

Legal & General UK Special Situations Trust

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

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective of this Trust is to maximise capital growth by investing predominantly in a portfolio of UK companies. Securities of companies considered undervalued due to their special situation, such as recovery action, management change, refinancing activity or undervalued strategic assets, will be chosen.

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.

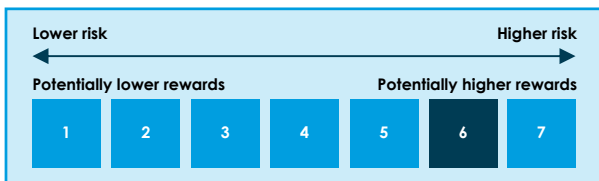
Trust Facts

Period End Dates for Distributions:	14 Mar, 14 Sep	
Distribution Dates:	14 May, 14 Nov	
Ongoing Charges Figures:	14 Mar 14	14 Sep 13
R-Class	1.71%	1.73%
I-Class	0.82%	0.84%
L-Class	0.07%	0.09%
F-Class	1.21%	1.23%

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
14 Sep 11			
R-Class			
Distribution Units	£602	50.50p	1,192
Accumulation Units	£87,845	52.71p	166,669
I-Class			
Distribution Units	£994	50.64p	1,963
Accumulation Units	£2,270	53.88p	4,213
L-Class			
Distribution Units	£20,216,190	50.54p	40,001,989
14 Sep 12			
R-Class			
Distribution Units	£696	58.39p	1,192
Accumulation Units	£24,275	60.91p	39,855
I-Class			
Distribution Units	£1,148	58.48p	1,963
Accumulation Units	£1,569	62.94p	2,493
L-Class			
Distribution Units	£23,367,781	58.42p	40,001,989
14 Sep 13			
R-Class			
Distribution Units	£899	75.42p	1,192
Accumulation Units	£53,569	78.71p	68,055
I-Class			
Distribution Units	£1,483	75.55p	1,963
Accumulation Units	£949	82.02p	1,157
L-Class			
Distribution Units	£30,221,720	75.55p	40,000,671
F-Class*			
Distribution Units	£1,288	76.08p	1,693
Accumulation Units	£1,297	79.96p	1,622
14 Mar 14			
R-Class			
Distribution Units	£27,794	84.00p	33,089
Accumulation Units	£142,494	87.66p	162,561
I-Class			
Distribution Units	£14,733	84.38p	17,460
Accumulation Units	£134,604	91.78p	146,658
L-Class			
Distribution Units	£33,751,508	84.38p	40,000,671
F-Class*			
Distribution Units	£1,443	84.93p	1,699
Accumulation Units	£1,485	90.11p	1,648

* 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 arose, because the expenses exceeded the revenue of the R-Class. This being the case, there is no interim distribution for the R-Class.

I-Class

The distribution payable on 14 May 2014 is 0.1363p net per unit for distribution units and 0.1479p net per unit for accumulation units.

L-Class

The distribution payable on 14 May 2014 is 0.4487p net per unit for distribution units.

F-Class

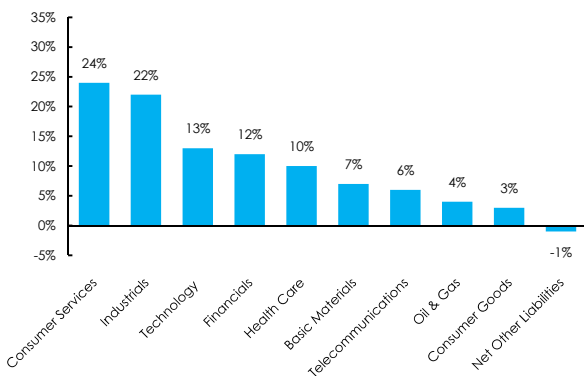
A shortfall for the F-Class arose, because the expenses exceeded the revenue of the F-Class. This being the case, there is no interim distribution for the F-Class.

Portfolio Information

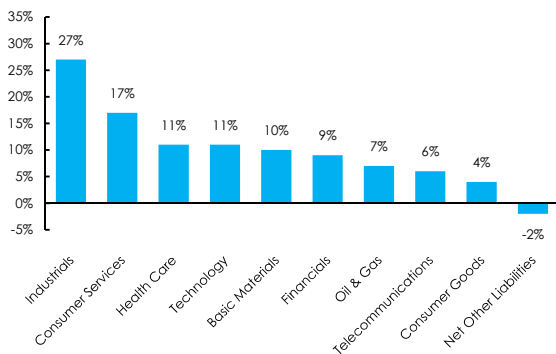
The top 10 holdings and their associated weighting for the current period and preceding year are:

Top 10 Holdings at 14 March 2014		Top 10 Holdings at 14 September 2013	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Vectura Group	4.62%	Vectura Group	5.00%
Telecom Plus	4.54%	Smart Metering Systems	4.80%
Betfair Group	4.43%	Tribal Group	4.16%
IP Group	4.34%	Telecom Plus	3.93%
Smart Metering Systems	4.21%	Coastal Energy	3.48%
International Airlines Group	3.95%	Carclo	3.41%
First Derivatives	3.94%	Playtech	3.34%
Tribal Group	3.78%	Sepura	3.28%
Booker Group	3.47%	Howden Joinery Group	2.96%
Howden Joinery Group	3.40%	Booker Group	2.89%

