

Legal & General Dynamic Bond Fund  
**Interim Manager's Report**  
**for the period ended**  
**5 March 2019**  
**(Unaudited)**





# Contents

	<b>Page Number</b>
Manager's Investment Report	2
Authorised Status	4
Directors' Statement	4
Portfolio Statement	5
Statement of Total Return	16
Statement of Change in Net Assets attributable to Unitholders	16
Balance Sheet	17
Notes to the Financial Statements	18
Fund Information	19
Risk and Reward Profile	21
General Information	22

# Manager's Investment Report

## Investment Objective and Policy

The investment objective of this Fund is to achieve growth of capital and provide income by investing principally in a range of fixed and variable rate income securities.

The Fund may invest in investment grade and sub-investment grade fixed income securities with a credit rating from a recognised credit rating service or which are listed or traded in an OECD Country. The Fund will have a net exposure of at least 80% to Sterling.

The Fund may also use a variety of derivative transactions for both investment purposes and efficient portfolio management. Where considered in the interests of investors, derivatives may be used to synthetically alter the characteristic of the fixed income securities, such as to protect against credit and duration risk. The types of derivatives used include credit default swaps, interest rate swaps, foreign exchange and other Over the Counter (OTC) instruments as well as exchange traded instruments including futures and options. The use of derivatives for these purposes may be extensive and may affect the volatility or risk profile of the Fund although this is not the intention.

The Fund may also invest in transferable securities, such as equities, asset and mortgage backed securities and loans; regulated collective investment schemes; money market instruments; cash; near cash and deposits. The collective investment schemes in which the Fund may invest in may include schemes which are managed or operated by, or whose authorised corporate director is, the Manager or one of its associates.

## Manager's Investment Report

During the period under review, the bid price of the Fund's R-Class accumulation units fell by 0.32%. This compares to a rise in the iBoxx Sterling Non-Gilts Index of 1.48% (Source: Bloomberg).

**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

Risk assets continued to be volatile in the first half of the review period. However, both investment grade credit and high yield bonds outperformed equities, which suffered a significant sell-off. Emerging market bonds outperformed, as investors become more optimistic on the prospect of a trade deal between the US and China, while US high yield was weak, particularly in December. Tightening monetary conditions remain an important driver in markets, and a lack of soothing words from the US Federal Reserve (Fed) was a key reason for the continued risk-off tone. This was exacerbated by fragile commodity markets, with a particular focus on oil prices.

However, January witnessed a strong rebound across just about every asset class, reversing December's weakness. The combination of attractive valuations and a dovish shift from the US Federal Reserve provided the impetus for a very strong start to the year.

Risky assets continued to rally in February, although not quite as much as they did during January. Throughout the month, there were a number of positive headlines regarding key near-term risks: the US/China trade talks resulted in a further delay to new tariffs, a bumper Chinese credit number promised an improvement in economic activity and a no-deal Brexit appeared to become less likely.

# Manager's Investment Report continued

## Fund Review

The Fund delivered modestly negative return over the six months under review. However, performance over the review period was very much a tale of two halves.

From September to December 2018, physical bond exposure detracted from performance as broad credit markets experienced a sharp sell-off with high yield and emerging market debt feeling the brunt of the pain. However, protective hedges and our positioning in global rates markets slightly offset the negative performance from the physical bond exposure.

From the beginning of 2019 onwards, however, the Fund performed strongly, recovering the majority of the underperformance experienced at the end of 2018. This was driven by our asset allocation which was tilted towards benefitting from an anticipated strong recovery in credit markets following the sell-off. Given our longer-term outlook, the Fund remains cautiously positioned, whilst seeking to take advantage of tactical opportunities to add risk.

## Outlook

Looking ahead, we believe market valuations can continue to recover until they reach the peaks of 2018. In the context of easier monetary policy and the more positive headlines surrounding Brexit and China, we could therefore continue to see market strength in the very near term.

However, a lot of good news is starting to be priced into markets. In addition, should economic activity improve, we would expect yields to increase and global financing conditions to tighten once more. On the other hand, should economic activity remain disappointing, investors could question the positive impact of easier monetary policy. Either way, markets should become more two-way in the coming weeks and we will look to sell into strength and move up the quality spectrum in portfolios.

Legal & General Investment Management Limited  
(Investment Adviser)  
20 March 2019

## Authorised Status

### Authorised Status

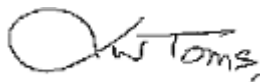
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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  
24 April 2019

