

## Legal & General Life Distribution Funds

Available through Portfolio Bond, Discounted Gift  
Portfolio Bond and Investment Bond

# A balanced approach to investments

We believe a fund that mixes investments from all the four main asset classes not only offers the diversification to help reduce risk, but it also provides an opportunity to achieve a balanced portfolio that can stand up to changes in market conditions, both positive and negative.

## Core principles of distribution fund investments

- Maintaining a balanced mix of asset classes within the fund structure.
- Selecting quality holdings within each asset class.
- Delivering a fund management strategy that focuses on the fund's objectives, whatever the market conditions.

## A balance of asset classes

The principal asset classes in which the funds invest and their aims are:

**UK equities/overseas equities:** Deliver long-term real returns but with potential volatility.

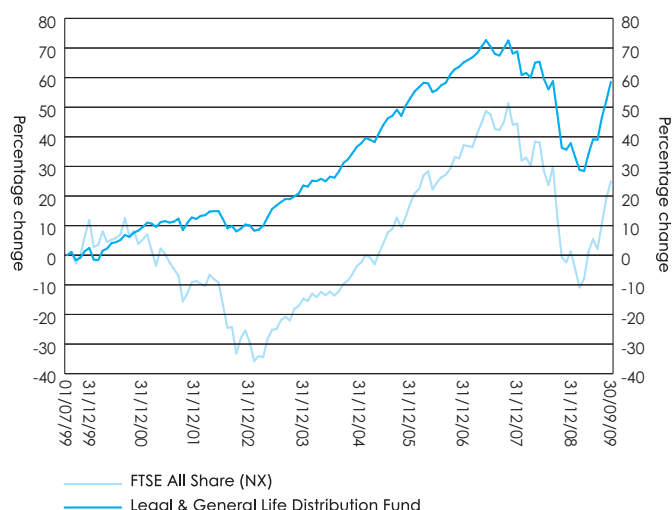
**Fixed interest securities (corporate and government bonds):** To provide a source of secure income with variable levels of credit risk.

**UK commercial property:** Delivers high levels of income although capital values can rise and fall.

**Cash:** Bank deposits and other cash-like investments that provide easy access.

## Past performance

Comparative 10 year performance. Legal & General Life Distribution Fund versus FTSE All-Share from 1 October 1999 to 30 September 2009



Comparative performance over each of the last 10 years. Legal & General Life Distribution Fund versus FTSE All-Share.

	Percentage growth %									
	30/09/1999 – 30/09/2000	30/09/2000 – 30/09/2001	30/09/2001 – 30/09/2002	30/09/2002 – 30/09/2003	30/09/2003 – 30/09/2004	30/09/2004 – 30/09/2005	30/09/2005 – 30/09/2006	30/09/2006 – 30/09/2007	30/09/2007 – 30/09/2008	30/09/2008 – 30/09/2009
FTSE All Share TR	9.55	-20.76	-20.80	16.70	15.74	24.86	14.67	12.19	-22.25	10.80
Legal & General Life Distribution Fund	7.96	2.17	-0.39	10.05	10.26	13.74	7.99	5.52	-13.04	6.34

Data Source – Lipper

Past performance is no guarantee of future results.

This data is the most recent end of quarter (that is, end March, June, September and December) available when we produced this guide. If you require information for any subsequent quarters, please contact your financial adviser.

Historical performance is not a guide to future returns, or our future performance in relation to other funds or investments.

## A choice of funds

At Legal & General, we think it's important to provide individual investors with a choice of diversified portfolios to fit their different investment needs, whatever stage in life they have reached. So we have a family of three different funds, each with clearly different objectives:

[Distribution Fund](#)

[Distribution \(Growth\) Fund](#)

[Distribution \(Rising Income\) Fund](#)

These funds are described in more detail overleaf.

If you are willing to commit to an investment period of at least five years and are comfortable with some exposure to the stock market, we firmly believe a distribution fund deserves consideration for a place in your investment portfolio.

## How you invest in the Distribution Funds

The Legal & General Distribution Funds are available to investors through our Portfolio Bond and Investment Bond.

