

Legal & General Distribution Trust
Interim Manager's Report
for the period ended
14 April 2018
(Unaudited)

**EVERY
DAY
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Manager's Investment Report

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 through 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.

Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units fell by 2.47%.

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

The review period could be split into two phases. The fourth quarter of 2017 and January 2018 were characterised by contained volatility and positive sentiment, whereas February onwards saw volatility return to markets. This was initially due to concerns about rising yields and later exacerbated by fears of a possible trade war between the US and China.

Global equity indices ended the period broadly unchanged. Although UK equities finished 2017 on a positive note, they have since marked three consecutive months of losses. Companies with high international earnings in sectors such as healthcare and food and beverage were negatively affected by Sterling's recent strength. Despite the uncertainty around Brexit and its implications for the UK economy, the UK property market continues to show signs of resilience. Although gilts gained ground as investors turned to 'safe haven' assets, the outlook for gilts remains gloomy: inflation remains above the Bank of England's 2% target, and we expect more rate hikes than the market anticipates. Improving corporate profitability and low default rates have underpinned Sterling corporate bonds, though the asset class underperformed gilts during the recent increase of risk aversion in markets.

Trust Review

The Trust delivered negative returns against this backdrop, mainly driven by the portfolio's equity holdings.

Among equities, the leading contributors to performance included industrial businesses GKN and Ultra Electronics, Barclays, bookmaker Ladbrokes Coral Group and food retailer Tesco. Not owning support service group Capita and energy supplier Centrica was also a positive contributor relative to benchmark. Leading detractors from performance included technology company Micro Focus International, insurance and travel business Saga, asset manager Jupiter, media group WPP and broking business TP ICAP. Not owning broadcaster Sky was also a drag on returns relative to benchmark.

Manager's Investment Report continued

In terms of portfolio activity, we initiated new positions in food retailers Tesco and WM Morrison Supermarkets, Ultra Electronics, wealth manager Brewin Dolphin and gaming business GVC. We added to our existing holdings in Barclays, Lloyds Banking Group, Saga and motor insurer Direct Line Insurance Group. Complete sales included house builder Taylor Wimpey, beverage company Britvic, energy supplier SSE and materials group CRH, while we made reductions to our holdings in oil major BP, broadcaster ITV, defence group BAE Systems and healthcare companies GlaxoSmithKline and AstraZeneca.

Our gilt holdings added slightly to performance while credit was flat over the period. Following recent underperformance, the Trust added to the L&G High Income Trust to take advantage of the higher yields available.

Outlook

The risk of recession seems low for the immediate future, and there has been no major challenge to the near-term outlook of solid, synchronous global growth. Looking ahead, we remain wary of rising 'late-cycle' risks in some regions. If this risk materialises, we are likely to transition from an environment with steady global growth and low inflation to one with rising inflation concerns.

In this environment, we prefer equity to credit exposure. If the past offers any guide to the future, credit tends to be the first asset class to underperform prior to entering a recession.

Among UK equities, we remain focused on the banking sector and food retailers. Banks have rebuilt their capital levels, which, combined with rising interest rates, should pave the way for an increased focus on dividends. Furthermore, large food retailers are responding to the competition from discount retailers with merger activity and expansion in other channels such as food wholesale in order to increase their revenues.

The Trust has a large exposure to UK assets. For the time being, the UK economy is performing relatively well, with a falling unemployment rate and strong PMI prints – though cold weather dampened first-quarter growth.

In terms of global economic and geopolitical risks, we are monitoring the risks of a trade war between the US and China and escalation in the Syrian conflict. On the other hand, the situation in the Korean Peninsula seems to be improving.

Legal & General Investment Management Limited
(Investment Adviser)
9 May 2018

Authorised Status

Authorised Status

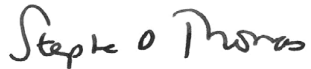
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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)



S. D. Thomas
(Director)

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

Portfolio Statement

Portfolio Statement as at 14 April 2018

All investments are in ordinary shares 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		
	— 32.55% (33.02%)		
	Oil & Gas Producers		
	— 3.59% (3.94%)		
220,298	BP	1,099,948	1.80
18,871	Royal Dutch Shell 'A'	445,072	0.73
26,987	Royal Dutch Shell 'B'	648,498	1.06
		2,193,518	3.59
	Chemicals — 0.84% (0.44%)		
15,500	Johnson Matthey	510,260	0.84
	Mining — 2.86% (2.65%)		
52,800	BHP Billiton	771,302	1.26
25,861	Rio Tinto	977,417	1.60
		1,748,719	2.86
	Construction & Materials		
	— 0.76% (0.36%)		
208,000	Melrose Industries	465,920	0.76
	Aerospace & Defense		
	— 1.11% (0.71%)		
40,300	BAE Systems	238,979	0.39
30,074	Ultra Electronics	435,772	0.72
		674,751	1.11
	General Industrials — 0.81% (0.50%)		
99,000	DS Smith	495,990	0.81
	Automobiles & Parts		
	— 0.56% (0.41%)		
75,600	GKN	340,654	0.56
	Beverages — 0.00% (0.36%)		
	Food Producers — 0.38% (0.23%)		
41,000	Tate & Lyle	232,388	0.38
	Household Goods & Home Construction — 0.00% (0.58%)		
	Tobacco — 1.78% (2.86%)		
13,400	British American Tobacco	553,018	0.91
21,700	Imperial Brands	532,084	0.87
		1,085,102	1.78
	Health Care Equipment & Services		
	— 0.67% (0.60%)		
30,700	Smith & Nephew	408,464	0.67
	Pharmaceuticals & Biotechnology		
	— 1.72% (2.77%)		
9,331	AstraZeneca	467,856	0.77

