

Legal & General
Global Health and Pharmaceuticals
Index Trust

**Annual Manager's
Short Report
for the year ended
7 January 2017**

**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. 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.

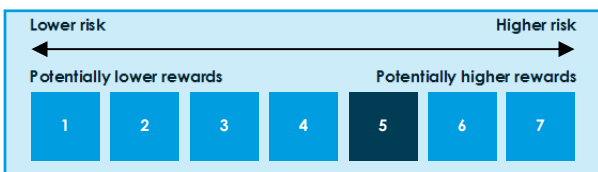
Trust Facts

Period End Date for Distribution:		7 January
Distribution Date:		7 March
Ongoing Charges Figures:	7 Jan 17	7 Jan 16
R-Class	1.15%	1.15%
I-Class	0.31%	0.31%
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 Trust has moved up and down in the past.
- This Trust is in category five 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.

Distribution Information

R-Class

The distribution payable on 7 March 2017 is 0.3326p per unit for distribution units and 0.3701p per unit for accumulation units.

I-Class

The distribution payable on 7 March 2017 is 0.7973p per unit for distribution units and 0.9574p per unit for accumulation units.

F-Class

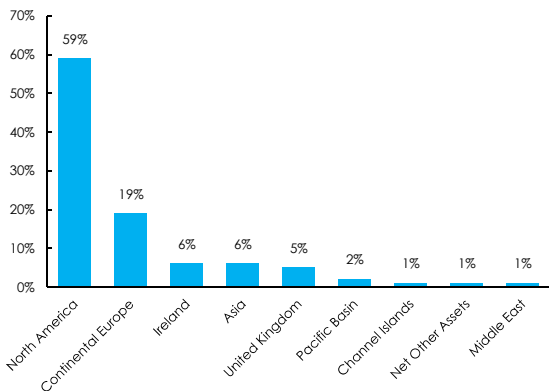
The distribution payable on 7 March 2017 is 0.7179p per unit for distribution units and 0.8178p per unit for accumulation units.

Portfolio Information

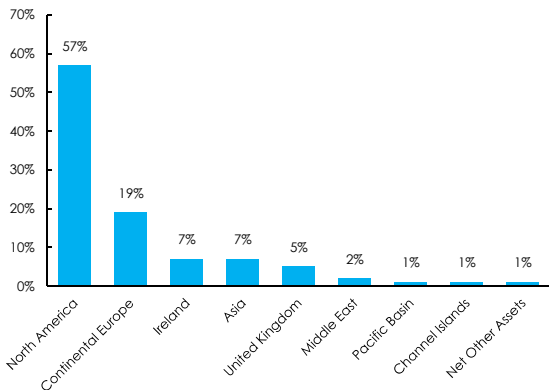
The top 10 holdings and their associated weighting at the current and preceding year end were:

Top 10 Holdings at 7 January 2017		Top 10 Holdings at 7 January 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Johnson & Johnson	8.01%	Johnson & Johnson	6.75%
Pfizer	5.08%	Pfizer	4.78%
Novartis	4.36%	Roche	4.71%
Roche	4.23%	Novartis	4.45%
Merck & Company	4.16%	Merck & Company	3.61%
United Health Group	3.89%	Gilead Sciences	3.52%
Amgen	2.98%	Allergan	2.91%
Abbvie	2.58%	Amgen	2.90%
Gilead Sciences	2.51%	Bristol-Myers Squibb	2.74%
Medtronic	2.51%	UnitedHealth Group	2.69%

Trust Holdings as at 7 January 2017



Trust Holdings as at 7 January 2016



Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/17 (pence per unit)	07/01/16 (pence per unit)	07/01/15 (pence per unit)
Opening net asset value per unit	47.30	45.04	35.53
Return before operating charges*	8.48	3.04	10.19
Operating charges (calculated on average price)	(0.59)	(0.55)	(0.45)
Return after operating charges*	7.89	2.49	9.74
Distributions on income units	(0.33)	(0.23)	(0.23)
Closing net asset value per unit	54.86	47.30	45.04
* after direct transaction costs of:	0.01	0.01	0.02

