

Legal & General Pacific Index Trust

**Annual Manager's
Short Report
for the year ended
25 March 2014**

**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. 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

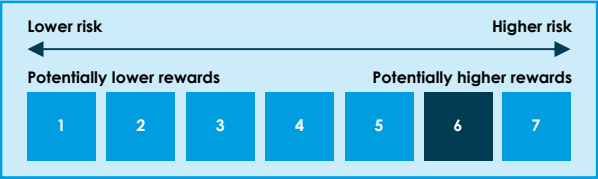
Period End Dates for Distributions:	25 Mar, 25 Sep	
Distribution Dates:	25 May, 25 Nov	
Ongoing Charges Figures	25 Mar 14	25 Mar 13
R-Class	0.86%	0.86%
I-Class	0.22%	0.27%
F-Class	0.41%	0.41%
C-Class*	0.20%	—

* There is no prior year comparative for the C-Class which launched on 9 December 2013.

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 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.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
25 Mar 12			
R-Class			
Distribution Units	£502,149,643	77.64p	646,807,671
Accumulation Units	£146,961,228	96.70p	151,971,610
I-Class			
Distribution Units	£35,938,417	77.28p	46,503,479
Accumulation Units	£184,324,346	99.27p	185,680,169
25 Mar 13			
R-Class			
Distribution Units	£587,773,919	87.83p	669,241,776
Accumulation Units	£159,025,015	111.79p	142,253,378
I-Class			
Distribution Units	£36,116,743	87.45p	41,300,672
Accumulation Units	£145,207,851	115.43p	125,801,540
F-Class*			
Distribution Units	£1,094	88.08p	1,242
Accumulation Units	£3,097	112.25p	2,759
25 Mar 14			
R-Class			
Distribution Units	£322,444,619	79.29p	406,664,780
Accumulation Units	£135,143,215	103.09p	131,089,636
I-Class			
Distribution Units	£62,497,987	78.96p	79,155,798
Accumulation Units	£161,205,033	107.12p	150,491,801
F-Class*			
Distribution Units	£296,759	79.52p	373,190
Accumulation Units	£73,848	103.97p	71,025
C-Class**			
Distribution Units	£994	78.83p	1,261
Accumulation Units	£1,004	107.04p	938

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

** There are no prior year comparatives for the C-Class which launched on 9 December 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.

Distribution Information

R-Class

The distribution payable on 25 May 2014 is 0.5911p net per unit for distribution units and 0.7628p net per unit for accumulation units.

I-Class

The distribution payable on 25 May 2014 is 0.8384p net per unit for distribution units and 1.1253p net per unit for accumulation units.

F-Class

The distribution payable on 25 May 2014 is 0.7694p net per unit for distribution units and 0.9965p net per unit for accumulation units.

C-Class

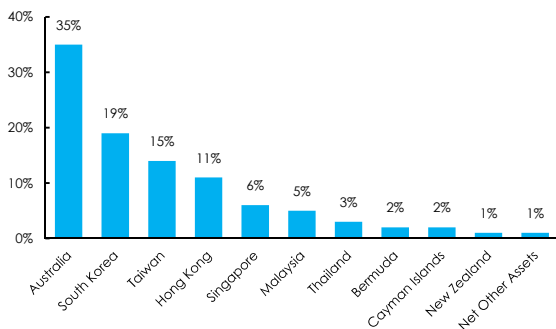
The distribution payable on 25 May 2014 is 0.8477p net per unit for distribution units and 1.1364p net per unit for accumulation units.

Portfolio Information

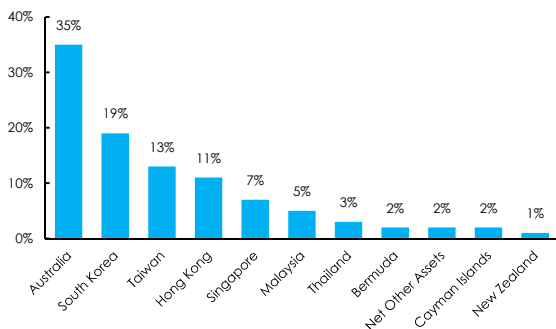
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 25 March 2014		Top 10 Holdings at 25 March 2013	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Samsung Electronics	4.13%	Samsung Electronics	4.67%
Commonwealth Bank of Australia	3.71%	Commonwealth Bank of Australia	3.69%
BHP Billiton	3.51%	BHP Billiton	3.60%
Westpac Banking (AUD)	3.17%	Westpac Banking (AUD)	3.19%
Taiwan Semiconductor Manufacturing	2.95%	Australia & New Zealand Banking Group	2.63%
Australia & New Zealand Banking Group	2.69%	Taiwan Semiconductor Manufacturing	2.61%
National Australia Bank	2.42%	National Australia Bank	2.38%
AIA Group	1.84%	AIA Group	1.73%
Wesfarmers	1.46%	Woolworths	1.40%
Woolworths	1.33%	Wesfarmers	1.34%

