

Legal & General
Sterling Corporate Bond Index Fund

**Final Manager's
Short Report
for the period ended
20 May 2013**



Investment Objective and Policy

The objective of this Fund is to track the performance of the Markit iBoxx Sterling Non-Gilts ex BBB (after adjustment for management charge and taxation).

The Fund will invest primarily in the securities that make up the constituents of the Markit iBoxx Sterling Non-Gilts ex BBB Index. Securities in the Markit iBoxx Sterling Non-Gilts ex BBB Index will be held with weightings generally proportionate to their issuance of debt.

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 companies, via credit ratings.

Market Risk

Market risk arises mainly from uncertainty about future prices. 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.

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:	20 Feb, May, Aug and Nov
Distribution Dates:	20 Jan, Apr, Jul and Oct
Ongoing Charges Figures:	20 May 13
I-Class	0.21%
F-Class*	0.37%
L-Class	0.03%

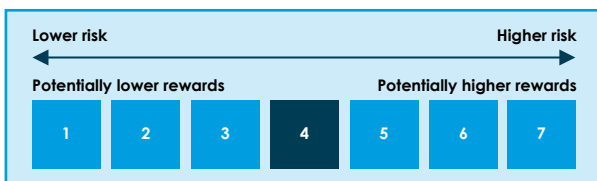
* F-Class units were launched on 19 December 2012.

There are no comparative figures shown as the Fund launched on 28 August 2012.

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 Index the Fund is tracking has moved up and down in the past.
- This Fund is in category four because it invests in investment grade bonds which generally provide higher rewards and higher risks than investments in cash and lower rewards and lower risks than investments in sub-investment grade bonds or 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.

Fund Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
20 May 13			
I-Class			
Distribution Units	£24,345,898	50.63p	48,086,694
Accumulation Units	£12,974,452	51.52p	25,181,954
F-Class*			
Distribution Units	£1,021	51.10p	1,998
Accumulation Units	£1,034	52.01p	1,988
L-Class			
Distribution Units	£52,192,494	50.70p	102,949,027

* F-Class units were launched on 19 December 2012.

There are no comparative figures shown as the Fund launched on 28 August 2012.

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.

Distribution Information

I-Class

The distribution payable on 20 July 2013 is 0.3126p net per unit for distribution units and 0.3162p net per unit for accumulation units.

F-Class

The distribution payable on 20 July 2013 is 0.3158p net per unit for distribution units and 0.3345p net per unit for accumulation units.

L-Class

The distribution payable on 20 July 2013 is 0.3135p net per unit for distribution units.

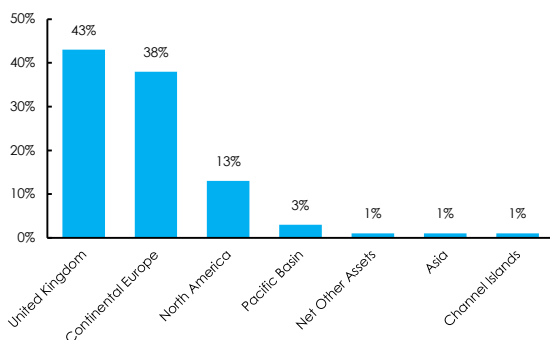
Portfolio Information

The top 10 holdings and their associated weighting for the current period are:

Top 10 Holdings at 20 May 2013	
Holding	Percentage of Net Asset Value
KFW 6% 07/12/2028	1.11%
European Investment Bank 6% 07/12/2028	1.05%
European Investment Bank 5.625% 07/06/2032	0.79%
KFW 5.55% 07/06/2021	0.71%
European Investment Bank 4.375% 08/07/2015	0.70%
European Investment Bank 5.375% 07/06/2021	0.66%
European Investment Bank 3% 07/12/2015	0.59%
KFW 2.75% 17/09/2015	0.54%
European Investment Bank 4.875% 07/09/2016	0.53%
European Investment Bank 5.5% 15/04/2025	0.53%

There are no comparative figures shown as the Fund launched on 28 August 2012.

Trust Holdings as at 20 May 2013



Unit Price Range and Net Revenue

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽¹⁾	51.15p	48.94p	—
2013 ⁽³⁾	52.27p	49.03p	0.8746p
Accumulation Units			
2012 ⁽¹⁾	51.15p	48.94p	—
2013 ⁽³⁾	52.87p	49.29p	0.8798p

F-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽²⁾	51.16p	49.57p	—
2013 ⁽³⁾	52.74p	49.49p	0.6347p
Accumulation Units			
2012 ⁽²⁾	51.43p	49.82p	—
2013 ⁽³⁾	53.38p	49.76p	0.6551p

L-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽¹⁾	51.17p	48.94p	—
2013 ⁽³⁾	52.34p	49.08p	0.8780p

⁽¹⁾ The Fund's units were launched on 28 August 2012.

