

Legal & General European Trust
**Annual Manager's
Short Report
for the year ended
28 July 2017**

**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.

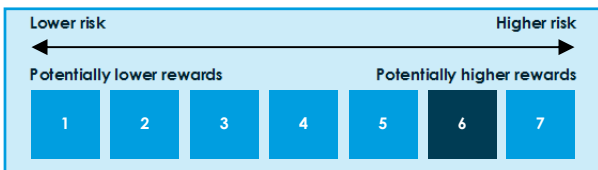
Trust Facts

Period End Date for Distribution:		28 July
Distribution Date:		28 September
Ongoing Charges Figures:	28 Jul 17	28 Jul 16
R-Class	1.85%	1.75%
E-Class	1.85%	1.75%
F-Class	1.35%	1.25%
I-Class	0.96%	0.86%

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 value of the Trust has moved up and down in the past.
- This Trust is in category six because it invests in European 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 28 September 2017 is 0.5848p per unit for distribution units and 0.6434p per unit for accumulation units.

E-Class

The distribution payable on 28 September 2017 is 0.5848p per unit for distribution units and 0.6434p per unit for accumulation units.

F-Class

The distribution payable on 28 September 2017 is 2.8014p per unit for distribution units and 3.1168p per unit for accumulation units.

I-Class

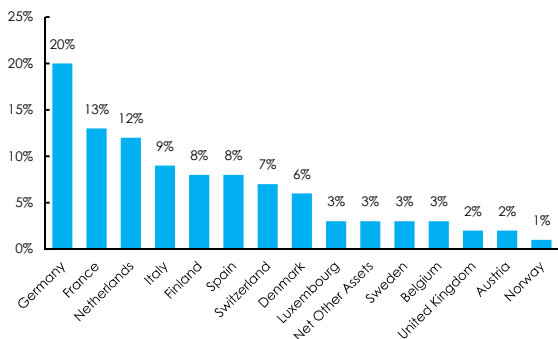
The distribution payable on 28 September 2017 is 4.5382p per unit for distribution units and 5.1311p per unit for accumulation units.

Portfolio Information

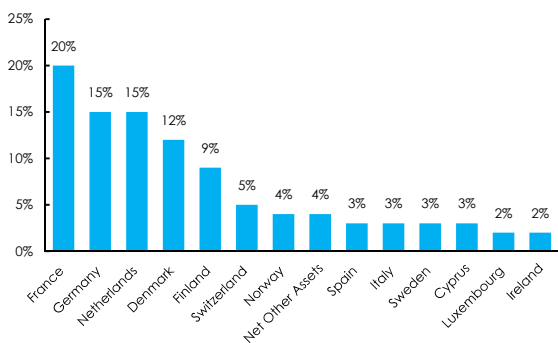
The top 10 holdings and their associated weighting at the current and preceding year ends were:

Top 10 Holdings at 28 July 2017		Top 10 Holdings at 28 July 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Altice 'A'	3.96%	Vestas Wind Systems	4.48%
Infineon Technologies	3.71%	Pandora	4.25%
Pandora	3.66%	Kion Group	3.95%
Ferrari	3.65%	Kone	3.52%
SAP	3.55%	ASML	3.41%
UniCredit	3.47%	Inditex	3.35%
Ferratum	3.38%	Partners Group	3.34%
ArcelorMittal	3.28%	Ingenico Group	3.18%
Amadeus IT	3.23%	Novo Nordisk	3.15%
Vapiano	3.19%	SAP	3.15%

Trust Holdings as at 28 July 2017



Trust Holdings as at 28 July 2016



Comparative Tables

R-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	359.79	333.66	300.64
Return before operating charges*	81.99	31.75	38.47
Operating charges (calculated on average price)	(7.27)	(5.62)	(5.45)
Return after operating charges*	74.72	26.13	33.02
Distributions on income units	(0.58)	—	—
Closing net asset value per unit	433.93	359.79	333.66
* after direct transaction costs of:	0.61	1.51	2.03

Performance

Return after charges	20.77%	7.83%	10.98%
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Other Information

Closing net asset value (£)	680,088	554,548	684,479
Closing number of units	156,727	154,131	205,144
Operating charges†	1.85%	1.75%	1.70%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	455.60p	380.70p	368.90p
Lowest unit price	352.40p	282.90p	273.40p

† Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

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	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	395.76	367.03	330.72
Return before operating charges*	90.13	34.91	42.29
Operating charges (calculated on average price)	(7.99)	(6.18)	(5.98)
Return after operating charges*	82.14	28.73	36.31
Distributions	(0.64)	—	—
Retained distributions on accumulation units	0.64	—	—
Closing net asset value per unit	477.90	395.76	367.03
* after direct transaction costs of:	0.67	1.66	2.23

Performance

Return after charges	20.76%	7.83%	10.98%
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Other Information