Performance

Return after charges	16.68%	5.53%	27.41%
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Other Information

Closing net asset value (£)	6,607,055	5,622,192	5,779,593
Closing number of units	12,043,433	11,886,195	12,831,086
Operating charges†	1.15%	1.15%	1.15%
Direct transaction costs	0.02%	0.02%	0.07%

Prices

Highest unit price	56.97p	51.05p	45.49p
Lowest unit price	43.31p	43.43p	35.14p

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.

Comparative Tables continued

R-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/17 (pence per unit)	07/01/16 (pence per unit)	07/01/15 (pence per unit)
Opening net asset value per unit	52.60	49.85	39.11
Return before operating charges*	9.42	3.36	11.23
Operating charges (calculated on average price)	(0.65)	(0.61)	(0.49)
Return after operating charges*	8.77	2.75	10.74
Distributions	(0.37)	(0.26)	(0.25)
Retained distributions on accumulation units	0.37	0.26	0.25
Closing net asset value per unit	61.37	52.60	49.85
* after direct transaction costs of:	0.01	0.01	0.03

Performance

Return after charges	16.67%	5.52%	27.46%
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Other Information

Closing net asset value (£)	100,139,971	89,425,215	88,167,364
Closing number of units	163,161,625	170,016,282	176,881,585
Operating charges	1.15%	1.15%	1.15%
Direct transaction costs	0.02%	0.02%	0.07%

Prices

Highest unit price	63.36p	56.50p	50.09p
Lowest unit price	48.16p	48.06p	38.67p

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Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/17 (pence per unit)	07/01/16 (pence per unit)	07/01/15 (pence per unit)
Opening net asset value per unit	47.35	45.09	35.56
Return before operating charges*	8.53	3.04	10.26
Operating charges (calculated on average price)	(0.16)	(0.15)	(0.12)
Return after operating charges*	8.37	2.89	10.14
Distributions on income units	(0.80)	(0.63)	(0.61)
Closing net asset value per unit	54.92	47.35	45.09
* after direct transaction costs of:	0.01	0.01	0.02

Performance

Return after charges	17.68%	6.41%	28.52%
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Other Information

Closing net asset value (£)	34,249,394	12,388,624	9,629,819
Closing number of units	62,357,826	26,161,380	21,357,936
Operating charges	0.31%	0.31%	0.31%
Direct transaction costs	0.02%	0.02%	0.07%

Prices

Highest unit price	57.40p	51.23p	45.89p
Lowest unit price	43.39p	43.75p	35.19p

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

Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/17 (pence per unit)	07/01/16 (pence per unit)	07/01/15 (pence per unit)
Opening net asset value per unit	56.86	53.43	41.57
Return before operating charges*	10.24	3.61	12.01
Operating charges (calculated on average price)	(0.19)	(0.18)	(0.15)
Return after operating charges*	10.05	3.43	11.86
Distributions	(0.96)	(0.75)	(0.71)
Retained distributions on accumulation units	0.96	0.75	0.71
Closing net asset value per unit	66.91	56.86	53.43
* after direct transaction costs of:	0.01	0.01	0.03

Performance

Return after charges	17.68%	6.42%	28.53%
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Other Information

Closing net asset value (£)	126,714,211	86,250,389	46,623,572
Closing number of units	189,384,223	151,684,280	87,267,463
Operating charges	0.31%	0.31%	0.31%
Direct transaction costs	0.02%	0.02%	0.07%

