

Legal & General UK Index Trust

**Annual Manager's
Short Report
for the year ended
6 October 2013**



Investment Objective and Policy

The objective of this Trust is to track the capital performance of the UK equity market, as represented by the FTSE All-Share Index, by investment in a representative sample of stocks selected from all economic sectors.

Securities in the FTSE All-Share 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 corporate actions 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 holds investments in overseas financial securities. The performance of the Trust may therefore be affected by changes in exchange rates.

Trust Facts

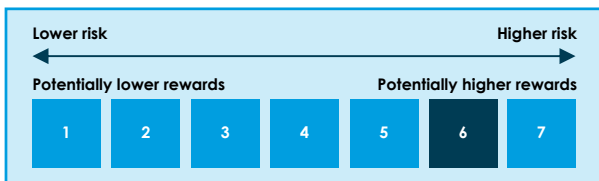
Period End Dates for Distributions:	6 Apr, 6 Oct	
Distribution Dates:	6 Jun, 6 Dec	
Ongoing Charges Figures:	6 Oct 13	6 Oct 12
R-Class	0.56%	0.56%
I-Class	0.20%	0.23%
L-Class	0.01%	0.03%
F-Class*	0.36%	—

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

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
13 Oct 11†			
R-Class			
Distribution Units	£893,273,279	111.43p	801,614,956
Accumulation Units	£1,548,421,649	162.73p	951,517,477
I-Class			
Distribution Units	£391,850,043	111.44p	351,629,862
Accumulation Units	£702,462,000	165.91p	423,395,216
L-Class			
Distribution Units	£329,604,612	111.45p	295,746,544
6 Oct 12			
R-Class			
Distribution Units	£930,852,583	122.24p	761,469,021
Accumulation Units	£1,657,139,045	184.07p	900,300,451
I-Class			
Distribution Units	£382,669,802	122.26p	312,990,496
Accumulation Units	£578,523,116	188.28p	307,265,683
L-Class			
Distribution Units	£324,675,126	122.28p	265,516,125
6 Oct 13			
R-Class			
Distribution Units	£1,022,329,217	137.30p	744,616,482
Accumulation Units	£1,821,467,952	213.13p	854,630,652
I-Class			
Distribution Units	£423,031,024	137.32p	308,053,931
Accumulation Units	£778,876,815	218.81p	355,960,622
L-Class			
Distribution Units	£327,880,634	137.35p	238,719,464
F-Class*			
Distribution Units	£735,701	138.01p	533,069
Accumulation Units	£1,064,877	214.54p	496,363

† To accommodate the transfer of fund administration, the Trust's period end date, normally 6 October, was moved to 13 October. The Trust reverted back to its usual period end date as of 6 October 2012.

* F-Class units were 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 6 December 2013 is 2.3034p net per unit for distribution units and 3.5167p net per unit for accumulation units.

I-Class

The distribution payable on 6 December 2013 is 2.5778p net per unit for distribution units and 4.0315p net per unit for accumulation units.

L-Class

The distribution payable on 6 December 2013 is 2.6948p net per unit for distribution units.

F-Class

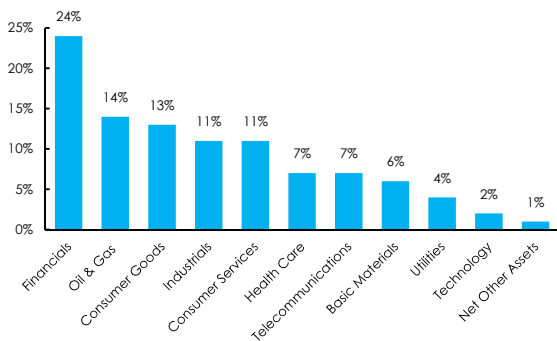
The distribution payable on 6 December 2013 is 2.4480p net per unit for distribution units and 3.7539p net per unit for accumulation units.

Portfolio Information

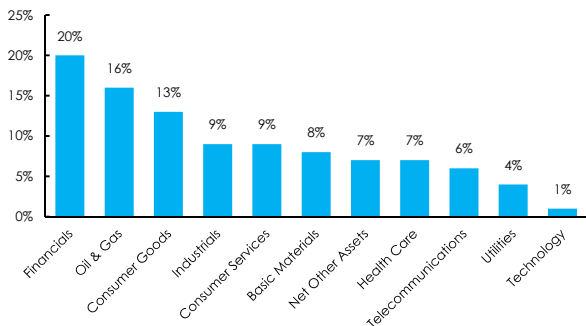
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 6 October 2013		Top 10 Holdings at 6 October 2012	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
HSBC Holdings	6.17%	HSBC Holdings	5.68%
Vodafone Group	5.32%	Vodafone Group	4.66%
BP	4.09%	BP	4.36%
GlaxoSmithKline	3.79%	Royal Dutch Shell 'A' (Dutch listing)	3.91%
Royal Dutch Shell 'A' (Dutch listing)	3.48%	GlaxoSmithKline	3.82%
British American Tobacco	3.06%	British American Tobacco	3.37%
Royal Dutch Shell 'B'	2.70%	Royal Dutch Shell 'B'	3.12%
Diageo	2.43%	Diageo	2.36%
Barclays	2.17%	BG Group	2.30%
AstraZeneca	1.98%	BHP Billiton	2.13%

