

Legal & General Distribution Trust
**Annual Manager's
Short Report
for the year ended
14 October 2018**



Investment Objective and Policy

The investment objective of this 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.

Risk Profile

Credit Risk

This Trust holds investments in Collective Investment Schemes which directly invest in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations.

Market Risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Trust may suffer through holding market positions in the face of market movements. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Interest Rate Risk

This Trust holds investments in interest distributing Funds. The performance of the Trust may therefore be affected by changes in interest rates, through its holdings in these schemes.

Currency Risk

This Trust holds investments in overseas financial securities. It also invests in Collective Investment Schemes that hold investments in overseas financial securities. The performance of the Trust may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Trust Facts

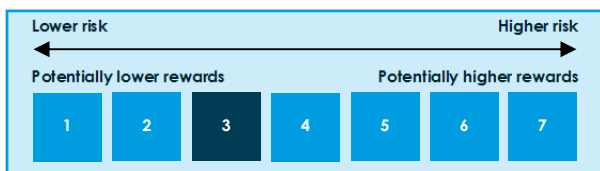
Period End Dates for Distributions:	14 Apr, 14 Oct	
Distribution Dates:	14 Jun, 14 Dec	
Ongoing Charges Figures:	14 Oct 18	14 Oct 17
R-Class*	1.43%	1.49%
F-Class*	0.93%	0.99%
I-Class*	0.67%	0.70%

* See Significant Changes on page 15.

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total disclosable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Trust.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Trust's risk and reward category in the future.
- The category 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 unit 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.

Distribution Information

R-Class

The distribution payable on 14 December 2018 is 0.9474p per unit for distribution units and 1.5395p per unit for accumulation units.

F-Class

The distribution payable on 14 December 2018 is 1.0512p per unit for distribution units and 1.7277p per unit for accumulation units.

I-Class

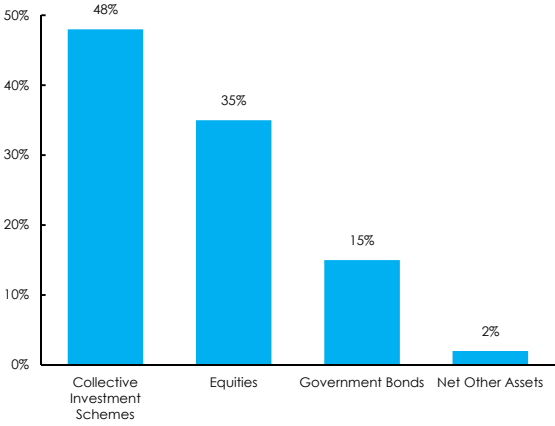
The distribution payable on 14 December 2018 is 1.1007p per unit for distribution units and 1.8244p per unit for accumulation units.

Portfolio Information

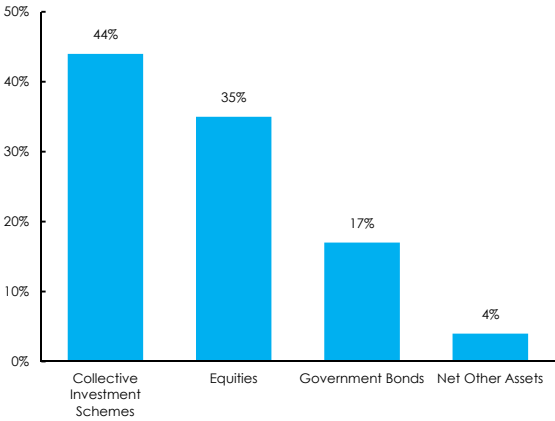
The top 10 holdings and their associated weighting at the current and preceding year ends were:

Top 10 Holdings at 14 October 2018		Top 10 Holdings at 14 October 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General High Income Trust 'I' Inc	13.45%	Legal & General High Income Trust 'I' Inc	9.97%
Legal & General Short Dated Sterling Corporate Bond Index Fund 'I' Inc	9.31%	United Kingdom Gilt 5% 07/03/2025	8.91%
United Kingdom Gilt 4.25% 07/03/2036	8.09%	Legal & General Short Dated Sterling Corporate Bond Index Fund 'I' Inc	7.83%
Legal & General Sterling Income Fund 'I' Inc	7.42%	United Kingdom Gilt 4.25% 07/03/2036	7.27%
United Kingdom Gilt 5% 07/03/2025	7.14%	Legal & General Sterling Income Fund 'I' Inc	6.34%
Legal & General Managed Monthly Income Trust 'R' Inc	6.67%	Legal & General Managed Monthly Income Trust 'R' Inc	5.71%
Legal & General Fixed Interest Trust 'R' Inc	6.64%	Legal & General Fixed Interest Trust 'R' Inc	5.69%
Legal & General Global Inflation Linked Bond Index Fund 'L' Inc	4.16%	Legal & General Dynamic Bond Trust 'L' Inc	4.69%
BP	1.91%	Legal & General Global Inflation Linked Bond Index Fund 'L' Inc	3.55%
Rio Tinto	1.62%	BP	1.99%

Trust Holdings as at 14 October 2018



Trust Holdings as at 14 October 2017



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. 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.

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.

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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.

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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.

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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.

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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.

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Manager's Investment Report

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

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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 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.

Manager's Investment Report continued

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

Manager's Report and Accounts

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

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

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.

Minimum Investment Amounts

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

R-Class	£20
F-Class	£500
I-Class	£1,000,000

In addition, monthly contributions can be made into the R-Class and F-Class with a minimum amount of £20 and £50 per month, respectively.

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.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust has performed during the year under review and how it is invested at the year end. Further information on the activities and performance of the Trust can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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

Significant Changes

Change of Fund Management Fees (FMF)

With effect from 2 January 2018, the FMF for all unit 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.

Significant Changes continued

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.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

Northern Trust Global Services SE

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

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

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