

Legal & General
Global Health & Pharmaceuticals Index Trust
**Annual Manager's
Short Report
for the year ended
7 January 2014**

**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. 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.

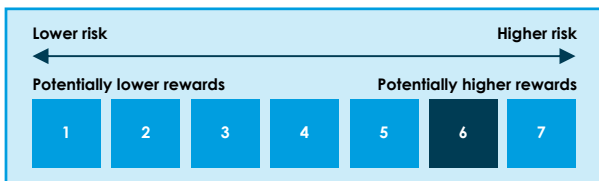
Trust Facts

Period End Date for Distribution:		7 Jan
Distribution Date:		7 Mar
Ongoing Charges Figures:	7 Jan 14	7 Jan 13
R-Class	1.15%	1.15%
I-Class	0.31%	0.32%
F-Class	0.45%	0.45%

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 six 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.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
7 Jan 12			
R-Class			
Distribution Units	£2,209,406	24.81p	8,905,044
Accumulation Units	£38,327,183	26.77p	143,166,985
I-Class			
Distribution Units	£7,489,337	24.86p	30,126,827
Accumulation Units	£592,794	27.98p	2,118,682
7 Jan 13			
R-Class			
Distribution Units	£3,012,143	27.88p	10,803,581
Accumulation Units	£49,267,047	30.43p	161,898,814
I-Class			
Distribution Units	£8,879,337	27.93p	31,788,344
Accumulation Units	£2,791,652	32.07p	8,704,045
F-Class*			
Distribution Units	£1,001	27.92p	3,585
Accumulation Units	£1,014	30.51p	3,323
7 Jan 14			
R-Class			
Distribution Units	£4,945,879	35.53p	13,921,321
Accumulation Units	£70,431,623	39.11p	180,063,302
I-Class			
Distribution Units	£24,020,546	35.56p	67,547,485
Accumulation Units	£13,081,842	41.57p	31,466,268
F-Class*			
Distribution Units	£1,277	35.62p	3,585
Accumulation Units	£32,390	39.47p	82,064

* 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 7 March 2014 is 0.3081p net per unit for distribution units and 0.3365p net per unit for accumulation units.

I-Class

The distribution payable on 7 March 2014 is 0.5879p net per unit for distribution units and 0.6789p net per unit for accumulation units.

F-Class

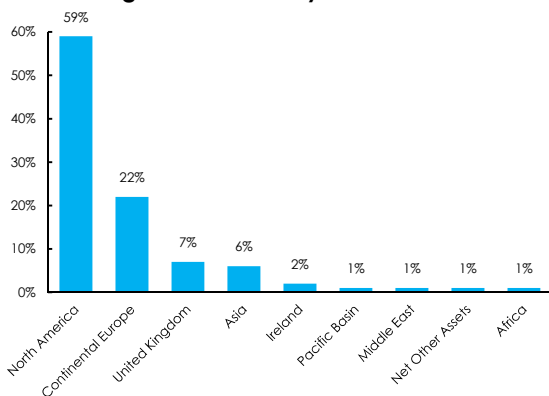
The distribution payable on 7 March 2014 is 0.5350p net per unit for distribution units and 0.5874p net per unit for accumulation units.

Portfolio Information

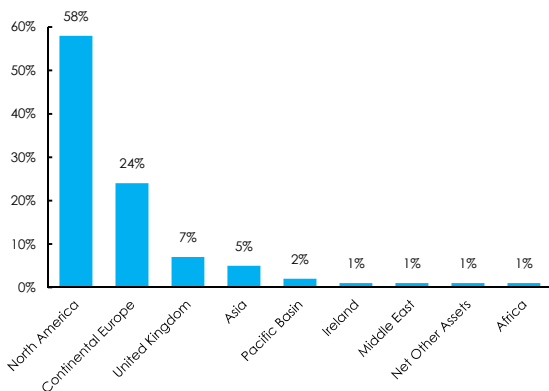
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 7 January 2014		Top 10 Holdings at 7 January 2013	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Johnson & Johnson	7.65%	Johnson & Johnson	7.36%
Pfizer	5.95%	Pfizer	7.14%
Roche	5.82%	Novartis	6.21%
Novartis	5.50%	Roche	5.37%
Merck & Company	4.36%	Merck & Company	4.80%
GlaxoSmithKline	3.83%	Sanofi-Aventis	4.65%
Sanofi-Aventis	3.51%	GlaxoSmithKline	4.08%
Gilead Sciences	3.33%	Novo Nordisk 'B'	2.67%
Bristol-Myers Squibb	2.61%	Amgen	2.56%
Amgen	2.57%	AstraZeneca	2.25%

