

Legal & General UK Alpha Trust

**Annual Manager's
Short Report
for the year ended
18 June 2013**



Investment Objective and Policy

The investment objective of this Trust is to secure capital growth by investing in a concentrated portfolio of UK equities.

The Trust aims to invest in small to mid-cap companies by market capitalisation and also larger companies which form part of the FTSE All-Share, Fledgling and AIM indices.

Risk Profile

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.

The Trust can invest in securities which are issued by smaller companies and, therefore, there is likely to be increased volatility in price movements. The securities may also be less liquid than securities on larger exchanges which are generally traded more frequently.

Currency Risk

This Trust holds 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

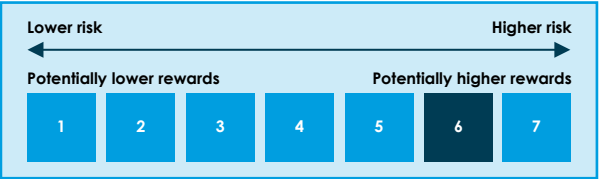
Period End Dates for Distributions:		18 Dec, 18 Jun
Distribution Dates:		18 Feb, 18 Aug
Ongoing Charges Figures:	18 Jun 13	18 Jun 12
R-Class	1.67%	1.68%
I-Class	0.78%	0.80%
F-Class*	1.17%	—

* F-Class units launched on 19 December 2012.

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total discloseable 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.

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 six because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.
- 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
18 Jun 11			
R-Class			
Accumulation Units	£137,046,222	123.02p	111,400,330
I-Class			
Accumulation Units	£65,182,099	126.81p	51,401,006
18 Jun 12			
R-Class			
Accumulation Units	£128,379,565	98.50p	130,336,976
I-Class			
Accumulation Units	£28,176,896	102.40p	27,516,112
18 Jun 13			
R-Class			
Accumulation Units	£134,170,397	123.78p	108,390,925
I-Class			
Accumulation Units	£34,058,861	129.86p	26,226,735
F-Class*			
Accumulation Units	£2,079	128.81p	1,614

* F-Class units launched on 19 December 2012.

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.

Distribution Information

R-Class

A shortfall for the R-Class units arose because expenses exceeded the revenue of that unit class. This being the case, there is no distribution payable on 18 August 2013.

I-Class

The distribution payable on 18 August 2013 is 0.3892p net per unit for accumulation units.

F-Class

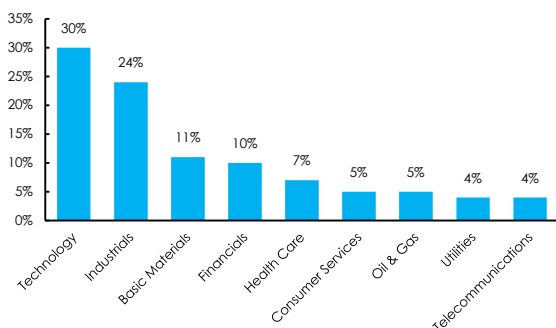
The distribution payable on 18 August 2013 is 0.1425p net per unit for accumulation units.

Portfolio Information

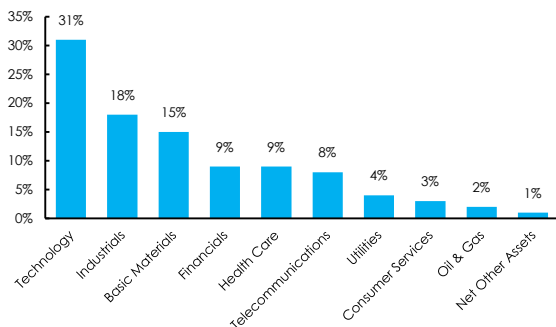
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 18 June 2013		Top 10 Holdings at 18 June 2012	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Smart Metering Systems	6.92%	Smart Metering Systems	5.38%
Globo	5.62%	iomart Group	4.27%
Optimal Payments	4.48%	Avanti Communication Group	3.72%
Prudential	4.24%	InternetQ	3.64%
OPG Power Ventures	4.07%	Johnson Service Group	3.61%
iomart Group	4.06%	CSF Group	3.52%
Restore	4.02%	Conygar Investment Company	3.33%
WANDisco	3.92%	Cupid	3.22%
InternetQ	3.87%	Vectura	3.14%
Central Asia Metals	3.69%	Restore	3.09%

