

Legal & General European Equity Income Fund
Interim Manager's Report
for the period ended
31 October 2018
(Unaudited)



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Manager's Investment Report

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.

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%.

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

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.

Manager's Investment Report continued

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.

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

Authorised Status

Authorised Status

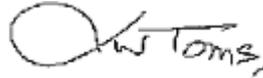
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven
(Director)



L. W. Toms
(Director)

Legal & General (Unit Trust Managers) Limited
17 December 2018

Portfolio Statement

Portfolio Statement as at 31 October 2018

All investments are in ordinary shares unless otherwise stated. There are no comparative figures shown as the Fund launched on 19 December 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
CONTINENTAL EUROPE — 98.58%			
Belgium — 0.13%			
233,500	Nyrstar	323,940	0.13
Denmark — 9.25%			
3,830	A.P. Moeller - Maersk 'B'	3,823,243	1.52
23,300	Genmab	2,502,841	1.00
301,000	Novo Nordisk	10,211,501	4.08
134,600	Pandora	6,636,413	2.65
		23,173,998	9.25
Finland — 1.41%			
142,100	Tieto	3,518,711	1.41
France — 23.52%			
429,300	AXA	8,451,335	3.37
142,400	BNP Paribas	5,842,540	2.33
260,000	Carrefour	3,932,645	1.57
175,600	Cie de Saint-Gobain	5,199,802	2.08
47,900	Gaztransport Et Technigaz	2,846,154	1.14
73,300	Ingenico	4,046,800	1.61
379,000	Orange	4,615,018	1.84
139,300	Publicis Groupe	6,337,054	2.53
280,000	Rexel	2,772,871	1.11
88,300	Schneider Electric	5,011,391	2.00
210,300	Societe Generale	6,062,023	2.42
151,200	Valeo	3,796,420	1.52
		58,914,053	23.52
Germany — 12.35%			
102,400	BASF	6,121,759	2.44
168,200	Daimler	7,844,490	3.13
73,100	Hella GmbH & Company	2,673,625	1.07
72,500	Merck	6,032,282	2.41
99,000	SAP	8,258,287	3.30
		30,930,443	12.35
Italy — 3.57%			
642,200	Eni	8,939,051	3.57
Luxembourg — 3.41%			
211,000	ArcelorMittal	4,126,639	1.65
265,000	SES	4,414,278	1.76
		8,540,917	3.41
Netherlands — 4.45%			
190,500	Flow Traders	4,784,880	1.91

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
Netherlands — (cont.)			
687,700	ING Groep	6,373,039	2.54
		11,157,919	4.45
Norway — 6.00%			
158,000	Marine Harvest	3,011,909	1.20
2,075,000	Petroleum Geo-Services	5,031,661	2.01
292,500	Telenor	4,208,390	1.68
83,300	Yara International	2,779,448	1.11
		15,031,408	6.00
Portugal — 2.40%			
716,200	Energias de Portugal	1,968,119	0.79
297,600	Galp Energia	4,046,736	1.61
		6,014,855	2.40
Spain — 4.09%			
945,800	CaixaBank	3,013,196	1.20
466,000	Mediaset Espana Comunicacion	2,517,266	1.00
735,700	Telefonica	4,723,628	1.89
		10,254,090	4.09
Sweden — 11.61%			
1,011,600	Ericsson 'B'	6,809,809	2.72
385,200	Getinge	2,981,163	1.19
420,700	SKF 'B'	5,266,062	2.10
494,800	Svenska Handelsbanken 'A'	4,223,985	1.69
295,700	Swedbank 'A'	5,208,708	2.08
395,600	Volvo	4,593,828	1.83
		29,083,555	11.61
Switzerland — 16.39%			
159,700	Adecco Group	6,105,766	2.44
461,800	Credit Suisse Group	4,700,799	1.87
89,000	Nestle	5,862,730	2.34
51,400	Roche Holding	9,761,759	3.90
699,500	UBS Group	7,558,975	3.02
29,100	Zurich Insurance 'A'	7,066,612	2.82
		41,056,641	16.39
Portfolio of investments¹		246,939,581	98.58
Net other assets²		3,558,087	1.42
Total net assets		£250,497,668	100.00%

¹ All investments are admitted to an official stock exchange unless otherwise stated.

