

Legal & General UK Special Situations Trust

**Interim Manager's Report
for the period ended
14 March 2020
(Unaudited)**



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Manager's Investment Report

Investment Objective and Policy

The objective of the Trust is to provide growth above that of the FTSE All Share TR Net Index, the "Benchmark Index". The Trust aims to outperform the Benchmark Index by 5% per annum. This objective is before the deduction of any charges and measured over rolling three year periods.

The Trust is actively managed and invests at least 80% in a shares of UK companies. These companies are incorporated, headquartered or which have their principal business activities in the UK, or companies that are listed in the UK and constituents of the Benchmark Index. The Trust invests in companies in special situations which are considered to be undervalued by the wider market, and which the Manager perceives to have a catalyst which when realised should result in an improved valuation of the company.

Over a market cycle (typically 3 to 5 years), the Trust will comprise on average 30 to 60 companies selected by the Manager following research of each company. At times the Trust's portfolio may be concentrated.

The Trust may also invest in collective investment schemes including those managed or operated by the Manager or an affiliate of the Manager as well as participatory notes, preference shares, cash, permitted deposits and money market instruments (such as treasury bills).

In addition, the Trust is also permitted to receive and hold warrants and convertible bonds as a result of corporate actions.

The Trust may only hold derivatives for the purposes of Efficient Portfolio Management.

Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class accumulation units fell by 24.89%, while the FTSE All-Share Total Return Index fell by 24.93% (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.

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

Market/Economic Review

Global equity indices lost ground in Sterling terms over the review period, with major markets selling off sharply in late February as the coronavirus spread from China to Europe. Prior to the New Year, markets were underpinned by an accommodative stance from the major central banks with US Federal Reserve (Fed) sanctioning further interest rate cuts in September and October. As 2020 began, equities received a further boost as the US and China reached a phase one trade agreement. For UK-based investors, Sterling's appreciation against other major currencies has erased modest gains from overseas equity markets.

UK equities underperformed global indices in Sterling terms, despite the market rallying strongly after the Conservatives secured a convincing victory in the December general election, ending the political gridlock and paving the way for the EU withdrawal agreement to pass through parliament prior to the end of January deadline. Shares in smaller companies, which are more domestically oriented, outperformed the broader

Manager's Investment Report continued

market reacting very favourably to the election result. Mid-cap stocks also performed relatively well, boosted by ongoing merger and acquisition activity as Sterling weakness, attractive valuations and the low cost of borrowing has encouraged takeover bids from acquisitive corporations and private equity investors.

February and March were dominated by the coronavirus (Covid-19), as worsening newsflow prompted alarm. The geographic spread of the infection resulted in a much more severe and broader market reaction than the move following China's initial outbreak. Both financial markets and central banks have become increasingly unanchored. For equities, the sharp fall of global markets is remarkable in terms of the speed of the drawdown.

Trust Review

Against a difficult market backdrop, characterised towards the end of the period by sever market drawdowns, the Trust delivered a negative return. The areas of the UK market most affected by the sell-off were small-cap stocks and those with domestic-focused revenue streams. The oil and gas sector continued to be hampered by the steep oil price decline, which compounded other market challenges.

Prior to the significant change in market backdrop during 2020, the Trust performed well in the final months of 2019, finishing off a positive year for equity markets. The positive developments of a phase one deal between the US and China, along with a decisive victory in the UK general election, were widely considered as reducing near-term geopolitical risk. Broadly speaking, the final quarter of 2019 also saw a continuation of the rebound for cyclical and financials, reflecting the more positive environment. Positive contributors at the stock level included house builder Taylor Wimpey, Tesco and cruise ship operator Carnival.

The latter months of the review period have been a stark contrast. The oil and gas sector has suffered, reflecting the ongoing strife between member nations of OPEC. Other sectors particularly affected by the impact of COVID-19 upon markets were consumer services and financials. Accordingly, while Tesco continued to perform well, Carnival became one of the most significant detractors. The Trust's underweight to the utilities sector was also unhelpful. Positive contributors included Hunstworth and Trian Investors.

Outlook

The latest consensus view is that markets will remain under pressure for longer, as news related to the virus suggest that the economic impact may be greater than prior assumptions, with higher uncertainty around how growth will unfold over the next few months. Within equity markets, the latest down-leg in share prices was more indiscriminate, as we saw broader style, sector and stock participation. Industries that are most exposed to any short-term impact on supply chains or a slowdown in global economic activity, as well as companies with high fixed costs, are likely to be hardest hit. In terms of positioning, the Trust's greatest overweights are to consumer services, industrials and technology, with the greatest underweights being healthcare and basic materials.

