

Legal & General Distribution Trust

Annual Manager's Report
for the year ended
14 October 2018



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* These collectively comprise the Authorised Fund Manager's Report.

Manager's Investment Report

Investment Objective and Policy

The objective of the Trust is to provide a combination of income and long-term growth.

The Manager will seek to achieve this objective by investing (directly or indirectly via collective investment schemes) in a diversified portfolio of bonds and equities, as well as such other assets as may be permitted (from time to time) for investment by this type of Trust.

The Manager will aim to identify a combination of investments that are expected to produce income, together with some potential for capital growth. Investments may be selected from any geographical area or economic sector. The Manager may invest in other collective investment schemes, including those managed by companies in the Legal & General group.

The Trust may use derivatives for the purpose of Efficient Portfolio Management.

Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class accumulation units fell by 3.16%.

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.

Market/Economic Review

Over the year under review the global economic background has improved, primarily driven by domestic demand in the developed economies. This has not been translated into smooth sailing for global equities however, as concerns about the escalation of a trade war between the United States and China have dominated the world news over the year. Equities were particularly weak in October 2018, the end point for this annual review.

In the UK uncertainty around Brexit negotiations and implications for trade has remained a key question, against the backdrop of steady but unspectacular economic growth. The Bank of England voted to increase interest rates to 0.5% in November 2017, removing the emergency support announced in August 2016 in the wake of the EU referendum. It again raised rates to 0.75% in August 2018 as inflation remained above its 2% target. Against this backdrop, UK equities have underperformed their global counterparts.

Trust Review

The Trust delivered negative returns over the year driven primarily from the equity holdings of the portfolio.

In equities the leading detractors to performance included holdings in interdealer broker TP ICAP, healthcare company Indivior, software group Micro Focus International, asset manager Jupiter Fund Management and industrials specialist Melrose Industries. The leading positive contributors to performance included holdings in industrials business GKN, fashion retailer Next, defence company Ultra Electronics, leisure conglomerate Whitbread and bookmaker Ladbrokes Coral Group CVR.

In terms of portfolio activity, a number of new positions were initiated which included food retailers Tesco and WM Morrison Supermarkets, Royal Bank of Scotland, insurance companies RSA Insurance Group and Phoenix Group, mining company Anglo American, Whitbread, Indivior and wealth manager Brewin Dolphin. Complete

Manager's Investment Report continued

sales included house builder Taylor Wimpey, savings group St James's Place, beverage company Britvic, airline Easyjet, utility company SSE, insurance broker Jardine Lloyd Thompson, gaming software group Playtech, materials conglomerate CRH and banking company Close Brothers. At the end of the review year the portfolio had overweight allocations to Consumer Services, Financials and Materials whilst being underweight in the Consumer Goods, Utilities and Health Care sectors.

Elsewhere, our holdings in fixed income securities detracted slightly from performance. The Trust has reduced its exposure in absolute return strategies and instead increased High Income Trust to take advantage of the higher yields available.

Outlook

Looking ahead, the risk of recession continues to be low for the immediate future, as the cycle remains supportive for risk assets and earnings are still strong. Furthermore, some indicators, like the flattening of the yield curve (which is often an indicator on economic transition), make us increasingly cautious, while on the contrary credit conditions continue to loosen, which suggests that economic expansion could be prolonged.

In the current environment we prefer equity to credit exposure. Our UK equity portion, which follows an income strategy, is more likely to benefit from a dividend yield that compares favourably to the yield on offer from UK Gilts. Although the Trust has some exposure in the 'mega cap' stocks, it sources most of its income outside of this area, to avoid the currency risk which comes with the multinational nature of the earnings from such companies and to diversify the sectorial composition of the portfolio.

The Trust has a large exposure to UK assets. Our outlook for the UK economy is for continued moderate growth, though the outcome of the negotiations with the EU will play an important role in determining the performance of UK assets over the next year.

Legal & General Investment Management Limited
(Investment Adviser)
6 November 2018

Authorised Status

Authorised Status

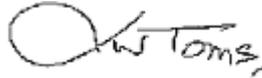
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven
(Director)



L. W. Toms
(Director)

Legal & General (Unit Trust Managers) Limited
5 December 2018

Statement of Responsibilities

Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net gains or losses on the property of the Trust for the period.

In preparing the financial statements, the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

Statement of Responsibilities continued

Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General Distribution Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

Report of the Trustee

Report of the Trustee to the Unitholders of the Legal & General Distribution Trust ("the Trust") for the year ended 14 October 2018

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

Northern Trust Global Services SE
UK Trustee and Depositary Services
5 December 2018

Portfolio Statement

Portfolio Statement as at 14 October 2018

All investments are in ordinary shares, investment grade securities or collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 14 October 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 32.90% (33.02%)		
	Oil & Gas Producers		
	— 3.69% (3.94%)		
189,748	BP	1,063,158	1.91
17,791	Royal Dutch Shell class 'A'	443,174	0.80
21,667	Royal Dutch Shell class 'B'	548,392	0.98
		2,054,724	3.69
	Chemicals — 0.81% (0.44%)		
14,610	Johnson Matthey	452,326	0.81
	Mining — 3.60% (2.65%)		
18,850	Anglo American	318,603	0.57
49,770	BHP Billiton	786,266	1.41
24,381	Rio Tinto	904,048	1.62
		2,008,917	3.60
	Construction & Materials		
	— 0.80% (0.36%)		
260,190	Melrose Industries	447,527	0.80
	Aerospace & Defense		
	— 1.14% (0.71%)		
37,990	BAE Systems	223,457	0.40
28,344	Ultra Electronics	409,854	0.74
		633,311	1.14
	General Industrials — 0.70% (0.50%)		
93,572	DS Smith	389,634	0.70
	Automobiles & Parts		
	— 0.00% (0.41%)		
	Beverages — 0.00% (0.36%)		
	Food Producers — 0.44% (0.23%)		
38,650	Tate & Lyle	244,732	0.44
	Household Goods & Home Construction — 0.00% (0.58%)		
	Tobacco — 2.03% (2.86%)		
17,400	British American Tobacco	582,117	1.04
21,450	Imperial Brands	549,227	0.99
		1,131,344	2.03
	Health Care Equipment & Services		
	— 0.49% (0.60%)		
21,110	Smith & Nephew	274,535	0.49
	Pharmaceuticals & Biotechnology		
	— 1.80% (2.77%)		
6,911	AstraZeneca	390,195	0.70

