

Legal & General
Global Health and Pharmaceuticals
Index Trust

**Interim Manager's
Short Report
for the period ended
7 July 2017**

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective of this Trust is to secure capital growth from a portfolio of securities representing companies engaged in Health, Pharmaceuticals and Biotechnology.

Securities representing all such companies in the FTSE World Index will be held with weightings generally proportionate to their 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.

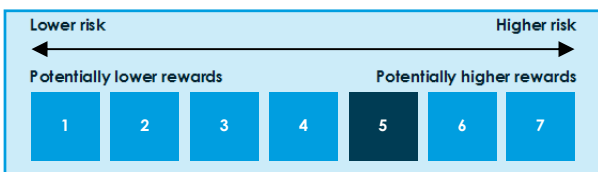
Trust Facts

Period End Date for Distribution:		7 January
Distribution Date:		7 March
Ongoing Charges Figures:	7 Jul 17	7 Jan 17
R-Class	1.04%	1.15%
F-Class	0.45%	0.45%
I-Class	0.31%	0.31%

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

The policy is to distribute, on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. This being the case, there is no interim distribution.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	6,824,711	11,640,599	58.63
Accumulation Units	107,024,409	163,170,235	65.59
F-Class			
Distribution Units	717	1,216	58.96
Accumulation Units	161,716	238,430	67.83
I-Class			
Distribution Units	158,252,831	268,494,098	58.94
Accumulation Units	136,080,412	189,524,714	71.80

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.

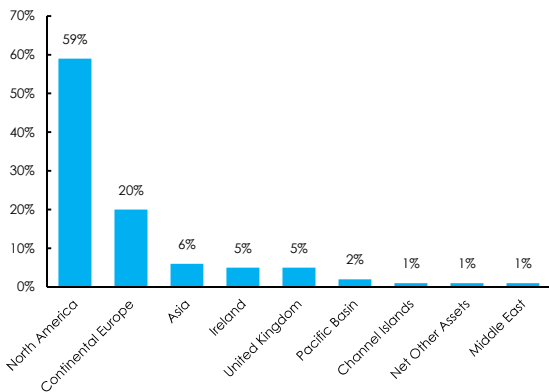
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

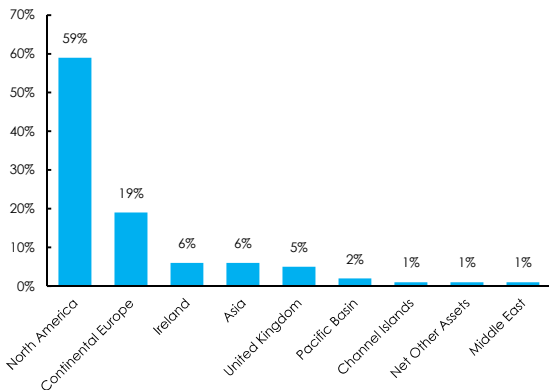
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 7 July 2017		Top 10 Holdings at 7 January 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Johnson & Johnson	8.18%	Johnson & Johnson	8.01%
Pfizer	4.49%	Pfizer	5.08%
Novartis	4.42%	Novartis	4.36%
UnitedHealth Group	4.12%	Roche NPV	4.23%
Roche NPV	4.09%	Merck & Company	4.16%
Merck & Company	3.96%	UnitedHealth Group	3.89%
Amgen	2.89%	Amgen	2.98%
Medtronic	2.75%	AbbVie	2.58%
AbbVie	2.62%	Gilead Sciences	2.51%
Sanofi	2.35%	Medtronic	2.51%

Trust Holdings as at 7 July 2017



Trust Holdings as at 7 January 2017



Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 6.23%. 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 period, the Trust rose by 6.19% on a capital only basis compared with the FTSE World Health and Pharmaceutical Index rise of 6.25% (Source: Rimes), producing a tracking difference of -0.06%.

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The value of investments and any income from them may go down as well as up.

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Market/Economic Review

Equity markets have made significant gains over the review period, reflecting a steady improvement in global economic indicators and growing optimism amongst investors for prospects in 2017. Since the turn of the calendar year 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 more defensive sectors (including healthcare) as central banks signalled the prolonged era of ultra-loose monetary policy was coming to an end. In contrast, those sectors closely correlated with bonds struggled, such as utilities and telecommunications.

