

Legal & General
Global Health and Pharmaceuticals
Index Trust

**Interim Manager's
Short Report
for the period ended
7 July 2018**

**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 Jul 18	7 Jan 18
R-Class	0.79%	1.03%
F-Class	0.45%	0.45%
I-Class	0.31%	0.31%

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



- 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 number highlighted above reflects the rate at which the Trust's unit price has moved up and down in the past. If the Trust has less than five years' track record, the number also reflects the rate at which the Index the Trust tracks has moved up and down in the past. Higher numbers mean the potential reward could be greater, but this comes with increased risk of losing money.
- 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.
- 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

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	6,900,428	11,237,481	61.41
Accumulation Units	110,464,438	159,676,755	69.18
F-Class			
Distribution Units	70,032	113,501	61.70
Accumulation Units	212,677	295,864	71.88
I-Class			
Distribution Units	180,689,607	292,992,511	61.67
Accumulation Units	141,900,258	186,213,950	76.20

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.

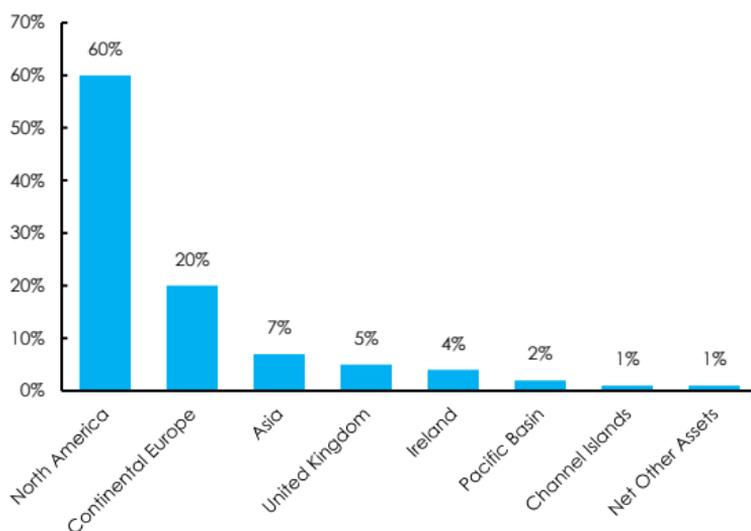
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

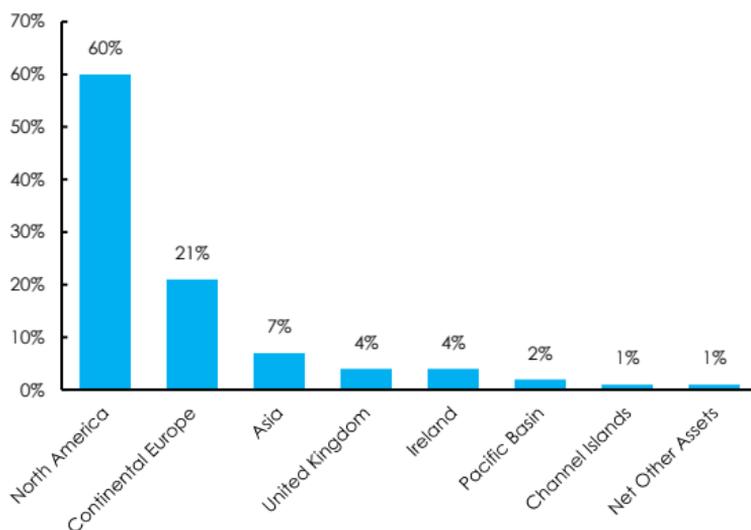
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 7 July 2018		Top 10 Holdings at 7 January 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Johnson & Johnson	6.96%	Johnson & Johnson	7.93%
UnitedHealth Group	4.97%	UnitedHealth Group	4.57%
Pfizer	4.47%	Pfizer	4.56%
Novartis	3.49%	Novartis	4.01%
Merck & Company	3.47%	Roche (Part Certified)	3.79%
Roche (Part Certified)	3.27%	AbbVie	3.31%
AbbVie	3.15%	Merck & Company	3.28%
Amgen	2.61%	Amgen	2.76%
Medtronic	2.43%	Medtronic	2.39%
Abbott Laboratories	2.20%	Bayer	2.27%

Trust Holdings as at 7 July 2018



Trust Holdings as at 7 January 2018



Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 2.69%. 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 2.71% on a capital only basis compared with the FTSE World Health and Pharmaceutical Index rise of 2.69% (Source: Rimes), producing a tracking difference of +0.02%.

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The value of investments and any income from them may go down as well as up.