## Portfolio Statement

### Portfolio Statement as at 5 March 2019

All investments are in investment grade securities or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 5 September 2018.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>CORPORATE BONDS</b>			
<b>— 61.43% (56.16%)</b>			
<b>UNITED KINGDOM — 4.02% (6.58%)</b>			
USD250,000	Enquest 7% 15/10/2023 <sup>1</sup>	157,035	0.06
USD250,000	Ferrexpo Finance 10.375% 07/04/2019 <sup>1</sup>	189,908	0.08
USD2,550,000	HSBC 3.803% 11/03/2025	1,941,195	0.77
GBP1,584,000	HSBC 3% 22/07/2028	1,573,973	0.62
USD1,500,000	ICBC Standard Bank 8.125% 02/12/2019	1,173,127	0.47
GBP500,000	Iceland Bondco 6.75% 15/07/2024 <sup>1</sup>	482,458	0.19
GBP500,000	Iceland Bondco 4.625% 15/03/2025 <sup>1</sup>	438,875	0.17
USD1,000,000	Neptune Energy Bondco 6.625% 15/05/2025 <sup>1</sup>	748,211	0.30
EUR250,000	Thomas Cook Finance 3.875% 15/07/2023 <sup>1</sup>	153,509	0.06
EUR250,000	Thomas Cook Group 6.25% 15/06/2022 <sup>1</sup>	177,743	0.07
USD242,000	Tullow Oil 6.25% 15/04/2022 <sup>1</sup>	185,866	0.07
USD223,000	Tullow Oil 7% 01/03/2025 <sup>1</sup>	170,213	0.07
USD1,100,000	Vedanta Resources 8.25% 07/06/2021 <sup>1</sup>	851,131	0.34
USD2,589,000	Vodafone Group 6.25% 03/10/2078	1,890,892	0.75
		10,134,136	4.02
<b>IRELAND — 0.63% (0.38%)</b>			
GBP200,000	GE Capital UK Funding Unlimited 6.25% 05/05/2038	261,013	0.10
GBP600,000	GE Capital UK Funding Unlimited 8% 14/01/2039	900,689	0.36
EUR485,000	James Hardie International Finance 3.625% 01/10/2026	424,085	0.17
		1,585,787	0.63
<b>CHANNEL ISLANDS — 0.83% (1.22%)</b>			
GBP2,000,000	TVL Finance 8.5% 15/05/2023 <sup>1</sup>	2,092,120	0.83
<b>ISLE OF MAN — 0.32% (0.00%)</b>			
EUR940,000	Playtech 4.25% 07/03/2026 <sup>1</sup>	821,276	0.32
<b>CONTINENTAL EUROPE</b>			
<b>— 14.75% (10.52%)</b>			
<b>France — 1.80% (3.17%)</b>			
EUR1,100,000	BNP Paribas 2.125% 23/01/2027	980,328	0.39
USD796,000	La Mondiale 4.8% 18/01/2048	523,852	0.21
USD1,600,000	Societe Generale 6% Open Maturity <sup>1</sup>	1,203,691	0.48

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>France — (cont.)</b>			
USD2,634,000	Societe Generale 6.75% Open Maturity <sup>1</sup>	1,819,975	0.72
		4,527,846	1.80
<b>Georgia — 0.43% (0.16%)</b>			
USD400,000	Bank of Georgia JSC 6% 26/07/2023 <sup>1</sup>	301,477	0.12
USD1,000,000	Georgian Oil & Gas 6.75% 26/04/2021 <sup>1</sup>	777,592	0.31
		1,079,069	0.43
<b>Italy — 2.15% (1.14%)</b>			
EUR2,000,000	CMC Ravenna 6% 15/02/2023 <sup>1</sup>	116,350	0.05
EUR2,700,000	Rekeep 9% 15/06/2022 <sup>1</sup>	1,977,357	0.78
USD4,255,000	UniCredit 6.572% 14/01/2022	3,325,029	1.32
		5,418,736	2.15
<b>Luxembourg — 0.95% (0.00%)</b>			
USD597,000	CPI Property Group 4.75% 08/03/2023	452,959	0.18
USD200,000	CSN Resources 6.5% 21/07/2020 <sup>1</sup>	152,467	0.06
EUR1,158,000	Medtronic Global 2.25% 07/03/2039	987,889	0.39
EUR500,000	Samsonite Finco 3.5% 15/05/2026 <sup>1</sup>	423,469	0.17
USD500,000	SPIC Luxembourg Latin America Renewable Energy Investment Co Sarl 4.25% 30/10/2021	383,127	0.15
		2,399,911	0.95
<b>Netherlands — 4.02% (2.07%)</b>			
USD1,500,000	Braskem Netherlands Finance 4.5% 10/01/2028	1,116,377	0.44
USD1,275,000	ING Groep 6.75% Open Maturity	960,162	0.38
USD1,600,000	ING Groep 6.875% Open Maturity	1,266,941	0.50
USD250,000	Metinvest 7.75% 23/04/2023 <sup>1</sup>	186,189	0.08
USD3,026,000	Syngenta Finance 4.441% 24/04/2023	2,308,420	0.92
USD500,000	Teva Pharmaceutical Finance Netherlands III 2.2% 21/07/2021 <sup>1</sup>	361,120	0.14
GBP1,200,000	Volkswagen Financial Services 2.75% 10/07/2023	1,206,082	0.48
EUR2,900,000	Volkswagen International Finance 4.125% 16/11/2038	2,716,488	1.08
		10,121,779	4.02
<b>Spain — 2.74% (1.30%)</b>			
EUR1,200,000	Banco Bilbao Vizcaya Argentaria 5.875% Open Maturity <sup>1</sup>	1,029,041	0.41
EUR1,600,000	Banco Santander 4.75% Open Maturity <sup>1</sup>	1,182,537	0.47
EUR2,500,000	Banco Santander 6.25% Open Maturity <sup>1</sup>	2,119,605	0.84
USD3,400,000	Banco Santander 7.5% Open Maturity <sup>1</sup>	2,572,304	1.02
		6,903,487	2.74