Closing net asset value (£)	37,244,235	32,821,199	33,097,291
Closing number of units	7,793,329	8,293,183	9,017,619
Operating charges†	1.85%	1.75%	1.70%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	501.10p	418.70p	405.70p
Lowest unit price	387.70p	311.20p	300.80p

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Comparative Tables continued

E-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	359.79	333.67	300.64
Return before operating charges*	81.93	31.74	38.47
Operating charges (calculated on average price)	(7.26)	(5.62)	(5.44)
Return after operating charges*	74.67	26.12	33.03
Distributions on income units	(0.58)	—	—
Closing net asset value per unit	434.88	359.79	333.67
* after direct transaction costs of:	0.61	1.51	2.03

Performance

Return after charges	20.75%	7.83%	10.99%
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Other Information

Closing net asset value (£)	107,550,815	127,148,692	119,785,708
Closing number of units	24,788,076	35,339,622	35,899,743
Operating charges†	1.85%	1.75%	1.70%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	440.10p	362.60p	351.30p
Lowest unit price	352.40p	282.90p	273.40p

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Comparative Tables continued

E-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	395.75	367.03	330.72
Return before operating charges*	90.14	34.90	42.29
Operating charges (calculated on average price)	(7.99)	(6.18)	(5.98)
Return after operating charges*	82.15	28.72	36.31
Distributions	(0.64)	—	—
Retained distributions on accumulation units	0.64	—	—
Closing net asset value per unit	477.90	395.75	367.03
* after direct transaction costs of:	0.67	1.66	2.23

Performance

Return after charges	20.76%	7.83%	10.98%
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Other Information

Closing net asset value (£)	1,708,586	1,503,379	1,628,956
Closing number of units	357,520	379,877	443,822
Operating charges†	1.85%	1.75%	1.70%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	484.10p	398.80p	386.40p
Lowest unit price	387.70p	311.20p	300.80p

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Comparative Tables continued

F-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	362.20	334.39	300.00
Return before operating charges*	82.81	31.84	38.45
Operating charges (calculated on average price)	(5.33)	(4.03)	(3.84)
Return after operating charges*	77.48	27.81	34.61
Distributions on income units	(2.80)	—	(0.22)
Closing net asset value per unit	436.88	362.20	334.39
* after direct transaction costs of:	0.61	1.52	2.03

Performance

Return after charges	21.39%	8.32%	11.54%
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Other Information

Closing net asset value (£)	616	1,485	1,371
Closing number of units	141	410	410
Operating charges†	1.35%	1.25%	1.20%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	445.30p	365.00p	352.00p
Lowest unit price	354.90p	284.20p	273.20p

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Comparative Tables continued

F-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	404.24	373.27	334.51
Return before operating charges*	92.30	35.47	43.04
Operating charges (calculated on average price)	(5.96)	(4.50)	(4.28)
Return after operating charges*	86.34	30.97	38.76
Distributions	(3.12)	—	(0.26)
Retained distributions on accumulation units	3.12	—	0.26
Closing net asset value per unit	490.58	404.24	373.27
* after direct transaction costs of:	0.69	1.69	2.26

Performance

Return after charges	21.36%	8.30%	11.59%
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Other Information

Closing net asset value (£)	14,992	13,247	13,210
Closing number of units	3,056	3,277	3,539
Operating charges†	1.35%	1.25%	1.20%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	496.90p	407.40p	392.20p
Lowest unit price	396.00p	317.10p	304.60p

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Comparative Tables continued

I-Class Distribution Units

Change in Net Asset Value per Unit

Accounting year ending	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	363.05	335.25	300.78
Return before operating charges*	83.10	32.05	38.63
Operating charges (calculated on average price)	(3.82)	(2.79)	(2.60)
Return after operating charges*	79.28	29.26	36.03
Distributions on income units	(4.54)	(1.46)	(1.56)
Closing net asset value per unit	437.79	363.05	335.25
* after direct transaction costs of:	0.63	1.52	2.02

Performance

Return after charges	21.84%	8.73%	11.98%
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Other Information

Closing net asset value (£)	1,773,708	612,392	853,620
Closing number of units	405,149	168,679	254,622
Operating charges†	0.96%	0.86%	0.81%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	448.00p	367.30p	353.70p
Lowest unit price	355.70p	285.50p	274.10p

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Comparative Tables continued

I-Class Accumulation Units

Change in Net Asset Value per Unit

Accounting year ending	28/07/17 (pence per unit)	28/07/16 (pence per unit)	28/07/15 (pence per unit)
Opening net asset value per unit	410.49	377.33	337.04
Return before operating charges*	93.96	36.30	43.23
Operating charges (calculated on average price)	(4.33)	(3.14)	(2.94)
Return after operating charges*	89.63	33.16	40.29
Distributions	(5.13)	(1.64)	(1.74)
Retained distributions on accumulation units	5.13	1.64	1.74
Closing net asset value per unit	500.12	410.49	377.33
* after direct transaction costs of:	0.70	1.71	2.30