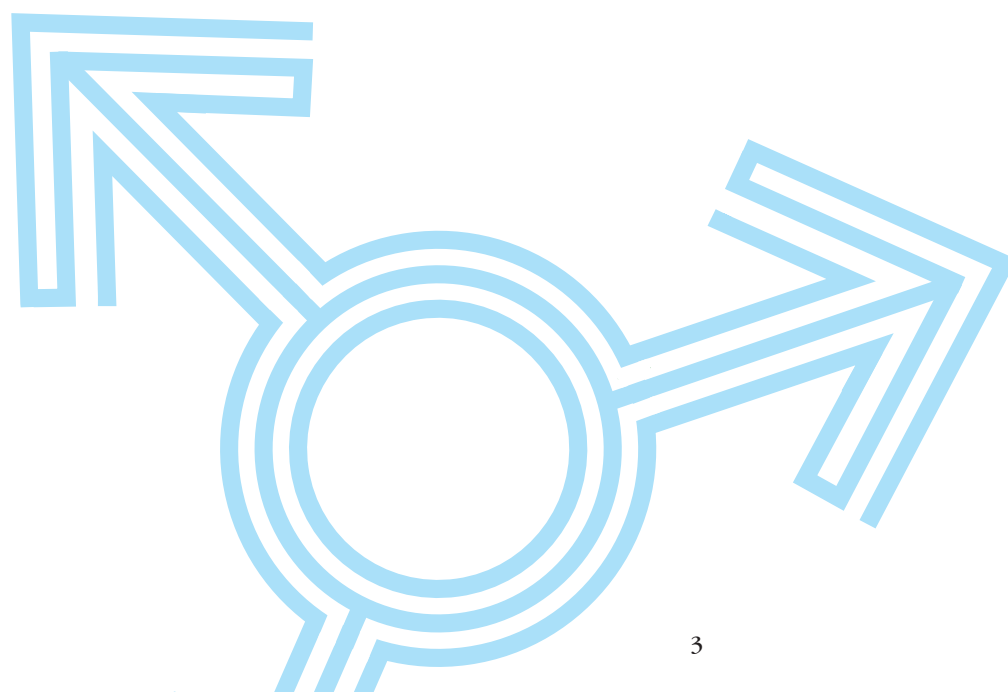
## Important things you should know

These products have no specific end date and should be regarded as an investment for at least five years. All detailed information about the products is provided in the 'Product guide or Product details' and in particular the 'Key features' of the products, which you must read before making an investment. All items of literature are available on request from your financial adviser.

The value of the investment and any income from it is not guaranteed and will fluctuate. You could get back less than you invest.

All the past performance information relating to the Legal & General Life Distribution Funds provided in this guide is net of all charges deducted from the fund. The performance shown in the tables is based on a charge of 1.0% p.a. for the period from 1 June 1994 up to 30 June 2006 and 1.3% p.a. for the period 1 July 2006 thereafter. It also assumes net income is reinvested in the fund.

You should refer to the separate product literature for a full description of the charges and risks attached to these products and the individual funds available.



# The Distribution Fund

## Launch date:

1 June 1994

## Current fund size:

£5.1 billion (as at 30 September 2009)

## Current anticipated natural income starting rate:

5.3% net p.a.\*

\*Based upon the latest distribution rate and a minimum unit allocation rate of 100% (not including any limited offer terms). The actual starting rate will depend upon the date the investment is made and the amount allocated to buy units. It could be higher or lower than the rate shown.

## Fund commentary

As a long established fund, the asset allocation strategy has been robust in delivering to the fund's objectives. The asset mix varies from time to time depending on the lead fund manager's view of investment markets.

The Distribution Fund's primary focus is to deliver a relatively high level of income to investors by investing in a broad range of asset types and geographic areas. Investors have the option to withdraw the natural income or to defer. For investors who choose to defer taking income, thus leaving it all reinvested, it is expected that overall returns are likely to come principally from the accumulation of this income.

