

Legal & General
Global Inflation Linked Bond Index Fund

**Interim Manager's
Short Report
for the period ended
5 December 2017**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The objective of the Fund is to achieve income and capital growth in line with the performance of the Barclays World Government Ex UK Inflation Linked Bonds TR Hedged GBP Index (the “Index”) (after adjustment for management charges and taxation).

The Fund will invest predominantly in securities that are included in the Index. The Fund will be passively managed and employs a sampling strategy whereby such securities will be held with weightings generally proportionate to the weightings in the Index. The bonds the Fund invests in will be composed primarily of securities issued by sovereign entities excluding the UK which are denominated in the currency of the issuer and which are inflation linked. Sub-investment grade bonds may be held. 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 will use forward foreign exchange or currency future derivatives in order to manage the currency exposure in line with the Index. This may mean that, at times, the Fund may use derivatives for investment purposes. The Fund may also hold other types of derivatives for efficient portfolio management purposes only.

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 or currency futures, 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.

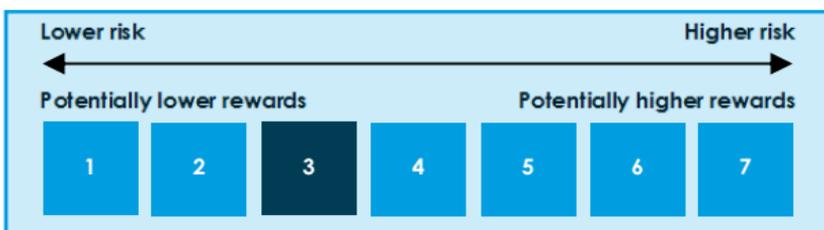
Fund Facts

Period End Dates for Distributions:	5 Jun, 5 Dec	
Distribution Dates:	5 Aug, 5 Feb	
Ongoing Charges Figures:	5 Dec 17	5 Jun 17
F-Class	0.51%	0.51%
I-Class	0.27%	0.27%
C-Class	0.17%	0.17%
L-Class	0.07%	0.07%

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 is tracking have moved up and down in the past.
- This Fund is in category three because it invests in bonds issued by governments. These generally provide higher rewards and higher risks than investments in cash 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

F-Class

The distribution payable on 5 February 2018 is 0.2987p per unit for distribution units and 0.3058p per unit for accumulation units.

I-Class

The distribution payable on 5 February 2018 is 0.3629p per unit for distribution units and 0.3736p per unit for accumulation units.

C-Class

The distribution payable on 5 February 2018 is 0.3896p per unit for distribution units and 0.4021p per unit for accumulation units.

L-Class

The distribution payable on 5 February 2018 is 0.4165p 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	151,829	288,247	52.67
Accumulation Units	235,924	435,050	54.23
I-Class			
Distribution Units	90,560,215	171,565,490	52.78
Accumulation Units	502,608,883	918,632,898	54.71
C-Class			
Distribution Units	73,374,180	138,879,422	52.83
Accumulation Units	118,775,788	216,345,624	54.90
L-Class			
Distribution Units	373,093,257	705,821,755	52.86

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.

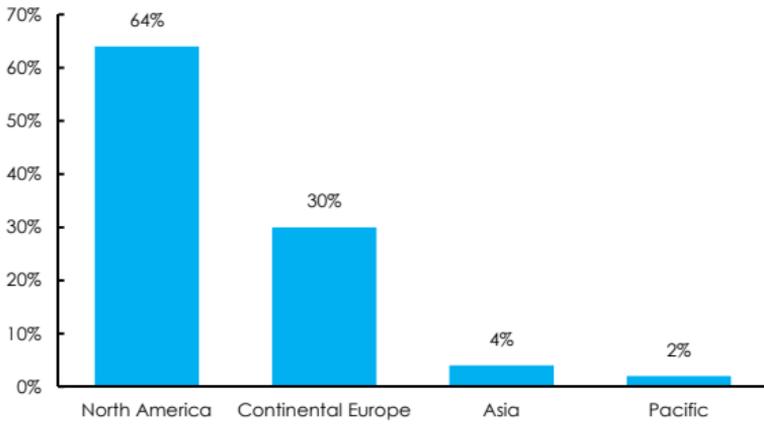
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

