

Legal & General Mixed Investment 20-60% Fund
Interim Manager's Report
for the period ended
31 January 2019
(Unaudited)



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Manager's Investment Report

Investment Objective and Policy

The objective of the Fund is to provide long-term growth of both capital and income. The Fund will invest in shares, fixed interest securities and other assets including those giving indirect exposure to commodities and real property. Between 20% and 60% of the Fund's property will be invested in shares.

Exposure to these asset classes will be achieved generally through investment in collective investment schemes but may also be achieved by investing directly in the assets. At times the Fund may be fully invested in collective investment schemes only or directly invested only. The collective investment schemes invested in may include those managed by Legal & General.

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

The Fund will use derivatives for Efficient Portfolio Management purposes.

Manager's Investment Report

During the period under review, the price performance of the Fund's I-Class accumulation units fell by 2.38%. The Fund out-performed its benchmark as funds within the Investment Association Mixed Investment 20-60% Sector delivered an average return of -3.32% (Source: Lipper Hindsight).

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

Concerns that the Federal Reserve was raising US interest rates too quickly, the risk of a prolonged government shutdown in the US, the ongoing US-China trade dispute and weaker global economic indicators all combined to trigger widespread risk aversion amongst investors during the period under review. Markets became increasingly volatile as 2018 ended, recording heavy losses before regaining some lost ground in January.

Global equity indices have performed poorly over the last six months. The healthcare sector outperformed, boosted by robust earnings growth. As global economic prospects became more uncertain, technology stocks struggled while the energy sector underperformed as the oil price fell back to a 15-month low in December.

US equities recorded a loss over the period. The market fell sharply in December as concerns about the impact of higher interest rates and the political impasse between the Trump administration and Congress combined to unsettle investors. Real estate, utilities and healthcare were the best performing sectors, while the energy, financials and communication services sectors were weakest.

UK equities underperformed global indices as uncertainty surrounding the outcome of Brexit negotiations preoccupied investors. Sterling weakened to a 20-month low against the US Dollar in December. Energy and industrials were amongst the weakest sectors, while it was also a disappointing period for retailers.

Manager's Investment Report continued

Returns from European equities have also been disappointing over the period. Political concerns have resurfaced, most notably in Italy. This reawakened the debate on the future of the Eurozone. Renewed fears of contagion risk drove down financial stocks, notably banks.

Although concerns over US-China trade tensions and higher US interest rates weighed on global equities, emerging market equities demonstrated some element of resilience. In regional terms, Latin American equities outperformed.

The major international bond markets outperformed equities, recording a modest gain for Sterling-based investors. Gilts ended the period with a modest gain. Sterling-denominated corporate bonds underperformed gilts, impacted by concerns about the UK economic outlook and corporate profits, with the deadline for the conclusion of Brexit negotiations fast approaching.

Fund Review

The Fund produced a negative return over the review period.

The Fund's negative performance was largely driven by December's market falls. In particular, the Fund's allocation to UK and European equities damaged performance during this period, followed by high yield debt. However, the Fund delivered a positive return in January, as markets rallied after the December lows. A significant part of the positive performance can be attributed to developed market equities improving their performance the most after last quarter. Investment grade credit was also a positive contributor.

Recently, the most significant change to the portfolio positioning was increasing UK equities across most of the funds, taking advantage of more attractive valuations after experiencing large falls in December. This was beneficial for Fund performance in January.

Meanwhile, we closed the European utilities position in the funds, after strong performance on an absolute and relative basis against European equities. Similarly, we closed the Australian sovereign bond position, partially replacing it with US treasuries.

Outlook

Our view is that US fundamentals remain solid, but also, we see this year as the start of the twilight zone between expansion and a downturn marking the end of the cycle. Our research suggests that equity bull market rallies tend to end suddenly, so de-risking a few months too early can be as problematic as a few months too late. However, those hoping for a return to tranquillity may be disappointed, and we believe this is an environment where a point forecast for equities at the end of the year is increasingly difficult to pin down. As such, at this stage we'll tend to lean against strong investor sentiment in either direction.

The recent dovish shift from the US Federal Reserve seems to have given equity markets the leg-up they needed, and in the broader setting it may mean we are further from the end of the economic cycle than we previously thought. In this context, we continue to hold our neutral position in risk assets, currently preferring European and Japanese stocks to broad US stocks, while also favouring the technology and

Manager's Investment Report continued

US energy sectors. We expect continued pressure on credit markets. However, consistent with our constructive outlook for emerging market fundamentals; emerging market debt (both hard and local currency) looks increasingly interesting.

