

Legal & General Fixed Interest Trust

**Interim Manager's
Short Report
for the period ended
5 March 2014**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective is to invest for high income and the prospects of capital growth from fixed interest securities, including overseas issues.

The Manager will choose from a variety of fixed interest instruments including convertible and preference shares.

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. Derivative instruments such as Credit Default Swaps (CDS) may also be used to adjust the credit profile, duration, or reflect perceived changes in market sentiment.

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 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.

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.

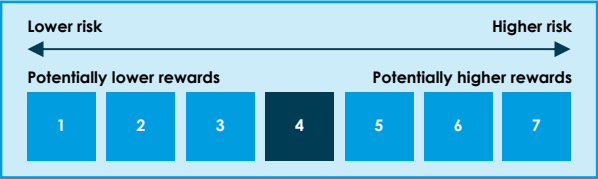
Trust Facts

Period End Dates for Distributions:	5 Mar, Jun, Sep and Dec	
Distribution Dates:	5 Feb, May, Aug and Nov	
Ongoing Charges Figures:	5 Mar 14	5 Sep 13
R-Class	0.92%	0.92%
A-Class	0.92%	0.92%
I-Class	0.33%	0.33%
F-Class	0.57%	0.57%

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 four because it invests in investment grade bonds which generally provide higher rewards and higher risks than investments in cash and lower rewards and lower risks than investments in sub-investment grade bonds or 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.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
5 Sep 11			
R-Class			
Distribution Units	£612,602,296	60.55p	1,011,775,716
Accumulation Units	£386,745,251	97.04p	398,550,743
A-Class			
Distribution Units	£7,105,168	60.55p	11,734,916
Accumulation Units	£7,722,226	97.04p	7,957,949
I-Class			
Distribution Units	£132,508,019	60.56p	218,819,088
Accumulation Units	£130,411,869	99.34p	131,284,098
5 Sep 12			
R-Class			
Distribution Units	£683,120,467	64.19p	1,064,255,974
Accumulation Units	£403,964,330	106.60p	378,945,061
A-Class			
Distribution Units	£6,541,359	64.19p	10,191,031
Accumulation Units	£9,259,727	106.60p	8,686,154
I-Class			
Distribution Units	£77,819,289	64.20p	121,219,367
Accumulation Units	£91,494,225	109.65p	83,439,777
F-Class*			
Distribution Units	£1,005	64.84p	1,550
Accumulation Units	£1,013	107.65p	941
5 Sep 13			
R-Class			
Distribution Units	£723,569,872	63.26p	1,143,876,663
Accumulation Units	£384,986,271	108.53p	354,713,619
A-Class			
Distribution Units	£5,935,390	63.26p	9,383,136
Accumulation Units	£9,648,892	108.53p	8,890,161
I-Class			
Distribution Units	£74,985,046	63.27p	118,523,435
Accumulation Units	£98,981,475	112.17p	88,243,674
F-Class*			
Distribution Units	£18,847	63.91p	29,492
Accumulation Units	£98,410	110.03p	89,436
5 Mar 14			
R-Class			
Distribution Units	£727,900,316	65.05p	1,118,995,838
Accumulation Units	£382,796,593	113.39p	337,604,753
A-Class			
Distribution Units	£5,224,801	65.05p	8,032,049
Accumulation Units	£9,206,859	113.39p	8,119,924
I-Class			
Distribution Units	£72,023,353	65.06p	110,703,227
Accumulation Units	£111,024,392	117.46p	94,519,199
F-Class*			
Distribution Units	£47,197	65.72p	71,816
Accumulation Units	£113,506	115.11p	98,603

* F-Class units launched on 17 August 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.

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

Distribution Information

R-Class

The distribution payable on 5 May 2014 is 0.5027p net per unit for distribution units and 0.8696p net per unit for accumulation units.

A-Class

The distribution payable on 5 May 2014 is 0.5027p net per unit for distribution units and 0.8696p net per unit for accumulation units.

I-Class

The distribution payable on 5 May 2014 is 0.5817p net per unit for distribution units and 1.0409p net per unit for accumulation units.

F-Class

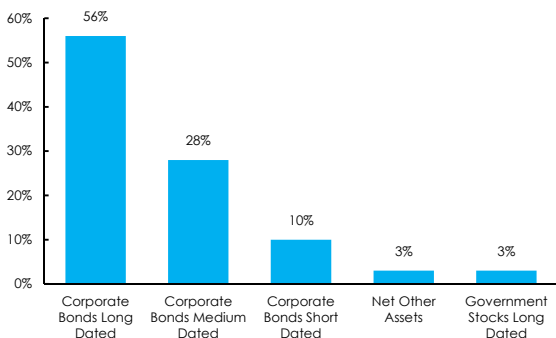
The distribution payable on 5 May 2014 is 0.5540p net per unit for distribution units and 0.9622p net per unit for accumulation units.

