

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

**Final Manager's
Short Report
for the period ended
20 April 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

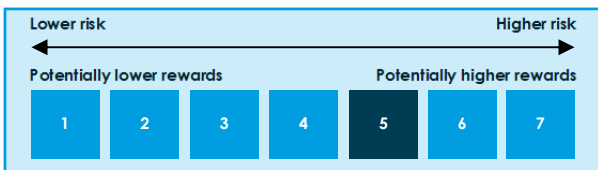
Period End Dates for Distributions:	20 January, 20 April, 20 July and 20 October
Distribution Dates:	20 March, 20 June, 20 September and 20 December
Ongoing Charges Figures:	20 Apr 17*
C-Class	0.25%
L-Class	0.14%
I-Class	0.35%

* There are no comparative figures shown as the Fund launched on 29 January 2016.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total discloseable 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

C-Class

The distribution payable on 20 June 2017 is 0.9120p per unit for distribution units and 0.9551p per unit for accumulation units.

L-Class

The distribution payable on 20 June 2017 is 0.9106p per unit for distribution units and 0.9563p per unit for accumulation units.

I-Class

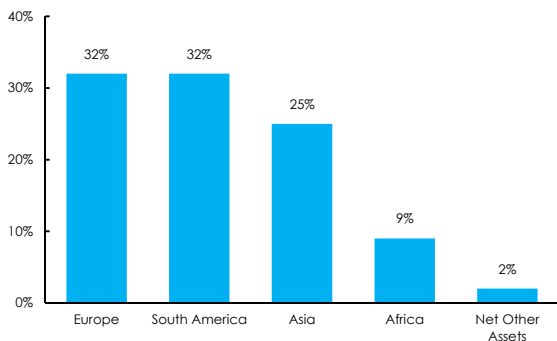
The distribution payable on 20 June 2017 is 0.9093p per unit for distribution units and 0.9530p per unit for accumulation units.

Portfolio Information

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

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

Fund Holdings as at 20 April 2017*



* There are no comparative figures shown as the Fund launched on 29 January 2016.

Comparative Tables

C-Class Distribution Units

Change in Net Asset Value per Unit

Accounting period ending	29/01/16 to 20/04/17† (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges	15.29
Operating charges (calculated on average price)	(0.18)
Return after operating charges	15.11
Distributions on income units^	(4.51)
Closing net asset value per unit	60.60
after direct transaction costs of:	—

Performance

Return after charges	30.22%
----------------------	--------

Other Information

Closing net asset value (£)	1,212
Closing number of units	2,000
Operating charges	0.25%
Direct transaction costs	—

Prices

Highest unit price	65.52p
Lowest unit price	49.09p

† There are no comparative figures shown as the Fund launched on 29 January 2016.

^ Distributions on income units are shown gross of taxation.

Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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.

Comparative Tables continued

C-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting period ending	29/01/16 to 20/04/17† (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges	15.45
Operating charges (calculated on average price)	(0.19)
Return after operating charges	15.26
Distributions^	(4.62)
Retained distributions on accumulation units^	3.89
Closing net asset value per unit	64.53
after direct transaction costs of:	—

Performance

Return after charges	30.52%
----------------------	--------

Other Information

Closing net asset value (£)	31,281,416
Closing number of units	48,474,795
Operating charges	0.25%
Direct transaction costs	—

Prices

Highest unit price	67.40p
Lowest unit price	49.09p

† There are no comparative figures shown as the Fund launched on 29 January 2016.

^ 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 14.

Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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.

Comparative Tables continued

L-Class Distribution Units

Change in Net Asset Value per Unit

Accounting period ending	29/01/16 to 20/04/17† (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges	15.33
Operating charges (calculated on average price)	(0.10)
Return after operating charges	15.23
Distributions on income units^	(4.51)
Closing net asset value per unit	60.72
after direct transaction costs of:	—

Performance

Return after charges	30.46%
----------------------	--------

Other Information

Closing net asset value (£)	181,040,829
Closing number of units	298,175,665
Operating charges	0.14%
Direct transaction costs	—

Prices

Highest unit price	65.58p
Lowest unit price	49.09p

† There are no comparative figures shown as the Fund launched on 29 January 2016.

^ Distributions on income units are shown gross of taxation.

Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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.