Trust Holdings as at 14 March 2014



Trust Holdings as at 14 September 2013



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	57.42p	42.07p	1.1134p
2010	61.30p	49.41p	0.9894p
2011	63.18p	44.87p	—
2012	62.75p	51.53p	0.0981p
2013	86.12p	59.77p	0.0578p
2014 ⁽¹⁾	94.54p	80.11p	—
Accumulation Units			
2009	58.81p	42.06p	1.1146p
2010	63.91p	50.98p	0.9910p
2011	65.90p	46.79p	0.0266p
2012	65.41p	53.69p	0.1025p
2013	89.85p	62.40p	0.0607p
2014 ⁽¹⁾	98.64p	83.58p	—

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	54.88p	42.13p	1.2868p
2010	58.66p	49.63p	1.4670p
2011	60.62p	44.96p	0.5404p
2012	60.06p	51.84p	0.5486p
2013	82.37p	60.05p	0.6229p
2014 ⁽¹⁾	90.58p	80.52p	0.1363p
Accumulation Units			
2009	56.40p	42.13p	1.3406p
2010	61.83p	51.56p	1.5066p
2011	64.05p	47.87p	0.5879p
2012	64.29p	55.32p	0.6819p
2013	89.46p	64.66p	0.6846p
2014 ⁽¹⁾	98.36p	87.44p	0.1479p

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 14 March 2014 and the net revenue per unit to 14 May 2014.

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Unit Price Range and Net Revenue continued

L-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	54.98p	42.21p	1.5661p
2010	58.75p	49.71p	1.8449p
2011	60.68p	44.93p	0.9421p
2012	60.17p	51.88p	0.9615p
2013	82.54p	60.13p	1.1165p
2014 ⁽¹⁾	90.88p	80.72p	0.4487p

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽²⁾	59.87p	58.34p	—
2013	82.79p	60.41p	0.3371p
2014 ⁽¹⁾	90.98p	80.89p	—
Accumulation Units			
2012 ⁽²⁾	62.50p	60.91p	—
2013	87.00p	63.08p	0.3908p
2014 ⁽¹⁾	95.58p	85.00p	—

* F-Class units launched on 19 December 2012.

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 14 March 2014 and the net revenue per unit to 14 May 2014.

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

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Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 11.23%, while the FTSE All-Share Index rose by 0.35% on a capital only basis (Source: Bloomberg).

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Market/Economic Review

Equity markets have been volatile over the review period as investors weighed up global risk, but overall appetite for developed market equities remained. Central bank policy was the main focus during the period, but macroeconomic headlines ranged from a slowdown in emerging market growth, currency market weakness and political tensions in Crimea, to the possibility of Eurozone deflation.

The US Federal Reserve's tapering of asset purchasing has been a key driver of market sentiment since November. However, as we moved further into 2014, corporate earnings were more in focus. Further gains in global stock markets become more dependent on improvements in earnings growth, either organic or through an increase in merger and acquisition, as companies begin to deploy balance sheet cash. On the domestic front, the UK continued its positive macroeconomic trend, with unemployment and inflation falling and house prices rising across the country, buoyed by the government's Help-to-Buy scheme.

Trust Review

The FTSE All-Share Index underperformed both, the UK Small and Mid-Cap indices. Index performance was driven by gains in the Health Care and Telecommunication sectors. The Trust outperformed the FTSE All-Share Index by 10.88% on a relative basis. This was driven by stock selection within Industrials, Financials and Technology sectors. Asset allocation was also a small positive contributor.

At a stock level, the largest positive contributors to performance were Optimal Payments (+2.20%), a mobile cash transfer facility enjoying impressive growth momentum and earnings visibility, Telecom Plus (+1.68%), the utility service provider which has been driven higher by new customer wins and improved organic growth prospects and Vectura Group (+1.46%), the respiratory pharmaceutical specialist, through a combination of well received Food and Drug Administration (FDA) product approvals, merger and acquisition opportunities and a broader increase in the order pipeline.

In terms of detractors, the Trust saw weakness in chemicals specialist Carclo (-1.72%) and media company Perform Group (-1.12%), with both stocks lower on the back of profit warnings in their respective businesses. With regards to trading activity, we took part in the successful initial public offerings of Alternative Investment Market (AIM) listed Arrow Global Group, a specialist financial services company in the UK debt purchase market, and

Manager's Investment Report continued

Tungsten, the financial invoicing and analytics servicing company. Elsewhere, we sold our shares in Babcock International Group and GB Group following share price strength. Due to stock specific reasons we also sold our position in Cairn Energy, following the news that Cairn India, in which the company still holds a 10% stake, is being audited by Indian tax authorities. Some of the profits were also taken in Ocado Group.

Outlook

In terms of outlook, we are cautiously optimistic in the short and mid-term. Despite the headwinds of tapering in the US, political tension in the Ukraine and China slowing, we believe there is overall a supportive back-drop to the equity market. The economic recovery in the Eurozone, although likely to continue, still has a long way to go in addressing some of its regional imbalances. With this in mind, we are more tilted to a domestic, UK recovery.

More importantly for a stock picking fund such as this, there continues to be dispersion at the stock level and fundamentals are driving returns. We do not view equities as either cheap or expensive and believe there is potential for more, if perhaps volatile, upside in the current economic cycle. Broadly, we continue to look for companies with high barriers to entry or those with strong franchises in growing industries.

Legal & General Investment Management Limited
(Investment Adviser)
7 April 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.

Minimum Investment Amounts

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

R-Class	£500
I-Class	£1,000,000
L-Class	£100,000
F-Class	£500

L-Class is only available for investment to companies within the Legal & General Group.

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,

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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.

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Financial Conduct Authority**

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