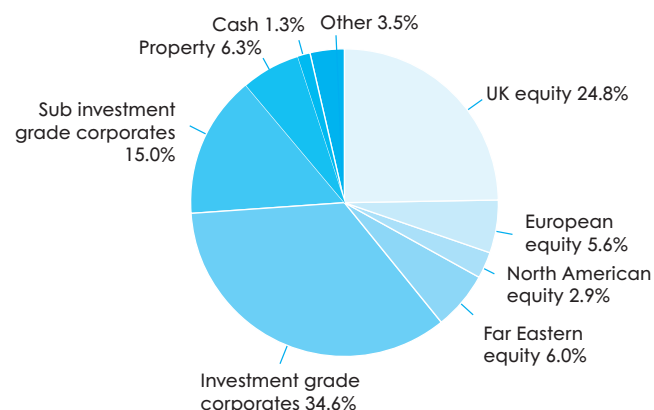
The potential level of income is driven by increases in dividend payments from shares, coupon payments from bonds and rental increases on the property investments.

The short term outlook for dividend and rental growth is subdued, which may affect the size of any increase in distributions over the forthcoming periods. Whilst we aim to deliver a relatively high level of income, this cannot be guaranteed and in the current economic environment any increases in the short term are likely to be limited.

## Fund objective

A balanced portfolio that aims to generate and distribute stable, rising income and offer good growth prospects. It invests in a broad mix of equities (mainly UK), fixed interest securities, commercial property and cash.

## Current asset allocation (as at 30 September 2009)



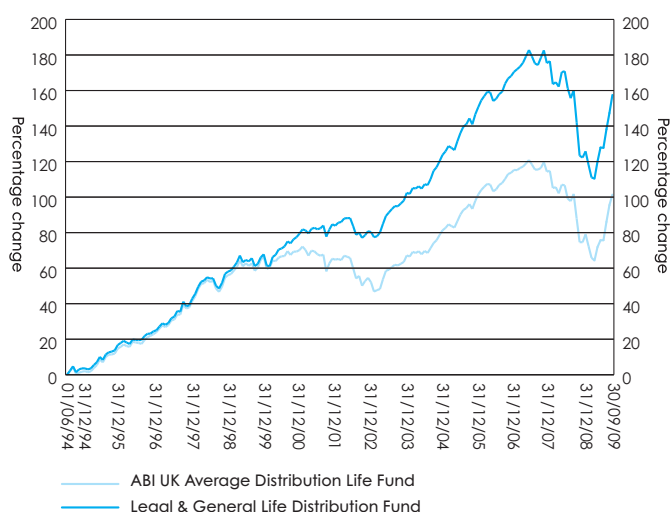
## The key drivers of the fund's success to date have been:

- Clear focus on the income requirements of investors.
- The expert teams managing corporate bonds, equity income and commercial property portfolios.
- Decisive and timely allocation decisions based upon good understanding of global investment themes.
- The size and strength of Legal & General Investment Management (LGIM) and the ability to diversify across world markets.
- Specialist investment vehicles that generate good levels of return that are not widely available to retail investors.

# Reasons to choose Legal & General's Distribution Fund

## Capital growth history

Comparative performance since launch. Legal & General Life Distribution Fund versus ABI UK Average Distribution Life Fund. From 1 June 1994 to 30 September 2009.



Source data: Lipper

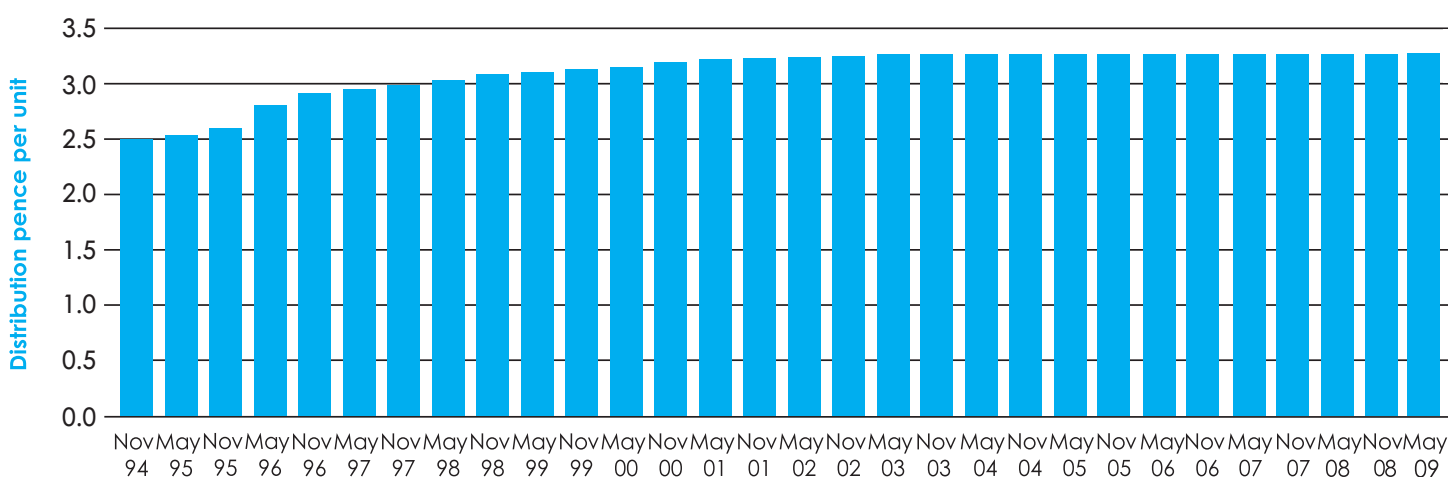
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Historical performance is not a guide to future returns, or our future performance in relation to other funds or investments.