Trust Holdings as at 6 October 2013



Trust Holdings as at 6 October 2012



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2008	132.90p	75.57p	3.9826p
2009	112.10p	72.18p	3.2625p
2010	124.30p	100.70p	3.0299p
2011	127.70p	103.90p	3.3365p
2012	125.60p	110.60p	3.7063p
2013 ⁽¹⁾	143.70p	126.80p	4.1404p
Accumulation Units			
2008	170.80p	100.90p	5.1944p
2009	155.10p	96.40p	4.4136p
2010	176.50p	141.00p	4.2186p
2011	182.60p	149.10p	4.7669p
2012	189.00p	163.90p	5.4550p
2013 ⁽¹⁾	219.30p	190.80p	6.2822p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2008	133.00p	74.85p	4.3766p
2009	112.20p	71.57p	3.5554p
2010	125.40p	101.70p	3.3860p
2011	128.00p	104.10p	3.7313p
2012	126.30p	110.70p	4.0968p
2013 ⁽¹⁾	144.30p	126.90p	4.6349p
Accumulation Units			
2008	172.00p	101.00p	5.7132p
2009	157.30p	96.53p	4.8717p
2010	180.90p	144.50p	4.7773p
2011	185.90p	152.00p	5.4250p
2012	194.50p	167.50p	6.1527p
2013 ⁽¹⁾	225.80p	195.40p	7.1992p

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 6 October 2013 and the net revenue per unit to 6 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.

Unit Price Range and Net Revenue continued

L-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2008	133.20p	74.85p	4.6230p
2009	111.70p	71.62p	3.7259p
2010	125.50p	101.70p	3.6094p
2011	128.10p	104.70p	3.9816p
2012	126.50p	110.40p	4.3320p
2013 ⁽¹⁾	144.90p	127.60p	4.8694p

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽²⁾	126.20p	125.10p	—
2013 ⁽¹⁾	145.30p	128.10p	4.3618p
Accumulation Units			
2012 ⁽²⁾	190.00p	188.40p	—
2013 ⁽¹⁾	222.00p	192.80p	6.6597p

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

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 6 October 2013 and the net revenue per unit to 6 December 2013.

⁽²⁾ The above table shows the highest and lowest prices from 19 December 2012 to 31 December 2012.

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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 from 124.2p to 139.6p, an increase of 12.40%.

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. On this basis, over the review year from the close of business on 5 October 2012 to the close of business on 4 October 2013 (the first and last working days of the accounting year), the Trust rose by 12.13% on a capital only basis compared with the FTSE All-Share Index increase of 12.07% on a capital only basis, producing a tracking difference of +0.06% (Source: Bloomberg).

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Market/Economic Review

The FTSE All-Share Index comprises the FTSE SmallCap Index (+29.1%), the best performing element of the FTSE All-Share Index over the review year, the FTSE 250 Index (+23.0%) and the FTSE 100 Index (+9.9%), all priced on a capital only basis (Source: Bloomberg).

Over the year, major sectors such as Leisure Goods (+114.8%), Forestry & Paper (+66.2%) and Personal Goods (56.0%) showed the largest positive returns; the most underperforming sectors were Industrial Metals & Mining (-50.1%), Mining (-11.0%) and Oil Equipment, Services & Distribution (-6.7%).

Although equity markets have been volatile over the last 12 months, the majority of major markets recorded impressive gains as various central bank policy initiatives fostered optimism amongst investors that global economic growth would recover, albeit modestly. In the UK, the more domestically focused mid-cap stocks and smaller companies have outperformed the blue chip FTSE 100, which is heavily weighted towards mining stocks that have struggled on weaker commodity prices.

The European Sovereign debt crisis held centre stage as policymakers struggled to address concerns that several

Manager's Investment Report continued

heavily indebted countries would be forced to leave the Euro. The emerging economies were initially the driving force of global growth, but this effect faded due to a significant slowdown in China where the authorities are attempting to rebalance the economy away from export-led towards domestic-led growth. Governments in the G7 countries implemented austerity programmes to varying degrees, while simultaneously leaving interest rates at historically low levels. In the US, UK and Japan this was accompanied by further asset purchases (quantitative easing) aimed at reviving growth. Although the US economy is growing steadily, the major concerns are the impact of the slowdown in the major emerging economies, particularly China, and the impact of prolonged austerity programmes in the Euro zone.

