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Distribution Number 42

Legal & General
Managed Monthly Income Trust

Annual Manager's Short Report for the year ended 22 February 2009

Investment Objective and Policy

The investment objective of this Trust is to provide a high income from a managed portfolio that includes fixed interest securities and Government and other public securities. Investments may be made in stocks traded on overseas markets.

Risk Profile

Credit Risk

This Trust is invested in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations. This risk is managed by monitoring the financial stability of investments and companies, via credit ratings.

Market Risk

Market risk arises mainly from uncertainty about future prices. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Currency Risk

This Trust can invest 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.

Interest Rate Risk

This Trust is invested in interest bearing securities. The performance of the Trust may therefore be affected by changes in interest rates. The active monitoring and adjustment of the investments in the portfolio manages this risk.

This Trust is also invested in interest distributing funds. The performance of the Trust may therefore be affected by changes in interest rates, through its holdings in these funds.

Trust Facts

Period End Dates for Distributions:	22 of each month, 22 Feb (final)	
Distribution Dates:	21 of each month, 21 Mar (final)	
Total Expense Ratios:	22 Feb 09	22 Feb 08
R-Class	1.06%	1.06%
I-Class	0.47%	0.42%

The Total Expense Ratio is the ratio of the Trust's operating costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Trust.

Portfolio Turnover

	Year to 22 Feb 09	Year to 22 Feb 08
Total purchases for the year	£35,421,586	£54,146,607
Total sales for the year	£43,702,871	£78,184,632
Portfolio Turnover Rate	130.65%	130.75%

The Portfolio Turnover Rate (PTR) gives an indication of how much the Trust's investments have changed during the year. As the Trust pays for any charges involved with buying and selling investments, the higher the percentage, the more costs it has paid.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
22 Feb 07			
R-Class			
Distribution Units	£84,379,924	54.95p	153,570,641
Accumulation Units	£6,814,827	68.33p	9,973,610
I-Class			
Distribution Units	£20,524	54.97p	37,334
Accumulation Units	£10,381	68.79p	15,090
22 Feb 08			
R-Class			
Distribution Units	£53,119,459	50.30p	105,613,340
Accumulation Units	£6,392,619	65.07p	9,824,762
I-Class			
Distribution Units	£13,912	50.30p	27,657
Accumulation Units	£12,720	65.82p	19,324
22 Feb 09			
R-Class			
Distribution Units	£37,805,031	41.52p	91,047,238
Accumulation Units	£4,561,869	56.39p	8,090,162
I-Class			
Distribution Units	£14,018	41.52p	33,766
Accumulation Units	£14,381	57.31p	25,092

Past performance is not a guide to future performance.

The value of investments and income from them may go down as well as up.

Exchange rate changes may cause the value of any overseas investments to rise or fall.

Distribution Information

R-Class

The distribution payable on 21 March 2009 is 0.1872p net per unit for distribution units and 0.2521p net per unit for accumulation units.

I-Class

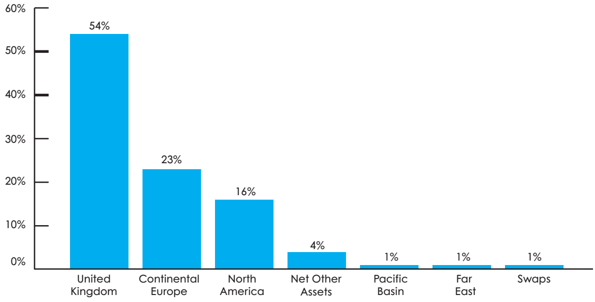
The distribution payable on 21 March 2009 is 0.2053p net per unit for distribution units and 0.2823p net per unit for accumulation units.

