Distribution Number 3

Legal & General
Global Emerging Markets Index Fund

Annual Manager's Short Report for the year ended 31 July 2013

Investment Objective and Policy

The objective of the Fund is to track the capital performance of global emerging equity markets, as represented by the FTSE All-World Emerging Index.

The Manager will seek to achieve the investment objective by investing primarily in securities that make up the constituents of the FTSE All-World Emerging Index. The Fund may also invest in stocks which are reasonably expected, at the investment manager's discretion to become part of the Index. Securities will be held with weightings generally proportionate to their market capitalisation. The Fund may hold depository receipts and derivatives both for efficient portfolio management and investment purposes.

The Fund may also invest in other transferable securities, equities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes.

Risk Profile

Market Risk

Market risk arises mainly from uncertainty about future prices. 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.

This Fund invests in securities which are issued by companies in Emerging Markets and therefore, there is likely to be increased volatility in price movements. The securities may also be less liquid than securities on larger exchanges which are generally traded more frequently.

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 Date for Distribution:	31 Jul	
Distribution Date:	30 Sep	
Ongoing Charges Figures:	31 Jul 13	31 Jul 12
R-Class	1.06%	1.18%
I-Class	0.56%	0.70%
L-Class	0.27%	0.40%
F-Class*	0.71%	—

* F-Class units were launched on 19 December 2012.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) 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

Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards
1	2	3	4	5	6	**7**

- 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 value of the Fund has moved up and down in the past.
- This Fund is in category seven because it invests in company shares from emerging markets which generally provide higher rewards and higher risks than other investments such as company shares from more developed markets, 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.

Fund Performance

Accounting Date	Net Asset Value Of Fund	Net Asset Value Per Unit	Number Of Units In Issue
31 Jul 11			
R-Class			
Distribution Units	£2,539,825	48.67p	5,218,869
Accumulation Units	£16,516,345	49.33p	33,478,997
I-Class			
Distribution Units	£6,326,433	48.69p	12,993,956
Accumulation Units	£2,626,563	49.50p	5,306,051
L-Class			
Distribution Units	£31,737,358	48.69p	65,177,178
31 Jul 12			
R-Class			
Distribution Units	£10,374,099	42.83p	24,222,838
Accumulation Units	£27,335,340	44.28p	61,737,435
I-Class			
Distribution Units	£17,374,501	42.83p	40,566,888
Accumulation Units	£10,816,694	44.65p	24,224,533
L-Class			
Distribution Units	£32,800,884	42.80p	76,630,301
31 Jul 13			
R-Class			
Distribution Units	£10,802,715	43.56p	24,801,168
Accumulation Units	£35,391,545	45.90p	77,108,294
I-Class			
Distribution Units	£25,208,175	43.55p	57,883,987
Accumulation Units	£197,187,807	46.52p	423,860,361
L-Class			
Distribution Units	£23,231,009	43.52p	53,385,248
F-Class*			
Distribution Units	£10,438	43.70p	23,887
Accumulation Units	£156,884	46.16p	339,887

* F-Class units launched on 19 December 2012.

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.

Distribution Information

R-Class

The distribution payable on 30 September 2013 is 0.8372p net per unit for distribution units and 0.8667p net per unit for accumulation units.

I-Class

The distribution payable on 30 September 2013 is 1.0722p net per unit for distribution units and 1.1242p net per unit for accumulation units.

L-Class

The distribution payable on 30 September 2013 is 1.2028p net per unit for distribution units.

F-Class

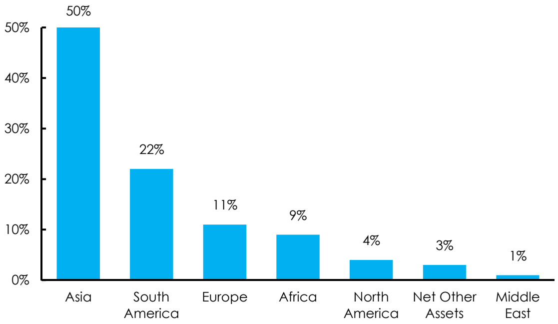
The distribution payable on 30 September 2013 is 0.9490p net per unit for distribution units and 0.9811p net per unit for accumulation units.