The unexpected turmoil surrounding the Italian election result and the more recent Cypriot rejection of bailout plans has once again pushed Eurozone concern to the forefront of investors' minds. This has, to some extent, been reflected in equity market performance. However, the UK market has continued to post impressive gains in the last six months, albeit slightly dampened since the recent Cyprus headlines.

Trust Review

Companies held within the Trust 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 corporate action. During the year under review there were four quarterly Index reviews.

At the quarterly Index review in December 2012, four companies were added: Direct Line Insurance Group, United Drug, alternative investment company BACIT and newspaper publisher Johnston Press. No companies were deleted from the Index.

At the quarterly Index review in March 2013, three investment companies were added: Starwood European Real Estate Finance, Aberdeen New Thai Investment Trust and ICG-Longbow Senior Secured UK Property Debt Investments. Invista European Real Estate Trust was deleted from the Index.

At the annual Index review in June 2013, 19 companies were added, including DCC, Esure Group, Countrywide and Crest Nicholson Holdings. Camelia, RM, Torotrak and Mecom Group were among the 11 companies deleted. . Following the Government's reduction in holding from 38.7% to 32.7% with a £3.2 billion sale, the free float weighting for Lloyds Banking Group increased.

At the quarterly Index review in September 2013, 11 companies were added: Coca-Cola HBC, Partnership Assurance, Caracal Energy, Entertainment One, Tyman, Al Noor Hospitals and five Investment Trusts. No companies were deleted.

At each of the Index review effective dates, the Trust's holdings were rebalanced accordingly.

Manager's Investment Report continued

Outside the reviews, mining and metals group Glencore completed its long awaited merger with Xstrata, resulting in a name change to Glencore Xstrata and a small increase in weighting for the new entity. Other acquisitions included Lonrho, the support servicing company, by FS Africa Limited; the advertising services company Aegis Group by Dentsu (Japan); Sportingbet by a consortium of GVC Holdings (Luxembourg) and William Hill (UK); Metric Property Investments by London & Stamford Property; the computer hardware company Psion by Motorola Solutions Inc (USA); ISIS Property Trust by IRP Property Investments Limited, subsequently renamed F&C UK Real Estate Investments Limited; and oil and gas exploration and production company Melrose Resources by Petroceltic International (Ireland).

Other corporate actions included investment companies Dexion Equity Alternative, Impax Asian Environmental Markets and Goldman Sachs Dynamic Opportunities Limited being wound up; Fortune Oil changing its listing from "premium" to "standard" and subsequently was removed from the Index. Alent, the speciality chemicals unit demerged from the diversified industrial company Vesuvius (formerly known as Cookson).

Capital raisings in the form of rights issues included Barclays, FirstGroup, G4S and Thomas Cook to refinance their balance sheets; Ophir Energy to fund drilling; and William Hill to acquire the remaining online gaming business from Playtech. Other capital raisings included British Land to fund potential merger and acquisition activity; Intu Properties, which recently rebranded from Capital Shopping Centres, also sought to make acquisitions. Capital repayments continued and included Wolseley, InterContinental Hotels, Carnival, Lancashire Holdings, Micro Focus International, Soco International, Hargreaves Lansdown, Hikma Pharmaceuticals, Esure, Beazley and Ferrexpo.

Asian Growth Trust enabled shareholders to realise the value of their holdings by having a tender offer (a tender offer is a process whereby a company offers to buyback a portion of its shares in issue from existing shareholders) at a price close to the Net Asset Value. Other tender offers that resulted in a shares in issue decrease, and hence a reduction in Index weight, included LondonMetric Property and Advance Developing Markets Fund. Secondary placings which resulted in a free float change included St James Place, Direct Line and Ophir Energy.

Outlook

The global economy remains on track for slow and steady growth this year, now with a greater contribution to growth sourced from advanced economies. In the UK, consumer spending has grown over the past year and there is potential for further improvement ahead. Survey data continued to improve of late, suggesting that year-on-year growth in the UK could be as strong as 3.5%. The construction sector certainly appears stronger and total

Manager's Investment Report continued

employment numbers have rapidly increased to beat consensus expectations which may lead to higher consumption levels. However, unemployment levels are not yet low enough to trigger Bank of England governor Carney's conditions for a rate rise.

There are a number of potential risks looking ahead, not least US debt negotiations, Middle East volatility and European political uncertainty, but the market does not seem particularly vulnerable unless the situation markedly deteriorates. Should the economic backdrop improve in line with consensus forecasts, there is potential for improving global growth going forward from which the globally exposed UK market can benefit greatly.

Legal & General Investment Management Limited
(Investment Adviser)
25 October 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 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 October 2013, the annualised Tracking Error is 0.11%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Fund's Prospectus of 0.25% per annum.

Significant Changes

New Unit Class: F-Class

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

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

Change to Annual Management Charge

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

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

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

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

In addition, monthly contributions can be made into the R-Class and F-Class units, 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

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