

Legal & General European Equity Income Fund
Interim Manager's Report
for the period ended
31 October 2020
(Unaudited)



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Manager's Investment Report

Investment Objective and Policy

The objective of the Fund is to provide income and growth above those of the FTSE World Europe ex-UK TR Net Index, the "Benchmark Index". The Fund aims to outperform the Benchmark Index by 2% per annum. This objective is before the deduction of any charges and measured over rolling three year periods.

The Fund is actively managed and will invest at least 85% in the shares of European companies, excluding the UK. These are companies that are incorporated, listed, headquartered or which have their principal business activities in Europe.

Over a market cycle (typically three to five years), the Fund will comprise on average 35 to 70 companies selected by the manager following research of each company. At times the Fund's portfolio may be concentrated.

The Fund may also invest in other shares (including of UK companies), preference shares, collective investment schemes including those managed or operated by the Manager or an affiliate of the Manager as well as participatory notes, cash, permitted deposits and money market instruments (such as treasury bills).

In addition, the Fund is also permitted to receive and hold warrants and convertible bonds as a result of corporate actions.

The Fund may only hold derivatives for the purposes of Efficient Portfolio Management.

Manager's Investment Report

During the period under review, the bid price of the Fund's I-Class accumulation units rose by 7.53%. This compares to a rise in the benchmark Index of 7.95% on a total return basis (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

Global equity indices rebounded strongly after a turbulent first quarter and credit spreads tightened from their end-of-March peaks, as confidence amongst investors was restored after central banks and governments worldwide announced a range of monetary and fiscal stimulus packages to underpin the global economy. The Coronavirus spread throughout Europe and the US, heightening fears of an imminent global economic recession. Subsequently, countries started to ease lockdown restrictions, with economic activity gradually resuming, underpinning further momentum in equity markets. European equities generated positive returns but underperformed their global counterparts over the review period, which were boosted by the heavy presence of US technology stocks. The S&P 500 Index hit a new all-time high during August, although it became clear that much of the recovery had been driven by the technology sector, with other parts of the equity universe continuing to be significantly weaker than at the start of the year. However, a number of asset classes suffered corrections in September, with an accumulation of various factors playing a role in market movements. Economic growth in the US slowed in response to the recent resurgence of infections, several European countries implemented tighter restrictions and politicians continued in their struggle to balance economic activity with keeping the virus under control.

Manager's Investment Report continued

Fund Review

The Fund's holdings in Industrials and Basic Materials were key positives over the six months under review. Truck maker AB Volvo coped with the downturn well, aided by a strong services and spares business. German industrial giant Siemens benefitted from its wind turbine business and exposure to healthcare diagnostics equipment. In basic industries, chemicals maker Wacker Chemie and steel maker ArcelorMittal saw their share prices recover strongly from the declines seen early in the year, once the worst effects of the virus seemed to have passed. Pandora, the jewellery maker, was a large benefit to the Fund when investors saw that its recovery plan was succeeding.

Two sectors were the principle drag on the Fund's returns: Oil and Telecommunications. Although the oil price recovered from the lows of April, the sector was out of favour due to long term concerns about its future given the drive to reduce CO2 emissions. Meanwhile Orange and Telefonica, the fixed and mobile telecoms giants, languished. Investors are concerned that pricing may continue to decline due to a lack of discipline between rivals.

Trading activity was concentrated in adjusting positions when share prices moved significantly. We added to leading advertising agency Publicis Groupe and steel giant ArcelorMittal when they had been weak. We reduced Pandora and Wacker Chemie after strong share price rises meant they offered less value than before. Pharmaceutical maker Genmab was finally sold after rising 2.5 times in the 21 months the Fund held it. We started new positions in healthcare provider Fresenius SE & Company and Siemens Energy, a wind turbine and power company spun out by its parent.

Outlook

Success with vaccines and the results of the US election have clarified the outlook for the next year or two. The most extreme scenarios that were possible before now look unlikely. There will be some economic weakness over the next six months from lockdowns, however most Governments have programmes to ameliorate these effects. We expect significant vaccination levels to allow economies to begin the return to normal from the second half of 2021.

Stock markets began to anticipate this with a significant shift in early November. Companies whose shares had lagged the rest of the market, including banks, metals companies and media, were the strongest performers in this period. Given how weak these industries have been previously, we would not be surprised if they continued to benefit in the coming months.

Legal & General Investment Management Limited
(Investment Adviser)
24 November 2020

Important Note from the Manager

Since January 2020, global financial markets have been affected by the COVID-19 coronavirus. The impact on the Company will take longer to assess; however, the Company has enacted its business continuity plans, with a large number of staff working remotely. Our technology and IT infrastructure supports large scale remote working, with our Investment Management Teams able to work in a 'business as usual' manner. We remain in regular contact with all key suppliers and we continue to monitor this situation closely.

