

Legal & General
Global Health and Pharmaceuticals
Index Trust

**Interim Manager's
Short Report
for the period ended
7 July 2019**



Investment Objective and Policy

In line with the updated rules and guidance for the asset management industry published by the Financial Conduct Authority (FCA) in February 2019, we have clarified the Investment Objectives and Policies for our UK regulated funds.

The revised Investment Objective and Policy came into effect on 7 August 2019. The previous and revised Investment Objective and Policy are set out below.

Prior to 7 August 2019

The investment objective of the 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.

The Trust may hold derivatives for the purpose of Efficient Portfolio Management.

From 7 August 2019

The objective of the Trust is to provide growth by tracking the capital performance of the FTSE World Index - Health Care, the "Benchmark Index". This objective is after the deduction of charges and taxation.

The Benchmark Index is comprised of shares in companies engaged in health, pharmaceuticals and biotechnology.

The Trust is a Replicating Trust as it seeks to replicate as closely as possible the constituents of the Benchmark Index by holding all, or substantially all, of the assets comprising the Benchmark Index in similar proportions to their weightings in the Benchmark Index. The Trust will have at least 90% exposure to assets that are included in the Benchmark Index.

The Trust may also invest in shares in companies which are reasonably expected to become part of the Benchmark Index in the near future or are an alternative to a constituent of the Benchmark Index and collective investment schemes, including those managed or operated by the Manager or an associate of the Manager as well as money market instruments (such as treasury bills), cash and permitted deposits.

The Trust may only use derivatives for Efficient Portfolio Management purposes.

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

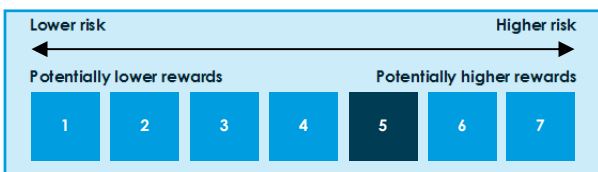
Period End Date for Distribution:		7 January
Distribution Date:		7 March
Ongoing Charges Figures:	7 Jul 19	7 Jan 19
R-Class	0.69%	0.79%
F-Class	0.45%	0.45%
I-Class	0.31%	0.31%
C-Class*	0.20%	–

* See Significant Changes on page 9.

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total disclosable 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



- The Risk and Reward Indicator table demonstrates where the Trust ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Trust. The shaded area in the table above shows the Trust's ranking on the Risk and Reward Indicator.
- The Trust is in category five because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- Even a trust in the lowest category is not a risk free investment.

Distribution Information

The policy is to distribute, on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. This being the case, there is no interim distribution.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	8,035,012	11,523,028	69.73
Accumulation Units	125,793,127	158,585,135	79.32
F-Class			
Distribution Units	308,213	440,317	70.00
Accumulation Units	396,186	479,519	82.62
I-Class			
Distribution Units	41,694,006	59,596,221	69.96
Accumulation Units	180,088,823	205,320,748	87.71
C-Class			
Distribution Units	1,072	2,000	53.60
Accumulation Units	5,531,365	10,319,305	53.60

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.

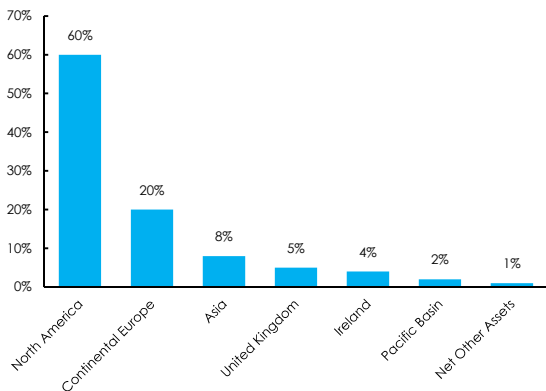
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

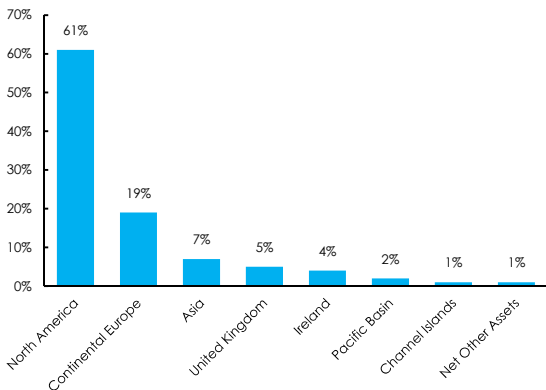
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 7 July 2019		Top 10 Holdings at 7 January 2019	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Johnson & Johnson	7.36%	Johnson & Johnson	7.24%
Pfizer	4.82%	Pfizer	5.28%
UnitedHealth Group	4.58%	UnitedHealth Group	4.85%
Merck & Company	4.37%	Merck & Company	4.26%
Novartis	3.88%	Novartis	3.92%
Roche (Part Certified)	3.82%	Roche (Part Certified)	3.74%
Abbott Laboratories	2.85%	AbbVie	2.88%
Medtronic	2.57%	Amgen	2.68%
Thermo Fisher Scientific	2.34%	Medtronic	2.52%
Amgen	2.24%	Abbott Laboratories	2.49%

Trust Holdings as at 7 July 2019



Trust Holdings as at 7 January 2019



Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 10.44%. 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 period, the Trust rose by 10.28%, on a capital only basis compared with the FTSE World Health and Pharmaceutical Index rise of 10.40% (Source: Rimes), producing a tracking difference of -0.12%.