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Pharmaceuticals & Biotechnology — (cont.)		
26,390	GlaxoSmithKline	384,766	0.69
112,640	Indivior	227,984	0.41
		1,002,945	1.80
	Food & Drug Retailers — 1.43% (0.00%)		
236,590	Tesco	515,293	0.92
114,060	WM Morrison Supermarkets	283,439	0.51
		798,732	1.43
	General Retailers — 2.01% (1.86%)		
150,250	Dixons Carphone	242,278	0.43
28,496	Inchcape	175,963	0.32
8,200	Next	446,080	0.80
189,313	Saga	253,869	0.46
		1,118,190	2.01
	Media — 0.44% (0.68%)		
156,364	ITV	248,306	0.44
	Travel & Leisure — 1.43% (0.81%)		
44,300	Greene King	224,335	0.40
114,000	Ladbrokes Coral Group CVR	12,950	0.02
12,109	Whitbread	561,010	1.01
		798,295	1.43
	Fixed Line Telecommunications — 0.80% (0.80%)		
188,727	BT Group	447,566	0.80
	Mobile Telecommunications — 0.93% (1.64%)		
340,920	Vodafone	519,017	0.93
	Electricity — 0.00% (0.37%)		
	Gas, Water & Multi-utilities — 0.19% (1.10%)		
12,958	National Grid	103,521	0.19
	Banks — 4.14% (3.30%)		
348,650	Barclays	590,404	1.06
79,180	HSBC	503,743	0.90
1,390,620	Lloyds Banking Group	819,771	1.47
159,280	Royal Bank of Scotland	395,970	0.71
		2,309,888	4.14
	Nonlife Insurance — 1.64% (1.12%)		
147,990	Direct Line Insurance Group	486,295	0.87
77,040	RSA Insurance Group	427,264	0.77
		913,559	1.64
	Life Insurance — 2.10% (2.72%)		
129,890	Aviva	572,035	1.03

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Life Insurance — (cont.)		
37,193	Prudential	596,204	1.07
		<hr/>	<hr/>
		1,168,239	2.10
	Financial Services — 1.51% (1.68%)		
64,578	Brewin Dolphin	213,237	0.38
69,850	Jupiter Fund Management	245,802	0.44
138,560	TP ICAP	381,317	0.69
		<hr/>	<hr/>
		840,356	1.51
	Software & Computer Services — 0.78% (0.53%)		
32,050	Micro Focus International	435,239	0.78
	IRELAND — 0.00% (0.64%)		
	Construction & Materials — 0.00% (0.40%)		
	Support Services — 0.00% (0.24%)		
	CAYMAN ISLANDS — 0.84% (0.52%)		
	Life Insurance — 0.84% (0.52%)		
73,966	Phoenix Group	466,356	0.84
	CHANNEL ISLANDS — 0.46% (0.68%)		
	Media — 0.46% (0.68%)		
23,660	WPP	254,581	0.46
	ISLE OF MAN — 0.87% (0.24%)		
	Travel & Leisure — 0.87% (0.24%)		
51,779	GVC	484,910	0.87
	COLLECTIVE INVESTMENT SCHEMES — 48.30% (44.33%)		
100,277	Legal & General All Stocks Gilt Index Trust 'I' Inc ¹	119,430	0.21
215,067	Legal & General All Stocks Index Linked Gilt Index Trust 'I' Inc ¹	246,037	0.44
5,339,364	Legal & General Fixed Interest Trust 'R' Inc ¹	3,701,247	6.64
4,530,867	Legal & General Global Inflation Linked Bond Index Fund 'L' Inc ¹	2,318,897	4.16
15,770,319	Legal & General High Income Trust 'I' Inc ¹	7,497,210	13.45
5,868,475	Legal & General Managed Monthly Income Trust 'R' Inc ¹	3,716,505	6.67
10,325,900	Legal & General Short Dated Sterling Corporate Bond Index Fund 'I' Inc ¹	5,189,797	9.31
4,154,852	Legal & General Sterling Income Fund 'I' Inc ¹	4,136,986	7.42
		<hr/>	<hr/>
		26,926,109	48.30
	GOVERNMENT BONDS — 15.23% (16.94%)		
GBP3,250,000	United Kingdom Gilt 5% 07/03/2025	3,979,554	7.14

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	GOVERNMENT BONDS		
	— 15.23% (16.94%)		
GBP3,371,000	United Kingdom Gilt 4.25% 07/03/2036	4,510,226	8.09
		8,489,780	15.23
	FUTURES CONTRACTS		
	— 0.00% (0.01%)		
Portfolio of investments²		54,962,639	98.60
Net other assets		781,408	1.40
Total net assets		£55,744,047	100.00%

¹ These unlisted deposits have been valued at the Manager's best assessment of their fair and reasonable value.

² All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the year: £9,245,186.

Total sales for the year: £15,666,631.