Comparative performance over each of the last 10 years. Legal & General Life Distribution Fund versus ABI UK Average Distribution Life Fund.

	Percentage growth %									
	30/09/1999 - 30/09/2000	30/09/2000 - 30/09/2001	30/09/2001 - 30/09/2002	30/09/2002 - 30/09/2003	30/09/2003 - 30/09/2004	30/09/2004 - 30/09/2005	30/09/2005 - 30/09/2006	30/09/2006 - 30/09/2007	30/09/2007 - 30/09/2008	30/09/2008 - 30/09/2009
ABI UK Average Distribution Life Fund	5.64	-5.54	-5.11	7.64	7.77	12.60	7.24	2.94	-13.15	7.13
Legal & General Life Distribution Fund	7.96	2.17	-0.39	10.05	10.26	13.74	7.99	5.52	-13.04	6.34

## Natural income history



Source data: Legal & General

Income history relates to investments into our Investment Bond only, as Portfolio Bond was not launched until November 2005.

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# The Distribution (Growth) Fund

## Launch date:

30 June 2003

## Current fund size:

£674 million (as at 30 September 2009)

## Anticipated natural income starting rate:

The fund is actively managed for total returns; the income levels are purely an attribute of the assets. Therefore, with the fund having no specific income focus, the future levels of income cannot be anticipated. The amount of income is liable to fluctuate considerably so we do not publish an anticipated natural income for this fund.

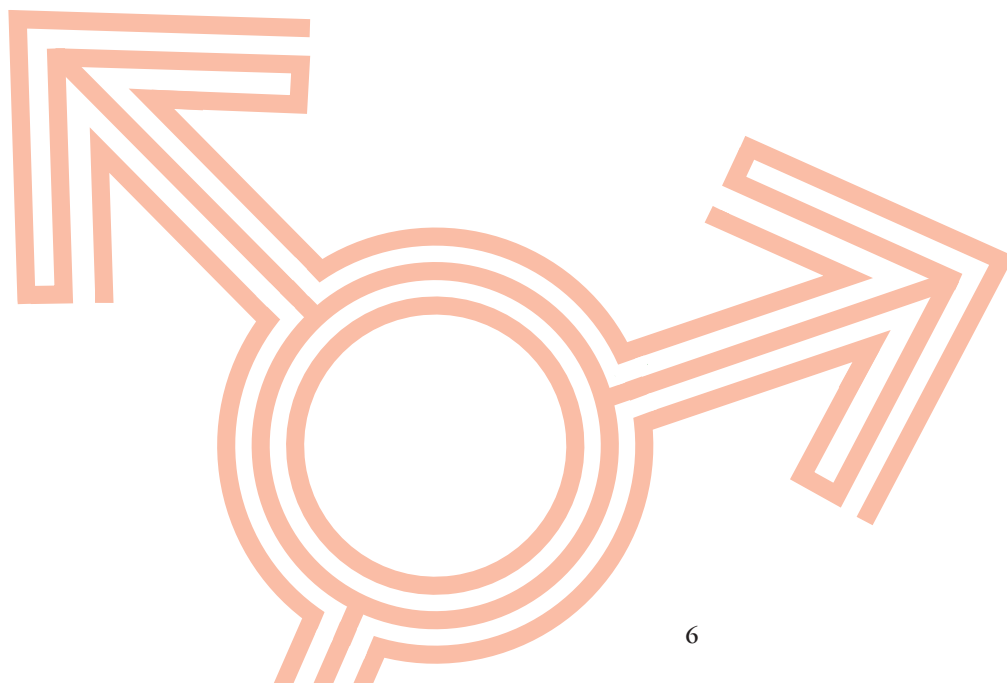
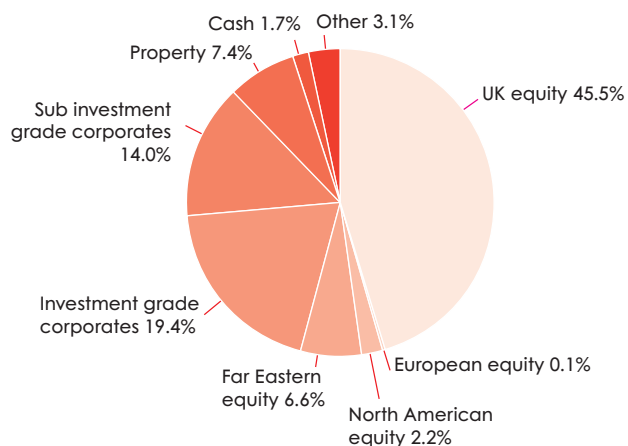
## Fund objective