Manager's Investment Report continued

Important note from the Manager

Since January 2020, global financial markets have been affected by the COVID-19 coronavirus. The impact on the Firm will take longer to assess; however, the Company has enacted its business continuity plans, with a large number of staff working remotely. Our technology and IT infrastructure supports large scale remote working, with our Investment Management Teams able to work in a 'business as usual' manner. We remain in regular contact with all key suppliers and we continue to monitor this situation closely.

The virus has caused major uncertainty and disruption to businesses and everyday life. Financial markets have reacted sharply to this news, with concerns regarding the economic impact this may have on a global scale. The long-term impact on the global economy and markets will depend upon the overall scale and the duration of the outbreak, as well as on the actions taken by governments and central banks.

Legal & General Investment Management Limited
(Investment Adviser)

7 April 2020

Authorised Status

Authorised Status

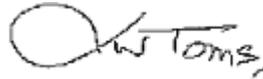
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven
(Director)



L. W. Toms
(Director)

Legal & General (Unit Trust Managers) Limited
5 May 2020

Portfolio Statement

Portfolio Statement as at 14 March 2020

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 14 September 2019.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM		
	— 81.67% (79.52%)		
	Oil & Gas Producers		
	— 8.35% (12.38%)		
2,548,387	BP	7,615,854	4.60
3,000,000	Cairn Energy	2,340,000	1.41
1,017,551	Energear Oil & Gas	3,866,694	2.34
		13,822,548	8.35
	Oil Equipment, Services & Distribution		
	— 1.07% (1.86%)		
931,734	Hunting	1,769,363	1.07
	Aerospace & Defense		
	— 1.60% (0.00%)		
499,854	BAE Systems	2,640,229	1.60
	General Industrials		
	— 4.34% (4.06%)		
2,528,073	DS Smith	7,174,671	4.34
	Electronic & Electrical Equipment		
	— 0.00% (0.48%)		
	Support Services		
	— 6.63% (0.85%)		
204,000	Ashtead Group	3,826,020	2.31
1,827,564	Biffa	4,596,324	2.78
526,011	Electrocomponents	2,543,263	1.54
		10,965,607	6.63
	Food Producers		
	— 2.54% (0.00%)		
217,327	Associated British Foods	4,195,498	2.54
	Household Goods & Home Construction		
	— 8.02% (7.83%)		
110,889	Bellway	3,235,741	1.96
49,200	Reckitt Benckiser Group	2,720,268	1.64
4,600,000	Taylor Wimpey	7,307,100	4.42
		13,263,109	8.02
	Health Care Equipment & Services		
	— 0.29% (3.12%)		
499,287	Georgia Healthcare Group	479,316	0.29
	Food & Drug Retailers		
	— 5.11% (3.87%)		
3,683,642	Tesco	8,461,326	5.11
	General Retailers		
	— 5.03% (3.07%)		
55,000	Next	2,579,701	1.56
5,666,185	Vivo Energy	5,745,512	3.47
		8,325,213	5.03

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Media — 4.55% (4.11%)		
3,325,000	GoCompare.com Group	2,307,550	1.39
3,785,194	Huntsworth	3,936,602	2.38
3,260,501	Hyve Group	1,287,898	0.78
		<hr/>	<hr/>
		7,532,050	4.55
	Travel & Leisure — 5.94% (9.14%)		
220,500	Carnival	2,869,807	1.74
1,952,694	Cineworld Group	1,094,290	0.66
1,935,345	Gym Group	3,475,880	2.10
700,000	SSP Group	2,380,556	1.44
		<hr/>	<hr/>
		9,820,533	5.94
	Fixed Line Telecommunications — 0.00% (2.20%)		
	Banks — 9.51% (6.54%)		
3,360,519	Barclays	3,503,005	2.12
555,000	HSBC	2,655,675	1.60
3,359,766	Royal Bank of Scotland Group	4,616,318	2.79
1,057,500	Standard Chartered	4,955,838	3.00
		<hr/>	<hr/>
		15,730,836	9.51
	Life Insurance — 7.93% (7.55%)		
654,000	Prudential	6,009,256	3.63
895,351	St. James's Place	7,109,087	4.30
		<hr/>	<hr/>
		13,118,343	7.93
	Real Estate Investment & Services — 0.00% (1.02%)		
	Real Estate Investment Trusts — 2.36% (1.94%)		
540,357	Land Securities Group	3,910,023	2.36
	Financial Services — 4.63% (6.56%)		
400,000	Draper Esprit	1,760,000	1.06
243,000	Intermediate Capital Group	2,685,150	1.62
1,028,402	M&G	1,583,739	0.96
1,101,949	Melrose Industries	1,635,292	0.99
		<hr/>	<hr/>
		7,664,181	4.63
	Software & Computer Services — 3.77% (2.94%)		
347,382	Blue Prism Group	4,456,911	2.69
360,883	Micro Focus International	1,787,814	1.08
		<hr/>	<hr/>
		6,244,725	3.77
	CHANNEL ISLANDS — 7.33% (11.35%)		
	Industrial Metals & Mining — 1.39% (1.31%)		
1,500,000	Yellow Cake	2,307,000	1.39
	Mining — 1.15% (3.05%)		
1,350,000	Glencore	1,896,750	1.15
		<hr/>	<hr/>

