

Legal & General Global Equity Index Fund  
**Annual Manager's  
Short Report  
for the year ended  
15 January 2017**

**EVERY  
DAY  
MATTERS.®**





## Investment Objective and Policy

The investment objective of this Fund is to seek to provide both an income and capital growth by aiming to track the performance of the global equity markets, as represented by the FTSE World Index.

The Fund will invest primarily in the equities that make up the constituents of the FTSE World Index. Securities in the FTSE World Index will be held with weightings generally proportionate to their company's market capitalisation.

The Fund may also invest in other transferable securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes. The Fund may hold derivatives for the purpose of efficient portfolio management.

## 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.

### Currency Risk

This Fund is invested in overseas financial securities. The performance of the Fund 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.

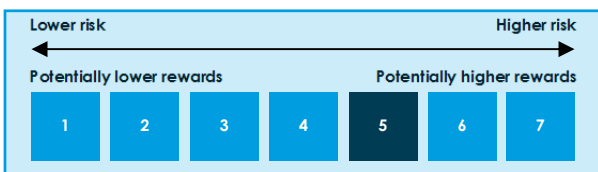
## Fund Facts

Period End Dates for Distributions:	15 Jan, 15 Jul	
Distribution Dates:	15 Mar, 15 Sep	
Ongoing Charges Figures:	15 Jan 17	15 Jan 16
E-Class	0.98%	0.97%
R-Class	0.98%	0.97%
I-Class	0.39%	0.38%
F-Class	0.65%	0.72%
C-Class	0.28%	0.27%

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Fund.

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.

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category is based on the rate at which the Fund and the Index it is tracking have moved up and down in the past.
- This Fund 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 Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

## Distribution Information

### E-Class

The distribution payable on 15 March 2017 is 0.9361p per unit for distribution units and 1.0204p per unit for accumulation units.

### R-Class

The distribution payable on 15 March 2017 is 0.9361p per unit for distribution units and 1.0204p per unit for accumulation units.

### I-Class

The distribution payable on 15 March 2017 is 1.5016p per unit for distribution units and 1.6818p per unit for accumulation units.

### F-Class

The distribution payable on 15 March 2017 is 1.2978p per unit for distribution units and 1.4285p per unit for accumulation units.

### C-Class

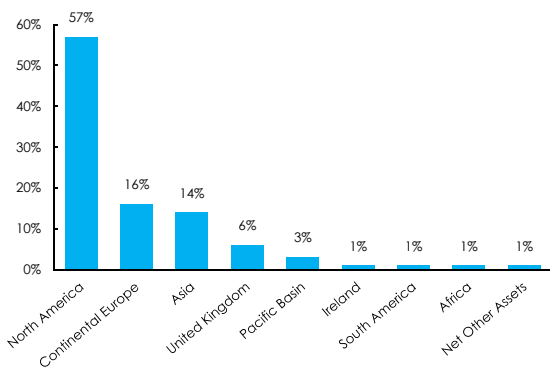
The distribution payable on 15 March 2017 is 0.5825p per unit for accumulation units.

## Portfolio Information

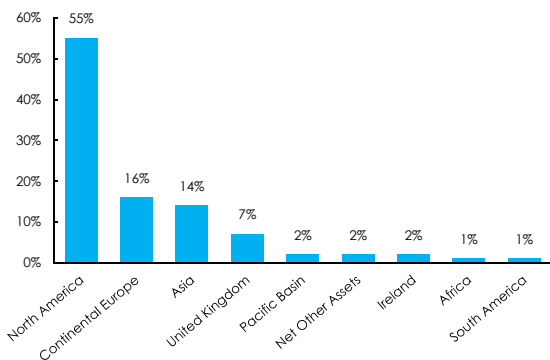
The top 10 holdings and their associated weighting at the current and preceding year ends were:

Top 10 Holdings at 15 January 2017		Top 10 Holdings at 15 January 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Legal & General Japan Index Trust	2.24%	Legal & General Japan Index Trust	2.74%
Apple	1.72%	Apple	1.67%
Alphabet	1.30%	Alphabet (formerly Google)	1.27%
Microsoft	1.28%	Microsoft	1.13%
Exxon Mobil	0.98%	Exxon Mobil	1.00%
JP Morgan Chase & Co	0.86%	Johnson & Johnson	0.83%
Johnson & Johnson	0.85%	General Electric	0.83%
Amazon.com	0.85%	Wells Fargo & Co	0.78%
Berkshire Hathaway 'B'	0.83%	Berkshire Hathaway 'B'	0.73%
Facebook 'A'	0.77%	Nestle	0.71%