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Market/Economic Review

Concerns over the possibility of a damaging trade dispute between the US and China unsettled investors and international equity markets were broadly flat in June. The US was the best performing major market as a positive corporate earnings backdrop and bullish economic indicators enabled Wall Street to weather escalating trade tensions between the US and China. The Federal Reserve increased interest rates for the second time this year, although this had already been priced in by investors. Discretionary consumer stocks performed well as consumer demand regained momentum following a sluggish start to the year, while first quarter results from several retailers and department stores exceeded expectations. Sentiment towards the sector has also been underpinned by the expectations that tax cuts will provide a further boost to spending. Energy stocks also performed well as the oil price rose towards \$80 per barrel at month-end. In Europe, there was a wide divergence in the performance of individual markets with Italy and Spain rebounding after political developments had weakened both markets in May. In contrast, both Germany and France lost ground with the export-heavy German market hit by concerns that protectionist US trade policies could weaken the global economy. The growing risk of a global trade war weighed on Japanese equities, while emerging markets underperformed the FTSE World (excluding UK) Index, with Asian markets bearing the brunt of these concerns.

Manager's Investment Report continued

Health-related equities produced modest gains over the six months, performing marginally ahead of wider global equities. Despite some concerns around the turn of the calendar year over the effect of generic competition on some pharmaceutical companies' earnings as key drugs lose patent protection, optimism over new product pipelines supported returns during the first half of 2018. US-based pharmaceutical & medical device maker Abbott Laboratories and robotic surgery equipment Intuitive Surgical rallied on better-than-expected earnings. However, Celgene fared poorly after US regulators named the pharmaceutical developer on a list of companies seeking to thwart generic competition using safety rules.

Trust Review

At the end of the period under review, there were 91 companies in the FTSE World Developed and Advanced Emerging Index classified as Pharmaceuticals and Biotechnology, and a further 72 companies classified under the Health Care Equipment and Services sector. These sub sectors account for approximately 67% and 33% 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)
UnitedHealth Group (US)
Pfizer (US)
Novartis (Swiss)
Merck & Company (US)
Roche (Swiss)
AbbVie (US)
Amgen (US)
Medtronic (IE)
Abbott Laboratories (US)

The March quarterly Index review resulted in six additions of which Alnylam Pharmaceuticals and Teleflex (both US) were the biggest. There were two deletions of which Patterson (US) was the biggest. There were a further 17 changes to the free share capital of constituents with the largest increase being Aspen Pharmacare (South Africa) and the largest decrease being Novartis (Swiss).

The June quarterly Index review resulted in no additions and two deletions: Getinge B and Arjo B (both Sweden). There were 114 changes to the free share capital of constituents with the largest increase being Bayer (Germany) and the largest decrease being Amgen (US).

Outlook

We expect the recent strong economic growth to continue for the time being. However, there are a number of indicators which suggest that the global economy is moving towards the latter stages of the economic cycle; unemployment is low, inflation is starting to

Manager's Investment Report continued

rise, the yield curve is flattening and credit spreads are moving wider.

From our perspective, there are three key risks of which to be mindful: that inflation could rise faster than expected, a further strengthened US Dollar which would squeeze other nations and trade wars. On the latter, the existing set of tariffs on steel, aluminium and solar panels are relatively small. However, it is the significant escalation that could cause wider issues. Escalation increases the risk of a more negative financial market reaction and damage to business and consumer confidence. While tariffs on steel and aluminium are less visible to consumers, widespread tariffs will hit high-profile consumer goods such as electronics and clothing. If a full-scale trade war becomes a reality, we see it as inflationary and negative for US, Chinese and global growth. However, this scenario is not part of our base case outlook and we see the current rhetoric from Trump as part of his usual negotiating position to reach a more stable and agreeable outcome.

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

Legal & General Investment Management Limited

(Investment Adviser)

24 July 2018

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 0.05%, whilst over the last three years to the end of July 2018, the annualised Tracking Error of the Trust is 0.06%. 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

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

F-Class 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.

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 Fund Management Fee (FMF)

With effect from 1 June 2018, the FMF for R-Class units have been reduced from 0.95% to 0.69%.

Change of Auditor

With effect from 28 April 2018, PricewaterhouseCoopers LLP ceased to be Independent Auditors of the Trust and KPMG LLP have been appointed. The change of Auditor has no impact on the way the Trust is operated.

Significant Changes continued

General Data Protection Regulation (GDPR)

Legal & General takes your privacy very seriously. Under data protection legislation, we have classified ourselves as a 'data controller'. This means that we are subject to certain obligations relating to how we process personal data. These obligations include, without limitation, providing individuals with certain information regarding how we process their personal data.

We will use the personal data you have provided to us in connection with an investment in units of Legal & General Global Health and Pharmaceuticals Index Trust, including your name, age, contact details, bank account details, transactions and the invested amount, and any information regarding the dealing in units in accordance with all applicable data protection laws and our Privacy Policy which is available from 25 May 2018 at www.lgim.com/UTMprivacy (or available upon request). Our Privacy Policy sets out, amongst other things, the purpose or purposes for which your personal data is collected and intended to be processed and also contains any other information prescribed by data protection legislation.

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 PLC

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

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Financial Conduct Authority**

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