

Legal & General European Index Trust  
**Annual Manager's Report**  
**for the year ended**  
**31 July 2018**

**EVERY  
DAY  
MATTERS.®**





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\* These collectively comprise the Authorised Fund Manager's Report.

# Manager's Investment Report

## 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.

## Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class distribution units rose by 2.18%. 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 re-valued using closing prices and foreign exchange rates. On this basis, over the review year, the Trust rose by 2.55% on a capital only basis, matching the performance of the FTSE World Europe (excluding UK) Index rise of 2.55% (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.**

The FTSE World Europe (excluding UK) Index is calculated by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this product.

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## Market/Economic Review

The global economic background has improved over the past twelve months, led by solid growth in the major developed economies, although recent indicators suggest there has been some loss of momentum, particularly in Europe. Despite a rise in commodity prices, with the oil price (Brent crude) recovering to \$79 per barrel in May, 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 the first quarter of 2018 with a slowdown in Germany and France, the region's two largest economies. The European Central Bank (ECB) announced it would cease its monthly asset purchase programme by the end of 2018.

## Trust Review

Companies 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 Index review in September 2017, there were 18 additions, the largest of which were Banco BPM (Italy), Ubisoft Entertainment (France) and Logitech International

## Manager's Investment Report continued

(Switzerland) and one deletion, Akcansa Cimento (Turkey). There were 53 changes to the free share capital of constituents with the largest increases being Intesa Sanpaolo, Covestro and Credit Suisse Group and the largest decreases being Roche, Deutsche Bank and Unilever, resulting in a total two-way Index turnover of 1.90%.

At the Index review in December 2017, there were three additions: Delivery Hero (Germany), ALD (France) and Dino Polska (Poland). There were also three deletions from the Index: Christian Dior (France), Idorsia (Spain) and Ryanair (Ireland). There were 41 changes to the free share capital of constituents with the largest increases being Intesa Sanpaolo, Telefonica and KOC and the largest decreases being Novartis, Clariant and Stora Enso 'R', resulting in a total two-way Index turnover of 0.71%.

The quarterly Index review in March 2018 resulted in 16 additions and no deletions. The largest additions were Rheinmetall (Germany), Georg Fischer (Switzerland) and Aalberts Industries (Netherlands). There were 44 changes to the free share capital of constituents with the largest increases being ASML, Delivery Hero and Total and the largest decreases being Novartis, Allianz and Nokia, resulting in a two-way Index turnover of 1.98%.

The quarterly Index review in June 2018 resulted in one addition and two deletions. The addition was Enerjisa Enerji (Turkey) and the deletions were Getinge and Arjo B (both Sweden). There were also 246 changes to the free share capital of constituents with the largest increases being Total, SAP and Bayer and the largest decreases being Daimler, Nestle and ABB resulting in a two-way Index turnover of 1.90%.

### Outlook

The latest Eurozone Purchasing Managers Index (PMI), a measure of private sector activity which is a good leading indicator for economic growth, provided investors with some reassurance that the slowdown in regional economic activity recorded so far in 2018 is unlikely to be the start of a sustained downturn. With inflation remaining subdued the ECB has signalled interest rates are unlikely to be increased for the foreseeable future.

Legal & General Investment Management Limited  
(Investment Adviser)  
9 August 2018

## Authorised Status

### Authorised Status

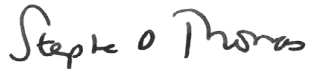
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### 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)



S. D. Thomas  
(Director)

Legal & General (Unit Trust Managers) Limited  
19 September 2018

## Statement of Responsibilities

### Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net gains or losses on the property of the Trust for the period.

In preparing the financial statements, the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

## Statement of Responsibilities continued

### Statement of the Trustee's Responsibilities

The Depositary in its capacity as Trustee of Legal & General European Index Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).



# Report of the Trustee

## **Report of the Trustee to the Unitholders of the Legal & General European Index Trust ("the Trust") for the year ended 31 July 2018**

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

Northern Trust Global Services PLC  
UK Trustee and Depositary Services  
19 September 2018

## Portfolio Statement

### Portfolio Statement as at 31 July 2018

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent holdings at 31 July 2017.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>IRELAND — 0.54% (0.52%)</b>			
466,438	AIB Group	2,040,179	0.06
530,883	Bank of Ireland Group	3,440,757	0.11
94,059	Glanbia (Irish listing)	1,205,885	0.04
20,968	Glanbia (UK listing)	269,194	0.01
373,310	Irish Bank Resolution Corporation <sup>1</sup>	—	—
78,784	Kerry Group 'A' (Irish listing)	6,381,308	0.20
8,205	Kerry Group 'A' (UK listing)	664,950	0.02
86,073	Kingspan Group	3,046,521	0.10
		<b>17,048,794</b>	<b>0.54</b>
<b>CONTINENTAL EUROPE — 97.99% (97.32%)</b>			
<b>Austria — 0.59% (0.53%)</b>			
41,860	ams	2,226,957	0.07
41,951	ANDRITZ	1,830,430	0.06
167,089	Erste Bank Group	5,498,429	0.17
82,634	OMV	3,554,699	0.11
79,223	Raiffeisen Bank International	2,010,877	0.06
78,957	Telekom Austria	526,549	0.02
23,074	Vienna Insurance Group	501,538	0.02
70,231	Voest-Alpine	2,681,783	0.08
		<b>18,831,262</b>	<b>0.59</b>
<b>Belgium — 2.36% (2.62%)</b>			
12,760	Ackermans & van Haaren	1,778,101	0.06
114,576	Ageas	4,738,761	0.15
448,738	Anheuser-Busch InBev	34,550,331	1.08
58,147	bpost	699,336	0.02
36,733	Colruyt	1,680,043	0.05
42,676	Groupe Bruxelles Lambert	3,450,943	0.11
165,304	KBC Group	9,765,209	0.31
89,593	Proximus	1,700,578	0.05
9,355	Sofina	1,286,101	0.04
41,980	Solvay	4,399,586	0.14
28,266	Telenet Group	1,042,801	0.03
70,802	UCB	4,640,852	0.15
121,207	Umicore	5,398,795	0.17
		<b>75,131,437</b>	<b>2.36</b>
<b>Czech Republic — 0.14% (0.12%)</b>			
95,732	CEZ	1,916,236	0.06
45,905	Komerční Banka	1,517,048	0.05
322,275	Moneta Money Bank	852,818	0.02
28,538	O2 Czech Republic	255,043	0.01
		<b>4,541,145</b>	<b>0.14</b>