Independent Auditor's Report

Independent auditor's report to the Unitholders of Legal & General Distribution Trust ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 14 October 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Trust and the accounting policies set out on pages 16 to 17.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 14 October 2018 and of the net revenue and the net capital losses on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Manager (Legal & General (Unit Trust Managers) Limited) is responsible for the other information presented in the Annual Manager's Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial year is consistent with the financial statements.

Independent Auditor's Report continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in their statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London E14 5GL
5 December 2018

Financial Statements

Statement of Total Return for the year ended 14 October 2018

Notes	14/10/18		14/10/17	
	£	£	£	£
Income				
Net capital (losses)/ gains	3	(3,290,281)		1,530,673
Revenue	4	2,299,311	2,797,903	
Expenses	5	(571,782)	(669,546)	
Interest payable and similar charges	7	(11)	(5,656)	
Net revenue before taxation		<u>1,727,518</u>	<u>2,122,701</u>	
Taxation	6	(2,803)	(6,547)	
Net revenue after taxation for the year		<u>1,724,715</u>	<u>2,116,154</u>	
Total return before distributions		<u>(1,565,566)</u>	<u>3,646,827</u>	
Distributions	7	(2,010,633)	(2,451,089)	
Change in net assets attributable to Unitholders from investment activities		<u>£(3,576,199)</u>	<u>£1,195,738</u>	

Statement of Change in Net Assets attributable to Unitholders for the year ended 14 October 2018

	14/10/18		14/10/17	
	£	£	£	£
Opening net assets attributable to Unitholders		67,363,568		71,071,128
Amounts received on issue of units		2,431,276	5,684,704	
Amounts paid on cancellation of units		<u>(11,888,895)</u>	<u>(12,350,770)</u>	
		(9,457,619)	(6,666,066)	
Change in net assets attributable to Unitholders from investment activities		(3,576,199)	1,195,738	
Retained distributions on accumulation units		<u>1,414,297</u>	<u>1,762,768</u>	
Closing net assets attributable to Unitholders		<u>£55,744,047</u>	<u>£67,363,568</u>	

Financial Statements continued

Balance Sheet as at 14 October 2018

	Notes	14/10/18 £	14/10/17 £
ASSETS			
Fixed assets:			
Investments		54,962,639	64,926,284
Current assets:			
Debtors	8	260,534	840,771
Cash and bank balances	9	<u>1,093,976</u>	<u>2,274,111</u>
Total assets		<u>56,317,149</u>	<u>68,041,166</u>
LIABILITIES			
Creditors:			
Bank overdrafts	9	(140,761)	—
Distributions payable		(280,637)	(297,229)
Other creditors	10	<u>(151,704)</u>	<u>(380,369)</u>
Total liabilities		<u>(573,102)</u>	<u>(677,598)</u>
Net assets attributable to Unitholders		<u>£55,744,047</u>	<u>£67,363,568</u>

Notes to the Financial Statements

1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 (2014 SORP).

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The principal accounting policies which have been applied consistently are set out below.

(b) Functional and Presentation Currency

The functional and presentation currency of the Trust is Sterling.

(c) Recognition of Revenue

Revenue from quoted equities and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Revenue from unquoted equity investments is recognised net of attributable tax credits when the dividend is declared.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

Bond revenue is accounted for on an effective yield basis, calculated with reference to the purchase price. If the Manager believes that future commitments will not be met due to the bond issuer showing signs of financial distress, revenue accruals will be discounted. Any resultant revenue from these issues will then be treated on a receipts basis.

Revenue from distribution and accumulation units in Collective Investment Schemes is recognised when the distribution is quoted ex-dividend.

Equalisation on distributions received from Collective Investment Schemes is treated as capital property of the Trust.

Rebates received from underlying Collective Investment Schemes are treated as revenue or capital depending on the treatment of the Manager's fees in the underlying Trust.

Revenue from derivative instruments is treated in accordance with note 2(h).

All other revenue is recognised on an accruals basis.

(d) Treatment of Expenses

All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(e) Distribution Policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. In order to conduct a controlled dividend flow, interim distributions will be at the Manager's discretion, up to a maximum of the distributable revenue for the period. All remaining revenue is distributed in accordance with the COLL.

50% of the fund management fee is charged to capital and 50% is charged to revenue for the purpose of calculating the distribution.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Trust.

(f) Basis of Valuation of Investments

All investments are valued at their fair value as at 12 noon on 12 October 2018, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price, excluding any accrued interest. The fair value for units in Collective Investment Schemes is the cancellation price or bid price for dual priced funds and single price for single priced funds.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair and reasonable value.

(g) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses, with relief for overseas taxation taken where appropriate.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply.

(h) Derivative Instruments

The Trust may make use of financial derivative instruments for Efficient Portfolio Management (EPM) purposes. EPM aims to reduce risk, reduce costs, or generate additional capital or income for the Trust with an acceptably low level of risk. These aims allow for tactical asset allocation, which is a temporary switch in investment exposure through the use of derivatives rather than trading the underlying securities.

Derivative instruments held within the Trust have been accounted for and taxed in accordance with the Statement of Recommended Practice for Authorised Funds (IA SORP 2014). Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

Notes to the Financial Statements continued

3. Net capital (losses)/gains

	14/10/18	14/10/17
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(3,298,112)	1,488,779
Derivative securities	182	34,236
Currency (losses)/gains	(103)	9
Management fee rebates	<u>7,752</u>	<u>7,649</u>
Net capital (losses)/gains	<u>(3,290,281)</u>	<u>1,530,673</u>

4. Revenue

	14/10/18	14/10/17
	£	£
UK Franked dividends	970,293	1,140,596
Non-taxable overseas dividends	81,040	79,579
Bond Interest	134,737	98,488
Interest distributions	953,296	1,295,434
Management fee rebates	129,902	183,806
Futures revenue	27,855	—
Bank interest	<u>2,188</u>	<u>—</u>
	<u>2,299,311</u>	<u>2,797,903</u>

5. Expenses

	14/10/18	14/10/17
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees†	<u>571,782</u>	<u>669,546</u>
Total expenses	<u>571,782</u>	<u>669,546</u>

† Included within the Fund management fee is £285,891 borne by the capital account (14 October 2017: £334,773).