Trust Holdings as at 25 March 2014



Trust Holdings as at 25 March 2013



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	70.73p	39.28p	1.1606p
2010	85.40p	65.20p	1.4738p
2011	85.82p	64.37p	1.7361p
2012	82.23p	69.93p	1.7513p
2013	92.11p	77.19p	1.8573p
2014 ⁽¹⁾	80.48p	76.62p	0.5911p
Accumulation Units			
2009	83.59p	45.50p	1.3486p
2010	102.80p	77.04p	1.7499p
2011	104.10p	79.52p	2.1011p
2012	103.80p	87.11p	2.1739p
2013	116.40p	98.25p	2.3598p
2014 ⁽¹⁾	103.80p	98.88p	0.7628p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2009	69.94p	38.96p	1.3869p
2010	85.38p	64.88p	1.8422p
2011	85.67p	64.51p	2.1603p
2012	81.98p	70.09p	2.1546p
2013	91.95p	77.17p	2.3657p
2014 ⁽¹⁾	80.63p	76.40p	0.8384p
Accumulation Units			
2009	84.08p	45.77p	1.6460p
2010	105.10p	78.07p	2.2388p
2011	106.50p	81.92p	2.6888p
2012	107.00p	90.05p	2.7556p
2013	120.10p	101.80p	3.1101p
2014 ⁽¹⁾	108.20p	102.60p	1.1253p

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 25 March 2014 and the net revenue per unit to 25 May 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⁾	82.11p	80.49p	—
2013	92.98p	77.70p	2.1250p
2014 ⁽³⁾	81.14p	77.21p	0.7694p
Accumulation Units			
2012 ⁽¹⁾	103.70p	101.70p	—
2013	117.40p	99.01p	2.7439p
2014 ⁽³⁾	105.00p	99.99p	0.9965p

C-Class Units**

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2013 ⁽²⁾	80.69p	79.20p	—
2014 ⁽³⁾	80.54p	76.61p	0.8477p
Accumulation Units			
2013 ⁽²⁾	108.40p	106.40p	—
2014 ⁽³⁾	108.10p	102.80p	1.1364p

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

** There are no prior year comparatives for the C-Class which launched on 9 December 2013.

⁽¹⁾ From 19 December 2012.

⁽²⁾ From 9 December 2013.

⁽³⁾ The above tables show the highest offer and lowest bid prices to 25 March 2014 and the net revenue per unit to 25 May 2014.

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Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class distribution units fell by 9.64%. 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 year, the Trust fell by 9.84% on a capital only basis, compared with the FTSE World Asia Pacific (excluding Japan) Index fall of 9.86%, on a Sterling adjusted, capital only basis (Source: Bloomberg), producing a tracking difference of +0.02%.

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Market/Economic Review

Over the review year, the FTSE World Asia Pacific (excluding Japan) Index fell 9.86%, in Sterling terms, compared with the broader FTSE World Index return of +5.23%. The world economy finally showed some signs of embarking on a recovery over the review year, with global growth picking up to historical trend levels by the middle of 2013. Across the advanced economies, progress has been made in reducing budget deficits and this should allow the degree of austerity to abate in future. Emerging markets have disappointed in relation to expectations as a number of headwinds reduced investors' risk appetite. The main culprits were the prospect of reduced asset purchases by the US Federal Reserve (Fed), concerns over a slowdown in China, and various incidences of political unrest.

Thailand suffered in the review year from political turmoil, with street protests and violent demonstrations effecting equity markets. The opposition to the existing government are hoping to secure constitutional change, in an attempt to prevent electoral manipulation.

In Australia, policymakers are attempting to rebalance the economy away from resource infrastructure investment, with the help of some interest rate cuts, and there are clearly signs of a domestic recovery, particularly in the housing market and more recently in the retail sector.

Manager's Investment Report continued

Towards the end of the year, the technology-led Taiwanese market performed well on an improving earnings outlook. In South Korea, technology stocks also led the market, and Malaysia also performed relatively well, as reduced political risk and an improving economic outlook triggered outperformance from smaller companies and mid-cap stocks.

Overall, New Zealand (+4.06%) and Taiwan (-1.67%) were the region's strongest performers, whereas Singapore (-14.42%) and Australia (-13.47%) underperformed other Asian countries. The best performing sectors were Software and Computer Services (+87.67%) and Travel and Leisure (+7.92%), whereas Beverages and Mining were the weakest sectors, finishing the review period down 39.79% and 20.46% respectively.

