

Legal & General Distribution Trust

**Annual Manager's
Short Report
for the year ended
14 October 2013**



Investment Objective and Policy

The investment objective of this Trust is to provide a combination of income and long-term capital 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.

Risk Profile

Credit Risk

This Trust is invested in Collective Investment Schemes, which may 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. 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 is invested in interest bearing Collective Investment Schemes. 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

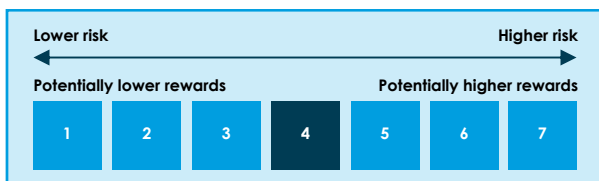
Period End Dates for Distributions:	14 Apr, 14 Oct	
Distribution Dates:	14 Jun, 14 Dec	
Ongoing Charges Figures:	14 Oct 13	14 Oct 12
R-Class	1.46%	1.46%
I-Class	0.67%	0.67%
F-Class*	0.96%	—

* There is no prior year comparative for the F-Class units which launched on 19 December 2012.

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total discloseable 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 is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust is in category four because it invests, sometimes through other funds, in a variety of investments. A mixture of higher risk investments and lower risk investments has a balancing effect. The result is that this Trust is lower risk than one investing only in company shares and higher risk than one investing only in investment grade bonds.
- 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.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
14 Oct 11			
R-Class			
Distribution Units	£13,275,684	48.36p	27,449,848
Accumulation Units	£25,198,855	65.11p	38,701,578
14 Oct 12			
R-Class			
Distribution Units	£14,310,142	52.92p	27,040,325
Accumulation Units	£26,687,337	73.70p	36,208,500
I-Class*			
Distribution Units	£1,001	53.44p	1,873
Accumulation Units	£11,938	74.39p	16,048
14 Oct 13			
R-Class			
Distribution Units	£14,776,500	55.62p	26,564,839
Accumulation Units	£26,674,002	79.84p	33,410,497
I-Class*			
Distribution Units	£482,754	56.30p	857,520
Accumulation Units	£983,249	81.13p	1,211,880
F-Class**			
Distribution Units	£19,866	56.17p	35,367
Accumulation Units	£66,343	80.82p	82,086

* I-Class units were launched on 17 August 2012 therefore there are no prior year comparatives.

** F-Class units were launched on 19 December 2012 therefore there are no prior year comparatives.

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.

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

Distribution Information

R-Class

The distribution payable on 14 December 2013 is 0.8311p net per unit for distribution units and 1.1753p net per unit for accumulation units.

I-Class

The distribution payable on 14 December 2013 is 0.9947p net per unit for distribution units and 1.4167p net per unit for accumulation units.

F-Class

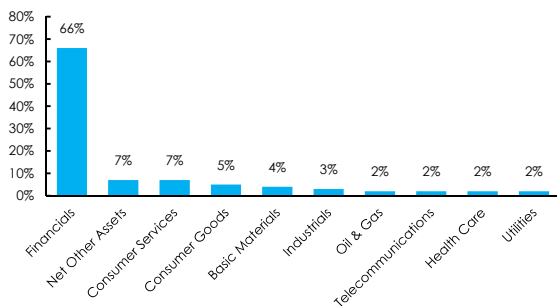
The distribution payable on 14 December 2013 is 0.9579p net per unit for distribution units and 1.3592p net per unit for accumulation units.