Portfolio Information

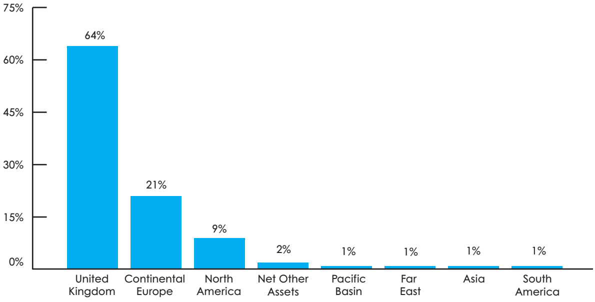
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 22 February 2009		Top 10 Holdings at 22 February 2008	
Holding	**Percentage of Net Asset Value**	**Holding**	**Percentage of Net Asset Value**
Treasury 6% 07/12/2028	3.23%	Legal & General High Income Trust	7.09%
Treasury 4.25% 07/03/2036	1.96%	Angel Trains Finance 5.25% 18/12/2008	1.57%
OTE 6% 12/02/2015	1.96%	Gaz Capital 6.58% 31/10/2013	1.56%
HBOS 6.75% 21/05/2018	1.61%	Clydesdale Bank 4.875% 17/02/2016	1.53%
Treasury 5% 07/03/2018	1.61%	Treasury 4.25% 07/03/2036	1.53%
Canary Wharf Finance 6.455% 22/10/2030	1.61%	Severn Trent Water 6.25% 07/06/2029	1.52%
Prudential 6.875% 29/12/2021	1.54%	BOC Group 5.875% 29/04/2009	1.50%
Mitchells & Butlers Finance 5.965% 15/12/2023	1.41%	Citigroup 6.125% 21/11/2017	1.46%
Gaz Capital 6.58% 31/10/2013	1.40%	Unicredito Italiano 6.375% 16/10/2018	1.45%
MBNA Credit Card 6.1% 17/05/2013	1.34%	Banca Intesa 5.5% 19/12/2016	1.44%

Trust Holdings as at 22 February 2009



Trust Holdings as at 22 February 2008



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2004	58.96p	53.41p	2.2459p
2005	59.78p	55.32p	2.2846p
2006	60.51p	54.96p	2.0487p
2007	57.17p	52.20p	2.0733p
2008	55.20p	41.96p	2.2405p
2009[2]	47.11p	40.49p	0.5687p
Accumulation Units			
2004	67.32p	59.75p	2.5063p
2005	71.24p	64.12p	2.6551p
2006	72.11p	66.68p	2.4731p
2007	71.09p	66.01p	2.5980p
2008	70.92p	55.97p	2.9249p
2009[2]	63.42p	54.73p	0.7660p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2005[1]	58.07p	56.59p	0.3111p
2006	59.00p	55.20p	2.3170p
2007	55.74p	52.65p	2.3288p
2008	53.70p	43.91p	2.5790p
2009[2]	45.73p	42.05p	0.6247p
Accumulation Units			
2005[1]	69.25p	67.02p	0.3693p
2006	70.36p	67.17p	2.8197p
2007	69.73p	66.82p	2.9490p
2008	69.66p	59.39p	3.2125p
2009[2]	62.54p	57.77p	0.8530p

[1] From 26 September 2005.

[2] The above tables show highest offer and lowest bid prices to 22 February 2009 and the net revenue per unit to 21 March 2009.

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

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Manager's Investment Report

During the year under review, the bid price of the Trust's R-class distribution units fell by 17.4%.

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Market/Economic Review

There has been dramatic change in the global economic backdrop over the past 12 months. During the first half of the year under review, inflation was rising throughout the developed world, the oil price moved to a high of US $147 per barrel in July 2008, and markets were anticipating further hikes in official interest rates.

Over the latter half of the year, however, inflation fears disappeared as developed economies fell into recession. There have also been sharp falls in commodity prices while oil has declined to around US $40 per barrel. As corporate earnings have come under increasing pressure and bank lending has seized up, investors became increasingly preoccupied with the risk that the global economy may suffer a prolonged downturn not witnessed since the great depression of the 1930s.

