

Legal & General European Index Trust
**Interim Manager's
Short Report**
for the period ended
31 January 2017

**EVERY
DAY
MATTERS.®**



Investment Objective and Policy

The investment objective of this Trust is to track the capital performance of the European equity markets, as represented by the FTSE World Europe (excluding UK) Index, by investing in a representative sample of stocks selected from all economic sectors. Securities in the FTSE World Europe (excluding UK) Index will be held with weightings generally proportionate to their company's market capitalisation.

From time to time, non-Index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

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.

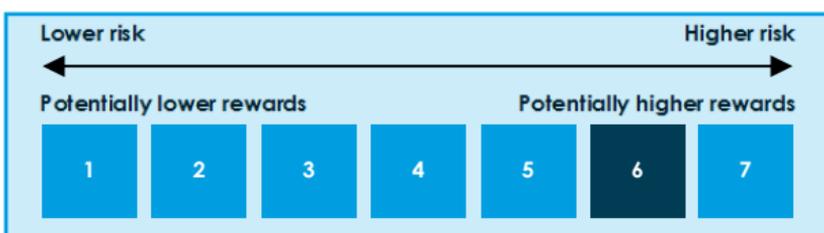
Trust Facts

Period End Date for Distribution:		31 July
Distribution Date:		30 September
Ongoing Charges Figures:	31 Jan 17	31 Jul 16
R-Class	0.84%	0.84%
I-Class	0.12%	0.12%
F-Class	0.36%	0.38%
C-Class	0.09%	0.09%

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)
R-Class			
Distribution Units	1,198,788,900	466,677,332	256.88
Accumulation Units	218,365,775	62,372,000	350.10
I-Class			
Distribution Units	333,020,785	129,104,690	257.95
Accumulation Units	631,577,477	170,485,777	370.46
F-Class			
Distribution Units	141,401	54,826	257.91
Accumulation Units	562,336	157,406	357.25
C-Class			
Distribution Units	155,069,607	60,119,396	257.94
Accumulation Units	82,334,283	22,194,163	370.97

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.

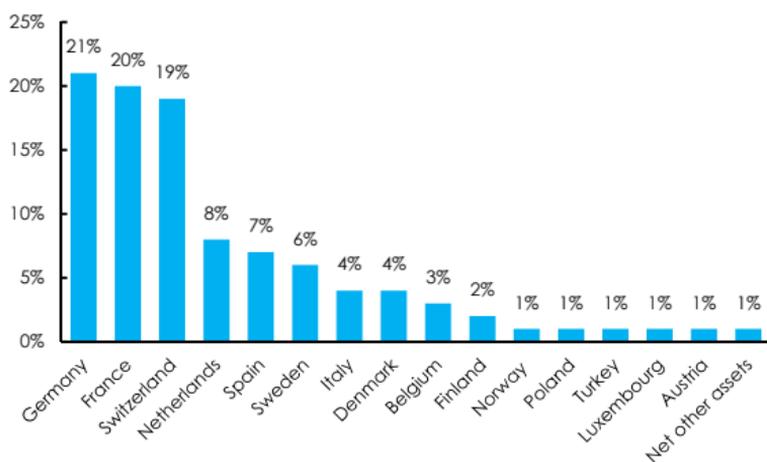
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

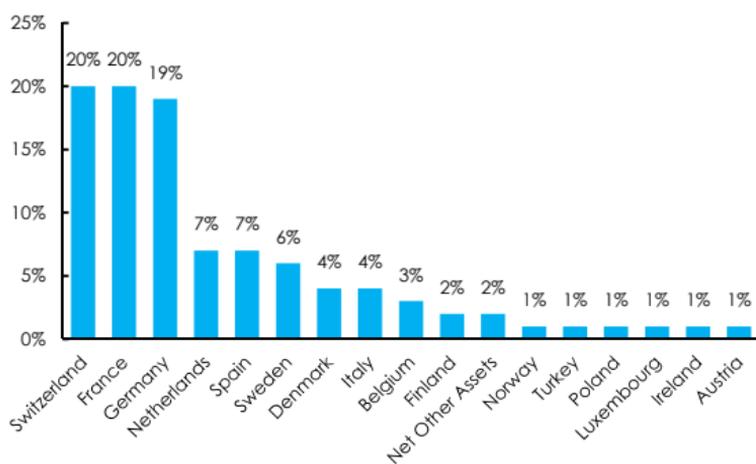
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 31 January 2017		Top 10 Holdings at 31 July 2016	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Nestlé	3.85%	Nestlé	4.40%
Novartis	2.96%	Novartis	3.50%
Roche Holding	2.87%	Roche Holding	3.23%
Total	1.89%	Novo Nordisk	1.88%
Siemens	1.65%	Total	1.79%
Bayer	1.58%	Anheuser-Busch InBev	1.78%
Sanofi	1.54%	Sanofi	1.66%
BASF	1.53%	Bayer	1.57%
Anheuser-Busch InBev	1.45%	Siemens	1.46%
SAP	1.40%	SAP	1.39%

Trust Holdings as at 31 January 2017



Trust Holdings as at 31 July 2016



Manager's Investment Report

During the period under review, the bid price of the Trust's R-Class distribution units rose by 7.18%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for tracking purposes the Trust has been revalued using closing prices and foreign exchange rates and also ignoring the effect of taxation. On this basis, over the review period, the Trust rose by 8.63% on a capital only basis compared with the FTSE World Europe (excluding UK) Index rise of 8.62% (Source: Bloomberg), producing a tracking difference of +0.01%.

