

Legal & General High Income 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 in a variety of fixed interest securities, including overseas issues, in order to achieve a high income.

Securities selected will normally be of an investment rating commensurate with the objective.

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.

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 is invested 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.

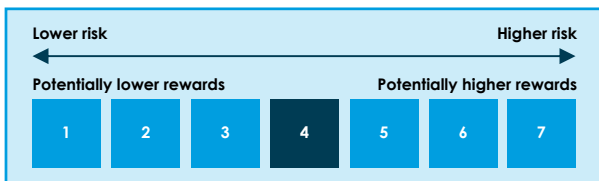
Trust Facts

Period End Dates for Distributions:	5 Mar, Jun, Sep, Dec	
Distribution Dates:	5 Feb, May, Aug, Nov	
Ongoing Charges Figures:	5 Mar 14	5 Sep 13
R-Class	1.15%	1.15%
A-Class	1.15%	1.15%
I-Class	0.41%	0.41%
G-Class	0.01%	0.01%
X-Class	0.41%	0.41%
F-Class	0.65%	0.65%

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 sub-investment grade bonds which generally provide higher rewards and higher risks than other investments such as investment grade bonds or deposits. It also provides lower rewards and lower risks than investing 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.

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	£1,170,096,223	49.00p	2,388,115,721
Accumulation Units	£127,033,320	91.15p	139,361,058
A-Class			
Distribution Units	£11,767,099	49.00p	24,016,139
Accumulation Units	£7,342,204	91.15p	8,054,717
I-Class			
Distribution Units	£362,443,997	48.98p	739,917,011
Accumulation Units	£72,116,490	94.00p	76,720,650
G-Class			
Distribution Units	£513	49.37p	1,039
Accumulation Units	£857	74.59p	1,149
X-Class			
Distribution Units	£15,300,908	49.19p	31,105,856
Accumulation Units	£3,317,309	99.57p	3,331,798
5 Sep 12			
R-Class			
Distribution Units	£1,106,732,778	49.39p	2,240,813,953
Accumulation Units	£119,524,743	96.88p	123,369,212
A-Class			
Distribution Units	£9,635,497	49.39p	19,508,953
Accumulation Units	£6,333,074	96.88p	6,536,694
I-Class			
Distribution Units	£58,684,285	49.38p	118,848,066
Accumulation Units	£66,655,727	100.50p	66,321,488
G-Class			
Distribution Units	£523	49.76p	1,051
Accumulation Units	£933	81.20p	1,149
X-Class			
Distribution Units	£4,671,310	49.58p	9,420,836
Accumulation Units	£3,599,121	108.02p	3,331,798
F-Class*			
Distribution Units	£992	49.82p	1,991
Accumulation Units	£1,004	97.76p	1,027

* There are no prior year comparatives as the F-Class 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.

Trust Performance continued

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
5 Sep 13			
R-Class			
Distribution Units	£1,114,974,924	49.14p	2,268,921,087
Accumulation Units	£115,862,781	101.15p	114,550,043
A-Class			
Distribution Units	£8,835,053	49.14p	17,978,946
Accumulation Units	£5,003,898	101.15p	4,947,207
I-Class			
Distribution Units	£50,615,401	49.13p	103,026,998
Accumulation Units	£78,655,272	105.55p	74,518,680
G-Class			
Distribution Units	£520	49.48p	1,051
Accumulation Units	£998	86.86p	1,149
X-Class			
Distribution Units	£3,971,925	49.33p	8,051,379
Accumulation Units	£484,867	114.99p	421,655
F-Class*			
Distribution Units	£686,492	49.56p	1,385,137
Accumulation Units	£65,614	102.65p	63,922
5 Mar 14			
R-Class			
Distribution Units	£1,179,052,038	51.53p	2,287,892,172
Accumulation Units	£118,717,857	108.51p	109,409,257
A-Class			
Distribution Units	£7,746,624	51.53p	15,031,941
Accumulation Units	£4,625,060	108.51p	4,262,412
I-Class			
Distribution Units	£91,809,501	51.52p	178,191,346
Accumulation Units	£82,704,778	113.57p	72,823,404
G-Class			
Distribution Units	£546	51.95p	1,051
Accumulation Units	£1,083	94.26p	1,149
X-Class			
Distribution Units	£4,045,178	51.74p	7,818,343
Accumulation Units	£280,137	124.54p	224,942
F-Class*			
Distribution Units	£724,939	51.98p	1,394,756
Accumulation Units	£71,557	110.34p	64,852

* There are no prior year comparatives as the F-Class launched on 17 August 2012.