Trust Holdings as at 18 June 2013



Trust Holdings as at 18 June 2012



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Accumulation Units			
2008	85.58p	46.24p	—
2009	99.99p	48.40p	—
2010	131.10p	85.23p	—
2011	141.90p	100.10p	—
2012	124.00p	97.12p	—
2013 ⁽²⁾	142.80p	109.20p	—

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Accumulation Units			
2008	81.91p	46.64p	—
2009	96.81p	48.85p	—
2010	128.20p	87.12p	0.1314p
2011	139.30p	103.40p	0.1779p
2012	122.40p	101.00p	0.2767p
2013 ⁽²⁾	142.40p	114.10p	0.3892p

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Accumulation Units			
2012 ⁽¹⁾	116.80p	107.90p	—
2013 ⁽²⁾	141.40p	113.30p	0.1425p

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

⁽²⁾ The above table shows the highest offer and lowest bid prices from 19 December 2012 to 31 December 2012.

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 18 June 2013 and the net revenue per unit to 18 August 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.

Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class accumulation units rose by 25.75%. This compares with a total return for the FTSE All-Share Index of 23.17% (Source: Bloomberg).

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

At the start of the review year there were grave concerns as to the economic stability of the peripheral European countries such as Greece, Portugal and even Spain and Italy. These concerns had relevance globally since a possible exit of these countries from the Euro currency could have led to widespread problems for the global banking system. A reduction in lending by global banks could have had a similar economic effect as occurred in 2008 with the banking crisis that followed the collapse of the US investment bank, Lehman Brothers.

On 26 July 2012, Mario Draghi, head of the European Central Bank pronounced he would do 'whatever it takes' to save the Euro currency. This was considered to be a credible statement by financial markets, and led to a recovery in stock market sentiment including the UK. Against this backdrop, shares have risen globally, despite rising taxes and the reduced public spending taking place as part of austerity programs.

Trust Review

After some more difficult periods for the Trust it is very pleasing to report that the Trust not only participated in the market rally, but comfortably exceeded it. The Trust's investment process looks for companies whose prospects are not at all recognised by the market, and dares to be different, buying positions in companies that are either discarded at fractions of true value or capable of generating growth in sales and profits significantly in excess of the broader economy.

The improved stock market backdrop was positive for economically sensitive stocks such as Financials, Retail and Home Construction. The Trust suffered from not owning many of these, but the increased interest in small companies benefited the sizable investment the Trust had made in small Technology stocks. The Trust did not own many Financials stocks such as Banks and Life Insurance, and this meant the Trust gave up over 4% in returns it could have made had it invested in line with the UK stock market.

On the other hand, technology companies WANDisco, Optimal Payments, Globo and Iomart Group each added close to 3% to the overall Trust performance. These four companies returned 321%, 136%, 120% and 79% respectively during the review year. These companies are all involved in some way with the growth of data traffic and services for the latest generation of telephone networks.

Manager's Investment Report continued

There were two significant losses from CSF Group and Zattikka within the Technology sector, who lost 74% and 71% respectively. The Trust's holding in Smart Metering Systems gained 67% delivering an excess of 3.5% for Trust performance.

During the review year, takeover bids were received for holdings in Endace and Corin Group. We also sold completely the holdings in Ablon Group, Bango, Cupid, Gemfields, IFG Group, Johnson Service Group, Noventa and Rurelec. New holdings were initiated in Rio Tinto, Prudential, First Derivatives and Trinity Exploration & Production.

Outlook

The second half of 2013 looks like it will see improved economic growth prospects for developing world economies. Southern Europe continues to be poor but Japan, the US and the UK seem to be making a steady recovery. For equity markets the timing of a reduction of quantitative easing (QE) by the US Federal Reserve is a concern but has already impacted prices. We believe the tapering of QE should be in quarter four of this year and that generally this will only happen if economic growth is sustained.

We continue to find underpriced shares among smaller and mid sized companies. These shares are higher risk but have been the mainstay of strong Trust performance since launch in 2005. Sometimes the exact timing of share price recovery in these 'second liners' can be hard to predict and patience is required. In this light the UK Government's decision to allow AIM shares into ISAs may well be positive for the Trust's AIM holdings which are the majority of the Trust's assets.

Legal & General Investment Management Limited
(Investment Adviser)
16 July 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 Class: 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	£500
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

Registered office:

One Coleman Street,

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Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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

Trustee

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Trustee and Depositary Services

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London EC2M 3UR

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

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

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