To maximise the total return from a well balanced portfolio over the long term. It can also provide some potential for income. It invests in a broad mix of equities (mainly UK), fixed interest securities, commercial property and cash.

## Fund commentary

The fund is managed to provide a total return from the underlying assets through a combination of accumulated income and any capital growth. For investors who choose to take the natural income from this fund, we intend to distribute all of the income their units are entitled to.

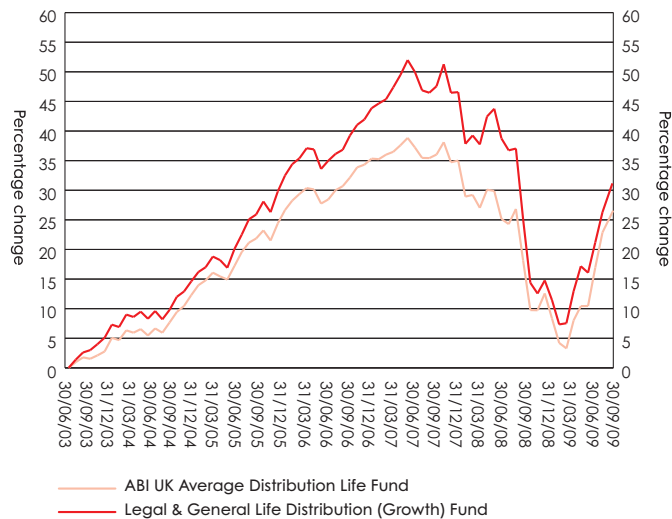
## Current asset allocation (as at 30 September 2009)



# Reasons to choose Legal & General's Distribution (Growth) Fund

## Capital growth history

Comparative performance since launch. Legal & General Life Distribution (Growth) Fund versus ABI UK Average Distribution Life Fund. From 30 June 2003 to 30 September 2009.



Comparative performance over each of the last five years. Legal & General Life Distribution (Growth) Fund versus ABI UK Average Distribution Life Fund.

Percentage growth %					
	30/09/2004 – 30/09/2005	30/09/2005 – 30/09/2006	30/09/2006 – 30/09/2007	30/09/2007 – 30/09/2008	30/09/2008 – 30/09/2009
ABI UK – Average Distribution Life Fund	12.60	7.24	2.94	-13.15	7.13
Legal & General Life Distribution (Growth) Fund	14.38	8.70	5.98	-15.23	5.21

Source data: Lipper

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# The Distribution (Rising Income) Fund

## Launch date:

30 June 2003

## Current fund size:

£157 million (as at 30 September 2009)

## Current anticipated natural income starting rate:

3.9% net p.a.\*

\*Based upon the latest distribution rate and a minimum unit allocation rate of 100%. The actual starting rate will depend upon the date the investment is made and the amount allocated to buy units. It could be higher or lower than the rate shown.

