

Legal & General Pacific Index Trust  
**Interim Manager's  
Short Report**  
for the period ended  
**25 September 2017**

**EVERY  
DAY  
MATTERS.®**





## Investment Objective and Policy

The investment objective of this Trust is to track the capital performance of the stock markets of the Pacific region, as represented by the FTSE World Asia Pacific (excluding Japan) Index, by investment in a representative sample of stocks selected from all economic sectors.

Securities in the FTSE World Asia Pacific (excluding Japan) Index will be held with weightings generally proportionate to their company's market capitalisation.

From time to time non-index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

## 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 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.

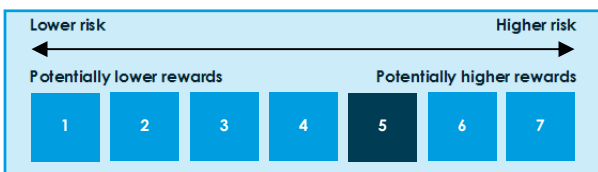
## Trust Facts

Period End Dates for Distributions:	25 Mar, 25 Sep	
Distribution Dates:	25 May, 25 Nov	
Ongoing Charges Figures:	25 Sep 17	25 Mar 17
R-Class	0.86%	0.86%
F-Class	0.41%	0.41%
I-Class	0.19%	0.19%
C-Class	0.14%	0.14%

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 trust and is calculated based on the last period's figures.

## Risk and Reward Profile



- This risk and reward indicator 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 from the Pacific region 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 25 November 2017 is 1.7131p per unit for distribution units and 2.3940p per unit for accumulation units.

### F-Class

The distribution payable on 25 November 2017 is 1.9646p per unit for distribution units and 2.7989p per unit for accumulation units.

### I-Class

The distribution payable on 25 November 2017 is 2.0710p per unit for distribution units and 3.0775p per unit for accumulation units.

### C-Class

The distribution payable on 25 November 2017 is 2.0952p per unit for distribution units and 3.1217p 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	298,936,686	283,723,063	105.36
Accumulation Units	137,569,229	91,925,175	149.65
F-Class			
Distribution Units	161,834	153,172	105.66
Accumulation Units	944,883	616,265	153.32
I-Class			
Distribution Units	163,522,830	155,936,788	104.86
Accumulation Units	198,165,630	124,510,289	159.16
C-Class			
Distribution Units	81,873,294	78,159,820	104.75
Accumulation Units	21,428,518	13,460,819	159.19

**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.**

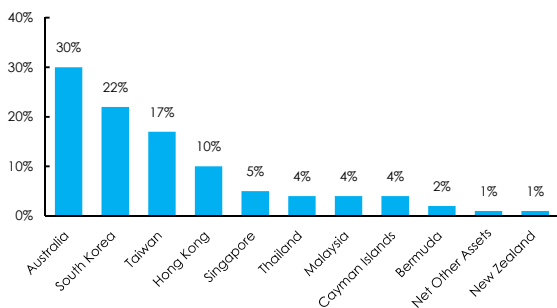
**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

## Portfolio Information

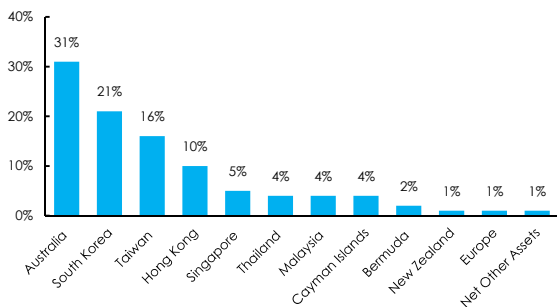
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 25 September 2017		Top 10 Holdings at 25 March 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Samsung Electronics	6.49%	Samsung Electronics	5.77%
Taiwan Semiconductor Manufacturing	4.93%	Taiwan Semiconductor Manufacturing	4.60%
Commonwealth Bank of Australia	2.98%	Commonwealth Bank of Australia	3.35%
AIA Group	2.63%	Westpac Banking	2.66%
Westpac Banking	2.47%	AIA Group	2.38%
Australia & New Zealand Banking Group	2.00%	Australia & New Zealand Banking Group	2.15%
BHP Billiton	1.91%	National Australia Bank	1.97%
National Australia Bank	1.90%	BHP Billiton	1.81%
Hon Hai Precision Industry	1.48%	Hon Hai Precision Industry	1.35%
CSL	1.38%	CSL	1.32%

## Trust Holdings as at 25 September 2017



## Trust Holdings as at 25 March 2017



## **Manager's Investment Report**

During the period under review, the bid price of the Trust's R-Class distribution units rose by 0.66%. 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 12 noon. Therefore, for tracking purposes the Trust has been revalued using closing prices and foreign exchange rates. On this basis over the review period, the Trust fell 0.24% on a capital only basis, matching the FTSE World Asia Pacific (excluding Japan) Index fall of 0.24% (Source: Bloomberg).

