

Legal & General UK Special Situations Trust
**Interim Manager's
Short Report
for the period ended
14 March 2017**

**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. It represents the potential loss the trust may suffer through holding market positions in the face of market movements. 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.

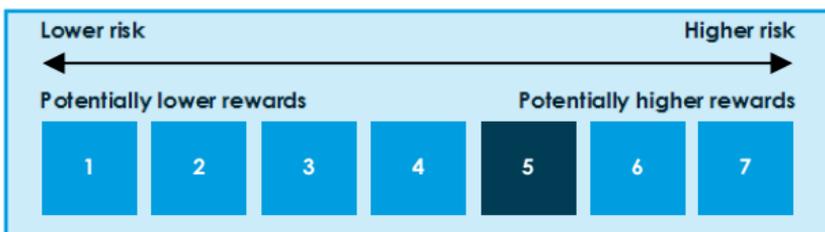
Trust Facts

Period End Dates for Distributions:	14 Mar, 14 Sep	
Distribution Dates:	14 May, 14 Nov	
Ongoing Charges Figures:	14 Mar 17	14 Sep 16
R-Class	1.83%	1.75%
I-Class	0.94%	0.86%
L-Class	0.19%	0.11%
F-Class	1.33%	1.25%

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 five 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.

Distribution Information

R-Class

The distribution payable on 14 May 2017 is 0.2518p per unit for distribution units and 0.2649p per unit for accumulation units.

I-Class

The distribution payable on 14 May 2017 is 0.7132p per unit for distribution units and 0.7998p per unit for accumulation units.

L-Class

The distribution payable on 14 May 2017 is 1.0890p per unit for distribution units.

F-Class

The distribution payable on 14 May 2017 is 0.5271p per unit for distribution units and 0.5608p per unit for accumulation units.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	166,002,397	161,221,240	102.97
Accumulation Units	11,932,928	10,990,605	108.57
I-Class			
Distribution Units	3,762,414	3,633,900	103.54
Accumulation Units	4,244,932	3,635,247	116.77
L-Class			
Distribution Units	73,921,330	71,424,056	103.50
F-Class			
Distribution Units	136,887	131,228	104.31
Accumulation Units	51,681	46,061	112.20

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.

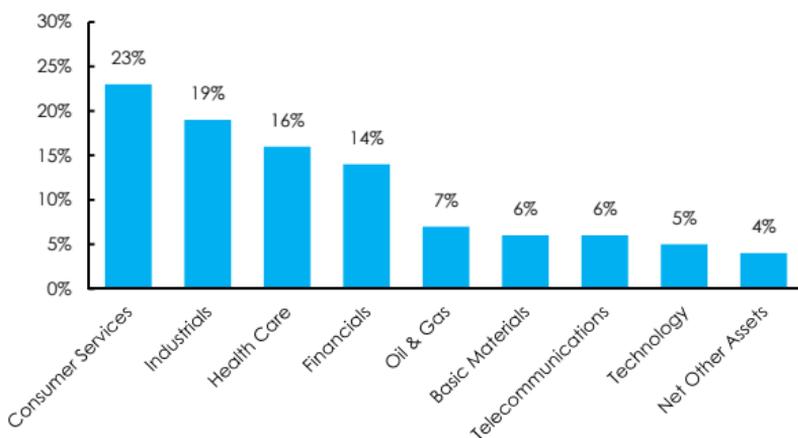
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