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Support Services — 2.31% (4.11%)		
67,659	Ferguson	3,814,614	2.31
	Equity Investment Instruments — 2.48% (2.88%)		
4,026,800	Triam Investors 1	4,107,336	2.48
	ISLE OF MAN — 0.00% (2.26%)		
	Travel & Leisure — 0.00% (2.26%)		
	MAURITIUS — 3.13% (2.82%)		
	Real Estate Investment & Services — 3.13% (2.82%)		
5,900,000	Grit Real Estate Income Group	5,184,948	3.13
	SPAIN — 1.28% (0.00%)		
	Travel & Leisure — 1.28% (0.00%)		
575,800	International Consolidated Airlines Group	2,116,065	1.28
	SWITZERLAND — 2.22% (0.00%)		
	Beverages — 2.22% (0.00%)		
194,176	Coca-Cola HBC	3,673,793	2.22
	Portfolio of investments¹	158,218,077	95.63
	Net other assets	7,235,495	4.37
	Total net assets	£165,453,572	100.00%

¹ All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the period: £46,061,666.

Total sales for the period: £50,960,243.

Financial Statements

Statement of Total Return for the period ended 14 March 2020

	14/03/20		14/03/19	
	£	£	£	£
Income				
Net capital losses		(56,589,190)		(19,057,880)
Revenue	2,511,079		3,187,141	
Expenses	(661,909)		(805,046)	
Interest payable and similar charges	—		(339)	
Net revenue before taxation	1,849,170		2,381,756	
Taxation	—		—	
Net revenue after taxation for the period		1,849,170		2,381,756
Total return before distributions		(54,740,020)		(16,676,124)
Distributions		(1,849,179)		(2,477,383)
Change in net assets attributable to Unitholders from investment activities		£(56,589,199)		£(19,153,507)

Statement of Change in Net Assets attributable to Unitholders for the period ended 14 March 2020

	14/03/20		14/03/19	
	£	£	£	£
Opening net assets attributable to Unitholders		228,989,921		262,303,021
Amounts received on issue of units	4,025,822		15,772,775	
Amounts paid on cancellation of units	(11,533,876)		(18,003,332)	
Change in net assets attributable to Unitholders from investment activities		(7,508,054)		(2,230,557)
Retained distributions on accumulation units		560,904		773,709
Unclaimed distributions		—		619
Closing net assets attributable to Unitholders		£165,453,572		£241,693,285

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

Financial Statements continued

Balance Sheet as at 14 March 2020

	14/03/20 £	14/09/19 £
ASSETS		
Fixed assets:		
Investments	158,218,077	219,705,844
Current assets:		
Debtors	578,997	2,200,067
Cash and bank balances	14,260,054	10,557,286
Total assets	173,057,128	232,463,197
LIABILITIES		
Creditors:		
Bank overdrafts	(1)	–
Distributions payable	(1,236,837)	(3,091,450)
Other creditors	(6,366,718)	(381,826)
Total liabilities	(7,603,556)	(3,473,276)
Net assets attributable to Unitholders	£165,453,572	£228,989,921

Notes to the Financial Statements

1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 (2014 SORP).

2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

(a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. In making this assessment, and in response to COVID-19, the Manager has considered, amongst other things, factors such as Fund size, cash flows through the Fund and Fund liquidity.

Trust Information

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	35,866,567	49,350,678	72.68
Accumulation Units	9,077,162	11,412,057	79.54
F-Class			
Distribution Units	48,126	65,354	73.64
Accumulation Units	49,944	59,816	83.50
I-Class			
Distribution Units	2,288,046	3,130,532	73.09
Accumulation Units	1,741,662	1,988,573	87.58
C-Class			
Distribution Units	655	2,000	32.75
Accumulation Units	43,439,617	125,199,273	34.70
L-Class			
Distribution Units	72,824,653	99,701,634	73.04
Accumulation Units	117,140	320,210	36.58

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.