Performance

Return after charges	21.83%	8.79%	11.95%
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Other Information

Closing net asset value (£)	2,751,384	2,094,227	1,115,948
Closing number of units	550,144	510,172	295,745
Operating charges†	0.96%	0.86%	0.81%
Direct transaction costs	0.16%	0.47%	0.63%

Prices

Highest unit price	506.50p	413.60p	396.30p
Lowest unit price	402.20p	321.50p	307.10p

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Manager's Investment Report

During the year under review, the bid price of the Trust's E-Class distribution units rose by 20.37%. This compares to a 21.78% rise, in Sterling terms, on a capital only basis, in the FTSE World Europe (excluding UK) Index (Source: Bloomberg).

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Market/Economic Review

Global economic activity has improved markedly over the review year. The recovery has been particularly strong in the manufacturing sector, accompanied by an upturn in global trade volumes, although recent data suggests this could now have peaked, with inventories starting to rise from a low level. Higher commodity prices over the second half of 2016 have been reflected in rising consumer price inflation in the major developed economies. While the recovery has been broad-based, it has been led by the US where growth accelerated during the latter half of 2016 driven by consumer demand. As President Trump's unexpected victory in the November presidential election focused investors on the prospect of increased infrastructure spending and tax cuts, the Federal Reserve (Fed) signalled a gradual tightening of monetary policy, raising interest rates three times over the last six months. The Fed also signalled it would begin unwinding its asset purchase programme, known as quantitative easing (QE), in the autumn. The European Central Bank continued with the unorthodox policy of negative interest rates and in recent months, European economic indicators have highlighted a significant improvement in both manufacturing and service sector activity.

Equity markets recorded double-digit percentage gains as investors became more positive on the prospects for global economic growth. Globally, equities have also been underpinned by companies buying back their own shares. Since the turn of the calendar year however, there has been a cooling of the so-called reflation trade that dominated equity markets in the latter half of 2016 when commodity-related sectors and financials performed relatively well. Amongst developed markets Europe outperformed, reflecting growing confidence over the economic outlook and a reduction in political risks in early 2017.

Trust Review

The Trust delivered a positive return over the review year, but underperformed the benchmark. For much of the year under review, stock selection weighed on relative returns, driven by some of our holdings in the consumer services sector. Our overweight position in the technology sector also proved slightly detrimental to performance.

Manager's Investment Report continued

European Banks defied expectations and rallied hard at the start of the review year, particularly those with rising payouts, top-line growth and sustainable dividends, which meant significant performance contributions from financial names. CaixaBank was a strong performer and we chose to sell earlier in 2017 while UniCredit was added to the portfolio, although we chose to take profits a small while after that. Deteriorating sales trends put pressure on a number of our retail holdings, especially those based in North America such as Pandora. However, specialist retailer Maisons du Monde was a positive contributor throughout the latter half of the review year. Pharmaceutical Novo Nordisk weighed on returns towards the end of 2016, after the group reported weak sales against a backdrop of intensifying pricing pressures and competition in the insulin diabetes market in the US. There was also a contract loss in the US for NovoLog.

In terms of trading activity, we introduced new positions in UniCredit and Publicis Groupe among others. We also introduced Schibsted, the Norwegian media publisher, and specialist performance eyewear designer Luxottica Group to the Trust, the latter of which rallied well in the last few months of 2016. On the flipside, we sold our positions in Capgemini, Wirecare, ING and Novo Nordisk and took profits from Vestas Wind Systems. Our holding in Dassault Systemes was also sold with the proceeds reinvested into Amadeus IT which now has stronger growth prospects in our view.

Outlook

Although Macron's election win in France seems to have calmed nerves of a populist rising in Europe, the structural growth and inflation headwinds in Europe are not dead. We see the recovery in Europe firming up well, being both broad-based and synchronised across countries and sectors. Bottom-up earnings continue to improve as headwinds to growth fade.

Legal & General Investment Management Limited

(Investment Adviser)

21 August 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.

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, 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
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 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.

Significant Changes

Removal of the Initial Charge for R-Class

With effect from 6 June 2017, the initial charge for R-Class units has been removed. Prior to this change the initial charge was 5%. The removal of the initial charge will provide better value for investors, as there is no longer a cost of setting up the investment.

Removal of Initial Commission

With effect from 6 June 2017, initial commission will no longer be paid on the Trust. The initial commission was intended to reflect the costs incurred by the product provider and the intermediary for setting up and selling the business, however, Legal & General no longer consider it appropriate to continue to pay commission on such transactions.

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,

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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**

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