

Legal & General
Global Health and Pharmaceuticals
Index Trust

**Annual Manager's
Short Report
for the year ended
7 January 2018**

**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.

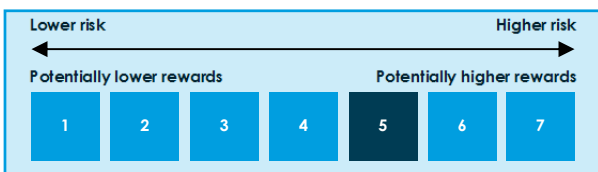
Trust Facts

Period End Date for Distribution:		7 January
Distribution Date:		7 March
Ongoing Charges Figures:	7 Jan 18	7 Jan 17
R-Class	1.03%	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

R-Class

The distribution payable on 7 March 2018 is 0.4170p per unit for distribution units and 0.4666p per unit for accumulation units.

F-Class

The distribution payable on 7 March 2018 is 0.7713p per unit for distribution units and 0.8872p per unit for accumulation units.

I-Class

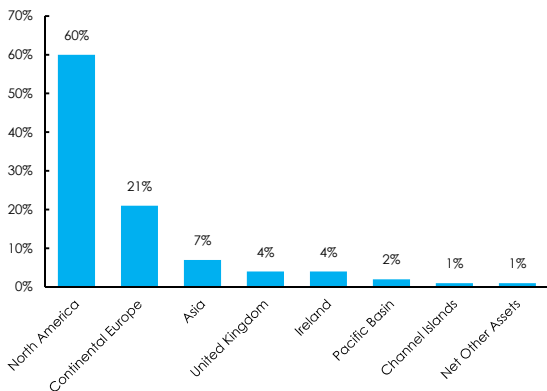
The distribution payable on 7 March 2018 is 0.8522p per unit for distribution units and 1.0383p per unit for accumulation units.

Portfolio Information

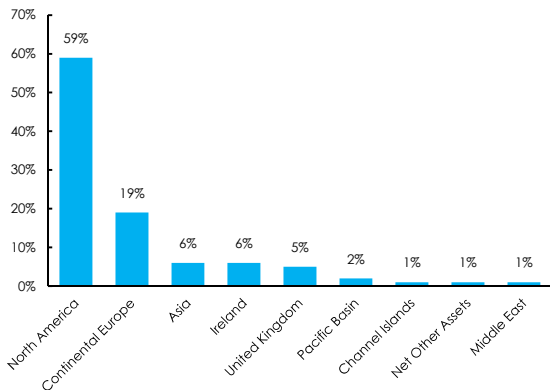
The top 10 holdings and their associated weighting at the current and preceding year end were:

Top 10 Holdings at 7 January 2018		Top 10 Holdings at 7 January 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Johnson & Johnson	7.93%	Johnson & Johnson	8.01%
UnitedHealth	4.57%	Pfizer	5.08%
Pfizer	4.56%	Novartis	4.36%
Novartis	4.01%	Roche AG	4.23%
Roche AG	3.79%	Merck & Company	4.16%
AbbVie	3.31%	UnitedHealth	3.89%
Merck & Company	3.28%	Amgen	2.98%
Amgen	2.76%	AbbVie	2.58%
Medtronic	2.39%	Gilead Sciences	2.51%
Bayer	2.27%	Medtronic	2.51%

Trust Holdings as at 7 January 2018



Trust Holdings as at 7 January 2017



Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/18 (pence per unit)	07/01/17 (pence per unit)	07/01/16 (pence per unit)
Opening net asset value per unit	54.86	47.30	45.04
Return before operating charges*	5.53	8.48	3.04
Operating charges (calculated on average price)	(0.60)	(0.59)	(0.55)
Return after operating charges*	4.93	7.89	2.49
Distributions on income units	(0.42)	(0.33)	(0.23)
Closing net asset value per unit	59.37	54.86	47.30
* after direct transaction costs of:	0.02	0.01	0.01

Performance

Return after charges	8.99%	16.68%	5.53%
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Other Information

Closing net asset value (£)	6,945,908	6,607,055	5,622,192
Closing number of units	11,699,403	12,043,433	11,886,195
Operating charges†	1.03%	1.15%	1.15%
Direct transaction costs	0.03%	0.02%	0.02%