The virus has caused major uncertainty and disruption to businesses and everyday life. Financial markets have reacted sharply to this news, with concerns regarding the

Manager's Investment Report continued

economic impact this may have on a global scale. The long-term impact on the global economy and markets will depend upon the overall scale and the duration of the outbreak, as well as on the actions taken by governments and central banks.

Legal & General (Unit Trust Managers) Limited
24 November 2020

Authorised Status

Authorised Status

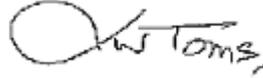
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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
23 December 2020

Portfolio Statement

Portfolio Statement as at 31 October 2020

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 30 April 2020.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	CONTINENTAL EUROPE		
	— 95.49% (97.03%)		
	Denmark — 9.41% (9.95%)		
3,850	A.P. Moller - Maersk 'B'	4,695,026	1.99
234,300	Novo Nordisk	11,853,379	5.04
82,200	Pandora	5,071,642	2.16
35,200	The Drilling Company of 1972	512,136	0.22
		22,132,183	9.41
	Finland — 1.22% (1.50%)		
147,000	Tieto	2,865,294	1.22
	France — 18.50% (18.60%)		
437,000	AXA	5,410,918	2.30
179,000	BNP Paribas	4,754,771	2.02
472,000	Carrefour	5,584,579	2.37
176,000	Cie de Saint-Gobain	5,307,234	2.26
37,800	Gaztransport Et Technigaz	2,812,240	1.19
608,000	Orange	5,270,639	2.24
153,911	Publicis Groupe	4,111,164	1.75
423,000	Rexel	3,441,006	1.46
316,000	Societe Generale	3,263,236	1.39
152,000	Valeo	3,576,349	1.52
		43,532,136	18.50
	Germany — 22.68% (20.63%)		
120,000	BASF	5,038,377	2.14
153,700	Bayer	5,561,326	2.36
124,000	Daimler	4,962,729	2.11
72,000	Fresenius SE & Company	2,077,926	0.88
72,600	Hella GmbH & Company	2,454,240	1.04
60,200	Merck	7,041,518	2.99
107,000	SAP	8,930,272	3.80
95,000	Siemens	8,614,600	3.66
243,000	Siemens Energy	4,082,178	1.74
61,700	Wacker Chemie	4,600,889	1.96
		53,364,055	22.68
	Italy — 1.79% (2.84%)		
795,000	Eni	4,224,941	1.79
	Luxembourg — 4.52% (4.07%)		
413,000	ArcelorMittal	4,338,446	1.85
793,000	SES	4,848,134	2.06
32,900	Stabilus	1,442,880	0.61
		10,629,460	4.52

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
Netherlands — 3.84% (4.27%)			
193,000	Flow Traders	4,868,974	2.07
797,000	ING Groep	4,170,363	1.77
		9,039,337	3.84
Norway — 6.02% (6.50%)			
281,000	Mowi	3,420,045	1.45
1,840,000	Norsk Hydro	4,000,951	1.70
3,900,000	PGS	732,201	0.31
260,000	Telenor	3,088,710	1.31
109,000	Yara International	2,931,126	1.25
		14,173,033	6.02
Portugal — 3.23% (3.01%)			
1,405,000	EDP - Energias de Portugal	5,381,192	2.28
361,000	Galp Energia	2,230,400	0.95
		7,611,592	3.23
Spain — 2.36% (3.04%)			
1,100,000	Mediaset Espana Comunicacion	2,749,350	1.17
1,120,000	Telefonica	2,796,317	1.19
		5,545,667	2.36
Sweden — 10.15% (9.74%)			
469,000	AB Volvo	7,046,874	3.00
175,000	Getinge	2,637,015	1.12
420,000	Svenska Handelsbanken 'A'	2,643,658	1.12
355,100	Swedbank 'A'	4,307,173	1.83
838,000	Telefonaktiebolaget LM Ericsson	7,246,032	3.08
		23,880,752	10.15
Switzerland — 11.77% (12.88%)			
96,400	Adecco Group	3,619,287	1.54
719,000	Credit Suisse Group	5,207,934	2.21
90,000	Nestlé	7,742,886	3.29
19,400	Roche	4,766,072	2.03
712,000	UBS Group	6,361,262	2.70
		27,697,441	11.77
Portfolio of investments¹		224,695,891	95.49
Net other assets²		10,601,024	4.51
Total net assets		£235,296,915	100.00%

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

² Includes shares in the LGIM Sterling Liquidity Fund Class 1 to the value of £9,404,703 which is shown as cash equivalents in the balance sheet of the Fund.

Total purchases for the period: £24,532,107.

Total sales for the period: £13,986,909.