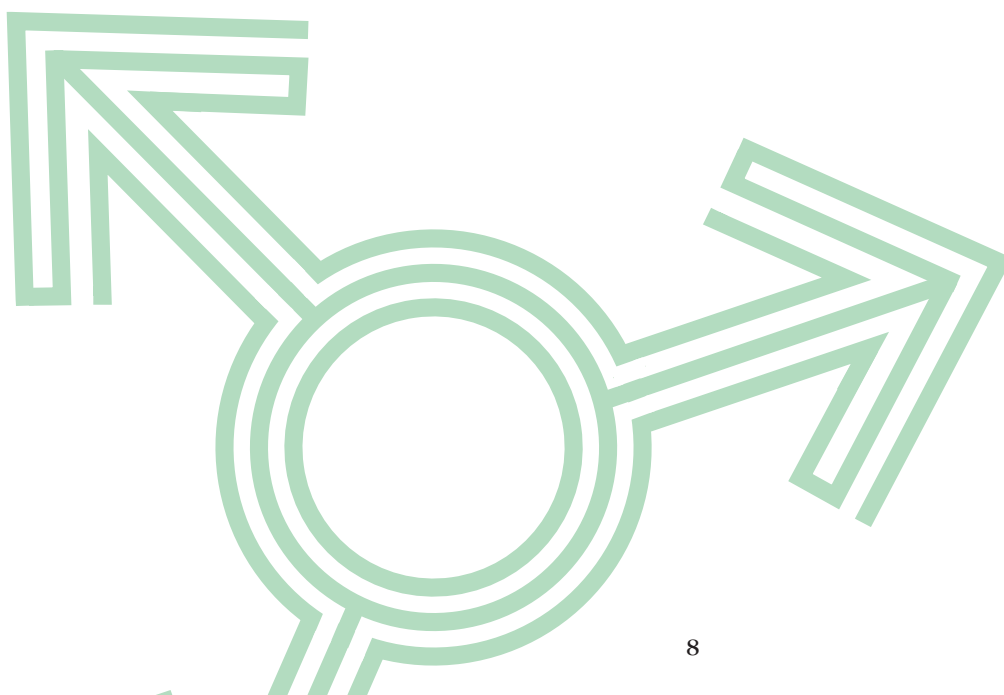
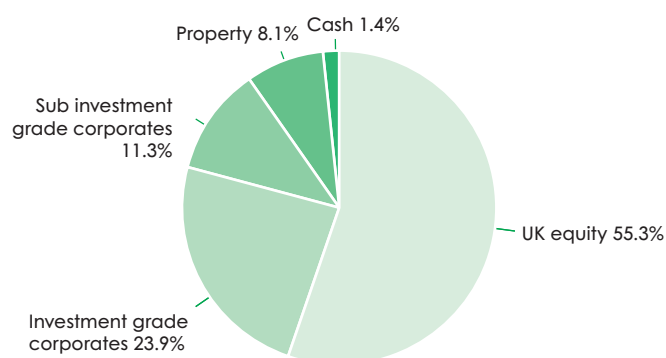
## Fund objective

The fund is a well balanced portfolio that aims to provide a modestly rising income combined with the potential for some capital growth over the long term. We aim to increase income at a rate of no less than inflation until mid 2013. To achieve this we may not distribute all the income generated by the fund's assets with any surplus used to provide additional growth. The fund invests in a broad mix of equities (mainly UK), fixed interest securities, UK commercial property and cash.

## Fund commentary

Investors taking the natural income from this fund should be aware that we will generally not distribute all the income generated by the underlying assets at each distribution date. This is designed to ensure that the aim to distribute income at least in line with inflation for the next five years is achievable. Any surplus will automatically be retained within the fund to provide additional growth.