Portfolio Information

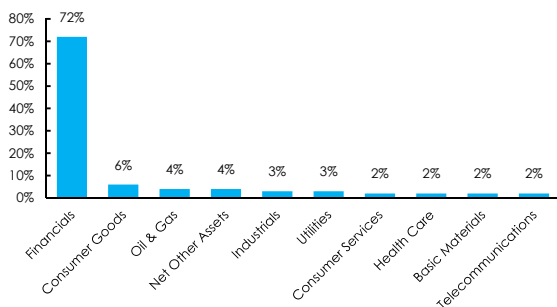
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 14 October 2013		Top 10 Holdings at 14 October 2012	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General Dynamic Bond Trust	18.69%	Legal & General Managed Monthly Income Trust	17.22%
Legal & General High Income Trust	15.59%	Legal & General Dynamic Bond Trust	16.16%
Legal & General Managed Monthly Income Trust	8.25%	Legal & General High Income Trust	15.84%
Legal & General Fixed Interest Trust	7.91%	Legal & General Fixed Interest Trust	15.67%
UK Gilt 4.75% 07/09/2015	5.03%	British American Tobacco	1.64%
Rio Tinto	2.08%	Prudential	1.64%
Legal & General Sterling Income Fund	1.83%	Royal Dutch Shell 'B'	1.58%
HSBC	1.50%	Vodafone Group	1.49%
Vodafone Group	1.41%	BP	1.31%
BP	1.25%	GlaxoSmithKline	1.20%

Trust Holdings as at 14 October 2013



Trust Holdings as at 14 October 2012



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2008	59.13p	40.40p	2.1612p
2009	53.69p	38.11p	2.1548p
2010	56.28p	48.75p	1.8005p
2011	55.70p	48.25p	1.7770p
2012	56.94p	49.98p	1.7712p
2013 ⁽²⁾	60.99p	53.57p	1.6848p
Accumulation Units			
2008	67.59p	48.34p	2.4970p
2009	66.91p	45.60p	2.6124p
2010	72.22p	62.35p	2.2803p
2011	73.55p	63.92p	2.3285p
2012	79.31p	67.29p	2.4054p
2013 ⁽²⁾	86.26p	75.11p	2.3643p

I-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽¹⁾	54.81p	52.91p	0.8414p
2013 ⁽²⁾	58.81p	54.28p	1.9479p
Accumulation Units			
2012 ⁽¹⁾	76.34p	72.55p	1.1319p
2013 ⁽²⁾	83.34p	75.92p	2.7442p

* There are no prior year comparatives for the I-Class which launched on 17 August 2012.

⁽¹⁾ The above table shows the highest offer and lowest bid prices from 17 August 2012 to 31 December 2012.

⁽²⁾ The above tables show the highest offer and lowest bid prices to 14 October 2013 and the net revenue per unit to 14 December 2013.

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.

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

Unit Price Range and Net Revenue continued

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽¹⁾	54.70p	53.66p	—
2013 ⁽²⁾	58.71p	54.17p	1.8600p
Accumulation Units			
2012 ⁽¹⁾	76.18p	74.73p	—
2013 ⁽²⁾	83.11p	75.76p	2.6155p

* There are no prior year comparatives for the F-Class which launched on 19 December 2012.

⁽¹⁾ The above table shows the highest offer and lowest bid prices from 19 December 2012 to 31 December 2012.

⁽²⁾ The above table shows the highest offer and lowest bid prices to 14 October 2013 and the net revenue per unit to 14 December 2013.

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.

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Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class distribution units rose by 4.99%.

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Market/Economic Review

The global economy has faced several headwinds over the review year. Initially, the European sovereign debt crisis held centre stage as policymakers struggled to address concerns that a number of heavily indebted countries would be forced to leave the euro. The emerging market economies were, at first, the driving force of global growth, but there was a slowdown in China as the authorities attempted to cool credit-fuelled spending. Governments in the G7 countries have, to varying degrees, implemented austerity programmes, while simultaneously leaving interest rates at historically low levels. In the US, UK and Japan this has been accompanied by further asset purchases (quantitative easing) aimed at reviving growth.

As US economic data began to improve in the latter part of the review year, concerns that the Federal Reserve (Fed) would scale back quantitative easing (QE) emerged in May. These were subsequently vindicated as Fed Chairman Bernanke announced in June that, should the economy continue to recover in line with forecasts, the pace of QE would be tapered, with the bond-buying programme on course to end by mid-2014. This sparked a slide in bond and equity markets across the globe that lasted into late summer. Reassurance that US interest rate rises were not on the immediate horizon, coupled with a bout of some softer US economic data, helped markets recover in July, but the volatility around expected interest rate movements continued throughout the remainder of the review year.