Ongoing Charges Figures

	14 Mar 20	14 Sep 19
R-Class	1.54%	1.54%
F-Class	1.04%	1.04%
I-Class	0.79%	0.79%
C-Class	0.50%	0.50%
L-Class	0.04%	0.04%

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total disclosable 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 fund and is calculated based on the last period's figures.

Trust Information continued

Distribution Information

R-Class

The distribution payable on 14 May 2020 is 0.4442p per unit for distribution units and 0.4831p per unit for accumulation units.

F-Class

The distribution payable on 14 May 2020 is 0.6344p per unit for distribution units and 0.7132p per unit for accumulation units.

I-Class

The distribution payable on 14 May 2020 is 0.7214p per unit for distribution units and 0.8559p per unit for accumulation units.

C-Class

The distribution payable on 14 May 2020 is 0.3710p per unit for distribution units and 0.3887p per unit for accumulation units.

L-Class

The distribution payable on 14 May 2020 is 0.9975p per unit for distribution units and 0.4930p per unit for accumulation units.

Risk and Reward Profile



- The Risk and Reward Indicator table demonstrates where the Trust ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Trust. The shaded area in the table above shows the Trust's ranking on the Risk and Reward Indicator.
- The Trust is in category five because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- Even a trust in the lowest category is not a risk free investment.

General Information

Constitution

Launch date:	10 November 2008
Period end dates for distribution:	14 March, 14 September
Distribution dates:	14 May, 14 November
Minimum initial lump sum investment:	R-Class £100 F-Class* £500 I-Class £1,000,000 C-Class** £20,000,000 L-Class*** £100,000
Valuation point:	12 noon
Fund management fees:	R-Class Annual 1.44% (1.54% prior to 23 April 2020) F-Class* Annual 1.04% I-Class Annual 0.79% C-Class** Annual 0.50% L-Class*** Annual 0.04%
Initial charges:	Nil for all existing unit classes

* Class F units are only available to:

- (i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Trust; and
- (ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

** Class C units are available to certain eligible investors who meet the criteria for investment in such units as outlined in the share class policy of the Manager, which is available to investors in the C-Class upon request. Where investors in the C-Class no longer continue to meet the criteria for investment in such units, further investment in such units may not be permitted.

*** Class L units are only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

Pricing and Dealing

The prices are published on the internet at www.legalandgeneral.com/investments/funds/prices-and-reports/daily-fund-prices immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by completing an application form or on the internet at www.legalandgeneral.com. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

General Information continued

ISA Status

This Trust may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

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

Prospectus and Manager's Reports

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

Dual Pricing Arrangement

The Manager's fixed dual pricing arrangement has a set spread to account for the costs of transacting in a particular Trust. Where the Manager operates a box through which unit subscriptions and unit redemptions are netted into a single trade instruction to the Trustee, the netting reduces the actual transaction costs and this generates a revenue to the Manager. The revenue generated from this activity is calculated on a monthly basis and returned to the Trust in the form of a payment from the Manager. This provides an enhanced return to the Trust, though the size of any return will be dependent on the size of subscriptions and redemptions.

Significant Change

Publication of Short Report Discontinued

With effect from 20 September 2019, the Short Report for this Trust will no longer be issued.

Closure of F-Class Units

As at 12 December 2019, the F-Class Units were closed to new business.

Change in Fund Management Fee (FMF)

With effect from 23 April 2020, the FMF for R-Class units has been reduced from 1.54% to 1.44%.

General Information continued

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

Directors of the Manager

E. Cowhey* (appointed 9 October 2019)
A. J. C. Craven
S. Hynes
H. Morrissey (resigned 18 October 2019)
H. Solomon
L. W. Toms
A. R. Toutouchi*
*Non-executive Director

Secretary

J. McCarthy

Registrar

Legal & General (Unit Trust Managers) Limited
P.O. Box 6080,
Wolverhampton WV1 9RB
Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956
Enquiries: 0370 050 0955
Registration: 0370 050 0955

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

Trustee

Northern Trust Global Services SE UK Branch
Trustee and Depository Services
50 Bank Street,
Canary Wharf,
London E14 5NT

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

Independent Auditors

KPMG LLP
15 Canada Square,
London E14 5GL

Investment Adviser

Legal & General Investment Management Limited
One Coleman Street,
London EC2R 5AA
Authorised and regulated by the Financial Conduct Authority

**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