Audit fees of £9,800 plus VAT of £1,960 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £9,160 plus VAT of £1,832.

Notes to the Financial Statements continued

6. Taxation

(a) Analysis of taxation charge in year

	14/10/18	14/10/17
	£	£
Overseas tax	2,803	6,547
Current tax [note 6(b)]	2,803	6,547
Deferred tax [note 6(c)]	—	—
Total taxation	<u>2,803</u>	<u>6,547</u>

(b) Factors affecting taxation charge for the year

The current tax charge excludes capital gains and losses for the reason that Authorised Unit Trusts are not subject to Corporation Tax on these items. Current tax differs from taxation assessed on net revenue before taxation as follows:

Net revenue before taxation	<u>1,727,518</u>	<u>2,122,701</u>
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	345,504	424,540
Effects of:		
Capitalised revenue subject to taxation	1,550	1,530
Interest distributions deductible for tax purposes	(14,293)	—
Overseas tax	2,803	6,547
Prior period management expenses utilised	(122,494)	(182,035)
Revenue not subject to taxation	<u>(210,267)</u>	<u>(244,035)</u>
Current tax	<u>2,803</u>	<u>6,547</u>

(c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year. At the year end, there is a potential deferred tax asset of £Nil (14 October 2017: £122,494).

Notes to the Financial Statements continued

7. Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprise:

	14/10/18	14/10/17
	£	£
Interim distribution	926,068	1,260,431
Final distribution	<u>1,020,406</u>	<u>1,116,764</u>
	1,946,474	2,377,195
Add: Revenue deducted on cancellation of units	84,903	110,624
Less: Revenue received on creation of units	<u>(20,744)</u>	<u>(36,730)</u>
Distributions for the year	2,010,633	2,451,089
Interest payable and similar charges		
Bank overdraft interest	11	37
Futures expense	<u>—</u>	<u>5,619</u>
	<u>2,010,644</u>	<u>2,456,745</u>

The differences between the net revenue after taxation and the distributions for the year are as follows:

	14/10/18	14/10/17
	£	£
Net revenue after taxation for the year	1,724,715	2,116,154
Add: Expenses charged to capital	285,891	334,773
Equalisation effect of conversions	<u>27</u>	<u>162</u>
Distributions for the year	2,010,633	2,451,089

8. Debtors

	14/10/18	14/10/17
	£	£
Accrued revenue	225,802	380,050
Amounts receivable for creation of units	14,982	7,998
Management fee rebates	15,303	4,399
Overseas tax recoverable	4,447	3,099
Sales awaiting settlement	<u>—</u>	<u>445,225</u>
	<u>260,534</u>	<u>840,771</u>

Notes to the Financial Statements continued

9. Net uninvested cash

	14/10/18	14/10/17
	£	£
Amounts held at futures clearing houses and brokers	—	103,540
Cash and bank balances	1,093,976	2,170,571
Bank overdrafts	(140,761)	—
Net uninvested cash	<u>953,215</u>	<u>2,274,111</u>

10. Other creditors

	14/10/18	14/10/17
	£	£
Accrued expenses	30,024	24,594
Amounts payable for cancellation of units	121,680	207,557
Purchases awaiting settlement	—	148,218
	<u>151,704</u>	<u>380,369</u>

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (14 October 2017: same).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks

The investments of a Trust in financial securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in such instruments. Legal & General (Unit Trust Managers) Limited (UTM) is the Authorised Fund Manager and has responsibility for ensuring appropriate risk management processes are implemented for each Unit Trust.

The UTM Board has delegated the risk oversight function to the Fund Manager Oversight Committee (FMOC), a committee of the Legal & General Investment Management (Holdings) Limited (LGIMH) Board that meets monthly. The primary objective of the FMOC is to ensure proper oversight of the investment management activities and associated services performed by LGIM, its delegates and other Fund Managers, under the Investment Management Agreement (IMA), on behalf of UTM in its capacity as Authorised Fund Manager. The committee consists of senior members of LGIMH and members of the UTM Board. Other senior staff members are also in attendance, as required by the agenda.

Each Trust has Investment Guidelines, an Investment Objective and Investment Restrictions, against which the fund manager will operate. These are set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager, reviewed by the LGIM Operational Risk and Compliance Teams and approved senior members of LGIMH on behalf of the UTM board. The Schedule provides the detail needed to determine the risk profile for each fund. Fund managers are not permitted to invest into any new instruments without first gaining approval from UTM.

The Investment Objective and Policy of this Trust is detailed on page 2.

(a) Market Risk arising from other price 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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar instruments traded in the market.

The assets held by the Trust can be seen in the Portfolio Statement starting on page 8. Movements in the prices of these investments result in movements in the performance of the Trust. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Trust's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 14 October 2018, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £2,748,132 (14 October 2017: £3,246,314).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(b) Interest Rate Risk

Interest Rate Risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Trust is exposed to interest rate risk through its holdings in debt securities. The market value of debt securities and any floating rate payments from debt securities held (and interest rate swaps) may fluctuate as a result of changes in interest rates. This risk is managed by the active monitoring and adjustment of the investments held by the Trust, in line with the stated investment objective and policy of the Trust.