Portfolio Information

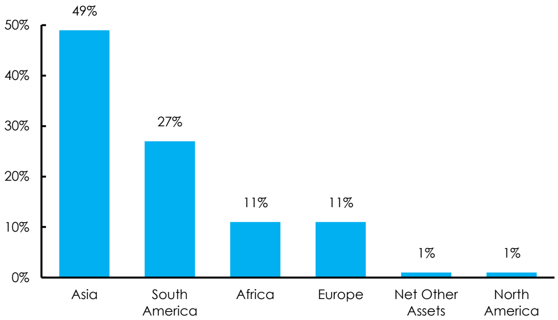
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 31 July 2013		Top 10 Holdings at 31 July 2012	
Holding	**Percentage of Net Asset Value**	**Holding**	**Percentage of Net Asset Value**
Taiwan Semiconductor Manufacturing	2.54%	China Mobile	2.19%
China Mobile	1.76%	Taiwan Semiconductor Manufacturing	2.13%
China Construction Bank	1.72%	Petroleo Brasileiro (Preference)	1.76%
Industrial & Commercial Bank of China	1.52%	America Movil	1.63%
Gazprom (US Line)	1.40%	China Construction Bank	1.51%
Tencent Holdings	1.32%	Gazprom (US Line)	1.41%
Lukoil	1.10%	Companhia de Bebidas das Americas (Preference)	1.28%
America Movil	1.08%	Vale (Preference)	1.20%
Itau Unibanco (Preference)	1.03%	Industrial & Commercial Bank of China	1.17%
Naspers	1.03%	Petroleo Brasileiro	1.17%

Fund Holdings as at 31 July 2013



Fund Holdings as at 31 July 2012



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2010[1]	53.79p	49.82p	—
2011	53.98p	39.06p	0.6627p
2012	48.63p	40.89p	0.8497p
2013[2]	50.60p	41.28p	0.8372p
Accumulation Units			
2010[1]	53.79p	49.82p	—
2011	53.97p	39.57p	0.6547p
2012	49.29p	41.46p	0.8613p
2013[2]	52.31p	42.68p	0.8667p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2010[1]	53.83p	49.83p	—
2011	54.01p	39.11p	0.8123p
2012	48.78p	41.07p	1.0729p
2013[2]	50.75p	41.47p	1.0722p
Accumulation Units			
2010[1]	53.83p	49.83p	—
2011	54.01p	39.74p	0.8279p
2012	49.62p	41.77p	1.0913p
2013[2]	52.91p	43.23p	1.1242p

L-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2010[1]	53.86p	49.55p	—
2011	54.05p	39.11p	0.9403p
2012	48.75p	41.14p	1.1918p
2013[2]	50.81p	41.36p	1.2028p

[1] From 29 October 2010.

[2] The above tables show the highest offer and lowest bid prices to 31 July 2013 and the net revenue per unit to 30 September 2013.

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.

Unit Price Range and Net Revenue continued

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012[(1)]	46.22p	45.42p	—
2013[(2)]	50.82p	41.50p	0.9490p
Accumulation Units			
2012[(1)]	47.79p	46.96p	—
2013[(2)]	52.54p	42.91p	0.9811p

* There are no prior year comparatives for the F-Class which launched on 19 December 2012.

(1) The above table shows the highest offer and lowest bid prices from 19 December 2012 to 31 December 2012.

(2) The above table shows the highest offer and lowest bid prices to 31 July 2013 and the net revenue per unit to 30 September 2013.

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.

Manager's Investment Report

During the year under review, the bid price of the Fund's R-Class distribution units rose by 1.81%. FTSE, the Index compiler calculates the benchmark at the end of business day using closing prices whereas the Fund is valued using prevailing prices at midday. Therefore, for tracking purposes the Fund has been revalued using closing prices and foreign exchange rates, and adjusted for the effects of Fund charges and taxation. On this basis, over the review year, the Fund rose by 2.85%, on a capital only basis, compared with the FTSE All-World Emerging Index return of 2.68% on a capital only basis (Sterling adjusted), producing a tracking difference of +0.17% (Source: Bloomberg).

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

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The FTSE All World Emerging Index is calculated by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this product.

Market/Economic Review

Emerging market equities largely underperformed their developed peers over the year under review. Initially markets posted strong performance, cheered by optimism that the improving global economic outlook would boost companies' profits. Supportive measures undertaken by central banks in developed markets also boosted investors' willingness to switch into higher risk investments such as emerging markets over the second half of 2012.

China was among the leading gainers at this time, with industrial production, retail sales and exports strong and November's political leadership transition bringing hopes of business friendly reforms. Sentiment towards the Chinese market improved further in January 2013 on news that economic growth picked up during the final quarter of 2012. Latin American equities also delivered solid gains, albeit with returns lagging those of leading Asian markets.

Investor sentiment started to deteriorate towards the end of the first quarter of 2013. In China, investors were concerned by more hawkish policy announcements on property and banks' savings products. At the same time, reports emerged that Brazil, the world's second-largest emerging market, grew at the slowest pace for three years in 2012.

Manager's Investment Report continued

Emerging market equities continued on a weaker trajectory during the second quarter of 2013. A spike in Chinese inter-bank borrowing rates, suggesting that Chinese authorities were becoming more serious about restricting credit-fuelled growth, hit market sentiment. A wider decrease in risk appetite following the Federal Reserve's guidance on potential 'tapering' of ongoing asset purchases helped to cause a broad sell-off across asset classes. Asia (+9.5%) was the best performer over the year, with Latin American equities (-9.2%) lagging the rest of the market. Brazil was a visible sign of stress in Latin America, where despite disappointing growth numbers, the central bank stepped up the pace of monetary tightening due to inflationary pressures.

