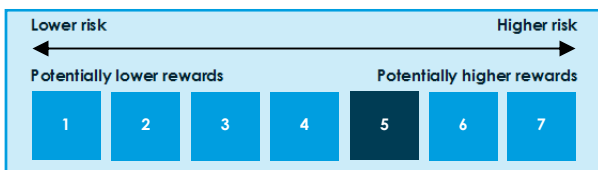
Fund Facts

Period End Dates for Distributions:	20 January, 20 April, 20 July and 20 October	
Distribution Dates:	20 March, 20 June, 20 September and 20 December	
Ongoing Charges Figures:	20 Oct 17	20 Apr 17
I-Class	0.35%	0.35%
C-Class	0.25%	0.25%
L-Class	0.14%	0.14%

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



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category is based on the rate at which the value of the Fund and the Index it follows have moved up and down in the past.
- This Fund is in category five because it invests in bonds issued by the governments of developing countries. These generally provide higher rewards and higher risks than other investments such as cash and investment grade bonds issued by governments of developed countries and lower rewards and lower risks than investments in company shares.
- The Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

I-Class

The distribution payable on 20 December 2017 is 0.7454p per unit for distribution units and 0.8060p per unit for accumulation units.

C-Class

The distribution payable on 20 December 2017 is 0.7465p per unit for distribution units and 0.8072p per unit for accumulation units.

L-Class

The distribution payable on 20 December 2017 is 0.7477p per unit for distribution units and 0.8087p 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)
I-Class			
Distribution Units	31,865,035	52,844,219	60.30
Accumulation Units	177,871,413	269,464,424	66.01
C-Class			
Distribution Units	1,208	2,000	60.40
Accumulation Units	32,211,549	48,718,919	66.12
L-Class			
Distribution Units	336,020,244	555,241,787	60.52
Accumulation Units	129,278,136	195,150,533	66.25

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.

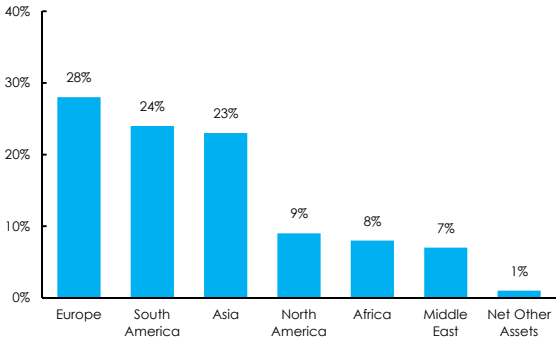
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

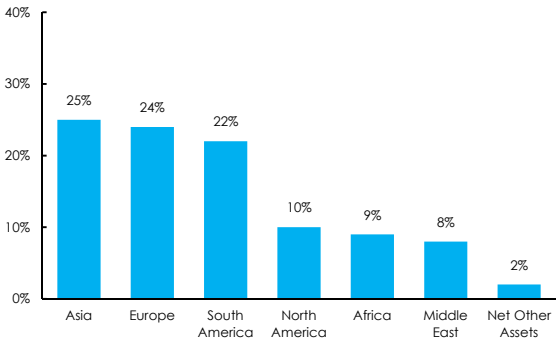
The top 10 holdings and their associated weighting at the current and preceding period ends were:

Top 10 Holdings at 20 October 2017		Top 10 Holdings at 20 April 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Colombia Government International Bond 7.5% 26/08/2026	1.67%	Colombia Government International Bond 7.5% 26/08/2026	1.59%
Brazil Government International Bond 0% 01/07/2020	1.61%	South Africa Government International Bond 10.5% 21/12/2026	1.58%
Brazil Government International Bond 10% 01/01/2023	1.49%	Brazil Government International Bond 0% 01/07/2020	1.39%
South Africa Government International Bond 10.5% 21/12/2026	1.44%	Colombia Government International Bond 7% 11/09/2019	1.33%
Colombia Government International Bond 7% 04/05/2022	1.33%	Thailand Government International Bond 3.875% 13/06/2019	1.29%
Mexico Government International Bond 10% 05/12/2024	1.27%	Brazil Government International Bond 10% 01/01/2023	1.28%
Brazil Government International Bond 0% 01/04/2019	1.13%	Colombia Government International Bond 7% 04/05/2022	1.27%
Poland Government International Bond 1.5% 25/04/2020	1.13%	Indonesia Government International Bond 8.375% 15/03/2024	1.27%
Brazil Government International Bond 10% 01/01/2021	1.10%	Brazil Government International Bond 10% 01/01/2021	1.25%
Mexico Government International Bond 6.5% 10/06/2021	1.05%	Thailand Government International Bond 3.65% 17/12/2021	1.22%

Fund Holdings as at 20 October 2017



Fund Holdings as at 20 April 2017



Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 2.45%. JPMorgan Chase, the Index compiler, calculates the benchmark Index at the end of the business day using closing bid prices, whereas the Fund is valued using bid 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 2.55%, compared with the rise in the Index of 2.48% (Source: JP Morgan Chase), producing a tracking difference of 0.07%.

Past performance is not a guide to future performance.

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

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

Market/Economic Review

The major international bond markets have struggled to make headway over the last six months, as investors began to discount an end to the low growth, low inflation environment that has prevailed since the global financial crisis. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates in June, while signalling a further rate hike prior to the year-end and that it would begin unwinding its asset purchase programme, known as quantitative easing (QE), in the autumn. During September, interest rate reductions in Brazil and Russia meant these markets performed relatively well. Ratings agency Fitch reaffirmed Russia's credit rating, while the Brazilian central bank indicated there remains scope for further reductions as inflation continues to decline.

Fund Review

All investment activity was prompted either by unit holder 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 marginally over performed US treasuries over the review period, with the Index yield spread over US treasuries tightening by 52 basis points to 367 basis points. Compared to some other emerging market (EM) debt indices, the JPMorgan GBI-EM Global Diversified Local Currency Index is relatively stable, having 217 constituents at the end of the review period compared to 198 at the beginning. Czech Republic entered the Index at the end of April 2017 and Uruguay entered at the end of July bringing the total number of countries to 18.

The regional breakdown of the Index at the end of the review period was EMEA (Europe, Middle East and Africa) 43.3%, Asia 23.5% and Latin America 33.2%. The most significant changes were reductions in the Index weights of Malaysia (-1.6%) and South Africa (-1.5%), with increases in the weights of Czech Republic (+3.7%) and Russia (+1.3%).

Manager's Investment Report continued

At the end of the review period the Fund held 214 bonds issued by 18 countries. The Index consisted of 217 bonds issued by 18 countries.

Outlook

Overall, sentiment towards emerging market bonds remains positive on the basis of the favourable economic backdrop and limited recession probability. Emerging bond markets continue to attract international investors looking for higher returns with new sovereign (government) issues in countries as diverse as Egypt, Russia and Argentina oversubscribed.

The Fund remains well placed to capture the performance of the Index.

Legal & General Investment Management Limited
(Investment Adviser)
9 November 2017

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 0.09%. Since launch on 29 January 2016 to the end of October 2017, the annualised Tracking Error of the Fund is 0.06%. This Tracking Error is within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-0.50% per annum..

EU Savings Directive

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

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

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

Dual Pricing Arrangement

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

Minimum Investment Amounts

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

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

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

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

Other Information

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

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

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services Limited

50 Bank Street,

Canary Wharf,

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

**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
EC11217

