

Legal & General European Trust
**Interim Manager's
Short Report**
for the period ended
28 January 2018

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective of the Trust is to secure capital growth from a portfolio exclusively invested directly or indirectly in European securities, other than those of the UK, which may be selected from all economic sectors.

The Manager will select those securities that generally reflect both leading industrial and commercial concerns as well as opportunities offered by newly emerging companies.

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.

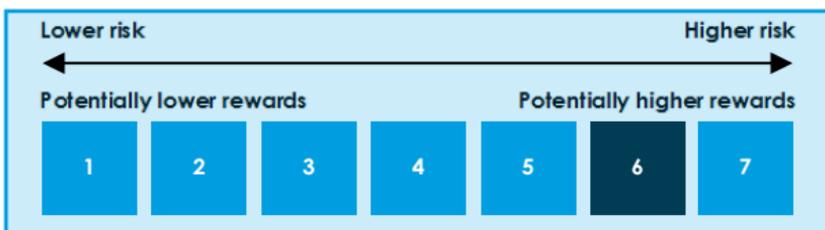
Trust Facts

Period End Date for Distribution:		28 July
Distribution Date:		28 September
Ongoing Charges Figures:	28 Jan 18	28 Jul 17
R-Class	1.68%	1.85%
E-Class	1.68%	1.85%
F-Class	1.18%	1.35%
I-Class	0.87%	0.96%

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 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 5 years' track record, the number also reflects the rate at which a representative benchmark 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 six 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

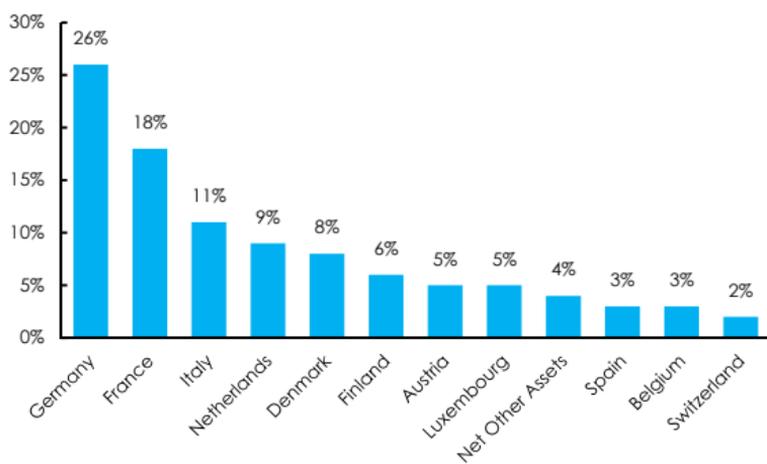
The policy is to distribute, on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. This being the case, there is no interim distribution.

Portfolio Information

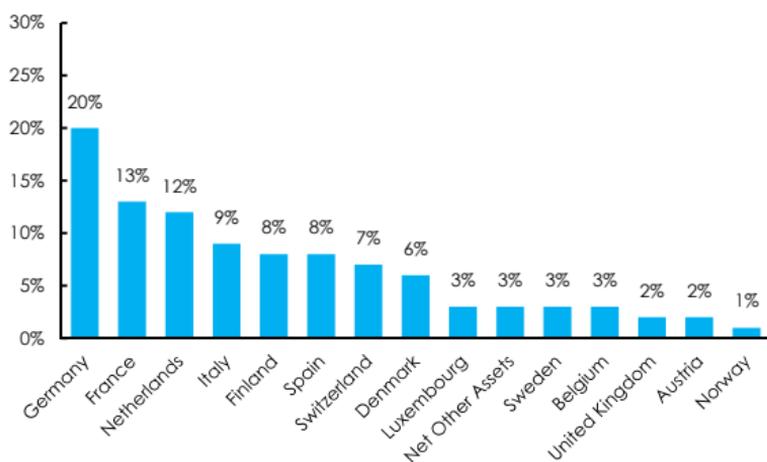
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 28 January 2018		Top 10 Holdings at 28 July 2017	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
ASML	4.20%	Allice 'A'	3.96%
Valeo	3.54%	Infineon Technologies	3.71%
UniCredit	3.49%	Pandora	3.66%
Daimler	3.42%	Ferrari	3.65%
SAP	3.39%	SAP	3.55%
Ferratum	3.33%	UniCredit	3.47%
Amadeus IT Group	3.31%	Ferratum	3.38%
KION Group	3.30%	ArcelorMittal	3.28%
Ferrari	3.28%	Amadeus IT Group	3.23%
Umicore	3.21%	Vapiano	3.19%