Portfolio Information

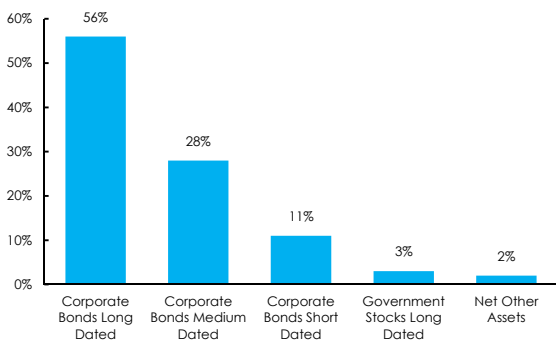
The top 10 holdings and their associated weighting for the current period and preceding year are:

Top 10 Holdings at 5 March 2014		Top 10 Holdings at 5 September 2013	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Prudential 11.375% 29/05/2039	1.83%	Prudential 11.375% 29/05/2039	1.85%
Barclays Bank 10% 21/05/2021	1.42%	Barclays Bank 10% 21/05/2021	1.38%
HSBC 6.5% 20/05/2024	1.21%	E.ON International Finance 6% 30/10/2019	1.21%
Coventry Building Society 6% 16/10/2019	1.19%	Land Securities Capital Markets 4.875% 07/11/2019	1.20%
E.ON International Finance 6% 30/10/2019	1.19%	HSBC 6.5% 20/05/2024	1.19%
Land Securities Capital Markets 4.875% 07/11/2019	1.19%	Coventry Building Society 6% 16/10/2019	1.17%
Enel Finance International 5.625% 14/08/2024	1.15%	Enel Finance International 5.625% 14/08/2024	1.05%
Électricité de France 6.125% 02/06/2034	1.06%	Électricité de France 6.125% 02/06/2034	1.03%
GE Capital Funding 8% 14/01/2039	1.03%	Nationwide Building Society 5.625% 09/09/2019	0.99%
Nationwide Building Society 5.625% 09/09/2019	1.00%	Westfield Financial 5.5% 27/06/2017	0.98%

Trust Holdings as at 5 March 2014



Trust Holdings as at 5 September 2013



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	58.21p	44.51p	2.5947p
2010	62.54p	56.64p	2.2789p
2011	62.38p	58.02p	2.3784p
2012	66.86p	59.52p	2.1882p
2013	68.88p	62.85p	2.1257p
2014 ⁽¹⁾	66.29p	63.79p	1.0229p
Accumulation Units			
2009	86.26p	64.38p	3.7231p
2010	96.33p	84.84p	3.4275p
2011	99.01p	90.76p	3.7192p
2012	111.20p	96.32p	3.5562p
2013	116.30p	107.50p	3.5736p
2014 ⁽¹⁾	114.60p	110.40p	1.7622p

A-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	59.96p	44.51p	2.5947p
2010	64.42p	56.64p	2.2789p
2011	64.26p	58.02p	2.3784p
2012	68.86p	59.52p	2.1882p
2013	70.94p	62.85p	2.1257p
2014 ⁽¹⁾	68.27p	63.79p	1.0229p
Accumulation Units			
2009	88.85p	64.38p	3.7231p
2010	99.22p	84.84p	3.4275p
2011	101.90p	90.76p	3.7192p
2012	114.60p	96.32p	3.5562p
2013	119.80p	107.50p	3.5736p
2014 ⁽¹⁾	118.10p	110.40p	1.7622p

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 5 March 2014 and the net revenue per unit to 5 May 2014.

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

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	58.27p	45.29p	2.7778p
2010	62.58p	56.82p	2.5415p
2011	62.45p	58.06p	2.6564p
2012	66.92p	59.54p	2.4847p
2013	68.94p	62.87p	2.4361p
2014 ⁽²⁾	66.37p	63.82p	1.1784p
Accumulation Units			
2009	87.72p	66.34p	4.0344p
2010	98.21p	86.43p	3.8831p
2011	101.30p	92.66p	4.2365p
2012	114.60p	98.76p	4.1493p
2013	120.00p	111.00p	4.2198p
2014 ⁽²⁾	118.70p	114.30p	2.0987p

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽¹⁾	67.58p	63.84p	0.5432p
2013	69.62p	63.50p	2.3839p
2014 ⁽²⁾	67.01p	64.46p	1.1251p
Accumulation Units			
2012 ⁽¹⁾	112.50p	105.20p	0.8947p
2013	117.80p	109.00p	4.0093p
2014 ⁽²⁾	116.40p	112.00p	1.9448p

* F-Class units 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 5 March 2014 and the net revenue per unit to 5 May 2014.