⁽²⁾ F-Class units were launched on 19 December 2012.

⁽³⁾ The above tables show the highest offer and lowest bid prices to 20 May 2013 and the net revenue per unit to 20 July 2013.

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.

Manager's Investment Report

The Fund launched on 28 August 2012 at a price of 50.00p. The bid price of the Fund's I-Class accumulation units at 12 noon on 20 May 2013 was 51.53p, an increase of 3.06%.

Markit iBoxx, the Index compiler, calculates the iBoxx Sterling Non-Gilts (excluding BBB) Index (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 adjusted for the effects of fund charges and taxation. On this basis, over the review period from the close of business on 28 August 2012 to the close of business on 20 May 2013, the Fund rose by 3.90%, compared with the benchmark Index rise of 4.13% (Source: Bloomberg), producing a tracking deviation of -0.23%. This is within the anticipated tracking error of 0.75% per annum as quoted in the Fund's prospectus.

Factors which are likely to affect the ability of the Fund to track the performance of the Index include, but are not limited to, transaction costs (from Index turnover and income re-investment), portfolio weightings not being exactly the same as the Index, small amounts of cash not being invested in stock, Efficient Portfolio Management and illiquid components.

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

In the latter part of 2012, concerns were growing over a triple dip recession in the UK. However, in the early part of 2013 the UK has been hinting at recovery. Credit conditions have slowly improved, helped by the Funding for Lending scheme, the housing and labour market have proved resilient and the squeeze on real incomes has eased, boosting prospects for consumption. However, lacklustre growth saw the government miss its fiscal targets, triggering the loss of the UK's prized triple-A Fitch rating.

Returns from UK gilts have been poor in comparison with the Sterling corporate bond market. Previously distressed 'peripheral' European sovereign (government) bond markets rallied strongly, following the European Central Bank (ECB) taking a more aggressive stance to avert a disorderly break-up of the eurozone. However, the subsequent treatment of depositors in Cyprus

Manager's Investment Report continued

highlighted residual contagion risk from the sovereign debt crisis, which is still yet to be resolved. Institutional investors have continued to purchase higher yielding corporate bonds, while the new issue market has been active, as companies have sought to capitalise on this interest and lock into lower borrowing costs.

Fund Review

The Fund was seeded with £54 million at 12 noon on 28 August 2012. All other investment activity was prompted either by unit holder activity or by monthly changes in the profile of the benchmark Index.

During the review period, 66 bonds were added to the Index, 11 of these following an upgrade to an A rating (iBoxx methodology). In addition, 25 bonds left the Index after being downgraded to a BBB rating. Any bonds with less than a year to maturity also left the Index. The Fund participated in 11 new issues and eight corporate actions, mainly in respect of financial bonds.

The Fund experienced net positive cash flow during the review period. The cash flows were used to adjust the Fund's holdings in such a way so as to ensure the Fund maintained an Index distribution at all times. The Fund was also rebalanced at each month end in line with the revised Index distribution. The top three issuers at the end of the review period were European Investment Bank, KfW (Germany) and Electricite de France.

Outlook

The UK, along with governments in all the G7 countries, will be continuing to try to reduce the budget deficit, mainly through its austerity programme, historically low interest rates and possible further asset purchases (quantitative easing) aimed at reviving growth. However, global economic indicators continue to depict subdued growth in many regions including the UK. The major concerns are the drag imposed by Europe's recession and the impact of recent spending cuts and tax hikes in the US.

Demand for higher yielding corporate bonds is expected to remain high putting a strain on inventory, particularly at the long end. Supply and demand issues are thus likely to persist during 2013.

Legal & General Investment Management Limited
(Investment Adviser)
14 June 2013

Manager's Report and Accounts

A copy of the 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.

Significant Changes

New Unit Class: F-Class

With effect from 19 December 2012, the Fund launched a new F-Class with distribution and accumulation units available.

F-Class units are only available for investment through a financial adviser.

Change to Annual Management Charge

With effect from 1 April 2013, the annual management charge fee for I-Class has been reduced from 0.20% to 0.15%.

Minimum Investment Amounts

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

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

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.

Manager

Legal & General (Unit Trust Managers) Limited

Registered in England No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

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Trustee

National Westminster Bank Plc

Trustee and Depositary Services

135 Bishopsgate

London EC2M 3UR

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

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

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

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