One important concern is the potential for a persistent change in the relationship between equities and bonds. Bonds' shock-absorbing capacity could disappear when an inflationary mind-set takes hold. We also think we may continue to see pressure on the Euro as Brexit negotiations go to the wire, and lacklustre growth appears to weaken further as Italy has tipped into recession.

Legal & General Investment Management Limited
(Investment Adviser)
21 February 2019

Authorised Status

Authorised Status

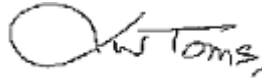
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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)



L. W. Toms
(Director)

Legal & General (Unit Trust Managers) Limited
20 March 2019

Portfolio Statement

Portfolio Statement as at 31 January 2019

All investments are in investment grade securities or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 31 July 2018.

| Holding/ Nominal Value | Investment | Market Value £ | % of Net Assets |
|--|---|----------------------|-----------------------|
| GOVERNMENT BONDS | | | |
| — 2.46% (2.85%) | | | |
| EUR8,360,000 | Spain Government Bond 2.15% 31/10/2025 | 8,010,871 | 0.80 |
| USD20,704,000 | US Treasury Index-Linked 0.625% 15/01/2026 | 16,581,315 | 1.66 |
| | | 24,592,186 | 2.46 |
| FUNDS INVESTED IN SHARES | | | |
| — 43.25% (46.42%) | | | |
| 48,445,508 | Legal & General (N) Tracker Trust 'I' Inc ¹ | 85,845,440 | 8.59 |
| 25,745,742 | Legal & General European Index Trust 'I' Inc ¹ | 67,531,081 | 6.76 |
| 64,072,184 | Legal & General Global Emerging Markets Index Fund 'L' Inc ¹ | 35,592,098 | 3.56 |
| 65,049,362 | Legal & General Global Infrastructure Index Fund 'L' Inc ¹ | 37,858,729 | 3.79 |
| 59,856,992 | Legal & General Global Real Estate Dividend Index Fund 'L' Inc ¹ | 38,110,947 | 3.81 |
| 65,087,112 | Legal & General Japan Index Trust 'I' Inc ¹ | 33,129,340 | 3.32 |
| 27,584,565 | Legal & General Pacific Index Trust 'I' Inc ¹ | 28,632,779 | 2.87 |
| 12,523,017 | Legal & General UK Index Trust 'L' Inc ¹ | 19,272,924 | 1.93 |
| 45,241,009 | Legal & General UK Mid Cap Index Fund 'L' Inc ¹ | 22,991,481 | 2.30 |
| 15,325,039 | Legal & General US Index Trust 'I' Inc ¹ | 63,093,184 | 6.32 |
| | | 432,058,003 | 43.25 |
| FUNDS INVESTED IN INTEREST BEARING SECURITIES | | | |
| — 40.97% (41.25%) | | | |
| 19,736 | Legal & General All Stocks Index Linked Gilt Index Trust 'I' Inc ¹ | 23,505 | — |
| 102,900,905 | Legal & General Emerging Markets Government Bond (Local Currency) Index Fund 'L' Inc ¹ | 58,324,233 | 5.84 |
| 121,874,673 | Legal & General Emerging Markets Government Bond (US\$) Index Fund 'L' Inc ¹ | 65,154,200 | 6.52 |
| 72,998,405 | Legal & General Global Inflation Linked Bond Index Fund 'L' Inc | 37,455,482 | 3.75 |
| 109,945,472 | Legal & General High Income Trust 'I' Inc ¹ | 50,530,939 | 5.06 |
| 185,854,743 | Legal & General Sterling Corporate Bond Index Fund 'L' Inc ¹ | 103,539,677 | 10.36 |