At 14 October 2018, if interest rates on the Trust increased or decreased by 1 basis point, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £22,662 (14 October 2017: £26,283). This represents the Manager's best estimate of a reasonable possible shift in interest rates, having regard to historical volatility of those rates.

The interest rate profile of the Trust's net assets and liabilities at the balance sheet date was:

14/10/18	Total	Floating	Fixed	No
	£'000	rate £'000	rate £'000	interest £'000
Portfolio	54,963	—	8,490	46,473
Other assets	1,354	1,094†	—	260
Other liabilities	(573)	(141)†	—	(432)
Total	55,744	953	8,490	46,301

14/10/17	Total	Floating	Fixed	No
	£'000	rate £'000	rate £'000	interest £'000
Portfolio	64,926	—	11,411	53,515
Other assets	3,115	2,274†	—	841
Other liabilities	(677)	—†	—	(677)
Total	67,364	2,274	11,411	53,679

† The Trust's floating rate other assets and liabilities are represented by its bank balances and overdraft facilities. Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

Currency	Fixed Rate Financial Assets			
	Weighted average Interest rate		Weighted average Period for which Rate is fixed	
	%		Years	
	14/10/18	14/10/17	14/10/18	14/10/17
Sterling	1.66	1.39	12.25	11.81

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(c) Foreign Currency Risk

Foreign Currency Risk is the risk of movements in the value of financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the use of forward currency contracts or currency futures as necessary.

As this Trust invests in other collective investment schemes that hold investment instruments in overseas financial securities, there is currency risk in respect of the financial instruments held by those schemes.

Forward currency contracts were not utilised during the current or the preceding year.

At the year end, the Trust had no significant exposures to currencies other than Sterling (14 October 2017: same).

(d) Credit Risk

Credit Risk is the risk of suffering financial loss as a result of a counterparty to a financial transaction being unable to fulfil their financial obligations as they fall due.

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

The Trust's investments in bonds expose it to the default risk of the bond issuer with regards interest payments and principal repayments. At the balance sheet date none of the bonds held by the Trust's had low credit ratings (sub-investment grade).

As this Trust invests in Collective Investment Schemes, there is credit risk in respect of the assets held by these Schemes.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Trust's investment objective and policy.

(e) Liquidity Risk

Liquidity Risk relates to the capacity to meet liabilities as they fall due. The primary source of this risk to the Trust is the liability to Unitholders for any cancellation of units.

The Trust can also be exposed to liquidity risk through its commitments under derivative contracts, whereby additional margin payments or collateral payments may need to be posted with the counterparty or clearing house.

This risk is minimised by holding a large proportion of readily realisable assets, cash balances and via access to overdraft facilities.

(f) Derivative Risk - Sensitivity Analysis

Derivative Risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

At the balance sheet date, no derivatives were held that could impact the Trust in a significant way (As at the prior year end on 14 October 2017, the effect of the Futures was to increase the market exposure of the Trust by £225,195).

Notes to the Financial Statements continued

12. Financial Instruments and Associated Risks continued

(g) Fair Value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no material difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 requires the classification of the Trust's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Trust's financial instruments as at the balance sheet date were:

14/10/18	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	28,036,530	—
Level 2 - Observable Market Data	26,926,109	—
Level 3 - Unobservable Data	—	—
Total	54,962,639	—

14/10/17	Assets	Liabilities
Basis of Valuation	£	£
Level 1 - Quoted Prices	35,062,274	—
Level 2 - Observable Market Data	29,864,010	—
Level 3 - Unobservable Data	—	—
Total	64,926,284	—

Level 1

The unadjusted quoted price in an active market for assets or liabilities that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1.

Level 3

Valuation techniques using unobservable inputs.

Notes to the Financial Statements continued

13. Portfolio transaction costs

14/10/18	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	7,906	3	0.04	36	0.46	7,945
Collective Investment Schemes	1,300	—	—	—	—	1,300
Total	9,206	3	0.04	36	0.46	9,245

14/10/18	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	9,913	(3)	0.03	—	—	9,910
Collective Investment Schemes	3,152	—	—	—	—	3,152
Debt Securities	2,604	—	—	—	—	2,604
Total	15,669	(3)	0.03	—	—	15,666

Commissions and taxes as % of average net assets

Commissions	0.01%
Taxes	0.06%

14/10/17	Value	Commissions		Taxes		Total
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	5,463	3	0.05	22	0.40	5,488
Collective Investment Schemes	9,263	—	—	—	—	9,263
Debt Securities	8,541	—	—	—	—	8,541
Total	23,267	3	0.05	22	0.40	23,292

14/10/17	Value	Commissions		Taxes		Total
Sales	£'000	£'000	%	£'000	%	£'000
Equities	9,354	(4)	0.04	—	—	9,350
Collective Investment Schemes	12,493	—	—	—	—	12,493
Debt Securities	6,465	—	—	—	—	6,465
Total	28,312	(4)	0.04	—	—	28,308

Commissions and taxes as % of average net assets

Commissions	0.01%
Taxes	0.03%

Transaction costs consist of expenses incurred in the process of the purchase and sales of securities above the cost of the securities.

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.60% (14 October 2017: 0.34%).

Notes to the Financial Statements continued

14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 39. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 32 to 37. The distributions per unit class are given in the distribution tables on pages 29 and 30. All classes have the same rights on winding up.