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Sweden — 1.42% (2.45%)</b>		
EUR3,900,000	Corral Petroleum 11.75% 15/05/2021 <sup>1</sup>	3,585,934	1.42
	<b>Switzerland — 1.24% (0.23%)</b>		
USD2,200,000	UBS Group Funding Switzerland 5% Open Maturity	1,455,866	0.58
USD2,200,000	UBS Group Funding Switzerland 7% Open Maturity	1,681,742	0.66
		3,137,608	1.24
	<b>NORTH AMERICA — 33.63% (31.15%)</b>		
	<b>British Virgin Islands — 0.25% (0.32%)</b>		
USD600,000	Franshion 3.6% 03/03/2022	448,290	0.18
USD250,000	Gold Fields Orogen 4.875% 07/10/2020	191,773	0.07
		640,063	0.25
	<b>Canada — 0.00% (2.36%)</b>		
	<b>Cayman Islands — 1.22% (2.63%)</b>		
USD200,000	China Aoyuan Group 7.95% 19/02/2023 <sup>1</sup>	152,045	0.06
USD1,350,000	China Evergrande 7% 23/03/2020 <sup>1</sup>	1,015,407	0.40
USD250,000	China Evergrande 6.25% 28/06/2021 <sup>1</sup>	178,041	0.07
USD300,000	Fufeng Group 5.875% 28/08/2021	232,042	0.09
USD250,000	QIIB Senior Sukuk 4.264% 05/03/2024	191,081	0.08
USD450,000	Shimao Property 6.375% 15/10/2021	353,756	0.14
USD200,000	Shimao Property 6.125% 21/02/2024	152,848	0.06
USD854,163	SPARC EM SPC Panama 0% 05/12/2022	595,072	0.24
USD277,000	Sunac China 7.875% 15/02/2022 <sup>1</sup>	210,859	0.08
		3,081,151	1.22
	<b>Costa Rica — 0.00% (0.60%)</b>		
	<b>Mexico — 0.95% (1.03%)</b>		
USD500,000	Comision Federal de Electricidad 4.875% 26/05/2021	386,405	0.16
USD1,300,000	IXE Banco 9.25% 14/10/2020 <sup>1</sup>	1,065,279	0.42
USD1,200,000	Petroleos Mexicanos 6.375% 04/02/2021	939,772	0.37
		2,391,456	0.95
	<b>Panama — 0.38% (0.49%)</b>		
USD450,000	Banistmo 3.65% 19/09/2022	334,485	0.13
USD800,000	Global Bank 4.5% 20/10/2021	614,101	0.25
		948,586	0.38
	<b>United States — 30.83% (23.72%)</b>		
USD1,799,000	Altria 5.95% 14/02/2049	1,364,536	0.54
USD774,000	Altria 6.2% 14/02/2059	586,865	0.23
USD2,020,000	Anheuser-Busch InBev Worldwide 4.15% 23/01/2025	1,588,682	0.63

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>United States — (cont.)</b>		
USD2,333,000	Anheuser-Busch InBev Worldwide 5.45% 23/01/2039	1,851,593	0.73
USD1,609,000	Apple 3.75% 13/11/2047	1,157,267	0.46
GBP1,511,000	AT&T 2.9% 04/12/2026	1,508,471	0.60
EUR1,500,000	AT&T 3.15% 04/09/2036	1,292,313	0.51
USD657,000	BAT Capital 3.222% 15/08/2024	480,587	0.19
USD1,500,000	BAT Capital 3.557% 15/08/2027	1,045,368	0.42
USD800,000	BAT Capital 4.39% 15/08/2037	509,024	0.20
USD1,000,000	Bausch Health Companies 8.5% 31/01/2027 <sup>1</sup>	789,934	0.31
USD1,500,000	Beazer Homes USA 8.75% 15/03/2022 <sup>1</sup>	1,187,757	0.47
EUR1,000,000	Belden 3.375% 15/07/2027 <sup>1</sup>	862,804	0.34
USD1,813,000	Boston Scientific 4.55% 01/03/2039	1,371,897	0.54
USD698,000	Boston Scientific 4.7% 01/03/2049	532,557	0.21
USD1,128,000	Campbell Soup 3.65% 15/03/2023	855,644	0.34
USD3,642,000	Campbell Soup 3.95% 15/03/2025	2,721,184	1.08
USD1,700,000	Capital One 1.85% 13/09/2019	1,287,055	0.51
USD1,700,000	Caterpillar Financial Services 2.1% 09/06/2019	1,292,219	0.51
USD5,000,000	Citibank 3.65% 23/01/2024	3,873,865	1.54
USD537,000	Diamond 1 Finance 5.45% 15/06/2023	431,183	0.17
USD2,400,000	Diamond 1 Finance 6.02% 15/06/2026	1,939,574	0.77
GBP1,788,000	Digital Stout 3.75% 17/10/2030	1,802,013	0.72
USD1,658,000	Energy Transfer Operating 4.5% 15/04/2024	1,296,222	0.51
USD554,000	Ford Motor 4.346% 08/12/2026	382,025	0.15
USD1,700,000	Ford Motor Credit Company 1.897% 12/08/2019	1,287,773	0.51
EUR1,929,000	Ford Motor Credit Company 3.021% 06/03/2024	1,675,836	0.67
GBP1,560,000	Ford Motor Credit Company 4.535% 06/03/2025	1,570,611	0.62
USD1,970,000	General Electric 5.875% 14/01/2038	1,580,927	0.63
USD1,700,000	General Motors Financial 2.35% 04/10/2019	1,288,965	0.51
USD4,083,000	General Motors Financial 5.1% 17/01/2024	3,189,353	1.27
USD1,900,000	Golden Nugget 6.75% 15/10/2024 <sup>1</sup>	1,461,093	0.58
USD2,500,000	Golden Nugget 8.75% 01/10/2025 <sup>1</sup>	1,970,077	0.78
USD833,000	Halfmoon Parent 4.9% 15/12/2048	631,084	0.25
USD1,030,000	JPW Industries 9% 01/10/2024 <sup>1</sup>	778,342	0.31
USD2,000,000	L Brands 6.75% 01/07/2036 <sup>1</sup>	1,294,350	0.51
USD3,000,000	L Brands 7.6% 15/07/2037 <sup>1</sup>	1,810,187	0.72
USD1,700,000	Morgan Stanley 2.375% 23/07/2019	1,292,188	0.51
USD4,800,000	Murphy Oil 5.125% 01/12/2042	3,237,690	1.28
USD4,400,000	Netflix 4.375% 15/11/2026 <sup>1</sup>	3,216,080	1.28
USD2,200,000	Reynolds American 5.85% 15/08/2045	1,596,442	0.63