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Denmark — 3.52% (3.76%)</b>			
2,705	A.P. Moeller-Maersk 'A'	2,709,573	0.09
3,812	A.P. Moeller-Maersk 'B'	4,065,709	0.13
1,733	Carlsberg 'A'	156,794	—
62,826	Carlsberg 'B'	5,798,486	0.18
58,118	Chr. Hansen	4,643,390	0.15
77,646	Coloplast 'B'	6,482,369	0.20
387,245	Danske Bank	8,701,096	0.27
105,650	DSV	6,691,100	0.21
31,909	Genmab	4,244,542	0.13
114,504	ISS	3,246,339	0.10
43,338	Jyske Bank	1,872,338	0.06
37,799	Lundbeck	2,091,281	0.07
1,011,250	Novo Nordisk	38,696,997	1.22
120,279	Novozymes 'B'	4,787,626	0.15
89,480	Orsted	4,217,061	0.13
62,336	Pandora	3,358,556	0.11
3,518	Rockwool International	1,074,446	0.03
62,261	Tryg	1,161,637	0.04
115,217	Vestas Wind Systems	5,591,336	0.18
63,396	William Demant	2,336,796	0.07
		<b>111,927,472</b>	<b>3.52</b>
<b>Finland — 2.33% (2.27%)</b>			
89,052	Elisa	2,971,736	0.09
252,551	Fortum	4,865,759	0.15
57,342	Huhtamaki	1,562,842	0.05
40,886	Kesko	1,738,760	0.06
228,200	Kone	9,568,357	0.30
62,425	Metso	1,730,318	0.06
83,434	Neste	5,229,319	0.16
83,985	Nokia ADR	350,283	0.01
2,259,331	Nokia 'A'	9,400,791	0.30
907,697	Nokia 'B'	3,774,385	0.12
79,642	Nokian Renkaat	2,614,404	0.08
65,337	Orion	1,706,182	0.05
291,424	Sampo	11,338,531	0.36
332,895	Stora Enso 'R'	4,150,653	0.13
323,699	UPM-Kymmene	8,695,353	0.27
267,650	Wartsila	4,389,487	0.14
		<b>74,087,160</b>	<b>2.33</b>
<b>France — 21.50% (20.22%)</b>			
118,628	Accor	4,663,093	0.15
17,304	Aéroports de Paris	2,945,094	0.09
122,827	Air France	860,503	0.03
248,777	Air Liquide	24,175,945	0.76
48,089	ALD	659,828	0.02
93,337	Alstom	3,177,141	0.10
29,255	Amundi	1,541,467	0.05
41,778	Arkema	3,981,733	0.13

## Portfolio Statement continued

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market Value £</b>	<b>% of Net Assets</b>
	<b>France — (cont.)</b>		
54,582	Atos	5,503,751	0.17
1,131,743	AXA	21,759,255	0.68
8,700	AXA ADR	165,038	0.01
25,610	BioMerieux	1,618,835	0.05
643,315	BNP Paribas	32,004,026	1.01
599,671	Bolloré	2,123,582	0.07
120,483	Bouygues	4,044,245	0.13
152,691	Bureau Veritas	2,998,988	0.09
92,054	Cap Gemini	8,908,800	0.28
325,880	Carrefour	4,465,584	0.14
34,757	Casino Guichard Perrachon	1,069,385	0.03
290,365	Cie de Saint-Gobain	9,794,556	0.31
97,485	CNP Assurances	1,741,736	0.05
21,430	Covivio	1,705,207	0.05
675,329	Crédit Agricole	7,264,228	0.23
347,636	Danone	20,942,349	0.66
1,460	Dassault Aviation	2,076,157	0.07
77,284	Dassault Systèmes	8,747,199	0.27
136,197	Edenred	4,113,937	0.13
45,617	Eiffage	3,921,395	0.12
287,768	Électricité de France	3,280,122	0.10
61,805	Elior Group	779,699	0.02
112,918	Elis	1,986,264	0.06
986,754	Engie	12,202,030	0.38
120,204	Essilor International	13,487,109	0.42
26,479	Eurazeo	1,571,073	0.05
106,880	Eutelsat Communications	1,750,461	0.06
44,442	Faurecia	2,293,342	0.07
30,763	Gecina	3,998,830	0.13
258,159	Getlink	2,595,079	0.08
18,466	Hermès International	8,847,432	0.28
18,771	ICADE	1,391,542	0.04
14,816	Iliad	1,925,246	0.06
23,298	Imerys	1,384,413	0.04
34,827	Ingenico Group	2,216,355	0.07
20,820	Ipsen	2,606,121	0.08
41,786	JC Decaux	1,040,143	0.03
44,092	Kering	17,992,332	0.57
123,367	Klépierre	3,540,517	0.11
67,517	Lagardère	1,490,426	0.05
161,560	Legrand	9,068,705	0.28
142,224	L'Oréal	26,551,943	0.83
147,503	LVMH Group	39,136,368	1.23
103,349	Michelin	10,163,154	0.32
520,075	Natixis	2,844,176	0.09
1,149,554	Orange	15,029,972	0.47
25,751	Orpea	2,738,932	0.09
125,646	Pernod Ricard	15,425,148	0.48
323,675	Peugeot	7,104,670	0.22