R-Class	Distribution	Accumulation
Opening Units	10,408,362	15,757,430
Units issued	793,185	455,763
Units cancelled	(544,770)	(1,331,337)
Units converted	(179,627)	76,795
Closing Units	10,477,150	14,958,651

F-Class	Distribution	Accumulation
Opening Units	133,450	381,056
Units issued	53,862	1,049
Units cancelled	(33,322)	(70,849)
Units converted	(8,732)	15,456
Closing Units	145,258	326,712

I-Class	Distribution	Accumulation
Opening Units	19,126,551	34,806,983
Units issued	1,568,251	580,759
Units cancelled	(4,421,021)	(7,757,254)
Units converted	37,266	614
Closing Units	16,311,047	27,631,102

15. Ultimate controlling party and related party transactions

The Manager is regarded as a related party to the Trust because it provides key management personnel services to the Trust. The ultimate controlling party of the Manager is Legal & General Group Plc. Subsidiaries of Legal & General Group Plc are also considered related parties to the Trust.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Trust. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

Equalisation amounts relating to creations and cancellations of units are shown within note 7. Fees received by the Authorised Fund Manager from the Trust plus any rebates paid by the Authorised Fund Manager to the Trust are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Trust, or rebates receivable by the Trust from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 0.01% (0.00% as at 14 October 2017) of the Trust's units in issue.

Notes to the Financial Statements continued

16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class accumulation unit was 91.34p. The Net Asset Value per R-Class accumulation unit for the Trust as at 12 noon on 3 December 2018 was 90.24p. This represents a decrease of 1.20% from the year end value.

Distribution Tables

Distribution Tables for the year ended 14 October 2018

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

Equalisation is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Interim Interest distribution in pence per unit			Period	
			15/10/17	to 14/04/18
R-Class			Distribution	Distribution
Distribution Units			14/06/18	14/06/17
	Revenue	Equalisation		
Group 1	0.8229	—	0.8229	0.9741
Group 2	0.4829	0.3400	0.8229	0.9741
R-Class			Distribution	Distribution
Accumulation Units			14/06/18	14/06/17
	Revenue	Equalisation		
Group 1	1.3180	—	1.3180	1.5139
Group 2	0.6621	0.6559	1.3180	1.5139
F-Class			Distribution	Distribution
Distribution Units			14/06/18	14/06/17
	Revenue	Equalisation		
Group 1	0.9004	—	0.9004	1.0686
Group 2	0.5453	0.3551	0.9004	1.0686
F-Class			Distribution	Distribution
Accumulation Units			14/06/18	14/06/17
	Revenue	Equalisation		
Group 1	1.4573	—	1.4573	1.6698
Group 2	0.1640	1.2933	1.4573	1.6698
I-Class			Distribution	Distribution
Distribution Units			14/06/18	14/06/17
	Revenue	Equalisation		
Group 1	0.9387	—	0.9387	1.1161
Group 2	0.3933	0.5454	0.9387	1.1161
I-Class			Distribution	Distribution
Accumulation Units			14/06/18	14/06/17
	Revenue	Equalisation		
Group 1	1.5317	—	1.5317	1.7593
Group 2	0.9498	0.5819	1.5317	1.7593

Distribution Tables continued

Final Interest distribution in pence per unit			Period	
			15/04/18	to 14/10/18
R-Class			Distribution	Distribution
Distribution Units			14/12/18	14/12/17
	Revenue	Equalisation		
Group 1	0.9474	—	0.9474	0.9073
Group 2	0.4716	0.4758	0.9474	0.9073
R-Class			Distribution	Distribution
Accumulation Units			14/12/18	14/12/17
	Revenue	Equalisation		
Group 1	1.5395	—	1.5395	1.4314
Group 2	0.7933	0.7462	1.5395	1.4314
F-Class			Distribution	Distribution
Distribution Units			14/12/18	14/12/17
	Revenue	Equalisation		
Group 1	1.0512	—	1.0512	1.0021
Group 2	—	1.0512	1.0512	1.0021
F-Class			Distribution	Distribution
Accumulation Units			14/12/18	14/12/17
	Revenue	Equalisation		
Group 1	1.7277	—	1.7277	1.5952
Group 2	0.1874	1.5403	1.7277	1.5952
I-Class			Distribution	Distribution
Distribution Units			14/12/18	14/12/17
	Revenue	Equalisation		
Group 1	1.1007	—	1.1007	1.0532
Group 2	0.5384	0.5623	1.1007	1.0532
I-Class			Distribution	Distribution
Accumulation Units			14/12/18	14/12/17
	Revenue	Equalisation		
Group 1	1.8244	—	1.8244	1.6890
Group 2	0.9536	0.8708	1.8244	1.6890

Trust Information

The Comparative Tables on pages 32 to 37 give the performance of each active share class in the Trust.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Trust's performance disclosed in the Manager's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Trust.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by a fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Trust Information continued

Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	14/10/18 (pence per unit)	14/10/17 (pence per unit)	14/10/16 (pence per unit)
Opening net asset value per unit	58.89	58.02	56.28
Return before operating charges*	(1.04)	3.63	4.47
Operating charges (calculated on average price)	(0.83)	(0.88)	(0.84)
Return after operating charges*	(1.87)	2.75	3.63
Distributions on income units [^]	(1.77)	(1.88)	(1.89)
Closing net asset value per unit	55.25	58.89	58.02
* after direct transaction costs of:	0.04	0.02	0.06

Performance

Return after charges	(3.18)%	4.74%	6.45%
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Other Information

Closing net asset value (£)	5,788,190	6,129,985	5,942,199
Closing number of units	10,477,150	10,408,362	10,240,929
Operating charges [†]	1.43%	1.49%	1.47%
Direct transaction costs	0.07%	0.04%	0.11%

Prices

Highest unit price	60.26p	63.58p	62.83p
Lowest unit price	56.09p	56.45p	53.61p

[^] Distributions on income units are shown gross of taxation.

