

Legal & General European Equity
Income Fund

**Interim Manager's
Short Report
for the period ended
31 October 2018**



Investment Objective and Policy

The objective of the Fund is to generate income in excess of the FTSE Europe ex-UK Index over rolling three year periods.

The Fund does not aim to generate income by sacrificing capital, hence it also aims to achieve capital appreciation in excess of the benchmark. These objectives are before the deduction of any charges.

The Fund will predominantly invest in the shares of companies domiciled in Europe, excluding the UK. The Fund may also invest in convertibles, preference shares, warrants, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes. The collective investment schemes in which the Fund may invest in may include schemes which are managed or operated by, or whose authorised corporate director is, the Manager or one of its associates. The Fund may also invest up to 10% of the scheme property in the shares of companies domiciled in the UK and in countries outside Europe.

The Fund may use derivatives for Efficient Portfolio Management only.

Risk Profile

Market Risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Fund 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 Fund is invested in overseas financial securities. The performance of the Fund 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.

Fund Facts

Period End Dates for Distributions:	31 Jan, 30 Apr, 31 Jul and 31 Oct
Distribution Dates:	31 Mar, 30 Jun, 30 Sep and 31 Dec
Ongoing Charges Figures:	31 Oct 18*
I-Class	0.80%
C-Class	0.60%
L-Class	0.05%

* There are no comparative figures shown as the Fund launched on 19 December 2017.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a fund and is calculated based on the last period's figures.

Risk and Reward Profile



- This risk and reward indicator is based on historical data which may not be a reliable indication of the Fund's risk and reward category in the future.
- The category number highlighted above reflects the rate at which the Fund's unit price has moved up and down in the past. If the Fund has less than five 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 Fund 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 Fund's category is not guaranteed to remain the same and may change over time.
- Even a fund in the lowest category is not a risk free investment.

Distribution Information

I-Class

The distribution payable on 31 December 2018 is 0.1969p per unit for distribution units and 0.2075p per unit for accumulation units.

C-Class

The distribution payable on 31 December 2018 is 0.2085p per unit for distribution units and 0.2135p per unit for accumulation units.

L-Class

The distribution payable on 31 December 2018 is 0.1972p per unit for distribution units and 0.2020p per unit for accumulation units.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
I-Class			
Distribution Units	32,845	71,573	45.89
Accumulation Units	57,169	120,747	47.35
C-Class			
Distribution Units	919	2,000	45.95
Accumulation Units	949	2,000	47.45
L-Class			
Distribution Units	250,404,833	542,900,199	46.12
Accumulation Units	953	2,000	47.65

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.

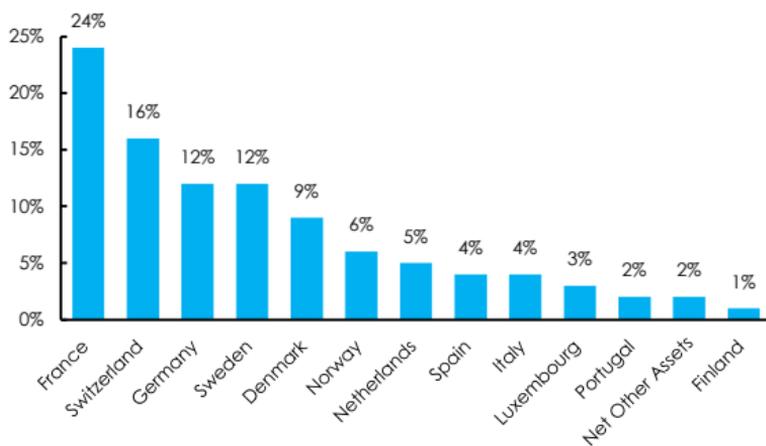
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

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

Top 10 Holdings at 31 October 2018*	
Holding	Percentage of Net Asset Value
Novo Nordisk	4.08%
Roche Holding	3.90%
Eni	3.57%
AXA	3.37%
SAP	3.30%
Daimler	3.13%
UBS Group	3.02%
Zurich Insurance 'A'	2.82%
Ericsson 'B'	2.72%
Pandora	2.65%

Fund Holdings as at 31 October 2018*



* There are no comparative figures shown as the Fund launched on 19 December 2017.