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>France — (cont.)</b>		
35,303	Plastic Omnium	1,132,136	0.04
126,311	Publicis Groupe	6,101,364	0.19
14,224	Rémy Cointreau	1,487,533	0.05
110,455	Renault	7,381,790	0.23
179,760	Rexel	2,128,325	0.07
47,147	Rubis	2,097,497	0.07
189,368	Safran	17,870,808	0.56
640,401	Sanofi	41,867,827	1.32
15,054	Sartorius Stedim Biotech	1,343,485	0.04
305,018	Schneider Electric	18,551,709	0.58
90,119	SCOR	2,694,798	0.08
16,700	SEB	2,422,427	0.08
15,835	Société BIC	1,160,477	0.04
433,742	Société Générale	14,795,280	0.46
52,094	Sodexo	4,415,945	0.14
231,693	Suez	2,504,617	0.08
270,636	TechnipFMC	6,840,461	0.21
33,395	Teleperformance	4,680,376	0.15
58,929	Thales	5,921,064	0.19
1,487,510	Total	73,868,933	2.32
48,610	Ubisoft Entertainment	4,156,148	0.13
80,377	Unibail-Rodamco-Westfield	13,665,616	0.43
139,463	Valeo	5,250,816	0.17
288,512	Véolia Environnement	5,032,577	0.16
273,127	VINCI	21,029,261	0.66
574,682	Vivendi	11,456,346	0.36
17,087	Wendel	1,885,963	0.06
25,925	Worldline	1,173,010	0.04
		<b>684,331,250</b>	<b>21.50</b>
	<b>Germany — 20.35% (19.70%)</b>		
28,644	l&l Drillisch	1,306,249	0.04
119,198	adidas	20,048,067	0.63
260,174	Allianz	44,039,675	1.38
28,013	Axel Springer	1,617,134	0.05
541,377	BASF	39,486,890	1.24
552,732	Bayer	46,741,073	1.47
192,090	Bayerische Motoren Werke	14,099,691	0.44
31,012	Bayerische Motoren Werke (Preference Shares)	1,968,596	0.06
59,157	Beiersdorf	5,226,687	0.16
90,421	Brenntag	4,104,918	0.13
21,805	Carl Zeiss Meditec	1,293,752	0.04
93,250	CECONOMY	584,787	0.02
635,508	Commerzbank	5,238,111	0.16
64,706	Continental	11,315,652	0.36
107,588	Covestro	7,875,057	0.25
509,108	Daimler	26,911,513	0.85
61,270	Delivery Hero	2,606,724	0.08
1,103,768	Deutsche Bank	11,037,292	0.35

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Germany — (cont.)</b>		
109,890	Deutsche Boerse	11,056,215	0.35
136,997	Deutsche Luffthansa	2,910,595	0.09
573,790	Deutsche Post	15,423,645	0.48
1,916,653	Deutsche Telekom	24,222,184	0.76
2,300	Deutsche Telekom ADR	28,875	—
216,981	Deutsche Wohnen	8,153,912	0.26
1,300,898	E.ON	11,228,202	0.35
93,868	Evonik Industries	2,637,853	0.08
13,736	Fielmann	739,068	0.02
21,761	Fraport	1,652,971	0.05
239,417	Fresenius	14,480,633	0.46
124,735	Fresenius Medical Care	9,308,089	0.29
18,792	Fuchs Petrolub	742,204	0.02
42,545	Fuchs Petrolub (Preference Shares)	1,807,037	0.06
101,983	GEA Group	3,013,194	0.10
34,865	Hannover Rueck	3,546,680	0.11
14,339	Hapag-Lloyd	456,899	0.01
88,104	HeidelbergCement	5,661,834	0.18
26,737	Hella GmbH & Co.	1,202,598	0.04
57,939	Henkel	4,791,060	0.15
104,660	Henkel (Preference Shares)	10,100,791	0.32
11,493	Hochtief	1,567,731	0.05
36,518	Hugo Boss	2,495,873	0.08
668,859	Infineon Technologies	13,548,451	0.43
78,962	Innogy	2,589,266	0.08
120,977	K+S	2,431,104	0.08
42,377	Kion	2,204,161	0.07
55,856	LANXESS	3,485,897	0.11
38,834	Leg Immobilien	3,347,999	0.11
110,537	Linde	20,488,440	0.64
22,407	MAN	1,902,810	0.06
76,196	Merck	5,931,884	0.19
99,789	METRO	936,379	0.03
30,144	MTU Aero Engines	4,858,990	0.15
85,908	Munich Re	14,517,911	0.46
60,275	OSRAM Licht	1,951,238	0.06
91,223	Porsche Automobil	4,700,877	0.15
141,318	ProSiebenSat.1 Media	2,914,203	0.09
5,070	Puma	1,905,251	0.06
2,086	Rational	1,081,461	0.03
25,807	Rheinmetall	2,349,146	0.07
317,553	RWE	6,358,764	0.20
23,458	RWE (Preference Shares)	379,381	0.01
573,668	SAP	50,992,056	1.60
20,744	Sartorius	2,596,608	0.08
454,239	Siemens	48,726,922	1.53
74,107	Siemens Healthineers	2,540,732	0.08
15,278	Stada Arzneimittel	1,117,750	0.04
47,542	Suedzucker	531,735	0.02