## Fund Holdings as at 15 January 2017



## Fund Holdings as at 15 January 2016



## Comparative Tables

### E-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	144.75	151.85	143.83
Return before operating charges*	61.57	(3.59)	11.29
Operating charges (calculated on average price)	(1.68)	(1.50)	(2.24)
Return after operating charges*	59.89	(5.09)	9.05
Distributions on income units	(2.43)	(2.01)	(1.03)
Closing net asset value per unit	202.21	144.75	151.85
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	41.37%	(3.35%)	6.29%
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#### Other Information

Closing net asset value (£)	28,710,511	21,889,145	24,272,477
Closing number of units	14,198,344	15,122,442	15,984,216
Operating charges	0.98%	0.97%	1.53%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	203.50p	152.60p	168.80p
Lowest unit price	139.80p	145.50p	137.90p

**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.**

## Comparative Tables continued

### E-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	156.46	161.99	152.41
Return before operating charges*	66.81	(3.93)	11.96
Operating charges (calculated on average price)	(1.83)	(1.60)	(2.38)
Return after operating charges*	64.98	(5.53)	9.58
Distributions	(2.63)	(2.14)	(1.09)
Retained Distributions on accumulation units	2.63	2.14	1.09
Closing net asset value per unit	221.44	156.46	161.99
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	41.53%	(3.41%)	6.29%
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#### Other Information

Closing net asset value (£)	3,143,662	2,328,068	2,562,856
Closing number of units	1,419,633	1,487,969	1,582,139
Operating charges	0.98%	0.97%	1.53%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	221.80p	164.10p	180.00p
Lowest unit price	151.10p	156.40p	148.30p

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## Comparative Tables continued

### R-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	144.75	151.85	143.83
Return before operating charges*	61.58	(3.60)	11.30
Operating charges (calculated on average price)	(1.69)	(1.49)	(2.25)
Return after operating charges*	59.89	(5.09)	9.05
Distributions on income units	(2.43)	(2.01)	(1.03)
Closing net asset value per unit	202.21	144.75	151.85
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	41.38%	(3.35%)	6.29%
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#### Other Information

Closing net asset value (£)	1,170,165	634,031	623,339
Closing number of units	578,687	438,030	410,489
Operating charges	0.98%	0.97%	1.53%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	203.50p	152.60p	168.80p
Lowest unit price	139.80p	145.50p	137.90p

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## Comparative Tables continued

### R-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	156.46	161.99	152.41
Return before operating charges*	66.82	(3.93)	11.96
Operating charges (calculated on average price)	(1.84)	(1.60)	(2.38)
Return after operating charges*	64.98	(5.53)	9.58
Distributions	(2.63)	(2.14)	(1.09)
Retained Distributions on accumulation units	2.63	2.14	1.09
Closing net asset value per unit	221.44	156.46	161.99
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	41.53%	(3.41%)	6.29%
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#### Other Information

Closing net asset value (£)	10,289,768	5,933,729	3,909,119
Closing number of units	4,646,711	3,792,502	2,413,231
Operating charges	0.98%	0.97%	1.53%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	221.80p	164.10p	180.00p
Lowest unit price	151.10p	156.40p	148.30p

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## Comparative Tables continued

### I-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	145.52	152.69	144.58
Return before operating charges*	62.04	(3.65)	11.49
Operating charges (calculated on average price)	(0.69)	(0.57)	(1.09)
Return after operating charges*	61.35	(4.22)	10.40
Distributions on income units	(3.52)	(2.95)	(2.29)
Closing net asset value per unit	203.35	145.52	152.69
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	42.16%	(2.76%)	7.19%
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#### Other Information

Closing net asset value (£)	3,539,665	1,951,449	117,304
Closing number of units	1,740,683	1,340,983	76,825
Operating charges	0.39%	0.38%	0.73%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	205.20p	154.10p	169.90p
Lowest unit price	140.60p	147.00p	139.00p

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## Comparative Tables continued

### I-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	161.10	165.81	154.78
Return before operating charges*	69.04	(4.07)	12.21
Operating charges (calculated on average price)	(0.77)	(0.64)	(1.18)
Return after operating charges*	68.27	(4.71)	11.03
Distributions	(3.92)	(3.20)	(2.45)
Retained distributions on accumulation units	3.92	3.20	2.45
Closing net asset value per unit	229.37	161.10	165.81
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	42.38%	(2.84%)	7.13%
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#### Other Information

Closing net asset value (£)	5,589,181	1,968,882	237,406
Closing number of units	2,436,716	1,222,123	143,183
Operating charges	0.39%	0.38%	0.73%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	229.70p	169.20p	184.50p
Lowest unit price	155.70p	161.30p	152.60p