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**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.**

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## **Market/Economic Review**

Equity markets have made further gains over the period under review, reflecting a steady improvement in global economic indicators and growing optimism amongst investors for earnings prospects in 2017. However, there has been a cooling of the so-called reflation trade that dominated markets in the latter half of 2016 when commodity-related sectors and financials performed relatively well. Instead, investors have favoured technology stocks in anticipation of an upturn in the semiconductor industry, while earnings announcements from the major technology companies have also been encouraging. While the mining sector has been underpinned by the recent strength of industrial metal prices, energy stocks have underperformed as Organisation of Petroleum Exporting Countries (OPEC)'s move to introduce production quotas has failed to restore equilibrium in global oil markets. The strongest overseas markets in Sterling terms were Continental Europe and the Asia Pacific markets (excluding Japan). The smaller Asia Pacific markets have been supported by earnings revisions, improving Chinese economic indicators and firmer prices for manufactured goods.

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

### **Trust Review**

During the review period there were two quarterly Index rebalances; in June 2017 and September 2017.

The June 2017 quarterly Index review resulted in no additions and no deletions. There were 414 changes to the free share capital of constituents with the largest increases being Tenaga Nasional (Malaysia) and Taiwan Semiconductor Manufacturing (Taiwan) and the largest decreases being Samsung Electronics (South Korea) and Formosa Chemicals & Fibre (Taiwan).

The September 2017 quarterly Index review resulted in seven additions and six deletions. The largest additions were Dairy Farm International (Hong Kong) and Energy Absolute (Thailand). The two largest deletions were Yangzijiang Shipbuilding and Yanlord Land Group (both Singapore). There were 41 changes to the free share capital of constituents with the largest increases being Hyundai Robotics and Hyundai Heavy Industries (both South Korea) and the largest decreases being CK Hutchison (Hong Kong) and Samsung Electronics (Preference shares) (South Korea).

Outside the reviews, capital raising events as well as mergers and acquisitions were prevalent with most of the significant activity in Australia and Korea. In May, Hyundai Heavy Industries (South Korea) spun off 3 new companies in a deal worth \$5.97 billion. The new companies; Hyundai Robotics, Hyundai Construction Equipment and Hyundai Electric & Energy System (all South Korea) were added to the Index. Also in May, Duet Group (Australia) was deleted from the Index after being acquired by a syndicate of Chinese companies in a deal worth \$9.7 billion. In the capital raising space, two new stocks were added to the Index as a result of Initial Public Offerings. In May, Netmarble Games (South Korea) was added to the Index after an IPO worth \$2.3 billion, which was the biggest IPO in South Korea for seven years. Following that in July, Celltrion Healthcare was added to the Index after its IPO raised \$900 million.

### **Outlook**

In Asia, we are still worried about Chinese debt levels and likely slowing economic growth, even if carefully managed by the government. However, the global economic cycle remains supportive of risk assets and we do not see any immediate risk of a recession.

The Trust is well positioned to capture the region's market performance.

Legal & General Investment Management Limited  
(Investment Adviser)  
16 October 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 Trust is the measure of the volatility of the differences between the return of the Trust and the return of the benchmark Index. It provides an indication of how closely the Trust is tracking the performance of the benchmark Index after considering things such as Trust charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Trust is 0.01%, whilst the annualised Tracking Error of the Trust over the last 3 years to the end of September 2017 is 0.02%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/- 0.50% per annum.

## **Minimum Investment Amounts**

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

R- Class	£500
F-Class	£500
I-Class	£1,000,000
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 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.

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 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.

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

## **Significant Changes**

### **Removal of Initial Commission**

With effect from 6 June 2017, initial commission will no longer be paid on the Trust. The initial commission was intended to reflect the costs incurred by the product provider and the intermediary for setting up and selling the business, however, Legal & General no longer consider it appropriate to continue to pay commission on such transactions.

**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**

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