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Germany — (cont.)</b>			
73,700	Symrise	5,054,213	0.16
24,416	Talanx	714,430	0.02
400,912	Telefonica Deutschland	1,352,530	0.04
270,335	ThyssenKrupp	5,509,666	0.17
118,038	Uniper	2,819,300	0.09
68,017	United Internet	2,827,069	0.09
18,029	Volkswagen	2,378,921	0.08
109,946	Volkswagen (Preference Shares)	14,836,699	0.47
302,039	Vonovia	11,237,201	0.35
8,757	Wacker Chemie	965,766	0.03
68,246	Wirecard	9,671,291	0.30
73,378	Zalando	3,200,362	0.10
		<b>647,686,875</b>	<b>20.35</b>
<b>Greece — 0.27% (0.30%)</b>			
825,691	Alpha Bank	1,385,428	0.04
1,076,803	Eurobank Ergasias	832,822	0.03
20,239	FF Group	86,612	—
34,502	Hellenic Petroleum	223,627	0.01
138,658	Hellenic Telecommunications Organisation	1,368,483	0.04
19,200	Hellenic Telecommunications Organization ADR	91,019	—
63,850	Jumbo	788,989	0.03
34,140	Motor Oil	550,312	0.02
69,075	Mytilineos	531,469	0.02
3,352,537	National Bank of Greece	823,160	0.03
116,332	OPAP	991,007	0.03
190,543	Piraeus Bank	451,878	0.01
24,462	Titan Cement	452,540	0.01
		<b>8,577,346</b>	<b>0.27</b>
<b>Hungary — 0.23% (0.27%)</b>			
267,923	Magyar Telekom	297,732	0.01
266,169	MOL Hungarian Oil & Gas	1,981,262	0.06
136,696	OTP Bank	3,863,205	0.12
84,340	Richter Gedeon Nyrt	1,165,503	0.04
		<b>7,307,702</b>	<b>0.23</b>
<b>Italy — 4.64% (4.65%)</b>			
976,352	A2A	1,367,071	0.04
776,685	Assicurazioni Generali	10,466,460	0.33
320,149	Atlantia	7,249,910	0.23
139,333	Banca Mediolanum	750,926	0.02
855,091	Banco BPM	2,081,619	0.06
33,245	Buzzi Unicem	561,968	0.02
23,771	Buzzi Unicem (Part Certified)	225,918	0.01
354,850	Davide Campari-Milano	2,295,244	0.07
4,609,947	Enel	19,555,418	0.61
1,486,852	Eni	21,822,127	0.69
230,275	Fincobank	2,073,552	0.06

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Italy — (cont.)</b>			
8,124,789	Intesa Sanpaolo	18,916,852	0.59
524,788	Intesa Sanpaolo (Participating cumulative)	1,267,944	0.04
300,940	Italgas	1,322,201	0.04
234,399	Leonardo	2,107,552	0.07
90,371	Luxottica Group	4,647,304	0.15
206,585	Mediaset	534,310	0.02
357,262	Mediobanca	2,823,341	0.09
97,224	Moncler	3,237,508	0.10
90,881	Parmalat	234,568	0.01
237,677	Pirelli & C.	1,580,785	0.05
280,595	Poste Italiane	1,997,818	0.06
150,672	Prismian	2,945,899	0.09
54,554	Recordati	1,548,625	0.05
298,342	Saipem	1,198,539	0.04
24,859	Salvatore Ferragamo	434,064	0.01
1,376,257	Snam	4,506,789	0.14
3,123,458	Telecom Italia	1,584,509	0.05
6,402,184	Telecom Italia (RNC)	3,769,484	0.12
861,754	Terna Rete Elettrica Nazionale	3,701,663	0.12
1,323,194	UniCredit	18,061,152	0.57
618,271	Unione di Banche Italiane	1,955,731	0.06
472,577	Unipolsai 'A'	819,902	0.03
		<b>147,646,753</b>	<b>4.64</b>
<b>Luxembourg — 0.63% (0.58%)</b>			
359,507	ArcelorMittal	8,686,071	0.27
6,203	Eurofins Scientific	2,571,589	0.08
27,458	Kernel	292,420	0.01
58,755	PLAY Communications	262,535	0.01
24,899	RTL Group	1,414,061	0.04
113,510	SES	1,751,773	0.06
85,928	SES Global 'A'	1,279,375	0.04
282,124	Tenaris	3,936,417	0.12
		<b>20,194,241</b>	<b>0.63</b>
<b>Netherlands — 9.19% (8.27%)</b>			
61,440	Aalberts Industries	2,116,034	0.07
251,533	ABN AMRO Group	5,330,536	0.17
1,035,816	Aegon	5,212,143	0.16
326,542	Airbus	30,853,874	0.97
148,491	Akzo Nobel	10,445,371	0.33
112,377	Altice 'A'	284,139	0.01
241,827	Altice 'B'	609,721	0.02
241,783	ASML	39,523,319	1.24
79,563	ASR Nederland	2,698,351	0.08
50,700	Boskalis Westminster	1,188,353	0.04
563,354	CNH Industrial	5,010,540	0.16
61,630	EXOR	3,100,073	0.10
74,555	Ferrari	7,467,867	0.23



## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Netherlands — (cont.)</b>		
653,709	Fiat Chrysler Automobiles	8,478,802	0.27
51,887	Gemalto	2,310,685	0.07
30,498	GrandVision	539,189	0.02
63,772	Heineken	4,741,796	0.15
141,807	Heineken N.V.	10,996,736	0.34
2,313,757	ING Group	27,109,777	0.85
719,495	Koninklijke Ahold Delhaize	13,958,328	0.44
105,432	Koninklijke DSM	8,523,750	0.27
1,969,378	Koninklijke KPN	4,393,019	0.14
548,217	Koninklijke Philips	18,360,421	0.58
39,745	Koninklijke Vopak	1,423,413	0.04
194,154	NN Group	6,525,810	0.20
58,317	OCI	1,322,693	0.04
135,608	QIAGEN	3,714,097	0.12
63,544	Randstad	3,062,650	0.09
516,175	Relx	8,538,954	0.27
64,042	Signify	1,334,923	0.04
380,904	STMicroelectronics	6,333,461	0.20
894,567	Unilever	39,407,099	1.24
164,163	Wolters Kluwer	7,531,679	0.24
		<b>292,447,603</b>	<b>9.19</b>
	<b>Norway — 1.49% (1.35%)</b>		
67,534	Aker BP	1,835,468	0.06
644,251	DNB	9,893,658	0.31
102,181	Gjensidige Forsikring	1,248,079	0.04
233,073	Marine Harvest	3,845,202	0.12
776,426	Norsk Hydro	3,358,462	0.10
479,467	Orkla	3,098,599	0.10
45,699	Schibsted 'A'	1,198,005	0.04
62,617	Schibsted 'B'	1,531,414	0.05
583,346	Statoil	11,784,431	0.37
397,553	Telenor	5,932,264	0.19
107,024	Yara International	3,616,411	0.11
		<b>47,341,993</b>	<b>1.49</b>
	<b>Poland — 0.93% (0.95%)</b>		
52,847	Allior Bank	799,053	0.03
42,430	Asseco Poland	399,165	0.01
21,118	Bank Handlowy w Warszawie	336,251	0.01
391,295	Bank Millennium	738,024	0.02
90,508	Bank Pekao	2,110,740	0.07
18,782	Bank Zachodni WBK	1,441,264	0.05
6,964	Budimex	185,194	0.01
11,797	CCC	545,319	0.02
37,564	CD Projekt	1,639,330	0.05
10,000	Ciech	114,729	—
93,718	Cyfrowy Polsat	466,418	0.01
28,545	Dino Polska	594,013	0.02
121,144	Enea	239,347	0.01

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Poland — (cont.)</b>		
49,284	Eurocash	192,894	0.01
35,554	Grupa Azoty	312,101	0.01
52,934	Grupa Lotos	717,298	0.02
34,696	Jastrzebska Spolka Weglowa	577,177	0.02
85,269	KGHM Polska Miedz	1,715,601	0.05
9,940	Kruk	449,121	0.01
892	LPP	1,692,632	0.05
7,743	mBank	686,475	0.02
385,313	Orange Polska	407,136	0.01
470,503	Polska Grupa Energetyczna	982,535	0.03
177,046	Polski Koncern Naftowy ORLEN	3,469,158	0.11
1,031,408	Polskie Gornictwo Naftowe i Gazownictwo	1,182,254	0.04
495,846	Powszechna Kasa Oszczednosci Bank Polski	4,351,609	0.14
332,984	Powszechny Zaklad Ubezpiezen	2,923,005	0.09
693,675	Tauron Polska Energia	326,725	0.01
		<b>29,594,568</b>	<b>0.93</b>
	<b>Portugal — 0.34% (0.33%)</b>		
1,495,194	Banco Espirito Santo <sup>1</sup>	—	—
1,314,225	Energias de Portugal	4,132,586	0.13
314,963	Galp Energia	4,922,528	0.16
152,914	Jeronimo Martins	1,739,581	0.05
		<b>10,794,695</b>	<b>0.34</b>
	<b>Spain — 6.68% (7.46%)</b>		
14,700	Acciona	969,830	0.03
91,552	Acerinox	1,009,681	0.03
144,729	ACS	4,874,884	0.15
38,239	Aena	5,328,589	0.17
245,636	Amadeus IT	16,227,700	0.51
4,503	AmRest	404,949	0.01
3,950,822	Banco Bilbao Vizcaya Argentaria	22,236,682	0.70
3,326,283	Banco de Sabadell	4,252,605	0.13
9,417,525	Banco Santander	40,688,055	1.28
7,758	Banco Santander (GBP)	33,491	—
733,974	Bankia	2,229,459	0.07
398,515	Bankinter	2,963,887	0.09
2,147,085	CaixaBank	7,651,210	0.24
92,837	Cellnex Telecom	1,890,445	0.06
10,866	Corporacion Financiera Alba	482,443	0.02
273,838	Distribuidora Internacional de Alimentacion	475,342	0.02
90,188	EDP Renovaveis	700,750	0.02
135,865	Enagas	2,888,968	0.09
184,961	Endesa	3,265,067	0.10
285,373	Ferrovial	4,527,491	0.14
180,230	Gas Natural	3,739,127	0.12
163,673	Grifols	2,673,310	0.08
192,640	Grifols 'A'	4,319,477	0.14