Portfolio Statement continued

| Holding/ Nominal Value | Investment | Market Value £ | % of Net Assets |
|--|---|----------------------|-----------------------|
| FUNDS INVESTED IN INTEREST BEARING SECURITIES — (cont.) | | | |
| 77,016,401 | LGIM Global Corporate Bond Fund 'B' Acc ¹ | 94,314,285 | 9.44 |
| | | <hr/> | <hr/> |
| | | 409,342,321 | 40.97 |
| FUTURES CONTRACTS — 0.90% (-0.21%) | | | |
| 131 | Australia 10 Year Future Expiry March 2019 | 165,802 | 0.02 |
| (55) | Euro-Bund Future Expiry March 2019 | (140,138) | (0.01) |
| 38 | Euro-OAT Future Expiry March 2019 | 64,548 | 0.01 |
| (229) | Long Gilt Future Expiry March 2019 | (244,508) | (0.02) |
| 194 | DJ US Real Estate Future Expiry March 2019 | 196,812 | 0.02 |
| 176 | E-Mini Russell 2000 Index Future Expiry March 2019 | 863,631 | 0.09 |
| (192) | E-Mini S&P 500 Future Expiry March 2019 | (1,167,123) | (0.12) |
| 1,122 | Euro STOXX 50 Future Expiry March 2019 | 1,166,704 | 0.12 |
| 103 | FTSE 100 Index Future Expiry March 2019 | 215,881 | 0.02 |
| 355 | FTSE 250 Index Future Expiry March 2019 | 841,047 | 0.08 |
| 292 | Mexican Bolsa Index Future Expiry March 2019 | 247,765 | 0.02 |
| (43) | MSCI Emerging Markets Index Future Expiry March 2019 | (148,240) | (0.02) |
| 94 | NASDAQ 100 E-Mini Future Expiry March 2019 | 626,133 | 0.06 |
| 132 | TOPIX Future Expiry March 2019 | (186,445) | (0.02) |
| 104 | XAE Energy Future Expiry March 2019 | 226,606 | 0.02 |
| (89) | CHF/USD Currency Future Expiry March 2019 | 77,222 | 0.01 |
| (247) | EUR/GBP Currency Future Expiry March 2019 | 975,167 | 0.10 |
| (107) | EUR/USD Currency Future Expiry March 2019 | (58,662) | (0.01) |
| 2,543 | GBP/USD Currency Future Expiry March 2019 | 5,617,077 | 0.56 |
| (106) | JPY/USD Currency Future Expiry March 2019 | (314,827) | (0.03) |
| 500 | USD/KRW Currency Future Expiry February 2019 | (25,023) | — |
| | | <hr/> | <hr/> |
| | | 8,999,429 | 0.90 |
| | | <hr/> | <hr/> |

Portfolio Statement continued

Portfolio of investments²

Net other assets³

Total net assets

| | |
|---------------------|----------------|
| 874,991,939 | 87.58 |
| 124,088,501 | 12.42 |
| £999,080,440 | 100.00% |

¹ Unlisted securities are valued at the Manager's best assessment of their fair and reasonable value.

² Including investment liabilities.

³ Includes £101,927,442 of nominals in the LGIM Sterling Liquidity Fund which is shown as a cash equivalent in the balance sheet of the Fund.

Total purchases for the period: £113,949,999.

Total sales for the period: £-

Financial Statements

Statement of Total Return for the period ended 31 January 2019

| | 31/01/19 | | 31/01/18 | |
|--|-------------------|----------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital losses | | (32,081,785) | | (91,130) |
| Revenue | 15,741,711 | | 8,105,198 | |
| Expenses | (1,524,219) | | (966,536) | |
| Interest payable and similar charges | (31,408) | | (2,221) | |
| Net revenue before taxation | <u>14,186,084</u> | | <u>7,136,441</u> | |
| Taxation | (1,720,901) | | (792,585) | |
| Net revenue after taxation for the period | | <u>12,465,183</u> | | <u>6,343,856</u> |
| Total return before distributions | (19,616,602) | | 6,252,726 | |
| Distributions | (12,465,183) | | (6,343,856) | |
| Change in net assets attributable to Unitholders from investment activities | | <u>£(32,081,785)</u> | | <u>£(91,130)</u> |

Statement of Change in Net Assets attributable to Unitholders for the period ended 31 January 2019

| | 31/01/19 | | 31/01/18 | |
|--|-------------|---------------------|-------------|---------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to Unitholders | | 862,202,555 | | 460,770,064 |
| Amounts received on issue of units | 158,759,883 | | 203,265,452 | |
| Amounts paid on cancellation of units | (3,630,868) | | (897,855) | |
| | | <u>155,129,015</u> | | <u>202,367,597</u> |
| Dilution levy | | — | | 36,001 |
| Change in net assets attributable to Unitholders from investment activities | | (32,081,785) | | (91,130) |
| Retained distributions on accumulation units | | <u>13,830,655</u> | | <u>7,741,212</u> |
| Closing net assets attributable to Unitholders | | <u>£999,080,440</u> | | <u>£670,823,744</u> |