Trust Holdings as at 7 January 2014



Trust Holdings as at 7 January 2013



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	22.63p	17.37p	0.2132p
2010	24.34p	20.51p	0.2409p
2011	25.20p	21.23p	0.2640p
2012	28.34p	24.72p	0.2785p
2013	36.10p	27.63p	0.3215p
2014 ⁽¹⁾	35.86p	35.45p	0.3081p
Accumulation Units			
2009	23.62p	18.13p	0.2199p
2010	25.67p	21.64p	0.2520p
2011	26.88p	22.66p	0.2779p
2012	30.58p	26.54p	0.2971p
2013	39.40p	29.81p	0.3469p
2014 ⁽¹⁾	39.15p	38.69p	0.3365p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	22.79p	17.40p	0.3454p
2010	24.40p	20.63p	0.3779p
2011	25.34p	21.37p	0.4486p
2012	28.45p	24.78p	0.4717p
2013	36.38p	27.78p	0.4309p
2014 ⁽¹⁾	36.18p	35.75p	0.5879p
Accumulation Units			
2009	24.27p	18.52p	0.3530p
2010	26.44p	22.35p	0.4089p
2011	27.97p	23.60p	0.4833p
2012	32.17p	27.73p	0.5198p
2013	41.84p	31.41p	0.6136p
2014 ⁽¹⁾	41.61p	41.12p	0.6789p

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 7 January 2014 and the net revenue per unit to 7 March 2014.

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⁾	27.89p	27.36p	—
2013	36.38p	27.68p	0.3338p
2014 ⁽²⁾	36.17p	35.75p	0.5350p
Accumulation Units			
2012 ⁽¹⁾	30.09p	29.52p	—
2013	39.73p	29.87p	0.3593p
2014 ⁽²⁾	39.50p	39.04p	0.5874p

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

⁽¹⁾ From 19 December 2012.

⁽²⁾ The above table shows the highest offer and lowest bid prices to 7 January 2014 and the net revenue per unit to 7 March 2014.

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 Trust's R-Class distribution units rose by 26.94% on a capital only basis. 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 from the close of business on 7 January 2013 to the close of business on 7 January 2014, the Trust rose by 27.16% on a capital only basis compared with the FTSE World Health and Pharmaceutical Index rise of 27.19% on a capital only basis (Source: FTSE International Limited), producing a tracking difference of -0.03%.

Past performance is not a guide to future performance.

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.

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

All copyright in the FTSE World Index values and constituent list belongs to FTSE. Legal & General has obtained full licence from FTSE to use such copyright in the creation of this product.

"FTSE™", "FT-SE®" and "Footsie®" are trade marks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited ("FTSE") under licence.

Market/Economic Review

At the end of the year under review, there were 73 companies in the FTSE World Index classified as Pharmaceuticals and Biotechnology, and a further 53 companies classified under the Health Care Equipment and Services sector. These sub sectors account for approximately 77% and 23% of the portfolio respectively.

The top 10 holdings in the portfolio are shown below. These represent over 45% of the Trust by market value and consist of the 10 largest Pharmaceutical companies in the world.