Prices

Highest unit price	61.17p	56.97p	51.05p
Lowest unit price	52.68p	43.31p	43.43p

† Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

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

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/18 (pence per unit)	07/01/17 (pence per unit)	07/01/16 (pence per unit)
Opening net asset value per unit	61.37	52.60	49.85
Return before operating charges*	6.19	9.42	3.36
Operating charges (calculated on average price)	(0.67)	(0.65)	(0.61)
Return after operating charges*	5.52	8.77	2.75
Distributions	(0.47)	(0.37)	(0.26)
Retained distributions on accumulation units	0.47	0.37	0.26
Closing net asset value per unit	66.89	61.37	52.60
* after direct transaction costs of:	0.02	0.01	0.01

Performance

Return after charges	8.99%	16.67%	5.52%
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Other Information

Closing net asset value (£)	107,678,286	100,139,971	89,425,215
Closing number of units	160,986,359	163,161,625	170,016,282
Operating charges†	1.03%	1.15%	1.15%
Direct transaction costs	0.03%	0.02%	0.02%

Prices

Highest unit price	68.43p	63.36p	56.50p
Lowest unit price	58.94p	48.16p	48.06p

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Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/18 (pence per unit)	07/01/17 (pence per unit)	07/01/16 (pence per unit)
Opening net asset value per unit	55.02	47.45	45.15
Return before operating charges*	5.55	8.52	3.09
Operating charges (calculated on average price)	(0.26)	(0.23)	(0.22)
Return after operating charges*	5.29	8.29	2.87
Distributions on income units	(0.77)	(0.72)	(0.57)
Closing net asset value per unit	59.54	55.02	47.45
* after direct transaction costs of:	0.02	0.01	0.01

Performance

Return after charges	9.61%	17.47%	6.36%
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Other Information

Closing net asset value (£)	724	669	577
Closing number of units	1,216	1,216	1,216
Operating charges†	0.45%	0.45%	0.45%
Direct transaction costs	0.03%	0.02%	0.02%

Prices

Highest unit price	61.49p	57.40p	51.28p
Lowest unit price	52.83p	43.45p	43.75p

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Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/18 (pence per unit)	07/01/17 (pence per unit)	07/01/16 (pence per unit)
Opening net asset value per unit	63.25	53.83	50.65
Return before operating charges*	6.40	9.68	3.43
Operating charges (calculated on average price)	(0.30)	(0.26)	(0.25)
Return after operating charges*	6.10	9.42	3.18
Distributions	(0.89)	(0.82)	(0.64)
Retained distributions on accumulation units	0.89	0.82	0.64
Closing net asset value per unit	69.35	63.25	53.83
* after direct transaction costs of:	0.02	0.01	0.01

Performance

Return after charges	9.64%	17.50%	6.28%
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Other Information

Closing net asset value (£)	202,122	147,862	106,870
Closing number of units	291,464	233,776	198,543
Operating charges†	0.45%	0.45%	0.45%
Direct transaction costs	0.03%	0.02%	0.02%

Prices

Highest unit price	70.75p	65.18p	57.53p
Lowest unit price	60.76p	49.32p	49.09p

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Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/18 (pence per unit)	07/01/17 (pence per unit)	07/01/16 (pence per unit)
Opening net asset value per unit	54.92	47.35	45.09
Return before operating charges*	5.56	8.53	3.04
Operating charges (calculated on average price)	(0.18)	(0.16)	(0.15)
Return after operating charges*	5.38	8.37	2.89
Distributions on income units	(0.85)	(0.80)	(0.63)
Closing net asset value per unit	59.45	54.92	47.35
* after direct transaction costs of:	0.02	0.01	0.01

Performance

Return after charges	9.80%	17.68%	6.41%
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Other Information

Closing net asset value (£)	172,640,075	34,249,394	12,388,624
Closing number of units	290,378,958	62,357,826	26,161,380
Operating charges†	0.31%	0.31%	0.31%
Direct transaction costs	0.03%	0.02%	0.02%

Prices

Highest unit price	61.48p	57.40p	51.23p
Lowest unit price	52.77p	43.39p	43.75p

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Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/18 (pence per unit)	07/01/17 (pence per unit)	07/01/16 (pence per unit)
Opening net asset value per unit	66.91	56.86	53.43
Return before operating charges*	6.77	10.24	3.61
Operating charges (calculated on average price)	(0.22)	(0.19)	(0.18)
Return after operating charges*	6.55	10.05	3.43
Distributions	(1.04)	(0.96)	(0.75)
Retained distributions on accumulation units	1.04	0.96	0.75
Closing net asset value per unit	73.46	66.91	56.86
* after direct transaction costs of:	0.02	0.01	0.01

Performance

Return after charges	9.79%	17.68%	6.42%
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Other Information

Closing net asset value (£)	147,799,919	126,714,211	86,250,389
Closing number of units	201,188,412	189,384,223	151,684,280
Operating charges†	0.31%	0.31%	0.31%
Direct transaction costs	0.03%	0.02%	0.02%

Prices

Highest unit price	74.89p	68.93p	60.70p
Lowest unit price	64.28p	52.10p	51.84p

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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 8.34%. 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 8.30% on a capital only basis compared with the FTSE World Health and Pharmaceutical Index rise of 8.38% (Source: Rimes), producing a tracking difference of -0.08%.