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>United States — (cont.)</b>			
USD1,000,000	Scientific Games International 5% 15/10/2025 <sup>1</sup>	735,686	0.29
USD1,600,000	Sprint 7.625% 01/03/2026 <sup>1</sup>	1,259,327	0.50
USD1,718,000	Sunoco Logistics Partners Operations 5.4% 01/10/2047	1,250,969	0.50
EUR3,000,000	Superior Industries International 6% 15/06/2025 <sup>1</sup>	2,233,189	0.89
USD1,000,000	Tesla 5.3% 15/08/2025 <sup>1</sup>	658,596	0.26
GBP1,466,000	Time Warner Cable 5.25% 15/07/2042	1,642,898	0.65
USD4,000,000	United States Cellular 6.7% 15/12/2033 <sup>1</sup>	3,243,490	1.29
USD2,100,000	United States Steel 6.25% 15/03/2026 <sup>1</sup>	1,502,969	0.60
USD595,000	Verizon Communications 3.875% 08/02/2029	452,383	0.18
GBP539,000	Verizon Communications 3.375% 27/10/2036	554,888	0.22
USD447,000	Viacom 4.25% 01/09/2023	347,906	0.14
USD2,601,000	Viacom 6.875% 30/04/2036	2,246,237	0.89
USD830,000	Vista Outdoor 5.875% 01/10/2023 <sup>1</sup>	594,031	0.24
USD1,600,000	William Lyon Homes 5.875% 31/01/2025 <sup>1</sup>	1,099,436	0.44
		77,713,642	30.83
<b>SOUTH AMERICA — 0.79% (1.44%)</b>			
<b>Argentina — 0.46% (0.94%)</b>			
USD1,500,000	YPF 8.5% 23/03/2021 <sup>1</sup>	1,166,286	0.46
<b>Brazil — 0.17% (0.13%)</b>			
USD550,000	Centrais Elétricas Brasileiras 5.75% 27/10/2021 <sup>1</sup>	427,659	0.17
<b>Colombia — 0.16% (0.37%)</b>			
USD500,000	Grupo de Inversiones Suramericana 5.7% 18/05/2021	395,447	0.16
<b>AFRICA — 0.15% (0.37%)</b>			
<b>Nigeria — 0.15% (0.37%)</b>			
USD500,000	Access Bank 9.25% 24/06/2021 <sup>1</sup>	379,740	0.15
<b>ASIA — 4.87% (3.33%)</b>			
<b>Hong Kong — 0.45% (0.31%)</b>			
USD250,000	Bocom Leasing Management Hong Kong 4% 22/01/2022	190,788	0.07
USD1,250,000	CNAC HK Finbridge 4.125% 14/03/2021	958,641	0.38
		1,149,429	0.45
<b>India — 0.81% (0.25%)</b>			
USD1,000,000	Adani Ports & Special Economic Zone 3.5% 29/07/2020	754,795	0.30
USD571,000	Bharat Petroleum Corp 4.375% 24/01/2022	439,336	0.18
USD800,000	JSW Steel 4.75% 12/11/2019 <sup>1</sup>	608,065	0.24