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Pharmaceuticals & Biotechnology — (cont.)		
41,000	GlaxoSmithKline	583,676	0.95
		<hr/> 1,051,532	<hr/> 1.72
	Food & Drug Retailers — 1.48% (0.00%)		
251,000	Tesco	584,830	0.96
139,000	WM Morrison Supermarkets	319,283	0.52
		<hr/> 904,113	<hr/> 1.48
	General Retailers — 2.17% (1.86%)		
159,400	Dixons Carphone	315,612	0.52
38,236	Inchcape	268,799	0.44
9,700	Next	487,716	0.80
200,843	Saga	252,661	0.41
		<hr/> 1,324,788	<hr/> 2.17
	Media — 0.53% (0.68%)		
223,884	ITV	323,848	0.53
	Travel & Leisure — 0.45% (0.81%)		
47,000	Greene King	260,756	0.43
114,000	Ladbrokes Coral Group Rights	12,950	0.02
		<hr/> 273,706	<hr/> 0.45
	Fixed Line Telecommunications — 0.77% (0.80%)		
194,217	BT Group	470,782	0.77
	Mobile Telecommunications — 1.62% (1.64%)		
478,680	Vodafone Group	990,150	1.62
	Electricity — 0.00% (0.37%)		
	Gas, Water & Multi-utilities — 0.19% (1.10%)		
13,748	National Grid	113,146	0.19
	Banks — 3.93% (3.30%)		
289,600	Barclays	629,445	1.03
135,000	HSBC	926,235	1.52
1,234,300	Lloyds Banking Group	842,163	1.38
		<hr/> 2,397,843	<hr/> 3.93
	Nonlife Insurance — 1.36% (1.12%)		
157,000	Direct Line Insurance Group	564,415	0.92
21,637	Jardine Lloyd Thompson Group	267,433	0.44
		<hr/> 831,848	<hr/> 1.36
	Life Insurance — 2.62% (2.72%)		
137,800	Aviva	700,575	1.15
37,463	Prudential	689,507	1.13
19,487	St James's Place	211,044	0.34
		<hr/> 1,601,126	<hr/> 2.62

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Financial Services — 1.61% (1.68%)		
68,508	Brewin Dolphin	243,752	0.40
63,100	Jupiter Fund Management	298,589	0.49
97,000	TP ICAP	439,507	0.72
		981,848	1.61
	Software & Computer Services — 0.74% (0.53%)		
34,000	Micro Focus International	449,480	0.74
	IRELAND — 0.00% (0.64%)		
	Construction & Materials — 0.00% (0.40%)		
30	CRH	715	—
	Support Services — 0.00% (0.24%)		
	CAYMAN ISLANDS — 0.59% (0.52%)		
	Life Insurance — 0.59% (0.52%)		
46,000	Phoenix Group	357,190	0.59
	CHANNEL ISLANDS — 0.72% (0.68%)		
	Media — 0.72% (0.68%)		
37,100	WPP	441,305	0.72
	ISLE OF MAN — 1.31% (0.24%)		
	Travel & Leisure — 1.31% (0.24%)		
52,504	GVC	493,275	0.81
37,700	Playtech	307,858	0.50
		801,133	1.31
	COLLECTIVE INVESTMENT SCHEMES — 45.67% (44.33%)		
100,277	Legal & General All Stocks Gilt Index Trust 'I' Inc ¹	122,238	0.20
215,067	Legal & General All Stocks Index Linked Gilt Index Trust 'I' Inc ¹	248,833	0.41
432,877	Legal & General Dynamic Bond Trust 'L' Inc ¹	261,847	0.43
5,339,364	Legal & General Fixed Interest Trust 'R' Inc ¹	3,783,473	6.20
4,530,867	Legal & General Global Inflation Linked Bond Index Fund 'L' Inc ¹	2,387,313	3.91
15,770,319	Legal & General High Income Trust 'I' Inc ¹	7,852,042	12.86
5,868,475	Legal & General Managed Monthly Income Trust 'R' Inc ¹	3,794,556	6.21
10,325,900	Legal & General Short Dated Sterling Corporate Bond Index Fund 'I' Inc ¹	5,220,775	8.55
4,154,852	Legal & General Sterling Income Fund 'I' Inc ¹	4,208,865	6.90
		27,879,942	45.67
	GOVERNMENT BONDS — 14.72% (16.94%)		
GBP3,250,000	United Kingdom Gilt 5% 07/03/2025	4,045,158	6.63