Financial Statements

Statement of Total Return For the period ended 31 October 2020

	31/10/20		31/10/19	
	£	£	£	£
Income				
Net capital gains/ (losses)		12,145,127		(6,874,749)
Revenue	3,579,551		6,885,437	
Expenses	(89,951)		(68,751)	
Interest payable and similar charges	(2,289)		(1,858)	
Net revenue before taxation	<u>3,487,311</u>		<u>6,814,828</u>	
Taxation	(225,893)		(413,924)	
Net revenue after taxation for the period		<u>3,261,418</u>		<u>6,400,904</u>
Total return before distributions		15,406,545		(473,845)
Distributions		(3,351,369)		(6,469,655)
Change in net assets attributable to Unitholders from investment activities		<u>£12,055,176</u>		<u>£(6,943,500)</u>

Statement of Change in Net Assets attributable to Unitholders for the period ended 31 October 2020

	31/10/20		31/10/19	
	£	£	£	£
Opening net assets attributable to Unitholders		208,207,055		285,343,140
Amounts received on issue of units	14,906,723		232,530	
Amounts paid on cancellation of units	(224,421)		(31,155,306)	
Change in net assets attributable to Unitholders from investment activities		<u>14,682,302</u>		<u>(30,922,776)</u>
Retained distributions on accumulation units		<u>352,382</u>		<u>579,963</u>
Closing net assets attributable to Unitholders		<u>£235,296,915</u>		<u>£248,056,827</u>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

Financial Statements continued

Balance Sheet as at 31 October 2020

	31/10/20 £	30/04/20 £
ASSETS		
Fixed assets:		
Investments	224,695,891	202,014,833
Current assets:		
Debtors	3,457,422	1,436,723
Cash and bank balances	1,679,110	97,862
Cash equivalents	9,404,703	5,984,173
Total assets	<u>239,237,126</u>	<u>209,533,591</u>
LIABILITIES		
Creditors:		
Bank overdrafts	(480,394)	—
Distributions payable	(862,158)	(1,299,389)
Other creditors	(2,597,659)	(27,147)
Total liabilities	<u>(3,940,211)</u>	<u>(1,326,536)</u>
Net assets attributable to Unitholders	<u>£235,296,915</u>	<u>£208,207,055</u>

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 Association in May 2014 (2014 SORP).

2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

(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. In making this assessment, and in response to COVID-19, the Manager has considered, amongst other things, factors such as Fund size, cash flows through the Fund and Fund liquidity.

Fund Information

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
I-Class			
Distribution Units	376,358	954,571	39.43
Accumulation Units	433,638	1,002,807	43.24
C-Class			
Distribution Units	14,124,509	35,637,109	39.63
Accumulation Units	2,428,023	5,582,982	43.49
L-Class			
Distribution Units	196,591,781	488,551,865	40.24
Accumulation Units	21,342,606	48,335,971	44.15

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.

Ongoing Charges Figures

	31 Oct 20	30 Apr 20
I-Class	0.80%	0.80%
C-Class	0.60%	0.60%
L-Class	0.05%	0.05%

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.

Distribution Information

I-Class

The distribution payable on 31 December 2020 is 0.1661p per unit for distribution units and 0.1781p per unit for accumulation units.

C-Class

The distribution payable on 31 December 2020 is 0.1696p per unit for distribution units and 0.1814p per unit for accumulation units.

L-Class

The distribution payable on 31 December 2020 is 0.1637p per unit for distribution units and 0.1789p per unit for accumulation units.

Risk and Reward Profile



- The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table above shows the Fund's ranking on the Risk and Reward Indicator.
- The Fund 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.
- 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:	Nil for all existing unit classes

- * Class C 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.
- ** Class L units are only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

Pricing and Dealing

The prices are published on the internet at www.legalandgeneral.com/investments/funds/prices-and-reports/daily-fund-prices immediately after they become available.

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 or on the internet at www.legalandgeneral.com. 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

Copies of the Prospectus and the most recent annual or interim reports are 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

Changes to Pricing Methodology

We have recently reviewed the way we calculate prices for your funds. Following the review, we have decided to adopt a standardised way of pricing funds across most of our Unit Trust fund range.

Previously we used four different methods for calculating fund prices. With effect from 1 December 2020, we have adopted a 'single swing pricing' method.

The move to a standardised pricing method will:

1. Make our pricing simpler;
2. Make it easier for you to compare prices across our funds; and
3. Make it easier for you to compare our funds to funds offered by our competitors.

This new pricing method means that on each day all our customers receive the same price regardless of whether they are buying or selling their investments.

If you'd like to know more about this change and what it means for you, then you can visit our website at legalandgeneral.com/swing-pricing. If you have any questions about the change or require further information, please contact us Monday to Friday between 9.00am and 5:00pm on 0370 050 0955 or email us at investments@landg.com.

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

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

A. Clare*
E. Cowhey*
A. J. C. Craven
S. Hynes
H. Solomon
L. W. Toms
A. R. Toutouchi*

*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

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Independent Auditor

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Investment Adviser

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