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>India — (cont.)</b>			
USD325,000	REC 3.875% 07/07/2027	234,638	0.09
		2,036,834	0.81
<b>Indonesia — 0.44% (0.13%)</b>			
USD900,000	Indonesia Asahan Aluminium Persero 5.23% 15/11/2021	707,116	0.28
USD500,000	Perusahaan Listrik Negara 5.5% 22/11/2021	397,251	0.16
		1,104,367	0.44
<b>Japan — 2.77% (2.25%)</b>			
USD5,500,000	Softbank 6% 30/07/2025 <sup>1</sup>	4,295,100	1.71
USD4,000,000	Softbank 6.875% Open Maturity <sup>1</sup>	2,678,264	1.06
		6,973,364	2.77
<b>Kazakhstan — 0.40% (0.00%)</b>			
USD1,000,000	Development Bank of Kazakhstan 4.125% 10/12/2022	762,472	0.30
USD329,681	Halyk Savings Bank of Kazakhstan 5.5% 21/12/2022 <sup>1</sup>	249,931	0.10
		1,012,403	0.40
<b>Sri Lanka — 0.00% (0.39%)</b>			
<b>MIDDLE EAST — 0.76% (0.28%)</b>			
<b>Turkey — 0.76% (0.28%)</b>			
USD450,000	Hazine Mustesarligi Varlik Kiralama 5.8% 21/02/2022 <sup>1</sup>	342,348	0.13
USD1,100,000	KOC 3.5% 24/04/2020 <sup>1</sup>	825,240	0.33
USD200,000	Türk Telekomunikasyon 6.875% 28/02/2025 <sup>1</sup>	151,515	0.06
USD800,000	Türkiye Sise ve Cam Fabrikalari 4.25% 09/05/2020 <sup>1</sup>	607,248	0.24
		1,926,351	0.76
<b>SUPRANATIONAL — 0.68% (0.89%)</b>			
USD500,000	Africa Finance Corporation 4.375% 29/04/2020	380,302	0.15
USD500,000	African Export-Import Bank 4% 24/05/2021	380,767	0.15
USD500,000	African Export-Import Bank 4.125% 20/06/2024	373,458	0.15
USD750,000	Eastern and Southern African Trade and Development Bank 5.375% 14/03/2022	577,604	0.23
		1,712,131	0.68
<b>GOVERNMENT BONDS — 28.08% (25.43%)</b>			
<b>UNITED KINGDOM — 20.20% (21.48%)</b>			
GBP12,000,000	United Kingdom Treasury Bill 0% 25/03/2019	11,995,488	4.76
GBP4,000,000	United Kingdom Treasury Bill 0% 01/04/2019	3,997,912	1.58

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>UNITED KINGDOM — (cont.)</b>			
GBP6,000,000	United Kingdom Treasury Bill 0% 23/04/2019	5,994,108	2.38
GBP6,000,000	United Kingdom Treasury Bill 0% 13/05/2019	5,991,606	2.37
GBP8,000,000	United Kingdom Treasury Bill 0% 28/05/2019	7,986,312	3.17
GBP15,000,000	United Kingdom Treasury Bill 0% 03/06/2019	14,972,460	5.94
		50,937,886	20.20
<b>CONTINENTAL EUROPE</b>			
<b>— 0.49% (0.14%)</b>			
<b>Netherlands — 0.19% (0.02%)</b>			
USD625,000	Angola Government International Bond 7% 17/08/2019 <sup>1</sup>	477,054	0.19
<b>Ukraine — 0.30% (0.12%)</b>			
USD500,000	Ukraine Government International Bond 7.75% 01/09/2019 <sup>1</sup>	380,920	0.15
USD500,000	Ukraine Government International Bond 7.75% 01/09/2020 <sup>1</sup>	377,036	0.15
		757,956	0.30
<b>NORTH AMERICA — 2.64% (0.78%)</b>			
<b>Honduras — 0.39% (0.32%)</b>			
USD1,200,000	Honduras Government International Bond 8.75% 16/12/2020 <sup>1</sup>	979,772	0.39
<b>United States — 2.25% (0.46%)</b>			
USD7,440,000	United States Treasury Inflation Indexed Bonds 0.875% 15/01/2029	5,682,436	2.25
<b>SOUTH AMERICA — 2.15% (1.82%)</b>			
<b>Argentina — 2.06% (1.82%)</b>			
USD3,000,000	Argentine Republic Government International Bond 6.875% 22/04/2021 <sup>1</sup>	2,137,985	0.85
USD1,876,000	Buenos Aires (City of) 8.95% 19/02/2021 <sup>1</sup>	1,433,782	0.57
USD2,200,000	Buenos Aires (City of) 9.95% 09/06/2021 <sup>1</sup>	1,612,244	0.64
		5,184,011	2.06
<b>Brazil — 0.09% (0.00%)</b>			
BRL1,000,000	Brazil Government International Bond 10.25% 10/01/2028 <sup>1</sup>	225,527	0.09
<b>AFRICA — 1.90% (0.69%)</b>			
<b>Egypt — 0.79% (0.31%)</b>			
USD200,000	Egypt Government International Bond 5.75% 29/04/2020 <sup>1</sup>	154,089	0.06
USD1,100,000	Egypt Government International Bond 6.125% 31/01/2022 <sup>1</sup>	849,584	0.34
USD1,293,000	Egypt Government International Bond 6.2% 01/03/2024 <sup>1</sup>	996,774	0.39
		2,000,447	0.79

