

Legal & General US Index Trust
**Interim Manager's
Short Report
for the period ended
5 June 2017**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective of this Trust is to track the capital performance of the US equity market, as represented by the FTSE USA Index, by investment in a representative sample of stocks selected from all economic sectors.

Securities in the FTSE USA Index will be held with weightings generally proportionate to their company's market capitalisation.

From time to time, non-Index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

Risk Profile

Market Risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Trust 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 Trust is invested in overseas financial securities. The performance of the Trust 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.

Trust Facts

| | | |
|-------------------------------------|--------------|----------|
| Period End Dates for Distributions: | 5 Jun, 5 Dec | |
| Distribution Dates: | 5 Aug, 5 Feb | |
| Ongoing Charges Figures: | 5 Jun 17 | 5 Dec 16 |
| R-Class | 0.82% | 0.82% |
| F-Class | 0.34% | 0.35% |
| I-Class | 0.10% | 0.10% |
| C-Class | 0.06% | 0.06% |

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

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust 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 Trust's risk and reward category in the future.
- The category is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust is in category five because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.
- The Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

Distribution Information

R-Class

The distribution payable on 5 August 2017 is 1.7164p per unit for distribution units and 1.9670p per unit for accumulation units.

F-Class

The distribution payable on 5 August 2017 is 2.6320p per unit for distribution units and 3.0694p per unit for accumulation units.

I-Class

The distribution payable on 5 August 2017 is 3.0889p per unit for distribution units and 3.7503p per unit for accumulation units.

C-Class

The distribution payable on 5 August 2017 is 3.1648p per unit for distribution units and 3.8474p per unit for accumulation units.

Net Asset Values and Units in Issue

| Class | Net Asset Value (£) | Units in Issue | Net Asset Value per Unit (p) |
|--------------------|---------------------|----------------|------------------------------|
| R-Class | | | |
| Distribution Units | 1,157,428,009 | 306,255,608 | 377.93 |
| Accumulation Units | 278,715,628 | 64,059,081 | 435.09 |
| F-Class | | | |
| Distribution Units | 103,486 | 27,346 | 378.43 |
| Accumulation Units | 1,789,277 | 402,633 | 444.39 |
| I-Class | | | |
| Distribution Units | 646,595,063 | 170,968,272 | 378.20 |
| Accumulation Units | 796,411,659 | 172,039,780 | 462.92 |
| C-Class | | | |
| Distribution Units | 167,936,122 | 44,407,813 | 378.17 |
| Accumulation Units | 503,013,125 | 108,508,258 | 463.57 |

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.

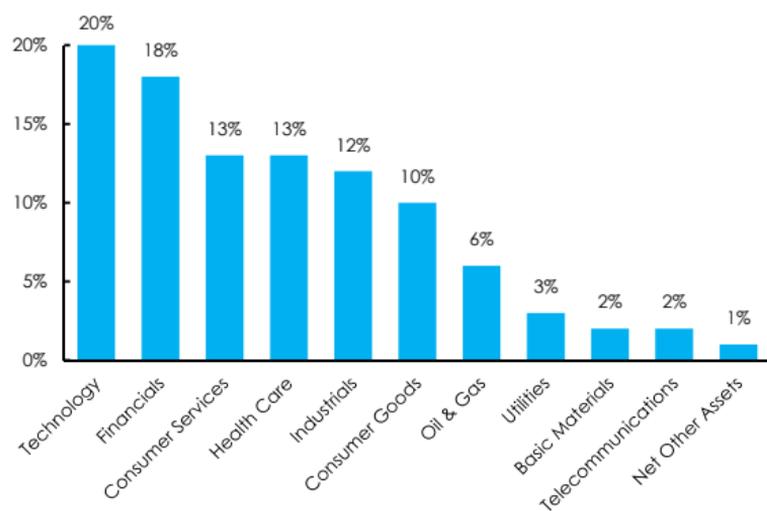
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

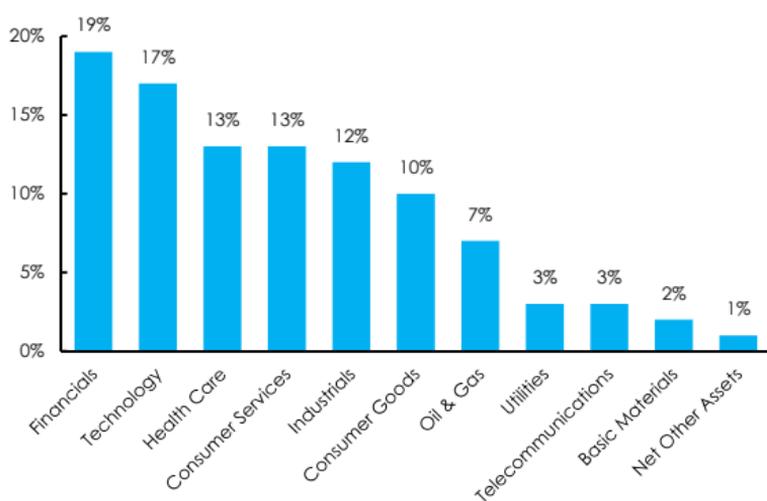
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

| Top 10 Holdings at 5 June 2017 | | Top 10 Holdings at 5 December 2016 | |
|--------------------------------|-------------------------------|------------------------------------|-------------------------------|
| Holding | Percentage of Net Asset Value | Holding | Percentage of Net Asset Value |
| Apple | 3.66% | Apple | 2.93% |
| Alphabet | 2.64% | Microsoft | 2.26% |
| Microsoft | 2.48% | Alphabet | 2.24% |
| Amazon.com | 1.75% | Exxon Mobil | 1.83% |
| Johnson & Johnson | 1.62% | Johnson & Johnson | 1.53% |
| Facebook 'A' | 1.56% | JPMorgan Chase & Co | 1.50% |
| Exxon Mobil | 1.51% | Amazon.com | 1.44% |
| JPMorgan Chase & Co | 1.36% | General Electric | 1.40% |
| Wells Fargo & Co | 1.18% | Wells Fargo & Co | 1.37% |
| General Electric | 1.12% | Facebook 'A' | 1.27% |

Trust Holdings as at 5 June 2017



Trust Holdings as at 5 December 2016



Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 8.77%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 3pm. Therefore, for tracking purposes the Trust has been revalued using closing prices and foreign exchange rates. On this basis, over the review period, the Trust rose by 8.69% on a capital only basis compared with the FTSE USA Index increase of 8.74% (Source: Bloomberg), producing a tracking difference of -0.05%.