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

Financial Statements continued

Balance Sheet as at 31 January 2019

| | 31/01/19 £ | 31/07/18 £ |
|---|-----------------------------|----------------------------|
| ASSETS | | |
| Fixed assets: | | |
| Investments | 877,276,905 | 781,967,740 |
| Current assets: | | |
| Debtors | 9,822,238 | 7,715,582 |
| Cash and bank balances | 14,825,767 | 14,783,055 |
| Cash equivalents | 101,927,442 | 62,571,919 |
| Total assets | <u>1,003,852,352</u> | <u>867,038,296</u> |
| LIABILITIES | | |
| Investment liabilities | (2,284,966) | (3,286,825) |
| Creditors: | | |
| Bank overdrafts | (325,269) | (179,217) |
| Distributions payable | (16,663) | (12,613) |
| Other creditors | (2,145,014) | (1,357,086) |
| Total liabilities | <u>(4,771,912)</u> | <u>(4,835,741)</u> |
| Net assets attributable to Unitholders | <u>£999,080,440</u> | <u>£862,202,555</u> |

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 Management Association in May 2014 (2014 SORP).

2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

(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.

Fund Information

Net Asset Values and Units in Issue

| Class | Net Asset Value (£) | Units in Issue | Net Asset Value per Unit (p) |
|--------------------|---------------------|----------------|------------------------------|
| F-Class | | | |
| Distribution Units | 917 | 1,673 | 54.81 |
| Accumulation Units | 170,523 | 295,526 | 57.70 |
| I-Class | | | |
| Distribution Units | 831,346 | 1,488,961 | 55.83 |
| Accumulation Units | 160,838,098 | 263,715,679 | 60.99 |
| C-Class | | | |
| Accumulation Units | 828,662,463 | 1,350,079,977 | 61.38 |
| D-Class | | | |
| Distribution Units | 502,004 | 898,542 | 55.87 |
| Accumulation Units | 8,075,089 | 13,527,092 | 59.70 |

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.

Ongoing Charges Figures

| | 31 Jan 19 | 31 Jul 18 |
|---------|-----------|-----------|
| F-Class | 0.55% | 0.55% |
| I-Class | 0.46% | 0.46% |
| C-Class | 0.31% | 0.31% |
| D-Class | 0.95% | 0.95% |

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, 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.

Fund Information continued

Distribution Information

F-Class

The distribution payable on 31 March 2019 is 0.7124p per unit for distribution units and 0.7396p per unit for accumulation units.

I-Class

The distribution payable on 31 March 2019 is 0.7490p per unit for distribution units and 0.8090p per unit for accumulation units.

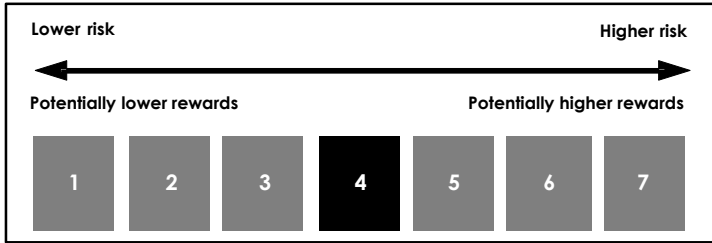
C-Class

The distribution payable on 31 March 2019 is 0.8597p per unit for accumulation units.

D-Class

The distribution payable on 31 March 2019 is 0.6119p per unit for distribution units and 0.6468p per unit for accumulation units.

Risk and Reward Profile



- 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 the mix of different asset types in which the Fund invests has a balancing effect on the rate at which the Fund share price moves up and down. This type of fund is generally considered to be higher risk than one investing only in bonds and lower risk than one investing only in company shares.
- Even a fund in the lowest category is not a risk free investment.

General Information

Constitution

| | |
|--------------------------------------|---|
| Launch date: | 30 June 2014 |
| Period end dates for distributions: | 31 January, 31 July |
| Distribution dates: | 31 March, 30 September |
| Minimum initial lump sum investment: | F-Class* £20 I-Class £1,000,000 C-Class** £100,000,000 D-Class £100 |
| Valuation point: | 3pm |
| Fund management fees: | F-Class* Annual 0.54% I-Class Annual 0.45% C-Class** Annual 0.30% D-Class Annual 0.94% |
| Initial charges: | Nil for all existing unit classes |

* 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.

Pricing and Dealing

The prices are published on the internet at 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. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

ISA Status

This Fund 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.

General Information continued

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.

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 (resigned 31 December 2018)
A. J. C. Craven
S. Hynes
H. Morrissey
H. Solomon
S. D. Thomas (resigned 17 October 2018)
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 SE UK Branch
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

Independent Auditors

KPMG LLP
15 Canada Square,
London E14 5GL

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**

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(Unit Trust Managers) Limited
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