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Ghana — 0.16% (0.00%)</b>		
USD500,000	Ghana Government International Bond 7.875% 07/08/2023 <sup>1</sup>	394,016	0.16
	<b>Namibia — 0.15% (0.00%)</b>		
USD500,000	Namibia Government International Bond 5.5% 03/11/2021 <sup>1</sup>	384,382	0.15
	<b>Nigeria — 0.47% (0.38%)</b>		
USD1,500,000	Nigeria Government International Bond 6.75% 28/01/2021 <sup>1</sup>	1,180,653	0.47
	<b>Senegal — 0.33% (0.00%)</b>		
USD1,000,000	Senegal Government International Bond 8.75% 13/05/2021 <sup>1</sup>	823,557	0.33
	<b>ASIA — 0.32% (0.52%)</b>		
	<b>Mongolia — 0.17% (0.00%)</b>		
USD500,000	Mongolia Government International Bond 10.875% 06/04/2021 <sup>1</sup>	422,373	0.17
	<b>Pakistan — 0.00% (0.27%)</b>		
	<b>Sri Lanka — 0.15% (0.25%)</b>		
USD500,000	Sri Lanka Government International Bond 5.75% 18/01/2022 <sup>1</sup>	376,243	0.15
	<b>MIDDLE EAST — 0.38% (0.00%)</b>		
	<b>Bahrain — 0.15% (0.00%)</b>		
USD500,000	Bahrain Government International Bond 5.875% 26/01/2021 <sup>1</sup>	387,925	0.15
	<b>Oman — 0.07% (0.00%)</b>		
USD250,000	Oman Government International Bond 3.435% 15/06/2021	185,663	0.07
	<b>Turkey — 0.16% (0.00%)</b>		
USD500,000	Turkey Government International Bond 7% 05/06/2020 <sup>1</sup>	390,228	0.16
	<b>FUNDS INVESTED IN INTEREST BEARING SECURITIES — 5.28% (6.81%)</b>		
28,493,449	Legal & General High Income Trust 'R' Inc	13,300,742	5.28
	<b>OPTIONS — 0.06% (0.53%)</b>		
1,800	135 Call on EURO STOXX Banks Index Expiry 20/12/2019	15,513	0.01
160	2675 Put on S&P 500 Index Expiry 29/03/2019	126,085	0.05
		141,598	0.06
	<b>FORWARD CURRENCY CONTRACTS — 1.07% (-0.10%)</b>		
USD(262,589) BRL1,000,000	Sold US Dollars for Brazilian Real (Expires 28/03/2019) <sup>2</sup>	1,295	—
USD(253,665) COP800,000,000	Sold US Dollars for Columbian Peso (Expires 28/03/2019) <sup>2</sup>	3,426	—

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>FORWARD CURRENCY CONTRACTS</b>			
<b>— (cont.)</b>			
USD(255,134) COP800,000,000	Sold US Dollars for Columbian Peso (Expires 28/03/2019) <sup>2</sup>	2,309	—
CAD(500,000) GBP292,050	Sold Canadian Dollar for Sterling (Expires 24/04/2019) <sup>2</sup>	7,065	—
USD(187,000,000) GBP144,386,325	Sold US Dollars for Sterling (Expires 24/04/2019) <sup>2</sup>	2,360,442	0.94
EUR(1,300,000) GBP1,124,494	Sold Euro for Sterling (Expires 24/04/2019) <sup>2</sup>	2,253	—
EUR(23,000,000) GBP20,195,697	Sold Euro for Sterling (Expires 24/04/2019) <sup>2</sup>	340,675	0.14
USD(4,000,000) GBP3,049,871	Sold US Dollars for Sterling (Expires 24/04/2019) <sup>2</sup>	11,884	—
USD(509,910) JPY55,000,000	Sold US Dollars for Japanese Yen (Expires 28/03/2019) <sup>2</sup>	(13,548)	(0.01)
USD(247,544) TRY1,400,000	Sold US Dollars for Turkish Lira (Expires 28/03/2019) <sup>2</sup>	6,670	—
TRY(1,400,000) USD257,667	Sold Turkish Lira for US Dollars (Expires 28/03/2019) <sup>2</sup>	1,029	—
JPY(55,000,000) USD498,795	Sold Japanese Yen for US Dollars (Expires 28/03/2019) <sup>2</sup>	5,095	—
SGD(2,303,743) USD1,700,000	Sold Singapore Dollar for US Dollars (Expires 25/04/2019) <sup>2</sup>	(4,660)	—
THB(54,043,153) USD1,700,000	Sold Thai Bhat for US Dollars (Expires 25/04/2019) <sup>2</sup>	(6,779)	—
AUD(2,400,000) USD1,698,518	Sold Australian Dollar for US Dollars (Expires 26/04/2019) <sup>2</sup>	(5,351)	—
TWD(52,317,500) USD1,700,000	Sold Taiwan Dollar for US Dollars (Expires 20/05/2019) <sup>2</sup>	(3,519)	—
KRW(1,913,010,000) USD1,700,000	Sold South Korean Won for US Dollars (Expires 20/05/2019) <sup>2</sup>	(4,343)	—
MYR(6,941,100) USD1,700,000	Sold Malaysian Ringgit for US Dollars (Expires 21/05/2019) <sup>2</sup>	(5,845)	—
		2,698,098	1.07
<b>FUTURES CONTRACTS</b>			
<b>— 0.07% (0.12%)</b>			
233	Euro-Bobl Future Expiry June 2019	(3,012)	—
(6)	Euro-Bund Future Expiry June 2019	(52)	—
(5)	Euro-Buxl Future Expiry June 2019	517	—
(644)	Euro-Schatz Future Expiry June 2019	(2,775)	—
(15)	Long Gilt Future Expiry June 2019	900	—
(51)	Ultra US 10 Year Treasury Notes Future Expiry June 2019	22,449	0.01
25	Ultra US Treasury Notes Future Expiry June 2019	(45,933)	(0.02)
(25)	US 10 Year Treasury Notes Future Expiry June 2019	10,098	—
(346)	US 5 Year Treasury Notes Future Expiry June 2019	86,708	0.03
(25)	US Treasury Long Bond Future Expiry June 2019	17,001	0.01
394	BAX Contract Future Expiry June 2020	105,532	0.04