Comparative Tables continued

L-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting period ending	29/01/16 to 20/04/17† (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges	15.45
Operating charges (calculated on average price)	(0.10)
Return after operating charges	15.35
Distributions^	(4.62)
Retained distributions on accumulation units^	3.89
Closing net asset value per unit	64.42
after direct transaction costs of:	—

Performance

Return after charges	30.70%
----------------------	--------

Other Information

Closing net asset value (£)	56,874,370
Closing number of units	88,012,672
Operating charges	0.14%
Direct transaction costs	—

Prices

Highest unit price	67,46p
Lowest unit price	49.09p

† There are no comparative figures shown as the Fund launched on 29 January 2016.

^ 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 14.

Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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.

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting period ending	29/01/16 to 20/04/17† (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges	15.31
Operating charges (calculated on average price)	(0.26)
Return after operating charges	15.05
Distributions on income units^	(4.50)
Closing net asset value per unit	60.55
after direct transaction costs of:	—

Performance

Return after charges	30.10%
----------------------	--------

Other Information

Closing net asset value (£)	9,272,708
Closing number of units	15,314,188
Operating charges	0.35%
Direct transaction costs	—

Prices

Highest unit price	65.48p
Lowest unit price	49.08p

† There are no comparative figures shown as the Fund launched on 29 January 2016.

^ Distributions on income units are shown gross of taxation.

Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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.

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting period ending	29/01/16 to 20/04/17† (pence per unit)
Opening net asset value per unit	50.00
Return before operating charges	15.46
Operating charges (calculated on average price)	(0.27)
Return after operating charges	15.19
Distributions^	(4.61)
Retained distributions on accumulation units^	3.88
Closing net asset value per unit	64.46
after direct transaction costs of:	—

Performance

Return after charges	30.38%
----------------------	--------

Other Information

Closing net asset value (£)	160,313,424
Closing number of units	248,708,321
Operating charges	0.35%
Direct transaction costs	—

Prices

Highest unit price	67.36p
Lowest unit price	49.09p

† There are no comparative figures shown as the Fund launched on 29 January 2016.

^ 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 14.

Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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.

Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 28.88%. Over the review period, from close of business on 29 January 2016 to the close of business on 20 April 2017 (the first and last working days of the accounting period) the JPMorgan GBI-EM Global Diversified Local Currency Index rose by 28.78% (Source: LGIM), producing a tracking difference of +0.10%. The above data is not directly comparable as the Fund is valued using bid prices at midday, while the benchmark Index is valued using bid prices at close of business.

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 JPMorgan Emerging Market Bond Index returned 3.2% in local currency terms in the first quarter of 2017, translating into a return of 5.2% in Sterling. Local currency bonds outperformed hard currency issues, as the US Dollar weakened against most emerging market currencies. The rise in US interest rates had been anticipated, and investors were relieved that the Federal Reserve signalled no change to its previous guidance that two further rate rises were scheduled later this year. A weaker oil price affected some emerging markets, as investors questioned the sustainability of OPEC cuts to production and data indicated crude inventories are continuing to build in the US. Event risk was also highlighted in South Africa, where president Zuma dismissed the country's respected finance minister in a cabinet reshuffle, triggering a sell-off in the Rand.

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, the Index yield spread over US treasuries tightening by 69 basis points to 420 basis points. Compared to some other emerging market (EM) debt indices, the JPMorgan GBI-EM Global Diversified Local Currency Index is relatively stable, having 198 constituents at the end of the review period compared to 191 at the beginning. Argentina entered the Index at the end of February 2017 bringing the total number of countries to 16.

The regional breakdown of the Index at the end of the review period was EMEA (Europe, Middle East and Africa) 41.8%, Asia 25.2% and Latin America 32.9%. The most significant changes

Manager's Investment Report continued

were reductions in the Index weights of Malaysia (-2.5%) and Thailand (-1.8%), with increases in the weights of Colombia (+2.1%) and Argentina (+1.5%).

At the end of the review period, the Fund held 199 bonds issued by 17 countries. The Index consisted of 198 bonds issued by 16 countries.

Outlook

Overall sentiment towards emerging market bonds remains positive. An upturn in global trade volumes combined with low inflation in developing economies has triggered a revival of interest in the asset class amongst international investors, driving a sharp rise in new bond issues during the first quarter of 2017, as both sovereign (government) and corporate borrowers have sought to raise funds.

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

Legal & General Investment Management Limited
(Investment Adviser)
12 May 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 0.06%. 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, through 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:

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

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.

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 June 2017 final 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
ECI0617