Over the review period all currencies in the region depreciated against Sterling. The Australian Dollar and Thai Baht were amongst the weakest currencies, depreciating 19.5% and 17.3% respectively.

Trust Review

During the review year there were three quarterly Index rebalances in June, September and December 2013. In March 2014 there was a first semi-annual review, moving from FTSE annual reviews methodology with different regions each quarter. The next semi-annual review will be in September 2014 based on data at the end of June 2014.

At the quarterly Index review in June 2013 there were 37 changes to the free share capital of constituents, with the largest increases being Samsung Electronics (South Korea) and Telecom Corporation of New Zealand, and the largest decreases being Sime Darby (Malaysia) and Mega Financial (Taiwan). Two-way Index turnover was 0.7%.

The September 2013 quarterly Index review saw 11 changes to the free share capital of constituents, with the largest increases being Quanta Computer and Fubon Financial (both Taiwan), and the largest decreases StarHub (Singapore) and Crown (Australia). Two-way Index turnover was 0.2%.

The December 2013 quarterly Index review saw one addition, Macau Legend Development (Hong Kong), and one deletion, Hanjin KAL (South Korea). There were 22 changes to the free share capital of constituents, with the largest increases being KEPCO Engineering & Construction (South Korea) and Westfield Retail Trust (Australia), and the largest decreases being UOL Group (Singapore) and Commonwealth Property Office Fund (Australia).

The March 2014 semi-annual Index review resulted in fifteen additions and nine deletions. The largest stock added to the Index was Seek (Australia), whilst the largest deletion was Yageo Corp (Taiwan). There were 20 changes to the free share capital of constituents, with the largest increases being CIMB (Malaysia) and Macau Legend Development (Hong Kong), and the largest decreases being Hutchison Whampoa (Hong Kong) and Westfield Group (Australia).

Manager's Investment Report continued

Outside the reviews, there were several Index changes due to merger and acquisition activity. Fraser & Neave (Singapore) was deleted from the Index as a result of its cash takeover by TCC Assets Limited (non-Index constituent). Korean Exchange Bank was deleted from the Index as a result of an acquisition by Hana Financial Group. In Thailand, Siam Makro, a food retailer, was deleted from the Index after it was acquired by CP ALL. Commonwealth Property Office Fund was acquired by Dexis Property Group (both Australia), and MStar Semiconductor was acquired by fellow Taiwanese constituent MediaTek.

There were a number of notable additions due to demerger activity, including Kerry Logistics Network's demerger from Kerry Properties (Hong Kong), Recall Holdings' demerger from Brambles (Australia) and Orora's demerger from Amcor (Australia).

During the review year, a number of Index constituents, were actively raising capital via rights issues. Shui On Land, a Chinese real estate company, raised cash to finance its involvement in two large scale urban renewal projects in Shanghai. ALS Queensland, the Australian commercial services company, raised capital to pay for upstream acquisitions in oil and gas. Cathay Financial, the Taiwanese life insurance company, raised cash to boost the Tier One ratio of its banking subsidiary for further expansion of its offshore banking unit. Following weaker than expected results, Korea Gas raised additional cash through a rights offering. Wesfarmers increased its weight in the Index following the reclassification of its partially protected shares to ordinary shares.

Outlook

A steady improvement in global growth is expected throughout 2014. 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.

After a profitable 2013, we expect another positive year for global equities. With the vivid memory of more than a decade of seemingly range-bound equity markets it may feel counterintuitive to forecast new all-time highs, but in terms of valuations, equities are no longer cheap, but also not yet broadly in expensive territory. As a result, we expect 2014 to see the market shift from multiple expansions to a more mature market driven by earnings, and for global equities to deliver a modest positive total return for the year. The Trust is well positioned to capture the region's market performance.

Legal & General Investment Management Limited
(Investment Adviser)

16 April 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 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 0.07%, whilst over the last three years to the end of March 2014, the annualised Tracking Error is 0.07%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of 0.5% per annum.

Significant Changes

Change to Annual Management Charge

With effect from 1 April 2013, the management charge for I-Class units was reduced from 0.20% to 0.15%.

New Unit Class: C-Class

With effect from 9 December 2013, the Trust launched a new C-Class with distribution and accumulation units available.

C-Class units are only available to distributors who actively market and distribute such units (or whom the Manager believes intend to do so) and who entered into a written agreement with the Manager relating to the conditions for investment in such units.

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
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.

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.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

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Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

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Trustee

National Westminster Bank Plc

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

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