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Market/Economic Review

The global economic background improved in 2017, led by solid growth in the major developed economies. Despite a rise in commodity prices that saw the oil price end the year at an 18-month high, inflationary pressures worldwide have remained subdued.

Economic activity accelerated in the US, with output growing at an annualised rate of over 3% during both the second and third quarters. Growth was underpinned by improving consumer and business sentiment, a stronger labour market and a recovery in the energy sector. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates three times. It also began unwinding its asset purchase programme, known as quantitative easing (QE), in October. As the year drew to a close, Congress approved the Trump administration's tax reforms, which include a cut in the main rate of corporation tax from 35% to 21%.

In recent months, the recovery in economic activity has been most pronounced in the Eurozone, with economic confidence recording its highest level for more than a decade. The European Central Bank (ECB) announced it would reduce its monthly asset purchase programme with effect from 2018, but with inflation remaining subdued, the ECB has signalled monetary policy will remain accommodative. In the UK, however, both economic and political uncertainty heightened during the year as the June general election resulted in a hung parliament and Brexit negotiations began. The Bank of England (BoE) voted to increase interest rates to 0.5% in

Manager's Investment Report continued

November, removing the emergency support announced in August 2016 in the wake of the EU referendum.

Japan's economy has now recorded seven consecutive quarters of growth as monetary policy has remained loose. Meanwhile, the Chinese authorities have adopted a range of policy initiatives to facilitate the economy's transition from export and investment-driven growth towards consumption and services, while tightening regulation of shadow banking and encouraging debt reduction in the broader economy. Both the Brazilian and Russian economies saw a turn of fortunes as the year progressed, given the boost of a recovery in commodity markets.

Equities recorded double-digit percentage gains as a combination of an improving global economic outlook, low inflation and supportive central bank policies underpinned markets worldwide. In recent months, there has been a marked decline in equity market volatility, while markets have also been supported by companies buying back their own shares.

Trust Review

At the end of the year under review, there were 90 companies in the FTSE World Index classified as Pharmaceuticals and Biotechnology, and a further 71 companies classified under the Health Care Equipment and Services sector. These sub sectors account for approximately 69% and 31% 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 39% of the total market value of the Trust:

Johnson & Johnson (US)
UnitedHealth (US)
Pfizer (US)
Novartis (Switzerland)
Roche AG (Switzerland)
AbbVie (US)
Merck & Company (US)
Amgen (US)
Medtronic (Ireland)
Bayer (Germany)

The March quarterly Index review resulted in one addition IDEXX Laboratories and one deletion Alnylam Pharmaceuticals (both US). 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 for this review 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)

Manager's Investment Report continued

and Actelion (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 for this review was 2.38%.

The September review featured two additions Align Technology and Cooper Cos (both US), and one deletion, Endo International (US). There were also 14 changes in free share capital at this review, though none resulted in a change to Index weight of more than 0.04%. The total two-way Index turnover for this review was 1.46%.

In the December review, there was one addition to the Index – Bayer (Germany) – which was due to a reclassification of the stock's sector under FTSE rules. This stock came into the Index with a weight of 2.24%. There were no deletions and a total of 20 changes to free share capital at this review, resulting in a total two-way Index turnover of 4.60%.

Outlook

We have a positive view on global growth and this could provide a tailwind to the performance of risk assets over the year ahead.

However, we are wary that markets haven't fully considered the medium-term headwinds to growth, or to the risks. The market enthusiasm behind President Trump's proposed policies (tax cuts and infrastructure spending for example) may run out of steam if he can't deliver, or indeed if he does deliver what the market believes to be the wrong policies.

Given this backdrop the Trust remains well positioned to continue to capture performance.

Legal & General Investment Management Limited
(Investment Adviser)
30 January 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 year, the annualised Tracking Error of the Trust is 0.01%, whilst over the last three years to the end of December 2017, the annualised Tracking Error of the Trust is 0.02%. 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,

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

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London SE1 2RT

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

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