Trust Holdings as at 28 January 2018



Trust Holdings as at 28 July 2017



Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	792,875	175,905	450.74
Accumulation Units	37,879,531	7,632,451	496.30
E-Class			
Distribution Units	111,030,049	24,640,267	450.60
Accumulation Units	1,708,107	344,197	496.26
F-Class			
Distribution Units	641	141	454.61
Accumulation Units	15,610	3,056	510.80
I-Class			
Distribution Units	1,936,751	424,072	456.70
Accumulation Units	4,090,263	783,672	521.94

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.

Manager's Investment Report

During the six months under review, the bid price of the Trust's E-Class distribution units rose by 3.71%. This compares to a 4.28% rise, in Sterling terms on a capital only basis, in the FTSE World Europe (excluding UK) Index (Source: Bloomberg).

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.

Market/Economic Review

Globally, equity markets have made further gains over the last six months, reflecting a steady improvement in global economic indicators and earnings growth that has exceeded expectations. Investors have favoured technology stocks in anticipation of an upturn in the semiconductor industry, while earnings announcements from the major technology companies, particularly in the US, have also been encouraging. Mining stocks have performed well as commodity markets rallied, while energy stocks also outperformed as the oil price climbed to a three-year high above \$70/barrel in January. In contrast, utilities, real estate and telecoms, that are sectors more sensitive to bond markets, underperformed. US equities ended the review period at an all-time high, boosted by congressional approval for the Trump administration's tax reforms which included a substantial cut in corporation tax. The UK equity market ended 2017 on a positive note, as progress in Brexit negotiations with the European Union underpinned investor confidence, before faltering in January, underperforming international markets over the review period.

In Europe, although corporate results have highlighted improving earnings momentum and indicators suggest regional economic activity is accelerating, markets trailed the World Index, as political concerns resurfaced. Talks to form a coalition government in Germany have been protracted, while in Spain regional elections in Catalonia failed to resolve the independence issue. More broadly, emerging markets have outperformed developed markets, supported by the improving global economic backdrop and underlying corporate earnings growth.

Trust Review

The Trust delivered a positive return over the period. Stock selection helped drive returns, led by portfolio holdings in the materials and consumer services sectors. Our relative overweight allocation to the technology sector weighed on returns early in the period but this was reversed towards the end.

Ferrari contributed positively in the period. With an aspiration luxury brand, this has been an exceptionally strong performer for the Trust since we initiated a position. We believe that management are gearing for the next long-term growth phase, given that demand tends to outstrip supply and costs via its superior pricing power.

Manager's Investment Report continued

In terms of trading, we introduced spirits company Davide Campari-Milano, where we see superior top-line growth and potential for margin expansion. Aperol and Grand Marnier brands are in a strong position, with scope for more value-added M&A. We also reduced our sector underweight in healthcare, driven by our purchase of Novo Nordisk. We consider this a good, long term growth story. Finally, we switched our semiconductor exposure, from Dialog to ams. We have preference for the latter, given attractive exposure to long-term themes, where we anticipate greater opportunities in 3D sensing.

Outlook

Following a strong 2017, we see potential for another year of double-digit earnings growth. European margins are still below pre-crisis levels, which leave scope for improvement. Additionally, M&A and corporate buybacks should provide additional support to EPS growth. Equities are not cheap overall, but attractive relative to fixed income and sector dispersion remains. In terms of risk, we are cognisant of a potential fiscal drag from the ECB beyond September 2018.

Legal & General Investment Management Limited
(Investment Adviser)
16 February 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.

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	£500
E-Class	£100,000
F-Class	£500
I-Class	£1,000,000

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 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.

Significant Changes

Reduction of FMF

With effect from 2 January 2018, the Fund Management Fees (FMF) have been reduced as follows:

	Old FMF	New FMF
R-Class	1.85%	1.56%
E-Class	1.85%	1.56%
F-Class	1.35%	1.06%
I-Class	0.96%	0.81%

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 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

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

Legal & General
(Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
Registered office:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com
EUR0318