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>FUTURES CONTRACTS — (cont.)</b>			
158	BAX Contract Future Expiry September 2020	40,581	0.02
(296)	Eurodollar Future Expiry June 2020	(27,058)	(0.01)
(118)	Eurodollar Future Expiry September 2020	(13,387)	(0.01)
		191,569	0.07
<b>INTEREST RATE SWAPS — 0.00% (0.05%)</b>			
SEK1,100,000,000	IRS STBOR3M 0.05% Expiry 29/05/2020 <sup>3</sup>	(5,698)	—
USD170,000,000	IRS LIBOR3M 3.06% Expiry 30/04/2021 <sup>3</sup>	604,425	0.24
USD(170,000,000)	IRS LIBOR3M 3.06% Expiry 30/04/2021 <sup>3</sup>	(604,425)	(0.24)
AUD(295,000,000)	IRS BBSW3M 2.694% Expiry 15/05/2022 <sup>3</sup>	(1,330,780)	(0.53)
AUD295,000,000	IRS BBSW3M 2.694% Expiry 15/05/2022 <sup>3</sup>	1,330,780	0.53
GBP(200,000,000)	IRS LIBOR6M 1.63% Expiry 04/06/2024 <sup>3</sup>	(212,000)	(0.08)
GBP200,000,000	IRS LIBOR6M 1.63% Expiry 04/06/2024 <sup>3</sup>	212,000	0.08
		(5,698)	—
<b>CREDIT DEFAULT SWAPS — -1.42% (3.06%)</b>			
USD2,250,000	CDS Commonwealth of Australia 1% 20/06/2022 <sup>4</sup>	(49,455)	(0.02)
USD900,000	CDS Federation of Malaysia 1% 20/06/2022 <sup>4</sup>	(12,638)	(0.01)
USD700,000	CDS Federation of Malaysia 1% 20/06/2022 <sup>4</sup>	(9,829)	—
USD1,600,000	CDS Kingdom of Thailand 1% 20/06/2022 <sup>4</sup>	(26,788)	(0.01)
USD1,350,000	CDS Republic of Chile 1% 20/06/2022 <sup>4</sup>	(23,022)	(0.01)
USD1,850,000	CDS Republic of Chile 1% 20/06/2022 <sup>4</sup>	(31,549)	(0.01)
USD900,000	CDS Republic of China 1% 20/06/2022 <sup>4</sup>	(14,652)	(0.01)
USD900,000	CDS Republic of China 1% 20/06/2022 <sup>4</sup>	(14,652)	(0.01)
USD900,000	CDS Republic of Colombia 1% 20/06/2022 <sup>4</sup>	(4,710)	—
EUR100,000,000	CDX iTraxx Europe 1% 20/06/2023 <sup>4</sup>	(1,795,145)	(0.71)
EUR100,000,000	CDX iTraxx Europe 1% 20/12/2023 <sup>4</sup>	(1,581,980)	(0.63)
		(3,564,420)	(1.42)



# Portfolio Statement continued

**Portfolio of investments<sup>5</sup>**

**Net other assets**

**Total net assets**

238,418,616	94.57
13,680,967	5.43
<b>£252,099,583</b>	<b>100.00%</b>

<sup>1</sup> These are sub-investment grade fixed interest securities and represent 30.68% of the net assets of the Fund.

<sup>2</sup> Unlisted securities are valued at the Manager's best assessment of their fair and reasonable value.

<sup>3</sup> An Interest Rate Swap (IRS) position denoted as a negative nominal indicates the Fund has paid fixed rate to receive floating, whilst an IRS position denoted as a positive nominal indicates the Fund has paid floating rate to receive fixed.

<sup>4</sup> A short Credit Default Swap (CDS) position (denoted as a negative nominal) indicates the Fund has sold protection, whilst a long CDS position (denoted as a positive nominal) indicates the Fund has bought protection.

<sup>5</sup> Including investment liabilities.

Total purchases for the period: £235,583,200.

Total sales for the period: £285,834,530.

## Financial Statements

### Statement of Total Return For the period ended 5 March 2019

	05/03/19	05/03/18
	£	£
<b>Income</b>		
Net capital losses	(10,336,613)	(2,988,789)
Revenue	10,435,463	15,828,435
Expenses	(586,205)	(1,071,593)
Interest payable and similar charges	(198,666)	(1,654,791)
Net revenue before taxation	9,650,592	13,102,051
Taxation	—	—
Net revenue after taxation for the period	9,650,592	13,102,051
Total return before distributions	(686,021)	10,113,262
Distributions	(9,938,120)	(13,638,076)
Change in net assets attributable to Unitholders from investment activities	£(10,624,141)	£(3,524,814)

### Statement of Change in Net Assets attributable to Unitholders for the period ended 5 March 2019

	05/03/19	05/03/18
	£	£
Opening net assets attributable to Unitholders	316,225,099	484,665,122
Amounts received on issue of units	1,486,737	6,896,496
Amounts paid on cancellation of units	(58,283,868)	(75,362,231)
	(56,797,131)	(68,465,735)
Change in net assets attributable to Unitholders from investment activities	(10,624,141)	(3,524,814)
Retained distributions on accumulation units	3,295,048	3,786,728
Unclaimed distributions	708	62
Closing net assets attributable to Unitholders	£252,099,583	£416,461,363