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Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class accumulation units rose by 4.51%, compared to a rise of 5.31% in the iBoxx Sterling Collateralized and Corporates Total Return Index (Source: Bloomberg).

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Market/Economic Review

Gilts delivered positive returns during the review period. Although economic data continued to show that the UK economic recovery was gaining momentum, a slowdown in inflation and so-called forward rate guidance issued by the Bank of England helped rein in expectations of an imminent interest rate rise, which helped sentiment towards the gilt market.

Sterling corporate bonds outperformed gilts during the review period. The improving global economy boosted corporate fundamentals and increased investors' willingness to accept credit risk in return for more attractive levels of income. Lower-rated bonds once again delivered robust returns, with BBB-rated assets outperforming higher rated bonds, while financials outperformed non-financials.

Trust Review

The Trust has been running a 'barbell' strategy, with an overweight position to the highest quality assets, as well as the lowest rated, higher yielding, investment grade assets. This meant that the overall credit risk taken by the Trust was broadly in line with that of the Index. We also added to our European exposures, reflecting our macroeconomic view that European growth is no longer deteriorating.

Among higher quality assets, the Trust had an overweight position in UK government bonds and debt backed by an implicit government guarantee, such as Transport for London and the French Development Agency.

Among lower-rated assets, we continued to favour bonds issued by fundamentally strong companies in sectors with resilient earnings, such as French utility EDF. In the current environment where demand for yield remains robust, we also like bonds lower down companies' capital structure. Examples include subordinated bonds issued by insurers and 'hybrid' non-financials – perpetual, or undated bonds, from companies in resilient sectors including UK utility Scottish & Southern, French waste management company Veolia and Mexican company América Movil, the 4th largest telecommunications company in the world. Hybrid securities have a higher risk of loss than senior bonds in the event of default and coupon payments can be deferred, but in return, investors earn a higher yield.

Manager's Investment Report continued

Across the securitised sector - debt backed by a tranche of assets, we favoured debt issued by pubs groups (Marstons, Greene King), commercial property (Tesco, Sainsbury's) and rolling stock companies that lease trains to train operating companies.

The Trust was in an underweight position in financials on a credit risk basis, favouring insurers and real estate over banks and covered bonds. We added exposure to short-dated bonds issued by UK insurer Standard Life while reducing our exposure to Italian bank Intesa Sanpaolo and French peer BPCE.

Given the easing of Eurozone tensions, we sought to take advantage of increasingly attractive valuations to raise the portfolio's exposure to issuers such as Telecom Italia.

We were also active in the new issues market. Early in the review period we bought a new issue from clothing retailer Next, continuing to increase the portfolio's exposure to sectors supported by our positive outlook for UK growth and the resilience of consumer spending. We also acquired a new bond from BBB-rated media firm WPP and telecoms operator Arqiva, as well as a US real estate investment trust which specialises in healthcare facilities.

Outlook

Although the latest US economic data has been slightly disappointing, we believe that the underlying trend remains encouraging, with adverse weather largely responsible for the slowdown. Meanwhile, the Eurozone economies are showing more positive signs, helped by the European Central Bank's commitment to support growth. We believe that UK growth could continue to positively surprise this year, although we are vigilant to the risk that lax lending could see a reoccurrence of 'boom and bust' over the medium-term. However, we believe that emerging markets could represent a more immediate headwind to the global economic recovery. Political concerns in some economies, coupled with unease over the economic slowdown in China and the risk of military intervention in Ukraine, could accelerate capital outflows from countries such as Russia and Turkey.

Nevertheless, our central scenario for the remainder of this year is that the global economic recovery continues at a steady pace, an environment that should support corporate earnings growth and ensure that credit default rates remain low. The portfolio remains positioned for this benign scenario.

Legal & General Investment Management Limited
(Investment Adviser)
28 March 2014

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.

Significant Changes

Change in Fund Manager

The Fund Manager, Richard Hodges, has notified Legal & General Investment Management Limited of his intention to leave the company later this year. He will be replaced by another experienced fixed income Fund Manager.

There will be no change to the investment management process adopted by the investment manager as a result of this change in personnel.

Minimum Investment Amounts

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

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

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

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

Other Information

The information in this report is designed to enable unitholders to understand how the Trust has performed during the period under review and how it is invested at the period 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.

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

National Westminster Bank Plc

Trustee and Depositary Services

135 Bishopsgate

London EC2M 3UR

Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

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

Legal & General
(Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
Registered office:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com
FIT0514