Johnson & Johnson (US)

Pfizer (US)

Roche (Switzerland)

Novartis (Switzerland)

Merck & Company (US)

GlaxoSmithKline (UK)

Sanofi-Aventis (France)

Gilead Sciences (US)

Bristol-Myers Squibb (US)

Amgen (US)

During the year under review, three stocks were added to, and three stocks deleted from, the Index as a result of FTSE quarterly Index reviews. CHR Hansen (Denmark), Kaken Pharmaceutical and Kyorin Holdings (both Japan) were added to the Pharmaceuticals & Biotechnology sector in the March 2013 review,

Manager's Investment Report continued

as part of which Straumann Holdings and Nobel Biocare Holdings (both Switzerland) were deleted from the Health Care Equipment & Services sector. Mallinckrodt (US) was added to the Index following its demerger from Coviden (also US) outside the quarterly Index reviews, but was subsequently deleted from the Index in the September 2013 review.

Outside the reviews, there were four acquisitions in the Health Care Equipment & Services sector. Amil Participacoes (Brazil) was acquired for cash by United Health Group (US), and Coventry Health Care (US) was acquired by Aetna (both US) for cash and stock. Actavis (US) acquired Warner Chilcott (US) in an all stock acquisition in October, and Elan Corporation (Ireland) was acquired by Perrigo Company (US) in cash and stock acquisition in December. All four acquired stocks were subsequently deleted from the Index.

The more defensive Health & Pharmaceutical sector performed favourably compared to the global Index: the FTSE World Index capital return was 15.49%, in Sterling terms, over the reporting year. The best performing regions over the year were North America (+34.13%) and UK (+21.10%), with these two regions accounting for circa 70% of the Trust. The worst performing sector was Emerging Asia (-2.31%).

Outlook

A steady improvement in global growth is expected throughout 2014. US growth should pick up, but this is likely to be offset by a slowdown in Japan, as the VAT increase undermines consumption, and some further cooling in China. Risks are broadly balanced: on the one hand, advanced economies remain vulnerable to negative shocks given the lack of fiscal and monetary policy space. But in their absence, and for the first time since the financial crisis, there is a realistic prospect of a synchronised global expansion. This could put upward pressure on resource utilisation and raise questions about how long central banks can maintain these exceptional levels of monetary accommodation.

On a 12-month horizon, equities are expected to post gains roughly equivalent to earnings growth, but no longer driven by re-rating. Whilst the current economic backdrop is expected to provide support for risk assets such as equities, at least in the near term, there are still apparent risks to growth. The same issues that caused the crisis in the first place have yet to be resolved. Furthermore, markets are now at, or approaching, all time highs, meaning that investors must remain mindful of risks.

In recent years, pharmaceutical companies have faced challenges including generic competition as drugs come off patent, declining research and development productivity, and regulatory pressures, but now pharmaceutical companies have the potential to return to growth as they emerge out of the patent cliff.

Manager's Investment Report continued

The majority of large pharmaceutical companies are undertaking crucial strategic reviews and implementing wide divestments of non core businesses resulting in significant immediate rewards for shareholders in the form of cash returns or debt write-offs. Bayer and Astra led large M&A activity in 2013, though the total deal count declined to its lowest level in nine years, with companies preferring licensing deals to boost drug pipelines.

EU drug pricing pressure is set to continue in 2014 with German rebate reductions, which are likely to be partially offset by new UK pricing policies. Price cuts, exacerbated by the rising use of generics, limit the region's commercial appeal. For this reason the pharmaceutical industry may continue to reallocate investment toward emerging markets that recently have been a key source of the industry sales growth. However, investors should consider emerging markets' macroeconomic headwinds and current exchange risks that could impact investment returns.

Overall, valuations in the pharmaceutical sector remain attractive and many companies are growing their dividends and divesting sub-critical assets to return cash to the shareholders.

The Trust is well positioned to capture the Global Health & Pharmaceuticals sector performance.

Legal & General Investment Management Limited
(Investment Adviser)
30 January 2014

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 0.04%, whilst over the last three years to the end of January 2014, the annualised Tracking Error is 0.09%. 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:

R-Class	£500
I-Class	£1,000,000
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.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust 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 Trust can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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

National Westminster Bank Plc

Trustee and Depositary Services

135 Bishopsgate

London EC2M 3UR

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
HPI0314