In the UK, the outperformance of the domestically-orientated FTSE 250 Index over the more globally exposed FTSE 100 Index continued over the review year. As economic indicators from China improved towards the end of the review year, cyclical sectors such as Mining were boosted by a rebound in precious metal prices. Despite the better economic data posted across developed markets, lingering concerns included the prolonged austerity programmes in the euro zone and the impact from a potential slowdown in the major emerging economies.

Trust Review

The Trust produced positive performance over the review year. The strength in UK equity performance was one of many contributors to Trust returns. UK equity markets initially rallied on the assurance provided by the European Central Bank's attempts to avert crisis, and later continued to rally as broadly encouraging economic data and ongoing central bank support underpinned investor

Manager's Investment Report continued

confidence. Sector wise, Telecommunications performed well. Shares in mobile operator Vodafone Group, climbed after it announced it was in talks with US joint venture partner Verizon Communications with a view to disposing of its 45% stake in Verizon Wireless. House builders, such as Bellway, were supported by the increasingly positive outlook in the UK housing market. Traditionally defensive sectors, such as Food & Beverages, Health Care and Utilities, lagged the market.

The corporate bonds exposure in the Trust was reduced slightly over the review period, partly as these began to look poor value, but also to lock in gains after a very strong 2012. The proceeds were partially added to UK equity holdings through purchases such as Howden Joinery Group, Booker Group and ITV. Elsewhere, high yield bonds continued to perform well over the review period. Within the L&G High Income Trust (HIT), both regional allocation choices and stock selection contributed to performance. The Trust successfully moved away from emerging market bonds before the summer period of weakness. The overweight position towards the UK, and to UK retail sector bonds in particular, also benefited HIT returns.

Alternative holdings in the L&G Dynamic Bond Trust, which can seek out the best opportunities across the full fixed income spectrum also performed well during the review period.

Outlook

We believe that the global economy remains on track for slow and steady growth this period, now with a greater contribution to growth sourced from advanced economies. Tapering of US asset purchases by the Federal Reserve is likely to proceed cautiously, with higher government bond yields reflecting better global growth as much as slowing of asset purchases. Janet Yellen, named as the successor to Ben Bernanke as Federal Reserve Chairman, is expected to follow current Fed data-dependant policy, with, if anything, a more dovish attitude to monetary policy. In the euro zone, Merkel staying in power has left post-election Germany relatively unchanged, with a supportive bias towards a euro zone solution.

In the UK, consumer spending has grown over the past year and there is potential for further improvement ahead. Indeed, survey data in the UK continued to improve of late, suggesting that year-on-year growth in the UK could be as strong as 3.5%. The construction sector certainly appears stronger and total employment numbers have rapidly increased to beat consensus expectations which may lead to higher consumption levels. However, unemployment levels are not yet low enough to trigger Carney's conditions for a rate rise.

There are a number of potential risks looking ahead, not least the after effects of US political wrangling, Middle East volatility and European political uncertainty, but the market does not seem

Manager's Investment Report continued

particularly vulnerable unless the situation markedly deteriorates. Should the economic backdrop improve in line with consensus forecasts, risk assets such as equities and bonds should be supported in the medium term and there is potential for improving global growth going forward.

Legal & General Investment Management Limited
(Investment Adviser)
5 November 2013

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.

Significant Changes

New Unit Classes: F-Class

With effect from 19 December 2012, the Trust launched a new F-Class with distribution and accumulation units available.

F-Class units are only available for investment through a financial adviser.

Minimum Investment Amounts

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

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

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

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.

Manager

Legal & General (Unit Trust Managers) Limited

Registered in England No. 01009418

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Financial Conduct Authority**

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