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.

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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 is 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.

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 of 2016.

Manager's Investment Report continued

Trust Review

Companies held within the Trust are held with weightings generally proportionate to those of the benchmark Index. Therefore, investment activity, other than to raise or invest cash, is only necessary when there are changes to the benchmark Index, or as a result of a corporate action.

At the quarterly Index review in September 2016, there were nine additions, the largest of which were Huhtamaki (Finland), ICA Gruppen (Sweden) and Flughafen Zurich (Switzerland). There were also six deletions from the Index, the largest of which were Banco Popolare (Italy), GAM Holdings (Switzerland) and Banco Comercial Portugues (Portugal). There were 65 changes to the free share capital of constituents with the largest increases being Credit Suisse Group (Switzerland) and Iberdrola (Spain) and the largest decreases being UBS (Switzerland) and Fresenius SE & Co (Germany), resulting in total two-way Index turnover of 1.2%.

The December quarterly Index review resulted in no additions and no deletions. There were 57 changes to the free share capital of constituents with the largest increases being Daimler (Germany), CaixaBank (Spain) and Fresenius SE & Co (Germany) and the largest decreases being Telefonica (Spain), Luxottica (Italy) and Ryanair Holdings (Ireland), resulting in total two-way Index turnover of 0.8%.

Deletions occurring outside the quarterly Index reviews included TVN (Poland), a cable & satellite television provider, which was deleted September, following its acquisition by Scripps Networks Interactive (USA, non-Index constituent) for 3.3 billion Zlotys; Celesio (Germany), a wholesale and retail pharmaceuticals firm, which was deleted October, following the transfer of its listing from the Regulated Market to the over-the-counter trading market; and Pirelli & C (Italy), a consumer and industrial tyres manufacturer, which was deleted in November, following a tender offer by ChemChina (non-Index constituent) for €6.5 billion.

Outside the Index reviews, Innogy (Germany) was added to the Index as a fast entry in October 2016 following its successful Initial Public Offering which raised €4.64 billion. Technip's (France) Index weight was doubled following its merger with FMC Technologies (US) in January 2017 as FTSE maintained the new company, TechnipFMC, in the Index under its French listing.

Elsewhere there were weight increases for several companies following share offerings including Abertis (Spain), ABN Amro (Netherlands) and EDP (Portugal) and for several Spanish companies including: Repsol, Banco Santander and Telefonica after distributions of Bonus shares. Total (France) and EDF (France) both offered a Script option dividend with 10% dividend reinvestment plan discount.

Manager's Investment Report continued

The largest countries in the Trust at the end of the review period were Germany (20.5%), France (20.2%), and Switzerland (19.4%). The largest stocks were Nestlé (3.9%), Novartis (3.0%) and Roche Holding (2.9%).

Outlook

European markets have struggled to make headway during January 2017 with the benchmark Index returning +0.6% on a capital only basis, in Sterling terms (Source: Bloomberg). Investors were closely watching the proposed fiscal policies of the new Trump administration, while executive orders changing both US trade and immigration policies were signed.

Despite the risks of a political or more systemic crisis weighing on the fragile global economy, we believe that it should continue to grow around the same pace of recent years. The Eurozone should see the most direct effect via reduced exports to the UK and increased concern around the future of the EU. So far, we have seen very limited negative effects in Europe after the UK Brexit vote. This is a positive surprise so far, as we identified European contagion risk as the most important downside risk.

Continued activity from the European Central Bank, lower oil prices and a loosening in lending standards remain positive tailwinds for Eurozone growth. Low central bank interest rates are easing the pressure on both public and private sector borrowing costs. Despite improving growth prospects, inflation expectations have remained low. European equities, given their low commodity exposure, above-average earnings growth prospects and the supportive central bank are expected to continue to increase with valuations further supported by the increasingly low yields on offer in fixed income.

The Trust remains well placed to capture the performance of the benchmark Index.

Legal & General Investment Management Limited

(Investment Adviser)

20 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.

Information on Tracking Error

The 'Tracking Error' of a Trust is the measure of the volatility of the differences between the return of the Trust and the return of the benchmark Index. It provides an indication of how closely the Trust is tracking the performance of the benchmark Index after considering things such as Trust charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Trust is 0.02%, whilst over the last 3 years to the end of January 2017, the annualised Tracking Error of the Trust is 0.02%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/-0.50% per annum.

Minimum Investment Amounts

The minimum initial lump sum investment amounts for each class are as follows:

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

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.

C-Class Units are only available to distributors who actively market and distribute such Units (or whom the manager believes intends to do so) and to whom the Manager has confirmed by letter that they meet 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.

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

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
EUI0317