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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

Equity markets have made significant gains over the last six months, reflecting a steady improvement in global economic indicators and growing optimism amongst investors for prospects in 2017. Donald Trump's unexpected victory in the US presidential election led investors to discount the prospect of fiscal stimulus in the form of increased infrastructure spending and tax cuts. The latest quarterly earnings season in the US has been broadly encouraging with results from leading technology stocks exceeding forecasts.

Over the review period, the FTSE USA Index underperformed the FTSE World Index by 2.4%. The best performing sectors over the review period were Leisure Goods (+33.1%), Tobacco (+25.9%) and Technology Hardware & Equipment (+25.1%), whilst the worst performing sectors were Oil Equipment, Services & Distribution (-17.1%), Oil & Gas Producers (-13.9%) and Industrial Metals & Mining (-8.9%). The US Dollar weakened, depreciating -1.8% against Sterling.

Trust Review

Companies held within the Trust 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 December 2016 quarterly Index review resulted in no additions and ten deletions, the largest of which were Internet based Liberty Ventures, Chemical company Ingevity and automotive renting and

Manager's Investment Report continued

leasing firm Hertz. There were 177 changes to the free share capital of constituents, with the largest increases being Household product firm Procter & Gamble, Stryker, which specialises in medical devices and the social networking website, Facebook 'A'. The largest decreases being communications equipment firm, Apple, specialty pharmaceuticals firm Allergan and the publishing & broadcasting firm Sirius XM. Two-way Index turnover was 0.9%.

The March 2017 quarterly Index review resulted in eight additions, the largest of which were information services provider IHS Markit, life science equipment firm IDEXX Laboratories and real estate firm Mid-America Apartment Communities. There were also five deletions from the Index. These included Biotech firm Alnylam Pharmaceuticals, Chemical specialists Versum Materials and infrastructure construction firm, Chicago Bridge & Iron. There were 89 changes to the free share capital of constituents, with the largest increases being for chemical firm Dow Chemical, semiconductor provider Nvidia and energy infrastructure firm Williams Companies. The largest decreases were for Apple, Allergan and financial services firm, Citigroup. Two-way Index turnover was 1.0%.

Changes outside of the Index reviews, were relatively quiet for the review period. In early December 2016, Microsoft completed the USD 24 billion cash takeover of LinkedIn. In January 2017, Abbott Laboratories acquired a fellow Index constituent, St Jude Medical in a cash and stock offer worth approximately USD 30.1 billion. The final significant takeover during the review period occurred when the Canadian firm Enbridge purchased the FTSE USA Index constituent Spectra Energy, which at the time was weighted at 0.13%. The deal, the largest deal in the pipeline industry for 2016, was completed at the end of February 2017 and was worth USD 42.2 billion, paid for in Enbridge stock.

Several spin offs and demergers dominated the resulting Index changes. In January, Hilton Worldwide spun off Hilton Grand Vacations and Park Hotels & Resorts, the latter of which was temporarily added to the Index. Additional spin offs included Varian Medical Systems spin off from Varex Imaging Corporation, Citrix Systems spun off GetGo, Biogen Idec spun off Bioverativ and Ashland Global spun off Valvoline.

The three largest holdings in the Trust at the end of the review period were Apple (3.7%), Alphabet (2.6%) and Microsoft (2.5%).

Outlook

We have a positive view on global growth and the performance of risk assets over the year ahead. However, we are wary that markets haven't fully considered the medium-term headwinds to growth, or to the risks. The market enthusiasm behind President Trump's proposed policies (tax cuts and infrastructure spending for example) may run out of steam if he can't deliver, or indeed if he does deliver what the market believes to be the wrong policies.

Manager's Investment Report continued

Given this backdrop, the Trust remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited
(Investment Adviser)
27 June 2017

Manager's Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0370 050 0955, by writing to the Manager or are available on the internet at www.legalandgeneral.com/investments/fund-information/managers-reports.

Call charges will vary. We may record and monitor calls.

Information on Tracking Error

The 'Tracking Error' of a Trust is the measure of the volatility of the differences between the return of the Trust and the return of the benchmark Index. It provides an indication of how closely the Trust is tracking the performance of the benchmark Index after considering things such as Trust charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Trust is 0.02%, whilst over the last three years to the end of June 2017, the annualised Tracking Error of the Trust is 0.05%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/-0.50% per annum.

Minimum Investment Amounts

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

| | |
|---------|--------------|
| R-Class | £500 |
| F-Class | £500 |
| I-Class | £1,000,000 |
| C-Class | £100,000,000 |

In addition, monthly contributions can be made into the R-Class 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 and platforms in relation to their investment in units in the Trust 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 Trust 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 Trust 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

Northern Trust Global Services Limited

50 Bank Street,

Canary Wharf,

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Independent Auditors

PricewaterhouseCoopers LLP

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London SE1 2RT

**Authorised and regulated by the
Financial Conduct Authority**

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