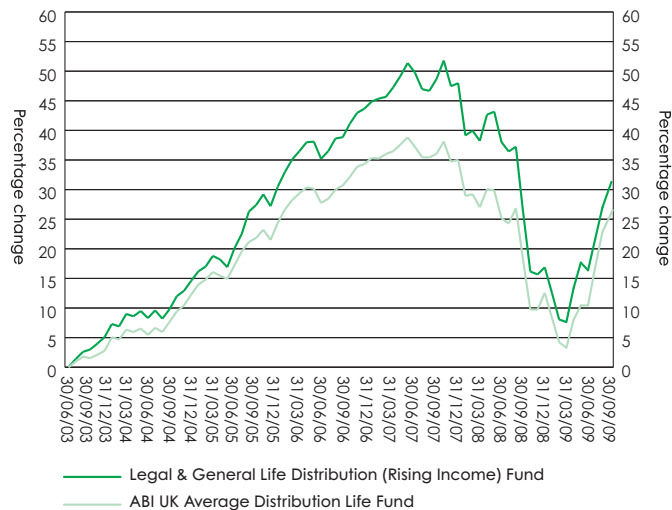
## Current asset allocation (as at 30 September 2009)



# Reasons to choose Legal & General's Distribution (Rising Income) Fund

## Capital growth history

Comparative performance since launch. Legal & General Life Distribution (Rising Income) Fund versus ABI UK Average Distribution Life Fund. From 30 June 2003 to 30 September 2009.



Source data: Lipper

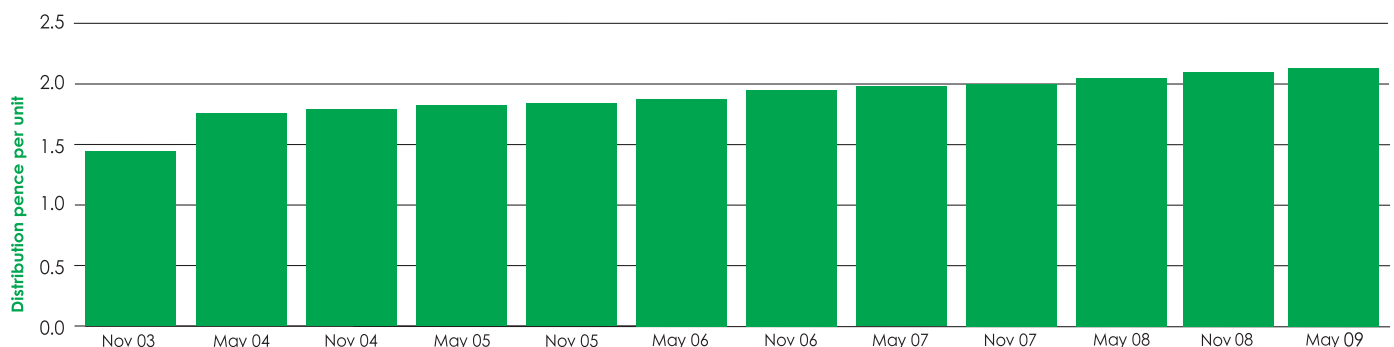
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Comparative performance over each of the last five years. Legal & General Life Distribution (Rising Income) Fund versus ABI UK Average Distribution Life Fund

Percentage growth %					
	30/09/2004 – 30/09/2005	30/09/2005 – 30/09/2006	30/09/2006 – 30/09/2007	30/09/2007 – 30/09/2008	30/09/2008 – 30/09/2009
ABI UK – Average Distribution Life Fund	12.60	7.24	2.94	-13.15	7.13
Legal & General Life Distribution (Rising Income) Fund	15.36	9.25	5.33	-15.11	4.29

## Natural income history



Source data: Legal & General

Income history relates to investments into our Investment Bond only, as Portfolio Bond was not launched until November 2005.

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## Natural income

Our Distribution Funds offer the ability to pay just the natural income generated from the underlying investment portfolio. This can be uniquely combined with the Legal & General Property and Managed Bond funds, so that you can tailor your income to help fit your individual needs.

Natural income is the regular cash distribution made in respect of the income generated by the fund's assets. It can comprise the following:

UK equities/overseas equities:	Dividends
Fixed interest securities (corporate bonds and gilts):	Interest
UK commercial property:	Rental income
Cash:	Interest

### How it works

- Income received from the fund's assets accumulates.
- An amount of accumulated income appropriate to the fund's objective is distributed twice yearly:  
**Distribution dates for natural income: 30 May and 30 November.**
- The distributions can be taken as a cash payment twice a year on 14 June and 14 December, or they can be used to provide a monthly income.
- Whilst taking distributions, the investment still has the opportunity to grow if the market values of the underlying investments, combined with any accumulated income that has not been distributed, increases.
- The value of the investment and any income from it is not guaranteed, and can fall as well as rise. Investors could get back less than they invest.

