

Legal & General
Global Emerging Markets Index Fund

**Interim Manager's
Short Report
for the period ended
31 January 2019**



Investment Objective and Policy

The objective of the Fund is to track the capital performance of global emerging equity markets, as represented by the FTSE Emerging Index.

The Manager will seek to achieve the investment objective by investing primarily in securities that make up the constituents of the FTSE Emerging Index. The Fund may also invest in stocks which are reasonably expected, at the investment manager's discretion to become part of the Index. Securities will be held with weightings generally proportionate to their market capitalisation. The Fund may hold depository receipts and derivatives both for Efficient Portfolio Management and investment purposes*.

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

* The Fund does not currently use derivatives for investment purposes.

Risk Profile

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.

This Fund invests in securities which are issued by companies in Emerging Markets and therefore, there is likely to be increased volatility in price movements. The securities may also be less liquid than securities on larger exchanges which are generally traded more frequently.

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.

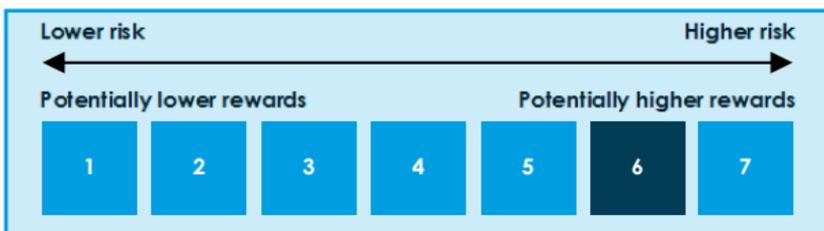
Fund Facts

Period End Date for Distribution:	31 July	
Distribution Date:	30 September	
Ongoing Charges Figures:	31 Jan 19	31 Jul 18
R-Class	0.71%	0.92%
F-Class	0.57%	0.57%
I-Class	0.33%	0.33%
C-Class	0.23%	0.23%
L-Class	0.18%	0.18%

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a fund and is calculated based on the last period's figures.

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 six because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

The policy is to distribute, on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. This being the case, there is no interim distribution.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	3,483,247	6,270,199	55.55
Accumulation Units	51,150,202	80,219,461	63.76
F-Class			
Distribution Units	254,880	456,979	55.77
Accumulation Units	163,396	250,027	65.35
I-Class			
Distribution Units	60,384,056	108,537,021	55.63
Accumulation Units	219,581,488	328,923,258	66.76
C-Class			
Distribution Units	54,081,781	97,332,949	55.56
Accumulation Units	54,231,211	81,025,655	66.93
L-Class			
Distribution Units	432,437,048	777,391,811	55.63

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.

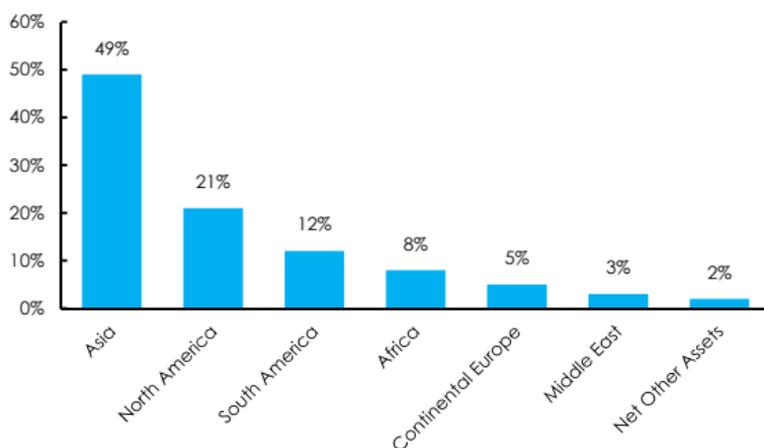
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

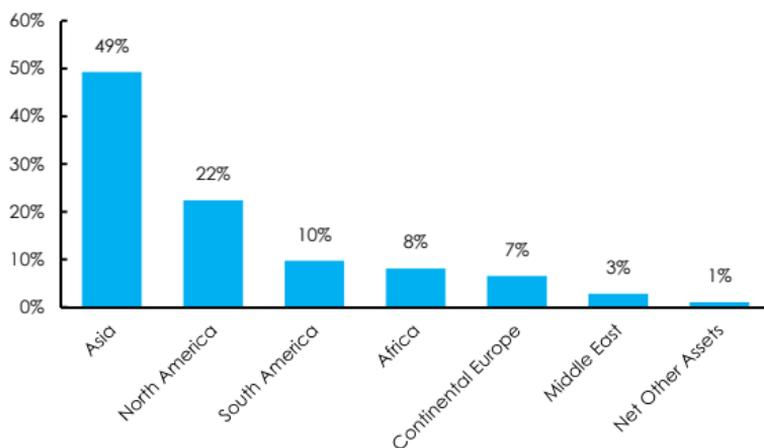
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 31 January 2019		Top 10 Holdings at 31 July 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Tencent	5.49%	Tencent	5.50%
Alibaba Group ADR	4.38%	Alibaba Group ADR	4.24%
Taiwan Semiconductor Manufacturing	3.68%	Taiwan Semiconductor Manufacturing	4.09%
Naspers	2.08%	Naspers	2.24%
China Construction Bank 'H'	1.74%	China Construction Bank 'H'	1.73%
Industrial & Commercial Bank of China 'H'	1.32%	Baidu ADR	1.49%
China Mobile	1.21%	Industrial & Commercial Bank of China 'H'	1.24%
Reliance Industries	1.16%	Reliance Industries	1.14%
Itau Unibanco (Preference)	1.06%	Vale	1.08%
Ping An Insurance Company 'H'	1.05%	Housing Development Finance	1.03%