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	GOVERNMENT BONDS		
	— (cont.)		
GBP3,580,000	United Kingdom Gilt 4.25% 07/03/2036	4,940,751	8.09
		<hr/> 8,985,909	<hr/> 14.72
	FUTURES CONTRACTS		
	— 0.02% (0.01%)		
21	FTSE 100 Index ICF Future Expiry June 2018	12,576	0.02
		<hr/> 58,348,746	<hr/> 95.58
Portfolio of investments²		<hr/> 2,696,067	<hr/> 4.42
Net other assets		<hr/> £61,044,813	<hr/> 100.00%
Total net assets			

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 period: £5,699,783.

Total sales for the period: £10,943,054.

Financial Statements

Statement of Total Return for the period ended 14 April 2018

	14/04/18		14/04/17	
	£	£	£	£
Income				
Net capital (losses)/ gains		(1,272,192)		1,504,244
Revenue	1,106,280		1,452,503	
Expenses	(297,141)		(336,814)	
Interest payable and similar charges	(1)		—	
Net revenue before taxation	<u>809,138</u>		<u>1,115,689</u>	
Taxation	(960)		(4,758)	
Net revenue after taxation for the period		<u>808,178</u>		<u>1,110,931</u>
Total return before distributions		(464,014)		2,615,175
Distributions		(956,763)		(1,279,355)
Change in net assets attributable to Unitholders from investment activities		<u>£(1,420,777)</u>		<u>£1,335,820</u>

Statement of Change in Net Assets attributable to Unitholders for the period ended 14 April 2018

	14/04/18		14/04/17	
	£	£	£	£
Opening net assets attributable to Unitholders		67,363,568		71,071,128
Amounts received on issue of units	1,248,038		3,304,358	
Amounts paid on cancellation of units	(6,820,545)		(5,127,673)	
		(5,572,507)		(1,823,315)
Change in net assets attributable to Unitholders from investment activities		(1,420,777)		1,335,820
Retained distributions on accumulation units		<u>674,529</u>		<u>943,233</u>
Closing net assets attributable to Unitholders		<u>£61,044,813</u>		<u>£71,526,866</u>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

Financial Statements continued

Balance Sheet as at 14 April 2018

	14/04/18 £	14/10/17 £
ASSETS		
Fixed assets:		
Investments	58,348,746	64,926,284
Current assets:		
Debtors	561,616	840,771
Cash and bank balances	2,629,293	2,274,111
Total assets	61,539,655	68,041,166
LIABILITIES		
Creditors:		
Distributions payable	(251,540)	(297,229)
Other creditors	(243,302)	(380,369)
Total liabilities	(494,842)	(677,598)
Net assets attributable to Unitholders	£61,044,813	£67,363,568

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 Association in May 2014 (2014 SORP).

2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

(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.

Trust Information

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	6,061,052	10,541,852	57.50
Accumulation Units	14,343,981	15,355,570	93.41
F-Class			
Distribution Units	109,944	187,091	58.76
Accumulation Units	368,948	382,067	96.57
I-Class			
Distribution Units	10,282,662	17,374,599	59.18
Accumulation Units	29,878,226	30,458,638	98.09

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.

Ongoing Charges Figures

	14 Apr 18	14 Oct 17
R-Class	1.43%	1.49%
F-Class	0.93%	0.99%
I-Class	0.67%	0.70%

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.

Trust Information continued

Distribution Information

R-Class

The distribution payable on 14 June 2018 is 0.8229p per unit for distribution units and 1.3180p per unit for accumulation units.

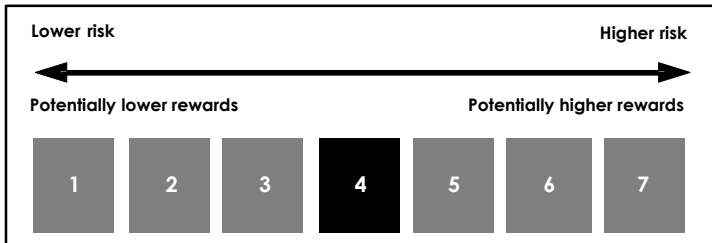
F-Class

The distribution payable on 14 June 2018 is 0.9004p per unit for distribution units and 1.4573p per unit for accumulation units.

I-Class

The distribution payable on 14 June 2018 is 0.9387p per unit for distribution units and 1.5317p per unit for accumulation units.

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 four 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

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%
	F-Class*	Annual 0.91%
	I-Class	Annual 0.66%
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 pages 16 to 17.

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.

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.

General Information continued

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.

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.

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 Information continued

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.

General Information 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 (appointed 5 July 2017)
H. Solomon
S. D. Thomas
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 PLC
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
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