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Spain — (cont.)</b>		
25,096	Grupo Catalana Occidente	817,784	0.03
3,515,102	Iberdrola	20,903,091	0.66
100,431	Iberdrola Rights	597,228	0.02
623,765	Inditex	15,715,923	0.49
625,258	MAPFRE	1,496,196	0.05
104,994	Mediaset Espana Comunicacion	633,911	0.02
210,079	Merlin Properties	2,363,680	0.07
258,483	Red Electrica	4,161,946	0.13
738,323	Repsol	11,167,269	0.35
142,156	Siemens Gamesa Renewable Energy	1,506,932	0.05
2,690,918	Telefonica	18,568,985	0.58
107,369	Zardoya Otis	779,202	0.03
		<hr/>	
		212,545,589	6.68
	<b>Sweden — 5.72% (6.16%)</b>		
190,985	Alfa Laval	4,006,631	0.13
549,541	ASSA ABLOY 'B'	8,284,907	0.26
378,809	Atlas Copco	8,192,102	0.26
225,345	Atlas Copco 'B'	4,490,599	0.14
168,442	Boliden	3,754,655	0.12
140,257	Electrolux	2,524,511	0.08
378,809	Epiroc	3,465,725	0.11
225,345	Epiroc 'B'	1,812,291	0.06
1,793,980	Ericsson	10,812,219	0.34
362,275	Essity	6,920,326	0.22
56,503	Fastighets AB Balder	1,262,425	0.04
526,581	Hennes & Mauritz 'B'	6,331,797	0.20
149,567	Hexagon	7,005,653	0.22
222,057	Husqvarna 'B'	1,337,168	0.04
45,830	ICA Gruppen	1,160,915	0.04
103,490	Industrivarden	1,673,045	0.05
122,482	Industrivarden 'B'	2,055,618	0.06
61,668	Investment AB Latour	526,059	0.02
271,594	Investor	9,047,914	0.28
135,587	Kinnevik	3,586,479	0.11
44,148	L E Lundbergforetagen	1,104,502	0.03
108,342	Lundin Petroleum	2,728,400	0.09
1,869,097	Nordea Bank	15,223,425	0.48
34,683	Saab	1,218,402	0.04
644,730	Sandvik	8,919,084	0.28
186,830	Securitas	2,625,148	0.08
865,145	Skandinaviska Enskilda Banken 'A'	7,093,030	0.22
221,067	Skanska 'B'	3,180,147	0.10
232,488	SKF 'B'	3,625,166	0.11
364,585	Svenska Cellulosa 'B'	2,876,993	0.09
21,198	Svenska Handelsbanken	204,032	0.01
855,681	Svenska Handelsbanken 'A'	8,061,287	0.25
585,506	Swedbank 'A'	10,584,403	0.33
105,188	Swedish Match	4,424,395	0.14

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>Sweden — (cont.)</b>		
211,484	Tele2	2,184,350	0.07
1,603,184	Telia Company	5,903,502	0.18
142,029	Trelleborg	2,235,004	0.07
881,715	Volvo 'B'	11,791,549	0.37
		<b>182,233,858</b>	<b>5.72</b>
	<b>Switzerland — 17.08% (17.78%)</b>		
1,054,615	ABB	18,385,590	0.58
97,529	Adecco Group	4,558,549	0.14
52,066	Aryzta	556,946	0.02
27,330	Baloise	3,272,355	0.10
1,783	Banque Cantonale Vaudoise	1,020,132	0.03
1,134	Barry Callebaut	1,465,929	0.05
302,764	Cie Financiere Richemont	20,279,372	0.64
121,245	Clariant	2,180,852	0.07
1,500,005	Credit Suisse Group	18,594,729	0.58
16,617	DKSH	928,368	0.03
19,646	Dufry	2,013,138	0.06
4,122	Ems-Chemie	2,008,106	0.06
11,475	Flughafen Zurich	1,842,533	0.06
21,579	Geberit	7,304,886	0.23
2,559	Georg Fischer	2,501,197	0.08
5,474	Givaudan	9,690,412	0.30
3,852	Helvetia	1,735,865	0.06
131,796	Julius Baer Group	5,539,926	0.17
31,278	Kuehne + Nagel International	3,765,513	0.12
64,720	LafargeHolcim (France)	2,514,621	0.08
215,161	LafargeHolcim (Switzerland)	8,359,090	0.26
64	Lindt & Spruengli	3,897,959	0.12
626	Lindt & Spruengli (Participating Certificate)	3,259,081	0.10
90,165	Logitech International	3,118,815	0.10
44,432	Lonza Group	10,363,355	0.33
1,816,997	Nestle	113,515,780	3.57
1,290,599	Novartis	82,713,602	2.60
113,611	OC Oerlikon	1,321,005	0.04
17,531	Pargesa	1,116,270	0.04
9,880	Partners Group	5,724,958	0.18
23,125	PSP Swiss Property	1,668,079	0.05
9,003	Roche	1,700,387	0.05
418,902	Roche (Part Certified)	78,215,573	2.46
22,760	Schindler (Part Certified)	4,032,616	0.13
11,339	Schindler (Registered)	1,951,493	0.06
2,990	SGS	5,966,789	0.19
75,060	Sika	8,086,839	0.25
30,380	Sonova	4,315,059	0.14
6,041	Straumann	3,602,656	0.11
7,524	Sulzer	692,588	0.02
20,762	Swiss Life	5,699,930	0.18
42,658	Swiss Prime Site	2,990,125	0.09

