

Legal & General UK Mid Cap Index Fund
**Interim Manager's
Short Report
for the period ended
30 April 2019**



Investment Objective and Policy

The investment objective of this Fund is to track the capital performance of the UK equity market, as represented by the FTSE 250 excluding Investment Trusts Index.

The Fund will invest primarily in the equities that make up the constituents of the FTSE 250 excluding Investment Trusts Index. Securities in the FTSE 250 excluding Investment Trusts Index will be held with weightings generally proportionate to their company's market capitalisation.

The Fund may also invest in other transferable securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes. The Fund may hold derivatives for the purposes of efficient portfolio management.

From time to time non Index constituents may be held as a result of a corporate action or Index changes 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 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.

Fund Facts

Period End Dates for Distributions:	30 April, 31 October	
Distribution Dates:	30 June, 31 December	
Ongoing Charges Figures:	30 Apr 19	31 Oct 18
R-Class	0.52%	0.52%
I-Class	0.14%	0.14%
C-Class	0.08%	0.08%
L-Class	0.04%	0.04%

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.

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 five 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

R-Class

The distribution payable on 30 June 2019 is 0.5488p per unit for distribution units and 0.5532p per unit for accumulation units.

I-Class

The distribution payable on 30 June 2019 is 0.7320p per unit for distribution units and 0.7708p per unit for accumulation units.

C-Class

The distribution payable on 30 June 2019 is 0.7482p per unit for distribution units and 0.7903p per unit for accumulation units.

L-Class

The distribution payable on 30 June 2019 is 0.7589p 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)
R-Class			
Distribution Units	152,913	331,382	46.14
Accumulation Units	1,102,186	2,333,841	47.23
I-Class			
Distribution Units	14,109,094	26,529,309	53.18
Accumulation Units	30,690,778	54,073,740	56.76
C-Class			
Distribution Units	12,878,138	24,212,945	53.19
Accumulation Units	20,233,657	35,601,453	56.83
L-Class			
Distribution Units	230,438,425	433,291,890	53.18

Past performance is not a guide to future performance.

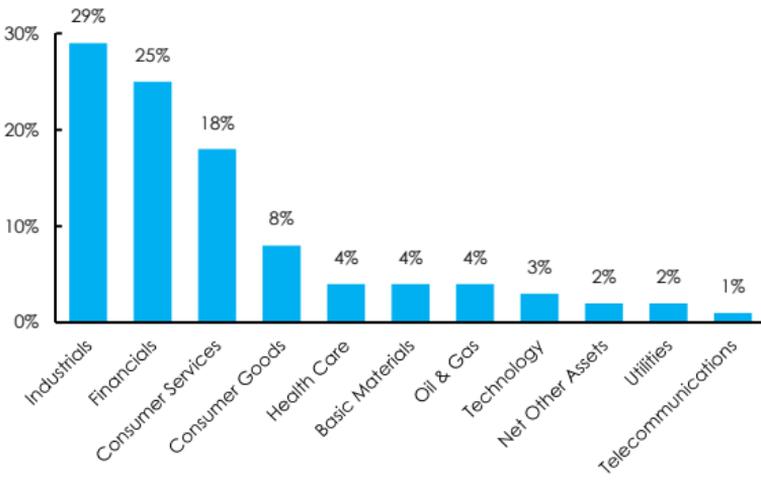
The price of units and any income from them may go down as well as up.

Portfolio Information

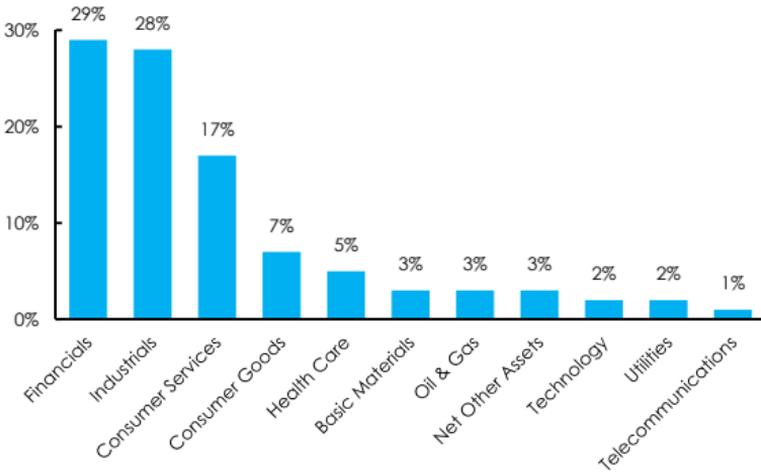
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 30 April 2019		Top 10 Holdings at 31 October 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
The Weir Group	1.46%	Spirax-Sarco Engineering	1.59%
Meggitt	1.42%	Hiscox	1.51%
Bellway	1.30%	The Weir Group	1.38%
GVC	1.27%	Meggitt	1.36%
Travis Perkins	1.19%	Auto Trader Group	1.28%
Tate & Lyle	1.19%	B&M European Value Retail	1.19%
B&M European Value Retail	1.13%	Bellway	1.18%
G4S	1.13%	Hammerson	1.17%
Intermediate Capital Group	1.10%	Phoenix Group	1.16%
Cineworld Group	1.08%	G4S	1.11%

Fund Holdings as at 30 April 2019



Fund Holdings as at 31 October 2018



Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class distribution units rose by 4.17%. 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. On this basis, over the review period, the Fund increased by 4.00% on a capital only basis compared with the FTSE 250 Index increase of 4.27% (Source: Bloomberg), producing a tracking difference of -0.27%.

