

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

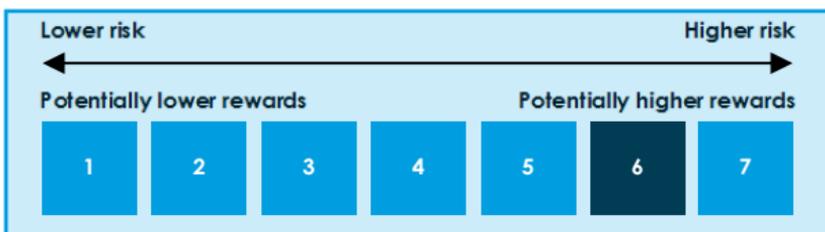
Trust Facts

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

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

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.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
E-Class			
Distribution Units	98,144,823	25,256,413	388.59
Accumulation Units	1,587,544	371,407	427.44
R-Class			
Distribution Units	588,799	151,519	388.60
Accumulation Units	34,438,448	8,056,880	427.44
I-Class			
Distribution Units	676,601	171,780	393.88
Accumulation Units	2,150,068	482,790	445.34
F-Class			
Distribution Units	553	141	392.20
Accumulation Units	15,329	3,502	437.72

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.

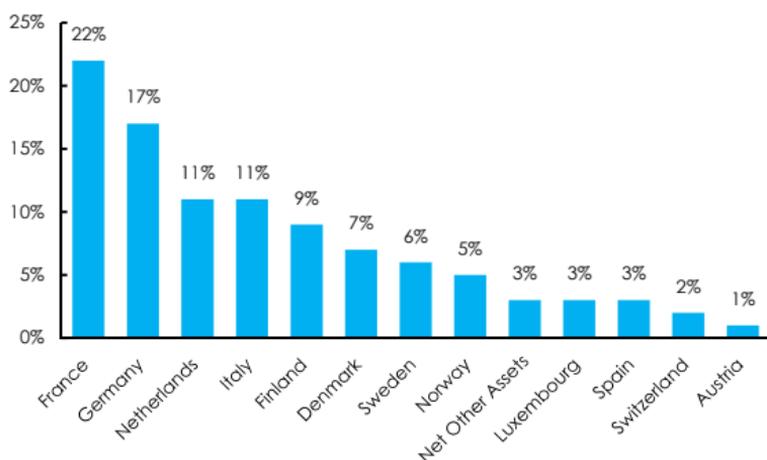
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

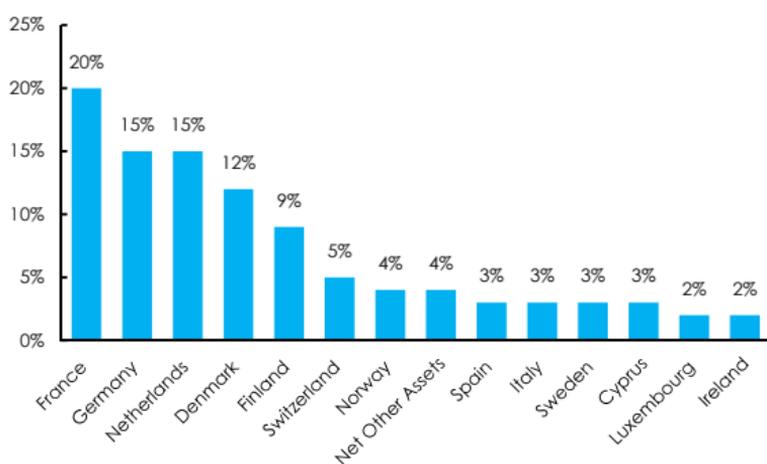
The top 10 holdings and their associated weighting for the current period end and preceding year end were:

Top 10 Holdings at 28 January 2017		Top 10 Holdings at 28 July 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Altice	4.05%	Vestas Wind Systems	4.48%
Pandora	3.80%	Pandora	4.25%
Ing Groep	3.78%	Kion Group	3.95%
Société Générale	3.61%	Kone Oyj	3.52%
Infineon Technologies	3.56%	ASML Holdings	3.41%
Publicis	3.50%	Inditex	3.35%
Tarkett	3.39%	Partners Group	3.34%
Credit Agricole	3.29%	Ingenico Group	3.18%
Arcelormittal	3.25%	Novo Nordisk	3.15%
Inditex	3.24%	SAP	3.15%

Trust Holdings as at 28 January 2017



Trust Holdings as at 28 July 2016



Manager's Investment Report

During the period under review, the bid price of the Trust's E-Class distribution units rose by 7.65%. This compares to a 10.41% 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 significant gains over the last six months, shrugging off the shock of the UK referendum vote to leave the European Union in June. In the UK, equities were led higher by globally focused large cap stocks, as Sterling's depreciation was positive for international earnings. More domestically-focused mid-cap and smaller companies also performed well as indicators suggested the UK economy has weathered the post-referendum volatility well.

In the autumn, the US presidential election was the focus of attention and Donald Trump's victory led investors to discount the prospect of fiscal stimulus in the form of increased infrastructure spending and tax cuts. Although the strengthening Dollar remains a significant impediment for revenue growth, the latest quarterly earnings season has been broadly encouraging with results from leading IT and banking stocks exceeding forecasts. Financials have also been boosted by expectations that the new Republican administration will loosen the regulatory regime for the banking sector. Following the US election, the Dollar rebounded sharply against the Yen, which provided a significant boost to Japanese stocks, particularly major exporting companies.

In Europe, corporate results generally exceeded low expectations, although this was mainly due to cost cutting. Concerns over the fragility of the European banking system resurfaced with Deutsche Bank in the spotlight, although Germany's leading bank subsequently reported it had returned to profit during the third quarter. Asia Pacific and emerging markets gained ground as commodity prices rallied and concerns over the economic background in China abated. However, indications that the incoming Trump administration would herald a protectionist approach to US trade policy preoccupied investors at the turn of the calendar year.

Trust Review

The Trust delivered a positive return over the review period, but underperformed the benchmark Index. Stock selection weighed on relative returns, driven by some of our positions in the technology and consumer services sectors. Our underweight position in the healthcare sector weighed on performance initially but came to contribute positively over the rest of the period.

Manager's Investment Report continued

European Banks defied expectations and rallied hard at the start of the review period, particularly those with rising payouts, top-line growth and sustainable dividends, which meant significant performance contributions from financial names. Bank of Ireland, CaixaBank and Société Générale continued to contribute over the review period as part of a wider rally in value stocks.

Pharmaceutical Novo Nordisk weighed on returns, 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 Dassault Systems, Credit Agricole and Publicis Group. We also introduced specialist performance eyewear designer Luxottica to the Trust, which rallied well in the last few months of 2016. On the flipside, we sold our positions in Capgemini, Bank of Ireland and Novo Nordisk and took profits from Vestas Wind Systems and ING Groep.

Outlook

We see steady global growth continuing in 2017, aided by increasingly supportive US government spending. While global equity markets have been buoyed by diminishing deflation concerns, the perception of a 'goldilocks' economy, with good growth and low inflation, might prove short lived. Equity markets could be well on their way to anticipating the next global recession by the end of the year.

Financial conditions remain exceptionally loose in the Eurozone, with the European Central Bank expected to announce an extension to its asset purchase programme. Investor sentiment surveys suggest that growth will remain at a reasonable pace, while unemployment is falling in most European countries. However, European equities face the dual headwinds of the uncertain macroeconomic environment and political risks in the months and quarters ahead, as voters in several countries will be heading to the polls.

Legal & General Investment Management Limited

(Investment adviser)

16 February 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. With effect from 1 January 2016, 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:

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

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.

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
EUR0317