Manager's Investment Report

During the period under review since launch on 19 December 2017, the bid price of the Fund's I-Class accumulation units fell by 5.32%. This compares to a fall in the FTSE Europe (excluding UK) Index of 5.97%.

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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

Although the global economy remains on track for another year of solid growth, growth has become less synchronised in contrast to 2017 and more uneven across countries and regions. Despite a rise in commodity prices, with the oil price (Brent crude) recovering to over \$82 per barrel in September, its highest level since 2014, inflationary pressures worldwide have remained subdued by historical standards. The Eurozone economy grew at its fastest pace for a decade in 2017, although there was some loss of momentum during 2018. The European Central Bank (ECB) acknowledged the 'weaker momentum' of the Eurozone economy, which grew at its slowest rate since the second quarter of 2014 during the three months to September, as the Italian economy stalled for the first time in almost four years. The ECB announced it would cease its monthly asset purchase programme by the end of 2018, and signalled interest rates are likely to remain on hold at least until mid-2019 with inflation remaining subdued.

Returns from European equities have been disappointing in comparison with other developed markets. Although earnings growth and the economic background have been supportive, political concerns resurfaced in recent months, most notably in Italy. The new coalition government comprising the populist Five Star Movement and the Northern League is potentially on a collision course with the European Central Bank over its spending plans, which threaten to breach the latter's fiscal deficit limits. This has reawakened the debate on the existential future of the Eurozone. As a result, renewed fears of contagion risk drove down financial stocks, notably banks.

Fund Review

The Fund delivered a negative return over the period amid considerable market volatility.

It has been a particularly difficult period for the European automotive sector as Chinese trade tariff concerns have taken their toll. Subsequently, the sector traded near multi-year valuation lows. Daimler, one such company in the portfolio, additionally revised guidance downwards for 2018, with specific issues relating to diesel recalls for vans and slowing momentum in Brazil. Further, the market has also taken a negative view on product pricing.

Manager's Investment Report continued

Multi-line insurer AXA was a heavy faller after the group announced the acquisition of US business XL Group. While this deal is consistent with communicated objectives, it is bigger than the market expected and likely rules out share buybacks in the near term. XL is heavily biased towards primary commercial reinsurance, one of three key areas of acquisition focus for AXA.

Affordable jewellery business Pandora was weaker on the back of analyst downgrades, which is largely driven by a loss of confidence in management's ability to turnaround financial performance, and is compounded by poor investor communication. Near-term growth prospects in China have also recently been called into question.

In terms of activity, we exited our position of ASML, following strong performance. We built Merck into a full position, partially out of sales proceeds from Roche Holding. On the flipside we initiated a new position in Mediaset Espana Comunicacion, a well-run Spanish broadcaster. We also added payments business Ingenico to the portfolio.

Outlook

A number of countervailing forces have kept markets in a holding pattern recently: growth in the global economy and company earnings, and the ascent of populist economic policies. Trade wars continue to occupy markets' attention and although there has yet to be any major fall-out, our economists do anticipate some damage to growth over the next year. We are also closely monitoring the ongoing Brexit negotiations and the impact it may have on UK companies.

Legal & General Investment Management Limited
(Investment Adviser)
21 November 2018

Manager's Report and Accounts

A copy of the most recent Interim Long Form Manager's Report is 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 Fund. 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 Fund in the form of a payment from the Manager. This provides an enhanced return to the Fund, 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:

I-Class	£1,000,000
C-Class	£50,000,000
L-Class	£100,000

C-Class 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.

L-Class is not available to retail customers and is intended only for investment by Legal & General group of companies.

Other Information

The information in this report is designed to enable unitholders to understand how the Fund 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 Fund can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

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Significant Change

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 European Equity Income Fund, 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 SE

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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(Unit Trust Managers) Limited
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