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
<b>Switzerland — (cont.)</b>			
183,623	Swiss Re	12,872,518	0.40
15,089	Swisscom	5,436,284	0.17
34,619	Temenos Group	4,235,618	0.13
28,521	The Swatch Group	1,793,018	0.06
17,151	The Swatch Group 'B'	5,860,004	0.18
2,093,256	UBS Group	26,303,074	0.83
26,773	Vifor Pharma	3,895,384	0.12
89,493	Zurich Insurance Group	20,962,886	0.66
		543,829,854	17.08
<b>MIDDLE EAST — 0.55% (0.85%)</b>			
<b>Turkey — 0.55% (0.85%)</b>			
1,287,890	Akbank	1,448,544	0.05
121,866	Anadolu Efes Biracilik Ve Malt Sanayii	391,730	0.01
95,211	Arcelik	187,145	0.01
100,323	Aselsan Elektronik Sanayi Ve Ticaretto	427,693	0.01
37,481	Aygaz	60,531	—
123,913	BİM Birlesik Magazalar	1,354,294	0.04
42,532	Coca-Cola Icecek	196,497	0.01
1,157,462	Emlak Konut Gayrim	312,443	0.01
295,352	Enka Insaat ve Sanayi	223,143	0.01
813,768	Eregli Demir ve Celik Fabrikalari (Erdemir)	1,393,749	0.04
37,899	Ford Otomotiv Sanayi	346,598	0.01
496,076	Haci Omer Sabanci	653,388	0.02
505,431	KOC	1,074,230	0.03
26,787	Koza Altin Isletmeleri	173,623	0.01
28,852	Migros Ticaret	87,193	—
447,993	Petkim Petrokimya	313,446	0.01
151,758	Soda Sanayii	157,034	0.01
107,264	TAV Havalimanlari	488,901	0.02
99,680	Tekfen	297,992	0.01
65,646	Tofas Turk Otomobil Fabrikasi	233,827	0.01
72,383	Tupras Turkiye Petrol Rafinerileri	1,198,163	0.04
366,963	Turk Hava Yollari Anonum Ortakligi	976,341	0.03
321,318	Turk Telekomunikasyon	239,272	0.01
7,132	Turk Traktor ve Ziraat Makineleri	56,649	—
691,092	Turkcell Iletisim Hizmetleri	1,368,049	0.04
1,257,198	Turkiye Garanti Bankasi	1,398,421	0.04
381,696	Turkiye Halk Bankasi	413,322	0.01
795,127	Turkiye Is Bankasi	618,001	0.02
621,528	Turkiye Sinai Kalkinma Bankasi	82,923	—
377,352	Turkiye Sise Ve Cam Fabrikalari	295,633	0.01
596,098	Turkiye Vakiflar Bankasi	382,854	0.01
86,362	Ulker Biskuvi Sanayi	234,866	0.01
1,163,254	Yapi ve Kredi Bankasi	380,778	0.01
		17,467,273	0.55

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	<b>FUTURES CONTRACTS</b>		
	<b>— 0.00% (0.00%)</b>		
85	Euro STOXX 50 Future Expiry September 2018	75,782	—
12	Swiss Market Index Future Expiry September 2018	46,998	—
		122,780	—
<b>Portfolio of investments<sup>2</sup></b>		3,153,689,650	99.08
<b>Net other assets</b>		29,200,304	0.92
<b>Total net assets</b>		£3,182,889,954	100.00%

<sup>1</sup> Delisted securities are valued at the Manager's best assessment of their fair and reasonable value.

<sup>2</sup> All investments are admitted to an official stock exchange unless otherwise stated.

Total purchases for the year: £326,088,617.

Total sales for the year: £178,674,113.

# Independent Auditor's Report

## Independent auditor's report to the Unitholders of Legal & General European Index Trust ('the Trust')

### **Opinion**

We have audited the financial statements of the Trust for the year ended 31 July 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Trust and the accounting policies set out on pages 25 and 26.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 31 July 2018 and of the net revenue and the net capital gains on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The Manager (Legal & General (Unit Trust Managers) Limited) is responsible for the other information presented in the Annual Manager's Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial year is consistent with the financial statements.

## Independent Auditor's Report continued

### ***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

### ***Manager's responsibilities***

As explained more fully in their statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's responsibilities***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### ***The purpose of our audit work and to whom we owe our responsibilities***

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square,  
London E14 5GL  
19 September 2018



## Financial Statements

### Statement of Total Return for the year ended 31 July 2018

Notes	31/07/18		31/07/17	
	£	£	£	£
<b>Income</b>				
Net capital gains	3	59,868,239		521,805,241
Revenue	4	96,951,849	82,253,333	
Expenses	5	(14,006,768)	(13,483,363)	
Interest payable and similar charges	7	(155,573)	(114,999)	
<b>Net revenue before taxation</b>		82,789,508	68,654,971	
Taxation	6	(6,789,917)	(3,361,039)	
<b>Net revenue after taxation for the year</b>		75,999,591	65,293,932	
<b>Total return before distributions</b>		135,867,830	587,099,173	
Distributions	7	(76,014,184)	(65,305,541)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		<b>£59,853,646</b>	<b>£521,793,632</b>	

### Statement of Change in Net Assets attributable to Unitholders for the year ended 31 July 2018

	31/07/18		31/07/17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		2,986,749,073		2,490,248,979
Amounts received on issue of units		357,666,457	303,080,722	
Amounts paid on cancellation of units		(247,477,237)	(334,163,614)	
Amounts paid on in-specie transactions		—	(19,523,835)	
<b>Change in net assets attributable to Unitholders from investment activities</b>		110,189,220	(50,606,727)	
<b>Retained distributions on accumulation units</b>		59,853,646	521,793,632	
Retained distributions on accumulation units		26,097,091	25,313,189	
Unclaimed distributions		924	—	
<b>Closing net assets attributable to Unitholders</b>		<b>£3,182,889,954</b>	<b>£2,986,749,073</b>	

## Financial Statements continued

### Balance Sheet as at 31 July 2018

	Notes	31/07/18 £	31/07/17 £
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investments		3,153,689,650	2,947,594,112
<b>Current assets:</b>			
Debtors	8	21,606,696	37,894,291
Cash and bank balances	9	<u>58,466,241</u>	<u>59,796,943</u>
<b>Total assets</b>		<b><u>3,233,762,587</u></b>	<b><u>3,045,285,346</u></b>
<b>LIABILITIES</b>			
Investment liabilities		—	(114,679)
<b>Creditors:</b>			
Bank overdrafts	9	(16,436)	(634)
Distributions payable		(48,526,806)	(41,238,034)
Other creditors	10	<u>(2,329,391)</u>	<u>(17,182,926)</u>
<b>Total liabilities</b>		<b><u>(50,872,633)</u></b>	<b><u>(58,536,273)</u></b>
<b>Net assets attributable to Unitholders</b>		<b><u>£3,182,889,954</u></b>	<b><u>£2,986,749,073</u></b>

# 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.

The principal accounting policies which have been applied consistently are set out below.