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.

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Market/Economic Review

UK equities lost ground as uncertainty surrounding the outcome of Brexit negotiations preoccupied investors. The negative reception to Prime Minister May's Brexit deal from Parliament raised the perceived risk of either an election or a 'no deal' Brexit, both considered undesirable outcomes due to the potential negative impact on UK business prospects. At the sector level, leadership shifted from areas less sensitive to the economic cycle to mining and industrials during the first quarter of 2019. The pharmaceutical sector continues to be a focal point for merger and acquisition activity, with GlaxoSmithKline unveiling a plan to split its business into two, while Japanese pharmaceutical firm Takeda acquired Shire.

As a result domestically focused FTSE Mid 250 Index (+4.80%) outperformed the more globally focused FTSE 100 Index (+4.07%) and outperformed the tail end of the FTSE All-Share (+4.19%), the FTSE Small Cap Index (+4.33%) (Source: Bloomberg).

Over the period, major sectors such as Food and Drug Retailers (+54.78%), Leisure Goods (+35.37%), Technology Hardware and Equipment (+34.35%) and showed the largest positive returns; whilst the most underperforming sectors were Oil Equipment, Services & Distribution (-28.17%), Banks (-22.70%) and Automobiles & Parts (-22.24%).

Manager's Investment Report continued

Fund Review

Companies held within the Fund are held with weightings generally proportionate to those of the Index. Hence investment activity, other than to raise or invest cash, is only necessary when there are changes in the issued share capital or free float of the constituent companies, or to the constituents of the Index.

There were two Index rebalances during the period under review. At the semi-annual Index review in December 2018, there were six additions and nine deletions to the Index. Delivery services Just Eat and Royal Mail were demoted from the FTSE 100. Homebuilder McCarthy & Stone, automotive manufacturer Aston Martin Lagonda Global Holdings, lending platform Funding Circle and mining company Acacia Mining were added from FTSE SmallCap. Industrial producer Spirax-Sarco Engineering, insurance provider Hiscox and pharmaceutical products developer Hikma Pharmaceutical were promoted to the FTSE 100 Index.

Construction services Kier Group, automobile insurance AA, travel operator Thomas Cook, online retailer On The Beach Group, engineering specialist Keller, private healthcare Spire Healthcare Group were demoted to FTSE SmallCap. There were 19 changes to the free share capital of constituents with the largest increases being mining services Polymetal International, refractory products provider RHI Magnesita, cyber-security Avast. The largest decreases being pensions and life insurance services Phoenix Group, property developer Hammerson, kitchen designer Howden Joinery Group. The two-way Index turnover was 10.31%.

At the quarterly Index review in March 2019, there were five additions and four deletions to the Index. Engineering services John Wood Group and e-gaming operator GVC were demoted from FTSE 100, whilst, engineering specialist Kier Group, pets supplies Pets at Home Group and investment platform AJ Bell were all promoted from FTSE SmallCap. Delivery services Just Eat and pensions and life insurance services Phoenix Group were promoted to FTSE 100 Index, whilst, retail automotive Halfords and retailer Superdry were demoted to FTSE SmallCap. There were 16 changes to the free shares capital of constituents with the largest increases being software platform Playtech, mining company Polymetal International and agricultural services Genus. The largest decreases were mining company KAZ Minerals, real estate developer Great Portland Estates and electricity supplier Drax Group. The two-way Index turnover was 6.48%.

The free float increased as a result of a secondary placing for Avast whilst Euromoney Institutional Investor was following the distribution of the company by Daily Mail & General Trust (Non-constituent). The Index weight increased as a result of primary placings for Big Yellow and Just Group. Greencore Group had a significant tender offer reducing the size of the company by 37%, whilst Primary Health Properties increased its weight following the merger with Medicx from the FTSE SmallCap.

Manager's Investment Report continued

Jardine Lloyd Thompson Group and Dairy Crest Group were both acquired for cash and subsequently removed.

At the end of the period the Fund had holdings in all of the 192 companies in the Index. The three largest stocks in the Index at the end of the period were Weir Group (1.48%), Meggitt (1.45%) and Bellway (1.32%).

Outlook

Following the interest rate hike in August 2018 to 0.75%, the Bank of England (BoE) has kept the base rate unchanged. Despite above-target inflation, the BoE will be wary to hike again in the midst of a congested Brexit timetable. We expect UK GDP to be supported by the fiscal stimulus announced by the Chancellor at the end of 2018 but is still likely to be weak on account of Brexit uncertainty. We have maintained our UK GDP growth rate expectation at 1.5% in 2019 and 1.8% in 2020. While UK investment has slowed since 2015, some improvement is possible should a withdrawal agreement from the EU be reached by Parliament. However, the Bank of England's agents' survey shows that many firms have prepared themselves for a 'no deal' Brexit and some have also already implemented those plans.

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

Legal & General Investment Management Limited
(Investment Adviser)
29 May 2019

Manager's Report and Accounts

A Copy of the Annual Long Form Manager's Report is available free of charge by telephoning 0370 050 0955, by writing to the Manager or is 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 0.26%, whilst the annualised Tracking Error since the launch of the Fund on 18 January 2017 to the end of April 2019 is 0.23%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund'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	£100
I-Class	£1,000,000
C-Class	£100,000,000
L-Class	£100,000

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.

Class L units are only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

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.

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 SE UK Branch

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

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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
TF10619