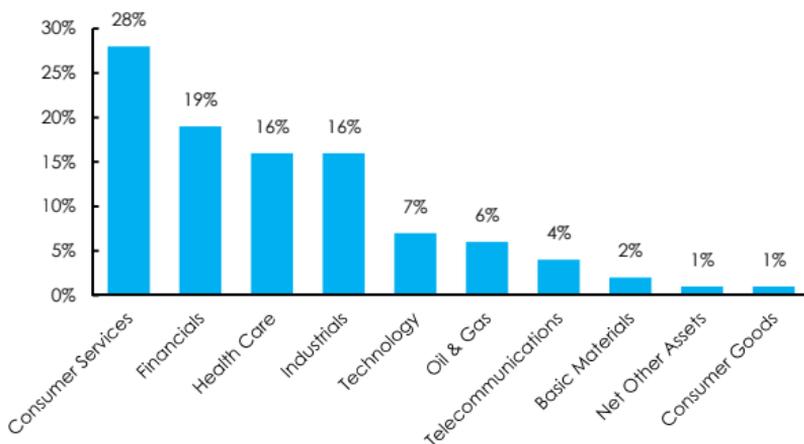
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 14 March 2017		Top 10 Holdings at 14 September 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Prudential	4.88%	St. James' Place	4.71%
Carnival	4.68%	Micro Focus	4.62%
NMC Health	4.65%	Smith & Nephew	4.39%
Smith & Nephew	4.38%	GVC	4.31%
Playtech	4.29%	Shire	4.28%
DCC	4.19%	Paysafe	4.25%
St. James' Place	4.17%	Vodafone Group	4.15%
Royal Dutch Shell	4.15%	Prudential	4.14%
Paysafe	4.03%	888 Holdings	4.13%
Shire	4.03%	Saga	4.12%

Trust Holdings as at 14 March 2017



Trust Holdings as at 14 September 2016



Manager's Investment Report

During the six-month period under review, the Trust's R-Class Distribution units rose by 3.84%, while the FTSE All-Share Index rose by 9.79% on a capital only basis (Source: Bloomberg).

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

Market/Economic Review

The global equity rally gathered steam in late 2016 and in early 2017 with markets moving higher despite a backdrop of rising political uncertainty. The US took centre stage, with the twin drivers of the Federal Reserve's (Fed) interest rate policy and November's presidential election shaping market movements. President Trump's victory led investors to anticipate rising domestic growth and inflation given his plans for a significant fiscal stimulus package.

Western stock markets and bond yields moved notably higher in response. This trend continued into December 2016 and early 2017, even as the Fed took the decision to raise US interest rates for only the second time since the global financial crisis, with the FTSE 100 reaching new all-time highs.

UK equities in particular were driven higher by Sterling weakness, enhancing returns for large cap stocks with international earnings profiles. At the sector level, energy, basic materials and financials were leading performers. Smaller companies also performed well, as stronger data releases seemed to suggest that the UK economy has weathered the Brexit vote well.

Trust Review

The Trust delivered a positive return over the review period, but underperformed the benchmark Index. Sector allocation was detrimental, led by our overweight position in the technology sector which underperformed.

Stock selection was the primary driver of underperformance. Spread-betting from CMC Markets suffered as proposals for new regulation around the sale of contracts for difference (CFDs) dented investor confidence, and Paysafe shares fell sharply in late 2016 as sentiment reversed. LivaNova and GVC were also weaker initially, although recovered somewhat in early 2017.

In terms of trading activity, we added to our position in NMC Health. The UAE-based healthcare provider has grown significantly in recent years, driven by structural demand and strategic acquisitions. We also added to our position in Gym Group on account of its strong roll-out pipeline and membership growth. We sold positions in Paragon and Whitbread, and reduced our overweight position in UK gaming by selling 888 Holdings.

Manager's Investment Report continued

Outlook

We see steady global growth continuing in 2017, aided by increasingly supportive US government spending. While global equity markets have been buoyed by diminishing deflation concerns, the perception of a 'goldilocks' economy, with good growth and low inflation, might prove short-lived. Equity markets could be well on their way to anticipating the next global recession by the end of the year.

The UK economy has been resilient following the Brexit vote, but the consequences of the fall in the value of the Pound could be felt more strongly during 2017. As inflation rises, the real world value of UK incomes could come under pressure. There remains the potential for weak business investment and less employment growth as uncertainty around the UK's future relationship with the EU leads to a deferral of expansion plans. In this environment, the Bank of England is likely to be faced with a combination of above-target inflation but sluggish growth. As a result, the bank is likely to opt to do very little.

Legal & General Investment Management Limited

(Investment Adviser)

29 March 2017

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.

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. With effect from 1 January 2016, 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, through the size of any return will be dependent on the size of subscriptions and redemptions.

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

In addition, monthly contributions can be made into the R-Class with a minimum amount of £10, and F-Class with a minimum amount of £50 per month.

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

F-Class units are only available to:

- i) investors who have received advice from authorised intermediaries and platforms in relation to their investment in units in the Trust and
- ii) authorised intermediaries or 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.

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

Northern Trust Global Services Limited

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

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

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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
UKSS0517