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Distribution Information

R-Class

The distribution payable on 5 May 2014 is 0.5830p net per unit for distribution units and 1.2139p net per unit for accumulation units.

A-Class

The distribution payable on 5 May 2014 is 0.5830p net per unit for distribution units and 1.2139p net per unit for accumulation units.

I-Class

The distribution payable on 5 May 2014 is 0.6583p net per unit for distribution units and 1.4329p net per unit for accumulation units.

G-Class

The distribution payable on 5 May 2014 is 0.8934p gross per unit for distribution units and 1.5897p gross per unit for accumulation units.

X-Class

The distribution payable on 5 May 2014 is 0.8276p gross per unit for distribution units and 1.9613p gross per unit for accumulation units.

F-Class

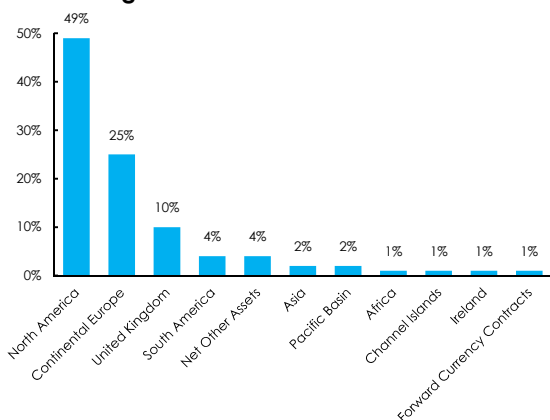
The distribution payable on 5 May 2014 is 0.6394p net per unit for distribution units and 1.3410p net per unit for accumulation units.

Portfolio Information

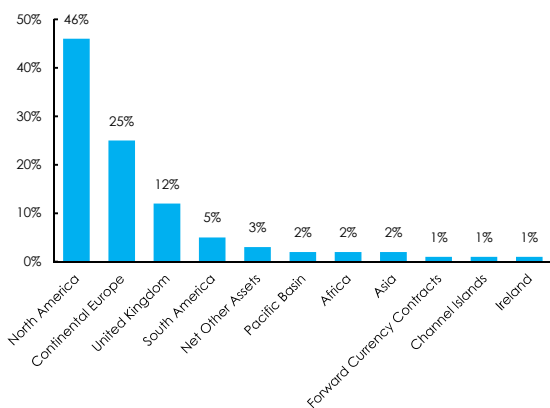
The top 10 holdings and their associated weighting for the current period and preceding year are:

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
Advanced Micro Devices 7.5% 15/08/2022	1.17%	Seneca Gaming 8.25% 01/12/2018	1.61%
Stone Energy 7.5% 15/11/2022	1.09%	GXS Worldwide 9.75% 15/06/2015	1.54%
CE Energy 7% 01/02/2021	1.08%	Kerling 10.625% 01/02/2017	1.31%
Breitbart Energy Finance 7.875% 15/04/2022	1.08%	Advanced Micro Devices 7.5% 15/08/2022	1.29%
Kerling 10.625% 01/02/2017	1.06%	Anglian Water (Osprey) Financing 7% 31/01/2018	1.20%
Seneca Gaming 8.25% 01/12/2018	1.01%	Arqiva Broadcast 9.5% 31/03/2020	1.02%
Gencorp 7.125% 15/03/2021	0.95%	Ball 5% 15/03/2022	1.01%
Bakkavor Finance 8.25% 15/02/2018	0.93%	Hilcorp Energy 8% 15/02/2020	1.00%
Ball 5% 15/03/2022	0.92%	Bakkavor Finance 8.25% 15/02/2018	0.99%
Palace Entertainment Holding 8.875% 15/04/2017	0.91%	Wind Acquisition Finance 7.375% 15/02/2018	0.97%