Prices

Highest unit price	68.93p	60.70p	53.65p
Lowest unit price	52.10p	51.84p	41.12p

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

Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/17 (pence per unit)	07/01/16 (pence per unit)	07/01/15 (pence per unit)
Opening net asset value per unit	47.45	45.15	35.62
Return before operating charges*	8.52	3.09	10.25
Operating charges (calculated on average price)	(0.23)	(0.22)	(0.17)
Return after operating charges*	8.29	2.87	10.08
Distributions on income units	(0.72)	(0.57)	(0.55)
Closing net asset value per unit	55.02	47.45	45.15
* after direct transaction costs of:	0.01	0.01	0.02

Performance

Return after charges	17.47%	6.36%	28.30%
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Other Information

Closing net asset value (£)	669	577	549
Closing number of units	1,216	1,216	1,216
Operating charges	0.45%	0.45%	0.45%
Direct transaction costs	0.02%	0.02%	0.07%

Prices

Highest unit price	57.40p	51.28p	45.91p
Lowest unit price	43.45p	43.75p	35.23p

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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.

Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	07/01/17 (pence per unit)	07/01/16 (pence per unit)	07/01/15 (pence per unit)
Opening net asset value per unit	53.83	50.65	39.47
Return before operating charges*	9.68	3.43	11.38
Operating charges (calculated on average price)	(0.26)	(0.25)	(0.20)
Return after operating charges*	9.42	3.18	11.18
Distributions	(0.82)	(0.64)	(0.61)
Retained distributions on accumulation units	0.82	0.64	0.61
Closing net asset value per unit	63.25	53.83	50.65
* after direct transaction costs of:	0.01	0.01	0.03

Performance

Return after charges	17.50%	6.28%	28.33%
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Other Information

Closing net asset value (£)	147,862	106,870	85,444
Closing number of units	233,776	198,543	168,692
Operating charges	0.45%	0.45%	0.45%
Direct transaction costs	0.02%	0.02%	0.07%

Prices

Highest unit price	65.18p	51.28p	45.91p
Lowest unit price	49.32p	43.75p	35.23p

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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 by 16.12%. 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, the Trust rose by 16.76% on a capital only basis compared with the FTSE World Health and Pharmaceutical Index rise of 16.70% (Source: Rimes), producing a tracking difference of +0.06%.

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Market/Economic Review

Global equity markets were volatile in the first half of the review year, recording heavy losses during the opening weeks of 2016, on concerns over the economic outlook for China and further weakness in commodity markets. Over the remainder of the year, data releases have highlighted divergent trends in the major economies. The US economy continued to grow steadily, despite fluctuations in quarterly Gross Domestic Product (GDP), while Donald Trump's unexpected victory in the November presidential election focused investors on the prospect of increased infrastructure spending and tax cuts, which was favourably received by financial markets anticipating fiscal stimulus, pro-business policies and strengthening growth. The US was the best performing major market in Sterling terms for the period as a whole although the strengthening Dollar remains a significant impediment for revenue growth.

In the UK, the Bank of England cut interest rates to 0.25% and extended its asset purchase programme, known as quantitative easing (QE), to support the economy after the UK unexpectedly voted to leave the European Union (EU) in the June referendum, causing Sterling to fall to a 31-year low against the US Dollar. Inflationary pressures remained relatively low despite oil prices rising strongly on balance throughout the year. With the Eurozone experiencing very low levels of inflation, the European Central Bank (ECB) continued to sanction large-scale QE, announcing another extension in December, to shore up business and consumer confidence.

Manager's Investment Report continued

In Japan, economic growth remained weak while inflation was well below its 2% target, although a stronger labour market did begin to lift wages. In January, the Bank of Japan became the latest central bank to adopt the unorthodox policy of negative interest rates, following the ECB, Swiss National Bank and the Swedish Riksbank.

Trust Review

At the end of the year under review, there were 89 companies in the FTSE World Index classified as Pharmaceuticals and Biotechnology, and a further 65 companies classified under the Health Care Equipment and Services sector. These sub sectors account for approximately 70% and 30% of the portfolio respectively.