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Trust Information continued

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	14/10/18 (pence per unit)	14/10/17 (pence per unit)	14/10/16 (pence per unit)
Opening net asset value per unit	94.34	90.04	84.99
Return before operating charges*	(1.65)	5.68	6.90
Operating charges (calculated on average price)	(1.35)	(1.38)	(1.27)
Return after operating charges*	(3.00)	4.30	5.63
Distributions [^]	(2.86)	(2.95)	(2.88)
Retained distributions on accumulation units [^]	2.86	2.95	2.30
Closing net asset value per unit	91.34	94.34	90.04
* after direct transaction costs of:	0.06	0.04	0.09

Performance

Return after charges	(3.18)%	4.78%	6.62%
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Other Information

Closing net asset value (£)	13,663,806	14,864,962	15,312,581
Closing number of units	14,958,651	15,757,430	17,005,520
Operating charges [†]	1.43%	1.49%	1.47%
Direct transaction costs	0.07%	0.04%	0.11%

Prices

Highest unit price	96.53p	100.00p	96.35p
Lowest unit price	91.15p	87.61p	81.01p

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Trust Information continued

Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	14/10/18 (pence per unit)	14/10/17 (pence per unit)	14/10/16 (pence per unit)
Opening net asset value per unit	60.10	59.07	57.15
Return before operating charges*	(1.05)	3.70	4.55
Operating charges (calculated on average price)	(0.55)	(0.60)	(0.56)
Return after operating charges*	(1.60)	3.10	3.99
Distributions on income units [^]	(1.95)	(2.07)	(2.07)
Closing net asset value per unit	56.55	60.10	59.07
* after direct transaction costs of:	0.04	0.02	0.06

Performance

Return after charges	(2.66)%	5.25%	6.98%
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Other Information

Closing net asset value (£)	82,143	80,210	96,596
Closing number of units	145,258	133,450	163,537
Operating charges [†]	0.93%	0.99%	0.97%
Direct transaction costs	0.07%	0.04%	0.11%

Prices

Highest unit price	61.58p	61.79p	60.96p
Lowest unit price	57.48p	57.50p	54.51p

[^] Distributions on income units are shown gross of taxation.

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Trust Information continued

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	14/10/18 (pence per unit)	14/10/17 (pence per unit)	14/10/16 (pence per unit)
Opening net asset value per unit	97.28	92.39	86.81
Return before operating charges*	(1.71)	5.83	7.07
Operating charges (calculated on average price)	(0.90)	(0.94)	(0.86)
Return after operating charges*	(2.61)	4.89	6.21
Distributions [^]	(3.18)	(3.27)	(3.17)
Retained distributions on accumulation units [^]	3.18	3.27	2.54
Closing net asset value per unit	94.67	97.28	92.39
* after direct transaction costs of:	0.07	0.04	0.10

Performance

Return after charges	(2.68)%	5.29%	7.15%
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Other Information

Closing net asset value (£)	309,283	370,685	406,190
Closing number of units	326,712	381,056	439,640
Operating charges [†]	0.93%	0.99%	0.97%
Direct transaction costs	0.07%	0.04%	0.11%

Prices

Highest unit price	99.67p	98.10p	94.14p
Lowest unit price	94.34p	89.95p	82.87p

[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Trust Information continued

Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting Year ending	14/10/18 (pence per unit)	14/10/17 (pence per unit)	14/10/16 (pence per unit)
Opening net asset value per unit	60.48	59.35	57.35
Return before operating charges*	(1.06)	3.72	4.57
Operating charges (calculated on average price)	(0.40)	(0.42)	(0.39)
Return after operating charges*	(1.46)	3.30	4.18
Distributions on income units [^]	(2.03)	(2.17)	(2.18)
Closing net asset value per unit	56.99	60.48	59.35
* after direct transaction costs of:	0.04	0.02	0.06

Performance

Return after charges	(2.41)%	5.56%	7.29%
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Other Information

Closing net asset value (£)	9,296,244	11,568,302	10,350,767
Closing number of units	16,311,047	19,126,551	17,440,032
Operating charges [†]	0.67%	0.70%	0.68%
Direct transaction costs	0.07%	0.04%	0.11%

Prices

Highest unit price	62.01p	62.18p	61.29p
Lowest unit price	57.95p	57.80p	54.75p

[^] Distributions on income units are shown gross of taxation.

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Trust Information continued

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting Year ending	14/10/18 (pence per unit)	14/10/17 (pence per unit)	14/10/16 (pence per unit)
Opening net asset value per unit	98.69	93.46	87.60
Return before operating charges*	(1.75)	5.90	7.15
Operating charges (calculated on average price)	(0.66)	(0.67)	(0.61)
Return after operating charges*	(2.41)	5.23	6.54
Distributions [^]	(3.36)	(3.45)	(3.36)
Retained distributions on accumulation units [^]	3.36	3.45	2.68
Closing net asset value per unit	96.28	98.69	93.46
* after direct transaction costs of:	0.07	0.04	0.10

Performance

Return after charges	(2.44)%	5.60%	7.47%
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Other Information

Closing net asset value (£)	26,604,381	34,349,424	38,962,795
Closing number of units	27,631,102	34,806,983	41,690,647
Operating charges [†]	0.67%	0.70%	0.68%
Direct transaction costs	0.07%	0.04%	0.11%

Prices

Highest unit price	101.10p	99.41p	95.22p
Lowest unit price	95.81p	91.02p	83.68p

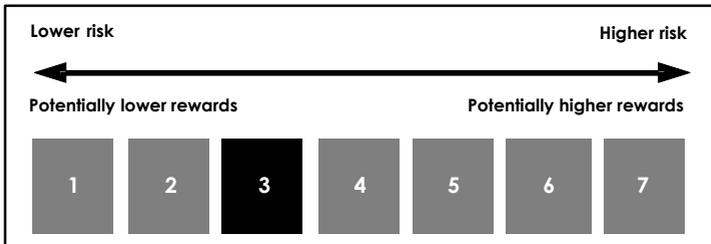
[^] Distributions are shown gross of taxation. The amounts shown for 'Retained distributions on accumulation units' are net of 20% income tax, except for distributions made from April 2017 onwards, which will be paid on a gross basis.