Trust Holdings as at 5 March 2014



Trust Holdings as at 5 September 2013



Unit Price Range and Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	51.13p	36.78p	2.9637p
2010	53.98p	48.33p	3.0126p
2011	54.57p	44.85p	2.9413p
2012	51.36p	46.99p	2.5585p
2013	52.44p	48.79p	2.4271p
2014 ⁽¹⁾	52.60p	50.81p	1.1642p
Accumulation Units			
2009	85.97p	59.18p	4.6986p
2010	94.91p	82.44p	5.1039p
2011	98.42p	83.43p	5.2809p
2012	101.70p	88.67p	4.8590p
2013	106.70p	99.25p	4.8476p
2014 ⁽¹⁾	109.50p	105.80p	2.4103p

A-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	52.66p	36.78p	2.9637p
2010	55.60p	48.33p	3.0126p
2011	56.21p	44.85p	2.9413p
2012	52.90p	46.99p	2.5586p
2013	54.01p	48.79p	2.4271p
2014 ⁽¹⁾	54.18p	50.81p	1.1642p
Accumulation Units			
2009	88.55p	59.18p	4.6986p
2010	97.76p	82.44p	5.1039p
2011	101.30p	83.43p	5.2809p
2012	104.80p	88.70p	4.8589p
2013	109.90p	99.25p	4.8476p
2014 ⁽¹⁾	112.80p	105.80p	2.4103p

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

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The price of units and any income from them may go down as well as up.

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Unit Price Range and Revenue continued

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	51.33p	36.77p	3.1696p
2010	54.03p	48.33p	3.3019p
2011	54.63p	44.86p	3.2468p
2012	51.42p	47.00p	2.8440p
2013	52.48p	48.80p	2.7287p
2014 ⁽¹⁾	52.67p	50.82p	1.3139p
Accumulation Units			
2009	88.13p	60.19p	5.1095p
2010	97.41p	85.28p	5.7149p
2011	101.30p	86.08p	5.9903p
2012	105.70p	91.62p	5.5864p
2013	111.60p	103.50p	5.6668p
2014 ⁽¹⁾	114.60p	110.60p	2.8434p

G-Class Units

Year	Highest Offer	Lowest Bid	Gross Revenue
Distribution Units			
2009	51.84p	38.71p	4.1821p
2010	54.64p	48.72p	4.4153p
2011	55.33p	45.30p	4.3106p
2012	52.04p	47.65p	3.8085p
2013	53.04p	49.21p	3.6543p
2014 ⁽¹⁾	53.29p	51.28p	1.7763p
Accumulation Units			
2009	67.56p	46.97p	5.0170p
2010	75.99p	64.78p	5.7871p
2011	79.85p	68.36p	15.1360p
2012	85.97p	73.13p	5.9245p
2013	92.33p	84.81p	6.1507p
2014 ⁽¹⁾	95.12p	91.50p	3.1359p

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

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Unit Price Range and Revenue continued

X-Class Units

Year	Highest Offer	Lowest Bid	Gross Revenue
Distribution Units			
2009	51.62p	37.17p	3.9891p
2010	54.41p	48.55p	4.1544p
2011	55.07p	45.11p	4.0853p
2012	51.82p	47.27p	3.5757p
2013	52.83p	49.04p	3.4311p
2014 ⁽¹⁾	53.06p	51.08p	1.6527p
Accumulation Units			
2009	90.92p	61.68p	6.4848p
2010	101.80p	87.76p	7.3916p
2011	106.80p	91.31p	7.8707p
2012	114.20p	97.58p	7.4468p
2013	122.10p	112.50p	7.6696p
2014 ⁽¹⁾	125.70p	121.10p	3.8847p

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽²⁾	51.94p	49.76p	0.6197p
2013	52.92p	49.22p	2.7731p
2014 ⁽¹⁾	53.11p	51.26p	1.2769p
Accumulation Units			
2012 ⁽²⁾	103.00p	96.44p	1.2015p
2013	108.40p	100.70p	5.5160p
2014 ⁽¹⁾	111.30p	107.50p	2.6614p

* F-Class units launched on 17 August 2012.