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.

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Market/Economic Review

The period was characterised by a sharp sell-off in global equity markets as 2018 ended, followed by a marked recovery during the early months of 2019 before volatility reasserted itself as US-China trade tensions escalated in May. As a result, global equity indices posted a modest gain over the period. The catalyst for the turnaround after the turn of the year came with a change in direction at the US Federal Reserve, which back-tracked from its tightening monetary policy and indicated that there would be no further interest-rate hikes this year. The best-performing sectors were real estate and utilities, which are both perceived as less cyclical and favoured as a higher-yielding alternative to bond markets. In a similar vein, consumer staples also performed well. The weakest sector over the period was energy, as the oil price retreated to a 15-month low in December. Although the oil price has subsequently recovered some of the lost ground, rising US inventories have capped its recovery and the commodity declined again in May.

Following the bout of volatility in the fourth quarter, healthcare stocks lagged behind the broader equity recovery in early 2019. As optimism returned over the global economic outlook, investors favoured more cyclical sectors. Growing US political scrutiny over pharmaceuticals pricing also acted as a further drag on the sector.

Manager's Investment Report continued

Among pharmaceutical stocks, Mylan shares tumbled amid tough pricing competition between generic manufacturers while Allergan struggled on concerns over the potential for rivals to take market share from products such as anti-wrinkle treatment Botox. However, Celgene soared after a takeover move from Bristol-Myers Squibb while Switzerland-based Novartis climbed amid positive regulatory developments on new drugs.

Trust Review

At the end of the period under review, there were 96 companies in the FTSE World Developed and Advanced Emerging Index classified as Pharmaceuticals and Biotechnology, and a further 80 companies classified under the Health Care Equipment and Services sector. These sub sectors account for approximately 66% and 34% of the portfolio respectively.

The top 10 holdings in the portfolio are shown below. These represent 39% of the Trust by market value and consist of the 10 largest Pharmaceutical companies in the world.

Johnson & Johnson (US)

Pfizer (US)

UnitedHealth Group (US)

Merck & Company (US)

Novartis (Switzerland)

Roche (Part Certified) (Switzerland)

Abbott Laboratories (US)

Medtronic (Ireland)

Thermo Fisher Scientific (US)

Amgen (US)

The March quarterly Index review resulted in 5 additions of which DexCom (US) is the biggest one and no deletions.

There were 22 changes to the free share capital of constituents with the largest increases being IQVIA, Notre Dame Intermedica Participacoes and Teva Pharmaceutical Industries and the largest decreases being Eli Lilly, Pfizer and Biogen. The two way Index turnover was 1.24%.

The June quarterly Index review resulted in 2 additions, which were Elanco Animal Health and Henry Schein (US) and no deletions.

There were 113 changes to the free share capital of constituents with the largest increase being Celltrion, Alcon and Sonova and the largest decreases being Pfizer, Johnson & Johnson and Amgen. The two way Index turnover was 1.61% during this period.

Manager's Investment Report continued

Outlook

With the Federal Reserve loosening its monetary stance once again, we think that the economic cycle is likely to grow longer yet. This is bullish, in our view, as it gives space for markets to go back to more mid-cycle dynamics – where investors tend to buy risk assets on the dip, instead of selling the rallies.

We believe credit risks over the coming year are less imminent. There are still severe warning signs over credit creation in China. But we struggle to identify a disaster catalyst, given the economy's fiscal space, the decent loan-to-deposit ratios within its banking sector, and its limited dependence on foreign investors. We believe the country has managed to stabilise its deleveraging process for now – and expect capital flight to subside or even reverse. A rebound in Chinese economic activity is likely, pepping up the outlook for global growth over 2019.

Political risk remains a worry, given rising populism, income inequality, and tensions between US and China – with no sign of fundamental improvement – as well as fractures in Europe.

The Trust remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited

(Investment Adviser)

15 July 2019

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 period, the annualised Tracking Error of the Trust is 0.22%, whilst over the last three years to the end of June 2019, the annualised Tracking Error of the Trust is 0.09%. 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	£100
F-Class	£500
I-Class	£1,000,000
C-Class	£100,000,000

In addition, monthly contributions can be made into the R-Class with a minimum amount of £20 per month and F-Class with a minimum amount of £50 per month.

Class F units are only available to:

- i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Trust; and
- ii) 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.

Class C units are available to certain eligible investors who meet the criteria for investment in such units as outlined in the share class policy of the Manager, which is available to investors in the C-Class upon request. Where investors in the C-Class no longer continue to meet the criteria for investment in such units, further investment in such units may not be permitted.

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 in Investment Objective and Policy

In line with the updated rules and guidance for the asset management industry published by the Financial Conduct Authority (FCA) in February 2019, we have clarified the Investment Objectives and Policies for our UK regulated funds.

The revised Investment Objective and Policy came into effect on 7 August 2019. The previous and revised Investment Objective and Policy are set out on page 1.

New Unit Class: C-Class

C-Class units were launched on 22 February 2019.

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 SE UK Branch

Trustee and Depositary Services

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

KPMG LLP

15 Canada Square,

London E14 5GL

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

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