[†] Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable 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. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

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.

Risk and Reward Profile (unaudited)



- 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 number highlighted above reflects the rate at which the Trust's unit price has moved up and down in the past. If the Trust has less than five years' track record, the number also reflects the rate at which a representative mix of the underlying investments has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- The Trust is in category three because the mix of different asset types in which the Trust invests has a balancing effect on the rate at which the Trust share price moves up and down. This type of trust is generally considered to be higher risk than one investing only in bonds and lower risk than one investing only in company shares.
- 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.

General Information (unaudited)

Constitution

Launch date:	28 November 2003
Period end dates for distributions:	14 April, 14 October
Distribution dates:	14 June, 14 December
Minimum initial lump sum investment:	R-Class £20 F-Class* £500 I-Class £1,000,000
Minimum monthly contributions:	R-Class £20 F-Class* £50 I-Class N/A
Valuation point:	12 noon
Fund management fees: †	R-Class Annual 1.41% (1.49% prior to 2 January 2018) F-Class* Annual 0.91% (0.99% prior to 2 January 2018) I-Class Annual 0.66% (0.70% prior to 2 January 2018)
Initial charge:	R-Class Nil F-Class* Nil I-Class Nil

* 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 Trust 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.

† With effect from 2 January 2018 - See Significant Changes on page 42.

Pricing and Dealing

The prices are published on the internet at www.legalandgeneral.com/investments/fund-information/daily-fund-prices immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by completing an application form or on the internet at www.legalandgeneral.com. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

General Information (unaudited) continued

ISA Status

This Trust may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

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

Prospectus and Manager's Reports

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

EU Savings Directive

The Trust has been reviewed against the requirements of the Directive 2003/48/EC on Taxation of savings in the form of interest payments (ESD), following the HM Revenue & Customs debt investment reporting guidance notes.

Under the Directive, information is collected about the payment of distributions to residents in certain other countries and is reported to HM Revenue & Customs to be exchanged with Tax authorities in those countries.

The Trust falls within the 25% debt investment reporting threshold. This means that details of all distributions and redemption proceeds paid to non UK investors will be reported by Legal & General (Unit Trust Managers) Limited to HM Revenue & Customs to be exchanged with the relevant Tax authorities.

Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Trust. Where the Manager operates a box through which unit subscriptions and unit redemptions are netted into a single trade instruction to the Trustee, the netting reduces the actual transaction costs and this generates a revenue to the Manager. The revenue generated from this activity is calculated on a monthly basis and returned to the Trust in the form of a payment from the Manager. This provides an enhanced return to the Trust, though the size of any return will be dependent on the size of subscriptions and redemptions.

General Information (unaudited) continued

Remuneration Disclosure

In accordance with the Undertakings for collective investment in transferable securities (UCITs) Directive, often referred to as the UCITs V Directive, the Legal & General Distribution Trust, as a UCITs Scheme, is required to disclose the aggregate remuneration paid by the UCITs Manager and by the UCITs Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITs Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it:

Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Trust (Pro-rated) (£'000)
32	6,726	11,997	26

Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Trust (Pro-rated) (£'000)
28	3,121	5,015	22

Controlled Functions

As at 31 December 2017, Legal & General Unit Trust Managers Limited (UTM) engaged the services of six employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition, there was one non-executive Director. UTM also engaged the services of a further twenty LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

Material Risk Takers

As at the 31 December 2017, UTM engaged the services of Legal & General Investment Management's Multi Asset Allocation team, which consists of 28 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have pro-rated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Multi Asset Allocation team.

General Information (unaudited) continued

Significant Changes

Change of Fund Management Fees (FMF)

With effect from 2 January 2018, the FMF for all share classes were reduced as shown below:

	Old FMF	New FMF
R-Class	1.49%	1.41%
F-Class	0.99%	0.91%
I-Class	0.70%	0.66%

Change of Auditor

With effect from 28 April 2018, PricewaterhouseCoopers LLP ceased to be Independent Auditors of the Trust and KPMG LLP have been appointed. The change of Auditor has no impact on the way the Trust is operated.

General Data Protection Regulation (GDPR)

Legal & General takes your privacy very seriously. Under data protection legislation, we have classified ourselves as a 'data controller'. This means that we are subject to certain obligations relating to how we process personal data. These obligations include, without limitation, providing individuals with certain information regarding how we process their personal data.

We will use the personal data you have provided to us in connection with an investment in units of Legal & General Distribution Trust, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at www.lgim.com/UTMprivacy (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

General Information (unaudited) continued

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

Directors of the Manager

R. M. Bartley
A. J. C. Craven
S. Hynes
H. Morrissey
H. Solomon
S. D. Thomas (resigned 17 October 2018)
L. W. Toms
A. R. Toutouchi*
M. J. Zinkula

*Non-executive Director

Secretary

J. McCarthy

Registrar

Legal & General (Unit Trust Managers) Limited
P.O. Box 6080,
Wolverhampton WV1 9RB
Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

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

Trustee

Northern Trust Global Services SE
Trustee and Depository Services
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

Investment Adviser

Legal & General Investment Management Limited
One Coleman Street,
London EC2R 5AA
Authorised and regulated by the Financial Conduct Authority

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

Legal & General
(Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
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