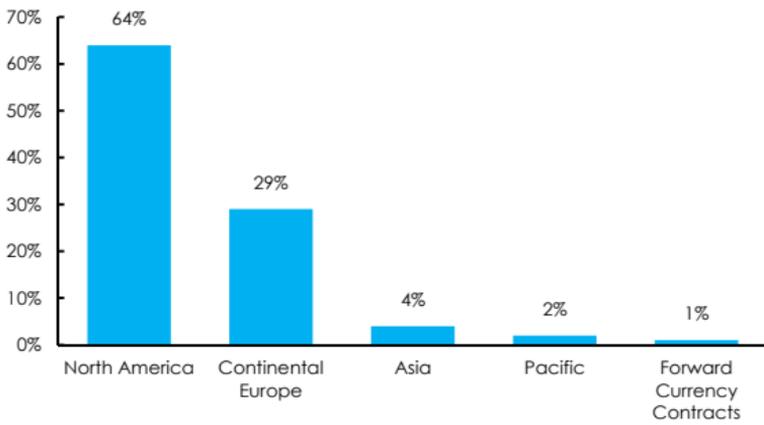
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 5 December 2017			Top 10 Holdings at 5 June 2017		
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
US Treasury Index Linked Bond 0.125% 15/04/2020	2.59%	US Treasury Index Linked Bond 0.125% 15/04/2020	2.90%	US Treasury Index Linked Bond 0.125% 15/04/2020	2.90%
US Treasury Index Linked Bond 0.125% 15/04/2019	2.58%	US Treasury Index Linked Bond 0.125% 15/04/2019	2.49%	US Treasury Index Linked Bond 0.125% 15/04/2019	2.49%
US Treasury Index Linked Bond 0.125% 15/04/2021	2.20%	US Treasury Index Linked Bond 0.375% 15/07/2023	2.48%	US Treasury Index Linked Bond 0.375% 15/07/2023	2.48%
US Treasury Index Linked Bond 0.125% 15/01/2023	2.20%	US Treasury Index Linked Bond 0.125% 15/04/2021	2.30%	US Treasury Index Linked Bond 0.125% 15/04/2021	2.30%
US Treasury Index Linked Bond 0.375% 15/07/2023	2.17%	US Treasury Index Linked Bond 0.125% 15/01/2022	2.28%	US Treasury Index Linked Bond 0.125% 15/01/2022	2.28%
US Treasury Index Linked Bond 0.125% 15/01/2022	2.15%	US Treasury Index Linked Bond 0.625% 15/01/2026	2.22%	US Treasury Index Linked Bond 0.625% 15/01/2026	2.22%
US Treasury Index Linked Bond 0.375% 15/07/2025	2.15%	US Treasury Index Linked Bond 0.125% 15/07/2022	2.18%	US Treasury Index Linked Bond 0.125% 15/07/2022	2.18%
US Treasury Index Linked Bond 0.625% 15/01/2026	2.12%	US Treasury Index Linked Bond 2.375% 15/01/2025	2.17%	US Treasury Index Linked Bond 2.375% 15/01/2025	2.17%
US Treasury Index Linked Bond 0.625% 15/01/2024	2.11%	US Treasury Index Linked Bond 0.125% 15/07/2024	2.12%	US Treasury Index Linked Bond 0.125% 15/07/2024	2.12%
US Treasury Index Linked Bond 0.125% 15/07/2022	2.08%	US Treasury Index Linked Bond 0.625% 15/01/2024	2.10%	US Treasury Index Linked Bond 0.625% 15/01/2024	2.10%

Fund Holdings as at 5 December 2017



Fund Holdings as at 5 June 2017



Manager's Investment Report

During the period under review, the bid price of the Fund's F-Class accumulation units rose by 1.06%. Barclays, 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 3pm. 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 1.39%, compared with the benchmark Index rise of 1.41% (Source: Bloomberg), producing a tracking difference of -0.02%.

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. In the US the first estimate of the third quarter economic growth (GDP) surprised positively at 3.0% leading to higher growth expectations for 2018. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates in June by 0.25% and signalling a further rate hike prior to the year-end. A further 0.25% hike was delivered by the Fed at its 13th December meeting. The Fed also confirmed it would begin shrinking its balance sheet in October by allowing \$10 billion of bonds to mature each month without reinvesting the proceeds back into the bond market. Thereby starting to unwind its asset purchase programme, known as quantitative easing (QE), which began in 2008 and has seen the Fed's balance sheet grow to \$4.5 trillion. Although the European Central Bank (ECB) announced it would taper its QE programme from January, the ECB commented it stood ready to extend QE beyond next September if necessary. 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 lower, as did index-linked securities. In the UK, inflation accelerated to its highest level for over five years in November (CPI +3.1% year on year; RPI 3.9% year on year), as the depreciation in Sterling since last year's EU referendum has fed through to import prices. The UK base rate was increased by 0.25% to 0.50% at the Monetary Policy Committee's (MPC) November meeting. It had been flagged by the MPC and was in effect a reversal of the surprise 0.25% cut seen in August 2016 following the Brexit vote.

Manager's Investment Report continued

Fund Review

The US had six monthly auctions over the review period, totalling \$60 billion of new issuance. A new 10-year bond was launched in July and was subsequently re-opened another two times, raising \$36 billion; the 30-year benchmark bond was reopened twice for a total of \$10 billion, increasing its size to \$18.7 billion; whilst the 5-year benchmark was only reopened once with issuance totalling \$14 billion. One bond, the 1.375% July 2018, left the Index at the end of July when its remaining life to maturity fell below one year. For the remaining countries within the Index four bonds left, one each from France, Italy, Japan and Australia, whilst one bond from Australia entered the Index.

The Fund experienced net positive cash flow during the review period, which was invested in such a way so as to ensure the Fund maintained an Index distribution at all times.

Outlook

The near term global economic outlook is positive and appears to have strengthened in many parts of the world to well above potential pace, leading to recruitment difficulties and rising capacity utilisation. There is a robust outlook for global manufacturing as inventories appear slightly lean and underlying demand strong. In recent months the recovery in economic activity has been most pronounced in the euro area, with economic confidence recording its highest level for more than a decade. In the UK, whilst both economic and political uncertainty has heightened over the last 12 months, economic indicators have exceeded expectations. The strong synchronised global growth and low inflation will cause central banks to turn more hawkish as inflationary pressures build and we see some increases in interest rates, but a high chance of another downturn before normalisation is complete. The market is expecting three 0.25% Fed hikes in 2018.

Legal & General Investment Management Limited

(Investment Adviser)

5 January 2018

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 0.04%, whilst over the last three years to the end of December 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:

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

In addition, monthly contributions can be made into the F-Class with a minimum amount of £50 per month.

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

F-Class units are only available to:

- i) investors who have received advice from authorised intermediaries and platforms in relation to their investment in units in the Fund and
- ii) authorised intermediaries or 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.

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.

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

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Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

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Financial Conduct Authority**

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