### Units

If an investor elects to take natural income, the type of units in their chosen Distribution Fund will be distributor units.

Investors not taking the natural income, or taking another type of income payment from any of the Distribution Funds, will receive accumulation units.

This is important when checking the unit prices of a holding in the Distribution Funds. Unit prices and distribution rates can be found on the Legal & General website at [www.legalandgeneral.com](http://www.legalandgeneral.com)

## Why Legal & General?

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. Over 6.5 million people rely on us for life assurance, pensions, investments and general insurance plans. The Legal & General Group is responsible for investing £287 billion worldwide (as at 30 June 2009) on behalf of investors, policyholders and shareholders.

Legal & General Assurance Society Limited is one of the UK's top rated companies for financial strength. Three of the world's leading independent rating agencies, Standard & Poor's, Moody's and A.M. Best, have recognised this.

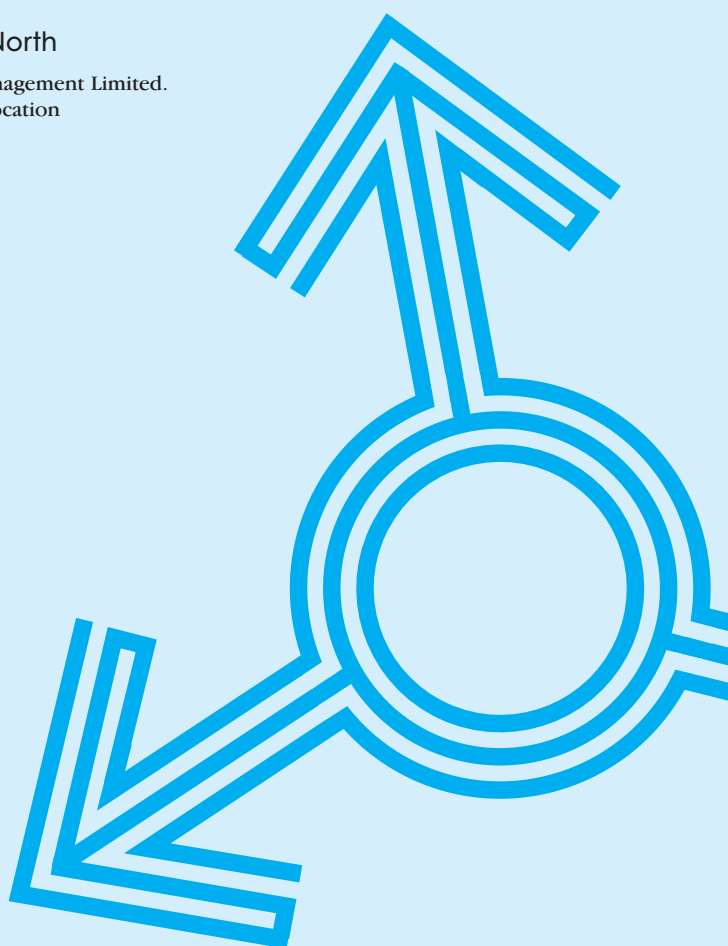
# Legal & General's FUND MANAGEMENT OPERATION

Legal & General Investment Management (LGIM) is the investment arm of Legal & General Group Plc, one of the UK's largest 100 companies. We manage a total of £270 billion (as at 30 June 2009) and are the largest investor in the UK stock market, including pension assets of over half the companies in the FTSE 100.

**“Our family of Distribution Funds can offer both investors and advisers the best of both worlds – a tilt towards more growth, a tilt towards more income, or a balance of both. All three funds provide a high level of diversification whilst at the same time spreading the risk and exposure across a broad range of asset classes.”**

Lead Manager: David North

Legal & General Investment Management Limited.  
Responsible for overall asset allocation  
and income management.



Legal & General Assurance Society Limited  
Registered in England number: 166055  
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[www.legalandgeneral.com](http://www.legalandgeneral.com)

A member of the Association of British Insurers

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