Distribution Number 6

Legal & General Short Dated
Sterling Corporate Bond Index Fund

Interim Manager's Short Report for the period ended 15 August 2017

EVERY DAY MATTERS.®

Legal & General

Investment Objective and Policy

The Fund aims to track the total return performance of the Markit iBoxx Sterling Corporates 1-5 Index (the "Index") (after adjustment for management charges and taxation).

The Fund will invest primarily in the securities that make up the constituents of the Index. The bonds the Fund invests in will be primarily composed of short dated investment grade Sterling denominated corporate bonds and will be held with weightings generally proportionate to the weightings in the Index.

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 the purpose of efficient portfolio management.

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.

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:		15 Feb, 15 Aug
Distribution Dates:		15 Apr, 15 Oct
Ongoing Charges Figures:	15 Aug 17	15 Feb 17
I-Class	0.14%	0.14%
C-Class	0.09%	0.09%
L-Class	0.05%	0.05%

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.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
I-Class			
Distribution Units	91,570,228	178,539,902	51.29
Accumulation Units	183,554,839	332,795,254	55.16
C-Class			
Distribution Units	41,960,360	81,676,214	51.37
Accumulation Units	172,261,369	311,865,680	55.24
L-Class			
Distribution Units	81,217,727	157,829,877	51.46

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

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

- 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 Fund and the Index it is tracking have moved up and down in the past.
- This Fund is in category two because it invests in investment grade bonds with between 1 and 5 years until maturity which generally provide higher rewards and higher risks than investments in cash and lower rewards and lower risks than investments in investment grade bonds with a longer time until maturity, sub-investment grade bonds or 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 15 October 2017 is 0.5340p per unit for distribution units and 0.5683p per unit for accumulation units.

C-Class

The distribution payable on 15 October 2017 is 0.5346p per unit for distribution units and 0.5691p per unit for accumulation units.

L-Class

The distribution payable on 15 October 2017 is 0.5354p per unit for distribution units.

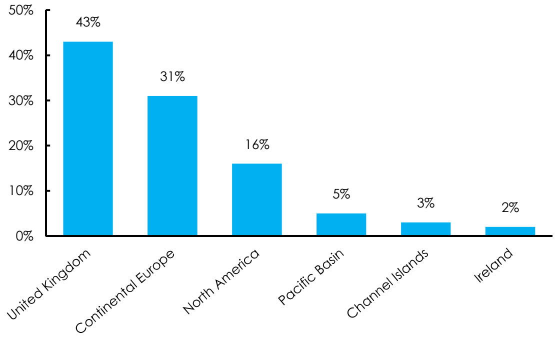
Portfolio Information

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

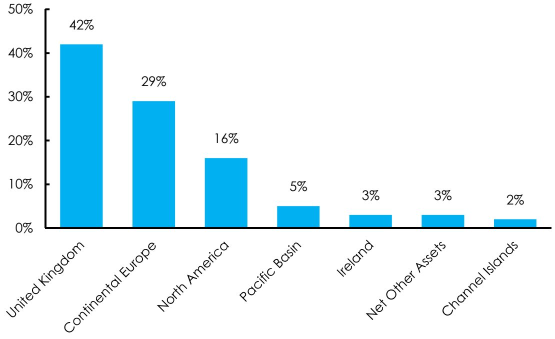
Top 10 Holdings at 15 August 2017		Top 10 Holdings at 15 February 2017	
Holding	**Percentage of Net Asset Value**	**Holding**	**Percentage of Net Asset Value**
Barclays Bank 10% 21/05/2021	2.61%	Barclays Bank 10% 21/05/2021	2.79%
Imperial Brands Finance 9% 17/02/2022	1.39%	E.On International Finance 6% 30/10/2019	1.23%
UK Gilt 0.5% 22/07/2022	1.01%	Bank of America 6.125% 15/09/2021	1.06%
E.ON International Finance 6% 30/10/2019	0.93%	Nationwide Building Society 5.625% 09/09/2019	1.01%
Deutsche Telekom International Finance 6.5% 08/04/2022	0.89%	Citigroup 5.125% 12/12/2018	0.97%
Wells Fargo 2.125% 22/04/2022	0.88%	Abbey National Treasury Services 1.875% 17/02/2020	0.95%
Deutsche Bank 1.875% 28/02/2020	0.87%	BP Capital Markets 4.325% 10/12/2018	0.92%
Bank of America 6.125% 15/09/2021	0.85%	Telefonica Emisiones 5.597% 12/03/2020	0.91%
Telefonica Emisiones 5.597% 12/03/2020	0.84%	Glencore Finance 6.5% 27/02/2019	0.89%
Friends Life 8.25% 21/04/2022	0.82%	UBS 6.625% 11/04/2018	0.88%