Some of the performance downturn was relived in July 2013 as Chinese authorities changed their tone following the interbank lending rate spike in the previous month.

Of the emerging countries that saw increases, it was the countries assigned smaller weights in the Index that performed best: United Arab Emirates (+78.0%), Pakistan (+36.0%) and Philippines (+24.7%). The worst performing countries were Peru (-32.8%), Morocco (-28.9%) and Chile (-16.8%).

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.

During the year under review there were four Index reviews carried out by FTSE. The largest of these by some margin was the review in March 2013 where FTSE enhanced the free float methodology from banded to actual. This resulted in a free float change for nearly half of the companies. Together with the review changes, which included 75 additions and 20 deletions, this resulted in two-way Index turnover of 16.5%. Of the additions, 31 were for Chinese P-chips, the nationality of which FTSE reclassified from Hong Kong to China. The largest of these were Tencent Holdings and Belle International. The largest sales in the Fund were for Petrobras and AmBev (both Brazil).

The other reviews during the year were quieter affairs. At the quarterly Index review in September 2012, there were no additions or deletions. There were, however, a number of shares in issue changes to the existing constituents, with the most significant being increases for EXXARO Resources (South Africa) and Housing Development Finance (India). Reliance Industries (India) was the largest down-weight. The total two-way Index turnover was 0.3%.

At the December 2012 quarterly Index review, there was one change to Index constituents: CCX Carvao da Colombia (Brazil) was deleted under FTSE's fast exit rule after its market cap fell below the threshold for Index inclusion. There were also 40 changes to the free share capital of constituents. Two-way Index turnover was 1.2%, with a decrease for Indian tobacco company ITC being by far the largest contributor to this. The largest increases were for Magnit GDR (Russia) and Latam Airlines Group (Chile).

The June 2013 Index review saw two additions, CEMEX Latam Holdings (Colombia) and Grupo Sanborns (Mexico), and no deletions. A total of 76 changes to the free share capital of constituents also contributed to two-way Index turnover of 1.0%.

Outside the Index reviews, there were a number of Initial Public Offerings (IPOs) that led to stocks being added to the Index under the fast-entry ruling. The largest of these were Brazilian Insurance company BB Seguridade Participacoes and the financial services company Grupo Financiero Santander Mexico which listed both local shares and ADRs in August 2012. Other firms entering the Index after successful IPOs were Russian telecommunications company MegaFon, Chinese companies People's Insurance Company of China, Sinopec Engineering , China Galaxy Securities and Malaysian stock Astro Malaysia Holdings. All of these stocks were subsequently bought by the Fund.

The regional breakdown of the Index at the end of the year was Asia Pacific (49.9%), Latin America (22.3%) and Europe, the Middle East and Africa (EMEA) (24.9%). The largest stocks were Taiwan Semiconductor Manufacturing (2.5%), China Mobile (1.8%) and China Construction Bank (1.7%).

Outlook

Emerging market growth has been weaker of late and although the Chinese money market has stabilised, the recent volatility is likely to leave lasting effects on the inter-bank market. It is no easy feat for authorities to control credit and inflationary pressure while still encouraging GDP (Gross Domestic Product) growth. On this basis, China's significant contribution to global growth is expected to remain steady, rather than increase further going forward.

It is important to emphasise that the tighter liquidity conditions were not externally forced upon China because of a lower balance of foreign flow payments. In fact, China's very healthy net external asset position has strengthened even further of late. In addition, with inflation low, the exchange rate regime is more flexible and substantial capital controls still exist which means the authorities in China do not have the major policy constraints usually associated with emerging market crisis. However, lower growth in China is likely to feed through to lower growth in other emerging market regions.

In Brazil, the increasing rate cycle, used in an attempt to control inflationary pressures, is expected to continue with further increases likely before the year end. Encouragingly for Brazil, trade performance data has improved as the Brazilian Real depreciated.

Manager’s Investment Report continued

There may be a reduction in the significant contribution that emerging markets make to global growth in the near future but we believe that the broad features of emerging market macroeconomic resilience remain intact.

The Fund continues to be well positioned to benefit from its exposure to emerging markets.

Legal & General Investment Management Limited
(Investment Adviser)
20 August 2013

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 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 0.12%, whilst over the period from launch to 31 July 2013, the annualised Tracking Error is 0.15%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of 1.50% per annum.

Significant Changes

Change to Annual Management Charge

With effect from 1 April 2013, the annual management charge fee for I-Class units has been reduced from 0.30% to 0.25%.

New Unit Class: F-Class

With effect from 19 December 2012, the Fund launched a new F-Class, with distribution and accumulation units available.

F-Class units are only available for investment through a financial adviser.

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 and F-Class only, with a minimum amount of £50 per month.

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

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.

Manager

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Authorised and regulated by the Financial Conduct Authority

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

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