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## Comparative Tables continued

### F-Class Distribution Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	145.53	152.75	144.68
Return before operating charges*	62.18	(3.69)	11.42
Operating charges (calculated on average price)	(1.09)	(1.12)	(1.65)
Return after operating charges*	61.09	(4.81)	9.77
Distributions on income units	(3.07)	(2.41)	(1.70)
Closing net asset value per unit	203.55	145.53	152.75
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	41.97%	(3.15%)	6.75%
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#### Other Information

Closing net asset value (£)	574	1,189	1,248
Closing number of units	282	817	817
Operating charges	0.65%	0.72%	1.11%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	205.00p	153.90p	169.80p
Lowest unit price	140.60p	146.70p	139.00p

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## Comparative Tables continued

### F-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	158.93	164.13	153.79
Return before operating charges*	67.96	(4.01)	12.09
Operating charges (calculated on average price)	(1.25)	(1.19)	(1.75)
Return after operating charges*	66.71	(5.20)	10.34
Distributions	(3.36)	(2.60)	(1.80)
Retained distributions on accumulation units	3.36	2.60	1.80
Closing net asset value per unit	225.64	158.93	164.13
* after direct transaction costs of:	0.03	0.02	0.28

#### Performance

Return after charges	41.97%	(3.17%)	6.72%
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#### Other Information

Closing net asset value (£)	151,503	83,562	12,490
Closing number of units	67,144	52,578	7,610
Operating charges	0.65%	0.72%	1.11%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	226.00p	166.90p	182.50p
Lowest unit price	153.50p	159.10p	150.70p

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## Comparative Tables continued

### C-Class Accumulation Units

#### Change in Net Asset Value per Unit

Accounting year ending	15/01/17 (pence per unit)	15/01/16 (pence per unit)	15/01/15 (pence per unit)
Opening net asset value per unit	50.76	52.15	50.00
Return before operating charges*	21.77	(1.25)	2.30
Operating charges (calculated on average price)	(0.18)	(0.14)	(0.15)
Return after operating charges*	21.59	(1.39)	2.15
Distributions	(1.32)	(1.07)	(0.20)
Retained distributions on accumulation units	1.32	1.07	0.20
Closing net asset value per unit	72.35	50.76	52.15
* after direct transaction costs of:	0.01	0.02	0.28

#### Performance

Return after charges	42.54%	(2.67%)	4.30%
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#### Other Information

Closing net asset value (£)	4,775,619	751,701	1,043
Closing number of units	6,600,515	1,480,899	2,000
Operating charges	0.28%	0.27%	0.29%
Direct transaction costs	0.02%	0.01%	0.19%

#### Prices

Highest unit price	72.48p	53.32p	58.11p
Lowest unit price	49.07p	50.84p	48.06p

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## **Manager's Investment Report**

During the year under review, the bid price of the Trust's R-Class distribution units rose by 39.59%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 3pm. Therefore, for tracking purposes the Trust has been revalued using closing prices and foreign exchange rates. On this basis, over the review year, the Trust rose by 38.76% on a capital only basis, compared with the FTSE World Index increase of 39.01% (Source: Bloomberg), producing a tracking difference of -0.25%.

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## **Market/Economic Review**

Data releases highlighted divergent trends in the major economies over the past twelve months. The US economy continued to grow steadily, despite fluctuations in quarterly GDP, while Donald Trump's victory in the November presidential election focused investors on the prospect of increased infrastructure spending and tax cuts. Although the Federal Reserve (Fed) had been duly expected to raise interest rates by 0.25%, the central bank surprised investors with more hawkish guidance on monetary policy, signalling a further three rate hikes in 2017. In contrast, the Bank of England cut interest rates to 0.25% and extended its asset purchase programme, known as quantitative easing (QE), to support the economy after the UK unexpectedly voted to leave the European Union (EU) in the June referendum. While the European Central Bank (ECB) confirmed it would reduce the scale of its monthly bond purchasing programme to €60 billion from €80 billion, with effect from next April, the ECB announced the timeline of its QE programme was to be extended until the end of 2017.

In Japan, economic growth remained weak while inflation was well below its 2% target, although a stronger labour market did begin to lift wages. In January, the Bank of Japan became the latest central bank to adopt the unorthodox policy of negative interest rates. The Chinese economy slowed as it continued its transition from export and investment-driven growth towards consumption. This led the authorities to continue the liberalisation of its exchange rate policy, which resulted in the Yuan steadily weakening against the US Dollar.