The UK equity market ended the second quarter on the back foot, as an inconclusive outcome to the general election added to the already uncertain outlook for consumer spending and business investment in the UK with Brexit negotiations now under way. Returns from international markets for UK-based investors were diluted by currency movements, as Sterling regained some of the ground lost over the latter half of 2016, in the aftermath of the EU referendum. The strongest areas in Sterling terms were Continental Europe and the Asia Pacific markets excluding Japan. Corporate results in Europe have highlighted improving earnings momentum with expectations for 2017 being revised higher, while indicators suggest regional economic activity is regaining momentum. In the French presidential election, centrist candidate Emmanuel Macron won the second round by a convincing majority, reinforcing the

Manager's Investment Report continued

prevailing mood of optimism amongst investors. The smaller Asia Pacific markets have been supported by earnings revisions, underpinned by economic growth and firmer prices for manufactured goods. More broadly, emerging markets have outperformed the FTSE World Index as concerns over the risk of a protectionist approach to US trade policy have abated in recent months.

Trust Review

At the end of the period under review, there were 90 companies in the FTSE World Index classified as Pharmaceuticals and Biotechnology, and a further 67 companies classified under the Health Care Equipment and Services sector. These sub sectors account for approximately 70% and 30% of the portfolio respectively.

The top 10 holdings in the portfolio are shown in descending order of holding value below. Together these account for roughly 37% of the total market value of the Trust:

Johnson & Johnson (US)
Pfizer (US)
Novartis (Switzerland)
UnitedHealth Group (US)
Roche (Switzerland)
Merck & Company (US)
Amgen (US)
Medtronic (Ireland)
AbbVie Inc (US)
Sanofi (France)

The March quarterly Index review resulted in one addition (IDEXX Laboratories) and one deletion (Alynlam Pharmaceuticals). There were three increases and 17 reductions in free share capital of existing Index constituents reflected in this Index review. The most significant of these changes was Allergan (Ireland), whose shares in issue reduced by 11%, resulting in a reduction of its weighting in the Index by approximately 0.23%. The total two-way Index turnover was 0.98%.

The June quarterly Index review resulted in two additions and two deletions. Added to the Index were Vifor Pharma (Switzerland) and ConvaTec Group (UK). The deletions were Varex Imaging (US) and Actelion Holdings (Switzerland), removed following its acquisition for cash by Johnson & Johnson (US). There were also 134 changes in free share capital to Index constituents, with the largest increase being Mylan (Netherlands) and the largest decrease being Aetna (US). The total two-way Index turnover was 2.38%.

Outside the Index reviews, there were increases in weightings for Lonza Group (Switzerland), UnitedHealth Group and Becton Dickinson & Company (both US). In January, the acquisition of St Jude Medical by Abbott Laboratories became effective in the Index, resulting in the deletion of St Jude Medical and an increase

Manager's Investment Report continued

in the Index weight of Abbott Laboratories by approximately 0.25%.

Outlook

For our medium-term framework for risk assets, which continues to point to a mildly cautious stance, we have four themes that influence our medium-term thinking.

First among those is our belief that interest rates are likely to be held down by the burden of poor demographics and heavy debt burdens. This “lower for longer” outlook does not imply being permanently bullish on bonds irrespective of the level of yields, but it does make us very sceptical about the “death of the bond market” and “great rotation” narratives. This gives us a bias to hold relatively stable, income-generating assets.

Second, policy divergence between the USA and the rest of the developed world is likely to persist. The Federal Reserve has already hiked interest rates three times while other central banks remain committed to easing. That puts secular upward pressure on the US Dollar relative to other currencies and acts as a headwind to both commodities and emerging market equities.

Third, the new political paradigm is our recognition that politics now matters enough to have a first order impact on markets. Investors' obsessions with opinion polls and elections is warranted given the shocks of the last twelve months and implies that political shocks are likely to drive episodes of volatility.

Fourth, we need to remember the lingering risk of an extreme economic policy option in the form of helicopter money. We define helicopter money as temporary fiscal stimulus financed by permanent monetary expansion. It potentially puts an implicit floor under any significant sell-off in risk assets (especially in those countries, such as Japan, where it is most likely to be initiated).

While the healthcare and pharmaceuticals sectors are vulnerable to the effects of the third of these themes in particular (given the prominence of healthcare reform in the Trump presidency), the Trust remains well positioned to capture the performance of the benchmark Index.

Legal & General Investment Management Limited

(Investment Adviser)

27 July 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.

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 0.05%, whilst over the last three years to the end of July 2017, the annualised Tracking Error of the Trust is 0.07%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/-0.75% per annum.

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.

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

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.

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

Change of FMF for R-Class

With effect from 6 June 2017, the Fund Management Fee (FMF) has been reduced from 1.15% to 0.95%.

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,

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London E14 5NT

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

Independent Auditors

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London SE1 2RT

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

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