² Includes £6,507,260 of nominals in the LGIM Sterling Liquidity Fund Class 1 which is shown as a cash equivalent in the balance sheet of the Fund.

Total purchases for the period: £334,021,083.

Total sales for the period: £66,864,419.

Financial Statements

Statement of Total Return For the period ended 31 October 2018

	19/12/17 to 31/10/18 ¹
	£
Income	
Net capital losses	(21,137,339)
Revenue	9,615,493
Expenses	(116,066)
Interest payable and similar charges	(7,159)
Net revenue before taxation	9,492,268
Taxation	(741,501)
Net revenue after taxation for the period	8,750,767
Total return before distributions	(12,386,572)
Distributions	(8,866,829)
Change in net assets attributable to Unitholders from investment activities	£(21,253,401)

Statement of Change in Net Assets attributable to Unitholders for the period ended 31 October 2018

	19/12/17 to 31/10/18 ¹
	£
Opening net assets attributable to Unitholders	—
Amounts received on issue of units	325,341
Amounts received on in-specie transactions	271,684,997
Amounts paid on cancellation of units	(259,845)
Change in net assets attributable to Unitholders from investment activities	271,750,493
Retained distributions on accumulation units	(21,253,401)
Closing net assets attributable to Unitholders	576
	£250,497,668

¹ There are no comparative figures shown as the Fund launched on 19 December 2017.

Financial Statements continued

Balance Sheet as at 31 October 2018

	31/10/18' £
ASSETS	
Fixed assets:	
Investments	246,939,581
Current assets	
Debtors	605,244
Cash and bank balances	16,042,367
Cash equivalents	6,507,260
Total assets	<u>270,094,452</u>
LIABILITIES	
Creditors:	
Bank overdrafts	(16,021,188)
Distributions payable	(1,071,119)
Other creditors	(2,504,477)
Total liabilities	<u>(19,596,784)</u>
Net assets attributable to Unitholders	<u>£250,497,668</u>

¹There are no comparative figures shown as the Fund launched on 19 December 2017.

Notes to the Financial Statements

1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 (2014 SORP).

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

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.

General Information

Constitution

Launch date:	19 December 2017
Period end dates for distributions:	30 April, 31 July, 31 October, 31 January
Distribution dates:	30 June, 30 September, 31 December, 31 March
Minimum initial lump sum investment:	I-Class £1,000,000 C-Class* £50,000,000 L-Class** £100,000
Valuation point:	12 noon
Fund management fees:	I-Class Annual 0.80% C-Class* Annual 0.60% L-Class** Annual 0.05%
Initial charges:	I-Class Nil C-Class* Nil L-Class** Nil

* 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.

Dealing

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by completing an application form. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

Prospectus and Manager's Reports

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent interim report is available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

Call charges will vary. We may record and monitor calls.

General Information continued

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.

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.

General Information continued

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

Directors of the Manager

R. M. Bartley
A. J. C. Craven
S. Hynes
H. Morrissey
H. Solomon
S. D. Thomas (resigned 17 October 2018)
L. W. Toms
A. R. Toutouchi*
M. J. Zinkula

*Non-executive Director

Secretary

J. McCarthy

Registrar

Legal & General (Unit Trust Managers) Limited
P.O. Box 6080,
Wolverhampton WV1 9RB
Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

Call charges will vary. We may record and monitor calls.

Trustee

Northern Trust Global Services SE
Trustee and Depository Services
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

Investment Adviser

Legal & General Investment Management Limited
One Coleman Street,
London EC2R 5AA
Authorised and regulated by the Financial Conduct Authority

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

Legal & General
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