The year has been an extremely challenging period for corporate bond markets. In particular, we saw extreme levels of volatility over the final months of 2008. The catalyst for this turbulence was the collapse of US investment bank Lehman Brothers in September. This created havoc throughout international credit markets as confidence collapsed and inter-bank lending froze. Corporate bond prices fell indiscriminately as investors shunned all risky assets and the difference (known as a spread) between corporate and government bond yields increased sharply. Distressed selling from highly leveraged investors, particularly hedge funds, compounded these difficulties. As a result, it became extremely difficult for investors to trade corporate bonds in the secondary market, due to the lack of buyers.

The policy response from the authorities across the globe to the credit crisis has been unprecedented. From large, synchronised interest rate cuts from the leading central banks to massive bail-out packages, both governments and monetary authorities worldwide have indicated they will go to great lengths to stabilise the financial system and revive economic growth. In the US, the Federal Reserve has now effectively adopted a zero interest rate policy and the newly elected Obama administration is pressing ahead with a comprehensive fiscal stimulus package.

Manager's Investment Report continued

In the UK, the Bank of England has now cut official interest rates to 1%, while in the autumn the government announced a wide-ranging package of measures for the recapitalisation of the UK banking system.

Since the turn of the calendar year 2009, we have seen some semblance of normality returning to corporate bond markets. A combination of historically high yields on corporate bonds with ultra-low deposit rates and government bond yields has triggered an encouraging revival of investor participation. The new issue market has been particularly active, as with the banks remaining reluctant to lend, companies have turned to the bond market to raise funds. Trading conditions in the secondary market have also begun to improve

Trust Review

Given the market background, we have been very mindful of managing portfolio risk over the last year. We have sought to avoid those areas of the corporate bond market that are most vulnerable to credit rating downgrades, particularly the risk of falling out of the investment grade market (bonds rated BBB and above) to speculative grade (bonds rated BB and below). By definition, cyclical corporates (those whose profits are closely tied to the economic cycle) are affected to a much greater extent during a recession than non-cyclical corporates.

Therefore, we have largely avoided sectors such as House Builders and Construction, Commercial Property and General Retailers. In contrast, we have favoured non-cyclical sectors such as Consumer Staples, Utilities and Telecommunications, which offer the key attributes of cash generative businesses and sustainable earnings growth prospects. Given the nature of current credit conditions, we have also been highly selective in managing the Trust's exposure to the Financial sectors. The credit quality of financials has deteriorated significantly, particularly amongst subordinated issues which are the most vulnerable to downgrade risk.

Throughout the year, we sought to take advantage of the Trust's wider investment powers to participate in the US Dollar and Euro-denominated corporate bond markets. This has substantially increased our investment opportunities as both the US Dollar and Euro corporate bond markets hold a wider selection of securities and provide real scope for portfolio diversification, although we have been careful to hedge out currency risk. Significantly, in recent months the volume of new issues in the Euro and US Dollar markets has been much higher than in Sterling-denominated bonds. This has enabled us to add Euro-denominated issues from French media group Vivendi to the portfolio.

Manager's Investment Report continued

We have also participated in the Credit Default Swap (CDS) market, which is where an agreement is made to transfer the credit risk of fixed income products between two counterparties. Over a period when trading conditions in the underlying corporate bond markets have been very difficult, the CDS market has offered significant investment opportunities to manage the risk profile of the portfolio more effectively.

Outlook

For investors with a medium to long-term investment horizon, prepared to withstand periods of volatility, we believe the potential returns on offer from corporate bonds are now very attractive. The extra premium an investor can now earn on corporate bonds compared with gilts in terms of yield spread is at levels which are significantly higher than seen during previous recessions in the 1980s and early 1990s.

With a substantial volume of new issuance in the pipeline over the coming months, we are confident that we can continue to identify attractive investment opportunities on a case-by-case basis focusing on the risk or return characteristics of each issue in the primary market.

However, we remain very mindful of issuer risk as the coming months look set to witness a high number of credit downgrades in the corporate bond market. Overall though, we would expect corporate bonds to outperform gilts by a significant margin over the coming year.

Legal & General Investment Managers Limited
(Investment Adviser)
27 February 2009

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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 or by writing to the Manager.

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 40% 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.

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.

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