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

⁽²⁾ The above table shows the highest offer and lowest bid prices from 17 August 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 accumulation units rose by 7.31%.

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Market/Economic Review

The global economic backdrop continued to improve during the period, particularly in developed markets, which boosted riskier assets including high yield bonds. With US economic growth and data from the jobs market suggesting that the US economy was strengthening, the Federal Reserve (Fed) announced in December that the \$85 billion per month quantitative easing (QE) programme would be gradually wound down.

With economic data generally improving and a bias for yields to drift higher, investors grew increasingly wary of interest rate sensitive assets. High yield debt performed particularly strongly, reflecting investors' ongoing preference for attractive levels of yield in an environment of historically low income returns from government bonds. Emerging markets high yield bonds ended the period with more muted gains amid sporadic concerns over the effects of China's economic slowdown, political unrest in some countries and the ongoing risk of conflict in Ukraine.

Trust Review

Given our expectations early in the review period that economic growth would continue to improve, and with government bond yields set to rise, we biased the Trust towards higher-yielding, lower-rated bonds with relatively low sensitivity to interest rates. This positioning was constructive for performance as investors' appetite for risk increased, with lower-rated debt outperforming over the period under review.

At a regional level, encouraged by signs that the UK and European economies were improving ahead of market expectations, we maintained a bias in favour of the UK and both core and peripheral European (predominantly southern European countries with less robust long-term fundamentals) economies. Though we are positive on economic growth in the US, we believe there are better opportunities elsewhere.

We remained broadly neutral to emerging markets over the period. Although having a negative effect on returns as the Fed's December QE tapering announcement prompted fears of capital outflows from emerging markets, the effect was limited by our avoidance of higher risk emerging market issuers. Despite this, we retained our positive macroeconomic view, believing the volatility has been in response to a series of unrelated events rather than a systemic problem. In our view, corporate fundamentals have not deteriorated.

Manager's Investment Report continued

In early 2014 we took advantage of short-term weakness in high yield markets to increase European risk, increasing our existing exposure to French private healthcare group Médi-Partenaires and adding Spanish resort complex operator Port Aventura Entertainment. We have gradually taken profits and scaled back our overweight position to the UK, but retain exposure to companies that we believe are positioned to capitalise on improving UK consumer spending. Examples include department store House of Fraser and travel operator Thomas Cook. Towards the end of the period under review, the developing crisis in Ukraine had a negative effect on our positions in Russian bonds, although the impact was largely offset by positions in Eastern Europe. Against the backdrop of strong domestic growth, our holdings in Bulgarian telecommunications company Vivacom and Czech media firm Central European Media delivered good returns.

Outlook

We believe that the prospects remain positive for credit markets over the remainder of 2014. We anticipate that the global economic backdrop will continue to be supportive for company earnings and balance sheets, enabling corporate borrowers to comfortably service their debts. Balance sheets are strong as corporates have locked in low borrowing costs over relatively long maturity timescales. We therefore believe that default rates among high yield issuers will remain low. We anticipate that the prospects of merger & acquisition activity should lend further support to high yield bonds. When companies that have issued high yield bonds are acquired by another company, the buyer is frequently of a higher credit standing than the target company, a development that can have a positive effect on the bonds' pricing.

Although we believe that the Fed's decision to progressively wind down QE is set to put further pressure on government bonds, high yield debt is broadly well positioned to weather higher government bond yields. In our view, the relatively wide yield spread between government and high yield bonds should provide some protection for investors in the latter, with demand for non-investment grade bonds set to remain sufficiently strong to comfortably absorb new issuance.

Legal & General Investment Management Limited
(Investment Adviser)
27 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.

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
G-Class	£100,000
X-Class	£1,000,000
F-Class	£500

In addition, monthly contributions can be made into the 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

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London SE1 2RT

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

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