Holdings with a maturity date greater than 5 years from 15 August 2017 are 'callable' by the issuer within the next 5 years and are therefore likely to mature before the final maturity date shown.

Fund Holdings as at 15 August 2017



Fund Holdings as at 15 February 2017



Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 1.71%. Markit iBoxx, 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 and adjusted for the effects of charges and taxation. On this basis over the review period, the Fund rose by 1.71%, compared with the benchmark Index rise of 1.84% (Source: Bloomberg), producing a tracking difference of -0.13%.

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.

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Market/Economic Review

The major international bond markets have struggled to make headway over the review period, 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) signalled a gradual tightening of monetary policy, raising interest rates on two occasions over the review period. The Fed also signalled it would begin unwinding its asset purchase programme, known as quantitative easing (QE), in the autumn. Bond markets were also unsettled by indications from the European Central Bank that it may taper its QE programme sooner than anticipated in response to stronger regional economic indicators. However, the Bank of Japan's (BOJ) negative interest rate policy, and its announcement that it will intervene if necessary to keep the yield on benchmark 10-year bonds at around 0%, underpinned Japanese government bonds. Conventional gilts ended the review period marginally higher, while index-linked securities recorded a loss. Although the Consumer Price Index accelerated to a four-year high in May, an inconclusive outcome to the June general election added to the uncertainty on the UK economic outlook as Brexit negotiations commenced with investors beginning to factor in the likelihood of inflation declining over the longer-term. Sterling-denominated corporate bonds outperformed gilts with an upsurge in issuance during the first half of 2017.

Fund Review

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

During the review period, 57 bonds were added to the Index. Seventeen were new issues and the rest were existing bonds that entered the Index by falling below five years to maturity. Two bonds left the Index after the amount remaining in issue following a corporate action fell below the Index minimum issue size, one bond left after being called. A further sixteen bonds with less than a year to maturity also left the Index. The Fund participated in seventeen new issues from issuers including Deutsche Bank, LVMH, Wells Fargo and National Australia Bank. The Fund also took part in four corporate actions across a range of sectors.

The Fund experienced net positive cash flow during the review period. The cash flows were used to adjust the Fund's holdings in such a way so as to ensure the Fund maintained an Index distribution at all times. The Fund was also rebalanced at each month end in line with the revised Index distribution.

Outlook

Looking ahead, economic growth remains reasonably strong and there is still little sign of inflation. As a result, central bank monetary policy remains supportive for risky asset classes, in line with current tight credit spreads.

However, the yield volatility at the end of June 2017 suggests that this benign backdrop will not last forever, with the ECB and US Federal Reserve set to announce a tapering of asset purchases (reducing balance sheet reinvestment in the case of the Federal Reserve) as early as September 2017.

We think this is the next critical phase for credit markets and could lead to wider spreads as premium for structural risks of excess debt, weakening potential growth and political instability is more accurately reflected in valuations.

Legal & General Investment Management Limited
(Investment Adviser)
7 September 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 0.02%, whilst over the last three years to the end of August 2017, the annualised Tracking Error of the Fund is 0.03%. 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:

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 only available for investment to companies within the 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.

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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 April 2017 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.

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
SDB1017