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 5 March 2019

	05/03/19 £	05/09/18 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	244,272,201	310,211,039
<b>Current assets:</b>		
Debtors	7,433,995	3,411,998
Cash and bank balances	29,222,938	158,877,637
<b>Total assets</b>	<b>280,929,134</b>	<b>472,500,674</b>
<b>LIABILITIES</b>		
<b>Investment liabilities</b>	(5,853,585)	(19,083,749)
<b>Creditors:</b>		
Bank overdrafts	(9,128,710)	(130,576,366)
Distributions payable	(2,067,562)	(4,673,622)
Other creditors	(11,779,694)	(1,941,838)
<b>Total liabilities</b>	<b>(28,829,551)</b>	<b>(156,275,575)</b>
<b>Net assets attributable to Unitholders</b>	<b>£252,099,583</b>	<b>£316,225,099</b>

# 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)
R-Class			
Distribution Units	2,105,377	4,147,999	50.76
Accumulation Units	14,006,681	16,235,747	86.27
F-Class			
Distribution Units	18,595	35,695	52.09
Accumulation Units	49,619	55,346	89.65
I-Class			
Distribution Units	53,776,373	101,677,243	52.89
Accumulation Units	59,820,069	63,919,798	93.59
C-Class			
Accumulation Units	17,305,191	35,646,044	48.55
L-Class			
Distribution Units	105,017,678	191,598,858	54.81

**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

	5 Mar 19	5 Sep 18
R-Class	1.42%	1.42%
F-Class	0.92%	0.92%
I-Class	0.63%	0.63%
C-Class	0.50%	0.50%
X-Class <sup>1</sup>	–	0.63%
L-Class	0.03%	0.03%

<sup>1</sup> As at the 23 November 2018, the X-Class was closed. All unitholders in the X-Class as at 23 November 2018 have been moved into the I-Class. The terms and charges are identical between the classes.

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

#### R-Class

The distribution payable on 5 May 2019 is 0.5790p per unit for distribution units and 0.9736p per unit for accumulation units.

#### F-Class

The distribution payable on 5 May 2019 is 0.6300p per unit for distribution units and 1.0650p per unit for accumulation units.

#### I-Class

The distribution payable on 5 May 2019 is 0.6548p per unit for distribution units and 1.1443p per unit for accumulation units.

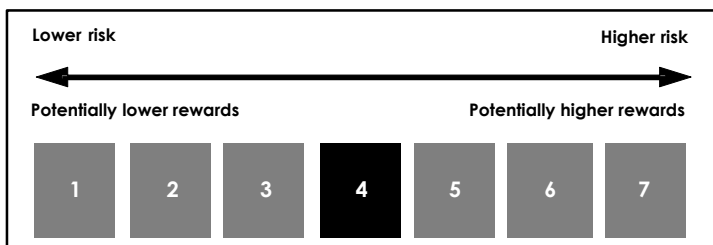
#### C-Class

The distribution payable on 5 May 2019 is 0.6012p per unit for accumulation units.

#### L-Class

The distribution payable on 5 May 2019 is 0.7189p per unit for distribution 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 it invests in company or government bonds which are sensitive to changes in interest rates, inflation and credit. This can be driven by political and economic changes and other significant events and may cause the value to go up and down. Bonds that are closer to their maturity date tend to be more stable in value. Bonds are generally considered to be higher risk investments than cash, but lower risk than company shares.
- Even a fund in the lowest category is not a risk free investment

## General Information

### Constitution

Launch date:	1 May 2007										
Period end dates for distributions:	5 March, June, September, December										
Distribution dates:	5 February, May, August, November										
Minimum initial lump sum investment:	<table><tr><td>R-Class</td><td>£100</td></tr><tr><td>F-Class*</td><td>£500</td></tr><tr><td>I-Class</td><td>£1,000,000</td></tr><tr><td>C-Class**</td><td>£50,000,000</td></tr><tr><td>L-Class^</td><td>£100,000</td></tr></table>	R-Class	£100	F-Class*	£500	I-Class	£1,000,000	C-Class**	£50,000,000	L-Class^	£100,000
R-Class	£100										
F-Class*	£500										
I-Class	£1,000,000										
C-Class**	£50,000,000										
L-Class^	£100,000										
Valuation point:	3pm										
Fund management fees:	<table><tr><td>R-Class</td><td>Annual 1.42%</td></tr><tr><td>F-Class*</td><td>Annual 0.92%</td></tr><tr><td>I-Class</td><td>Annual 0.63%</td></tr><tr><td>C-Class**</td><td>Annual 0.50%</td></tr><tr><td>L-Class^</td><td>Annual 0.03%</td></tr></table>	R-Class	Annual 1.42%	F-Class*	Annual 0.92%	I-Class	Annual 0.63%	C-Class**	Annual 0.50%	L-Class^	Annual 0.03%
R-Class	Annual 1.42%										
F-Class*	Annual 0.92%										
I-Class	Annual 0.63%										
C-Class**	Annual 0.50%										
L-Class^	Annual 0.03%										
Initial charges:	Nil for all existing unit classes										

\* F-Class units are only 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.

\*\* C-Class 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.

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

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://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](http://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.



## General Information continued

### 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.

### 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.

### 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.

### Significant Changes

#### Closure of X-Class

As at the 23 November 2018, the X-Class was closed. All unitholders in the X-Class as at 23 November 2018 have been moved into the I-Class which is identical to the X-Class. The terms and charges are identical between the classes.

## 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**

Legal & General  
(Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