Fund Holdings as at 31 January 2019



Fund Holdings as at 31 July 2018



Manager's Investment Report

During the period under review, the bid price of the Fund's R-Class distribution units fell by 4.48%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Fund is valued using prevailing prices at 12 noon. Therefore, for tracking purposes the Fund has been revalued using closing prices and foreign exchange rates. On this basis over the review period, the Fund fell by 3.52%, compared with the FTSE All-World All Emerging Markets Index performance of -3.50% (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.

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Market/Economic Review

Global equity indices have performed poorly over the last six months. Markets became increasingly volatile as 2018 came to an end, recording heavy losses before regaining some lost ground in January. 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. 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.

Although concerns over US-China trade tensions and the effect of higher US interest rates weighed on global equities, emerging market equities demonstrated some element of resilience.

Despite China's economic slowdown, greater political clarity in Latin America and optimism that US-China trade talks could ease tensions lent some support to emerging market equities around the turn of the calendar year. In regional terms, Latin American equities outperformed, helped by pro-market Jair Bolsonaro's victory in Brazil's presidential election. However, Asian equities fared relatively poorly as China's ongoing slowdown seemed set to act as a drag on regional demand.

Manager's Investment Report continued

Fund Review

Companies held within the Fund are held with weightings generally proportionate to those of the benchmark Index. Therefore, investment activity, other than to raise or invest cash, is only necessary when there are changes to the benchmark Index or as a result of a corporate action.

The September semi-annual Index review was most notable for the promotion of a new country to the Index. Kuwait was added, initially at half its full weight, after it was deemed to have reached emerging markets status by FTSE. In total, seven Kuwait securities were added with a total weight of 0.27%. However, other additions to the Index were bigger changes with Yageo (Taiwan) and BeiGene ADR (China) leading the way of 19 additional new securities. As well as Kuwait being added, 31 Polish securities were sold after the country was reclassified as developed. These were by far the most significant of a total of 54 deletions from the Index. The two-way Index turnover was 3.37%.

The December 2018 quarterly Index review was much quieter, with the most notable event being Kuwait doubling its weight to full inclusion. There were also seven additions, including Notre Dame Intermedica Participacoes (Brazil) and Qatar Aluminum Manufacturing Company (Qatar), and two deletions. There were a further 69 changes to the free share capital of constituents with the largest increases being Alibaba Group ADR (China) and LUKOIL ADR (Russia). The two-way Index turnover was 2.01%.

Outside of the Index reviews, the most notable addition was the purchase of Meituan Dianping (China), which was added to the Index in September after its USD 4.4 billion Initial Public Offering (I.P.O.).

At the end of the review period the three largest stocks in the Fund were Tencent (5.5%), Alibaba Group ADR (4.4%) and Taiwan Semiconductor Manufacturing (3.7%).

Outlook

We see this period as the start of the twilight zone between expansion and a downturn marking the end of the cycle; an environment where a point forecast for equities at the end of 2019 becomes increasingly useless. However, those hoping for a return to tranquillity may be disappointed.

In fixed income and currency markets, the interest rate differential between the US and elsewhere could widen, triggering more US Dollar appreciation and yield increases in the first half of the year. However, US exceptionalism may run out of steam by mid-year as the focus switches to 2020's election. 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.

Manager's Investment Report continued

In 2019, pressure on the Euro could continue as Brexit negotiations go to the wire and the confrontation between the Italian government and the European Commission heads into the eleventh hour.

The Fund remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited

(Investment Adviser)

22 February 2019

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 0.07%, whilst over the last three years to the end of January 2019, the annualised Tracking Error of the Fund is 0.09%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of +/-1.50% per annum.

Minimum Investment Amounts

The minimum initial lump sum investment amounts for each class are as follows:

R-Class	£100
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 R-Class with a minimum amount of £20, and F-Class with a minimum amount of £50 per month.

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 units are not available to retail customers and are intended only for investment by Legal & General group of companies.

Other Information

The information in this report is designed to enable unitholders to understand how the Fund has performed during the period under review and how it is invested at the period end. Further information on the activities and performance of the Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

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