## Manager's Investment Report continued

### Fund Review

Companies held within the Fund are held with weightings generally proportionate to those of the benchmark Index. Therefore, investment activity, other than to raise or invest cash, is only necessary when there are changes to the benchmark Index, or as a result of a corporate action.

The March Index review resulted in 70 additions, of which the largest were Paddy Power Betfair (UK) and Extra Space Storage (US). There were also 49 deletions, the largest being First Quantum Minerals and Teck Resources (both Canada). There were a further 353 changes to the free share capital of constituents, with the largest increase being LafargeHolcim (Switzerland) and the largest decrease being Gilead Sciences (US). The changes resulted in two-way Index turnover of approximately 1.4%.

The June quarterly Index review resulted in 7 additions, of which the largest was Worldpay Group (UK), and 4 deletions with the largest being Four Corners Property (US). There were a further 508 changes to the free share capital of constituents, with the largest increase being Novartis (Switzerland) and the largest decrease being Apple (US). The changes resulted in two-way Index turnover of approximately 0.9%.

The September quarterly Index review resulted in 47 additions, of which the largest was Waste Connections (Canada) and 33 deletions with the largest being Melrose Industries (UK). There were 407 changes to the free share capital of constituents with the largest increase being PTT (Thailand) and the largest decrease being NTT (Japan). The changes resulted in two-way Index turnover of approximately 1.3%.

The December Index review resulted in 1 addition, which was BOC Aviation (Hong Kong). There were also 11 deletions, the largest being Liberty Ventures (US). There were 358 changes to the free share capital of constituents with the largest increase being Procter & Gamble (US) and the largest decrease being Apple (US). The changes resulted in two-way Index turnover of approximately 0.7%.

Outside the reviews, there were several Index changes due to merger and acquisition (M&A) activities. EMC was acquired by Dell Technologies (both US) as the largest technology merger and thus EMC was deleted and Dell Technologies was added; Fortive was added after its demerger from Danaher (both US); Under Armour Class C was added following the stock distribution to Under Armour Class A and Under Armour Class B (all US).

Other significant M&A activity during the reporting year included the following stocks deleted from the Index after being acquired; LinkedIn was acquired by Microsoft (both US); ARM Holdings (UK) was acquired by Softbank (Japan); SABMiller (UK) was acquired by Anheuser-Busch InBev (Belgium), which combined the world's two largest brewers; Columbia Pipeline Group (US) was



## **Manager's Investment Report continued**

acquired by TransCanada (Canada); and Chubb was acquired by ACE (both US) as the biggest takeover in the insurance sector.

At the end of the year, the three largest countries in the Index were US (55.4%), Japan (8.9%) and UK (6.5%), while the three largest stocks were Apple (1.7%), Microsoft Corp (1.3%) and Alphabet (1.30%).

### **Outlook**

There are a number of pertinent risks that appear to be under-priced by investors. For example, Chinese economic growth is overly dependent on credit growth, there is economic malaise in Europe (compounded by ample political risk), while the US Federal Reserve is currently at the forefront with its possible decision to raise interest rates. Each of these factors has the potential to derail financial markets. Central bank easing has suppressed these risks, but any sign of a turn in ever looser monetary policy, or markets questioning the efficacy of further easing, may change this.

The Fund remains well placed to capture the performance of the Index.

Legal & General Investment Management Limited  
(Investment Adviser)  
8 February 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](http://www.legalandgeneral.com/investments/fund-information/managers-reports).

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

## **Information on Tracking Error**

The 'Tracking Error' of a Fund is the measure of the volatility of the differences between the return of the Fund and the return of the benchmark Index. It provides an indication of how closely the Fund is tracking the performance of the benchmark Index after considering things such as Fund charges and taxation.

Using monthly returns, over the review year, the annualised Tracking Error of the Fund is 0.04%, whilst since the Fund became an index tracker, the annualised Tracking Error of the Fund is 0.03%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of 0.75% per annum.

## **Minimum Investment Amounts**

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

E-Class	£100,000
R-Class	£500
I-Class	£1,000,000
F-Class	£500
C-Class	£100,000,000

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

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 Fund 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.

C-Class Units are only available to distributors who actively market and distribute such Units (or whom the manager believes intends to do so) and to whom the Manager has confirmed by letter that they meet the criteria for investment in such Units.

### **Other Information**

The information in this report is designed to enable unitholders to understand how the Fund has performed during the year under review and how it is invested at the year end. Further information on the activities and performance of the Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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

### **Significant Changes**

#### **Change in Fund Management Fee (FMF)**

With effect from 6 April 2016, the FMF for F-Class units has been reduced from 0.73% to 0.63%.

**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







**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](http://www.legalandgeneral.com)  
GLG0317