The top 10 holdings in the portfolio are shown below. These represent almost 40% of the Trust by market value and consist of the 10 largest Pharmaceutical companies in the world.

Johnson & Johnson (US)
Pfizer (US)
Novartis (Switzerland)
Roche (Switzerland)
Merck & Company (US)
United Health Group (US)
Amgen (US)
Abbvie (US)
Gilead Sciences (US)
Medtronic (Ireland)

The March quarterly Index review resulted in six additions, of which Orpea (France) and Straumann Holdings (Switzerland) were the biggest. There were no deletions in March 2016. There were a further 27 changes to the free share capital of constituents with the largest increases being Incyte and Regeneron Pharmaceuticals (both US), and the largest decreases being Gilead Sciences, Merck & Company and Biogen Idec (all US).

The June quarterly Index review resulted in no additions and no deletions. There were 40 changes to the free share capital of constituents with the largest increases being Novartis (Switzerland) and Otsuka Holdings (Japan), and the largest decreases being Gilead Sciences, Pfizer (both US) and Sanofi (France).

The September Index review resulted in 4 additions, of which Resmed (US) was the largest, and 1 deletion. There were 30 changes to the free share capital of constituents with the largest increases being Bangkok Dusit Medical Services PCL (Thailand) and Shire (UK), and the largest decreases being Medtronic plc (US) and Fresenius (Germany).

The December Index review resulted in 1 addition, Koninklijke Philips (Netherlands) following a GICS sector reclassification, and no deletions. There were 23 changes to the free share capital of constituents with the largest increases being Stryker (US) and

Manager's Investment Report continued

Fresenius SE & Co KGaA (Germany), and the largest decreases being Allergan and Gilead Sciences (both US).

Outside the reviews, there were up-weights for Baxalta, Zimmer Holdings and Abbvie (all US) in February 2016 following secondary offerings. In June 2016, Baxalta was deleted from the Index after its acquisition by Shire (UK) in a cash and stock deal worth \$29.3 billion.

Outlook

As we head into 2017, we see steady global growth and reflation continuing, aided by increasingly supportive US fiscal policy. So far risk assets have been buoyed by diminishing deflation concerns. With several economies at full employment, most notably the US, the sharp move higher in headline inflation could lead to a more rapid increase in wage growth, stronger core inflation and a faster-than-expected pace of Fed hikes.

We also worry about political developments. The Trump presidency raises the spectre of increased protectionism which could further damage already weak productivity growth. There is also increased concern about the direction of US foreign policy. Across Europe, meanwhile, there are a number of important elections. So far, the anti-establishment vote has not appeared to dent confidence, but a repeat in France could expose the underlying frailties of both the Euro and the European Union.

The UK economy has been surprisingly resilient following the Brexit vote, but the consequences of the fall in the exchange rate could be felt more strongly during 2017. As inflation rises, real incomes will come under pressure and consumer spending should soften. We also expect weak business investment and less employment growth as uncertainty around the UK's future relationship with the EU leads to a deferral of expansion plans. In this environment, the Bank of England (BoE) is likely to be faced with a combination above-target inflation but sluggish growth.

Monetary conditions remain exceptionally loose in the Euro area while core inflation is uncomfortably low. Sentiment surveys suggest that growth will remain at a reasonable pace, while unemployment is falling in most countries, albeit from high levels. If inflation expectations can continue to move back towards levels that are consistent with their mandate, the ECB might be in a position to consider tapering later in 2017.

Despite this backdrop of uncertainty the Trust remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited
(Investment Adviser)
18 January 2017

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 the annualised Tracking Error of the Trust over the last 3 years to the end of December 2015 was 0.11%. 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. With effect from 1 January 2016, 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, through 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	£500
I-Class	£1,000,000
F-Class	£500

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

F-Class units are only available to:

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

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

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

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Trustee

Northern Trust Global Services Limited

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

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

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Legal & General
(Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
Registered office:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com
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