### (b) Functional and Presentation Currency

The functional and presentation currency of the Trust is Sterling.

### (c) Recognition of Revenue

Revenue from quoted equities and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Revenue from unquoted equity investments is recognised net of attributable tax credits when the dividend is declared.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

Revenue from derivative instruments is treated in accordance with note 2(i).

All other revenue is recognised on an accruals basis.

### (d) Treatment of Expenses

All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

### (e) Distribution Policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution, on an annual basis, in accordance with the COLL.

Fund management fees are deducted from revenue for the purpose of calculating the distribution.

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Trust.

## Notes to the Financial Statements continued

### 2. Summary of Significant Accounting Policies continued

#### (f) Basis of Valuation of Investments

All investments are valued at their fair value as at 12 noon on 31 July 2018, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price. The fair value for derivative instruments is the cost of closing out the contract on the last working day of the accounting year.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair and reasonable value.

#### (g) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses, with relief for overseas taxation taken where appropriate.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply.

#### (h) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 31 July 2018, being the last working day of the accounting year.

#### (i) Derivative Instruments

The Trust may make use of financial derivative instruments for Efficient Portfolio Management (EPM) purposes. EPM aims to reduce risk, reduce costs, or generate additional capital or income for the Trust with an acceptably low level of risk. These aims allow for tactical asset allocation, which is a temporary switch in investment exposure through the use of derivatives rather than trading the underlying securities.

Derivative instruments held within the Trust have been accounted for and taxed in accordance with the Statement of Recommended Practice for Authorised Funds (IA SORP 2014). Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

### 3. Net capital gains

	31/07/18	31/07/17
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	59,931,317	519,641,047
Derivative securities	175,429	1,814,649
Forward currency contracts	(472,581)	394,911
Currency gains/(losses)	<u>234,074</u>	<u>(45,366)</u>
Net capital gains	<u>59,868,239</u>	<u>521,805,241</u>

## Notes to the Financial Statements continued

### 4. Revenue

	31/07/18	31/07/17
	£	£
UK Franked dividends	79,276	—
Taxable overseas dividends	487,452	403,400
Non-taxable overseas dividends	88,500,474	72,016,561
Futures revenue	708,418	330,074
Franked stock dividends	7,135,423	9,465,379
Bank interest	16,938	19,189
Interest on overseas tax reclaims	23,868	18,730
	<u>96,951,849</u>	<u>82,253,333</u>

### 5. Expenses

	31/07/18	31/07/17
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund management fees	<u>14,006,768</u>	<u>13,483,363</u>
Total expenses	<u>14,006,768</u>	<u>13,483,363</u>

Audit fees of £8,900 plus VAT of £1,780 have been borne by the Manager out of its fund management fee. In the prior year, the total audit fee was £10,115 plus VAT of £2,023.

## Notes to the Financial Statements continued

### 6. Taxation

#### (a) Analysis of taxation charge in year

	31/07/18	31/07/17
	£	£
Overseas tax	6,789,917	4,142,539
Overseas tax reclaims	—	(781,500)
Current tax [note 6(b)]	6,789,917	3,361,039
Deferred tax [note 6(c)]	—	—
Total taxation	<u>6,789,917</u>	<u>3,361,039</u>

#### (b) Factors affecting taxation charge for the year

The current tax charge excludes capital gains and losses for the reason that Authorised Unit Trusts are not subject to Corporation Tax on these items. Current tax differs from taxation assessed on net revenue before taxation as follows:

Net revenue before taxation	<u>82,789,508</u>	<u>68,654,971</u>
Net revenue before taxation multiplied by the applicable rate of Corporation tax of 20% (2017: 20%)	16,557,902	13,730,994
<b>Effects of:</b>		
Overseas tax	6,789,917	4,142,539
Overseas tax reclaims	—	(781,500)
Revenue not subject to taxation	(19,143,035)	(16,312,769)
Excess non trade loan deficits	22,953	15,416
Excess management expenses not utilised	<u>2,562,180</u>	<u>2,566,359</u>
Current tax	<u>6,789,917</u>	<u>3,361,039</u>

#### (c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year. At the year end there is a potential deferred tax asset of £18,683,438 (31 July 2017: £16,121,258) due to surplus management expenses.

It is unlikely the Trust will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised (31 July 2017: same).

## Notes to the Financial Statements continued

### 7. Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprise:

	31/07/18	31/07/17
	£	£
Final distribution	<u>74,623,897</u>	<u>66,551,223</u>
	74,623,897	66,551,223
Add: Revenue deducted on cancellation of units	4,099,394	2,010,626
Add: Revenue deducted on in-specie transactions	—	35,956
Less: Revenue received on creation of units	<u>(2,709,107)</u>	<u>(3,292,264)</u>
<b>Distributions for the year</b>	<b><u>76,014,184</u></b>	<b><u>65,305,541</u></b>
<b>Interest payable and similar charges</b>		
Bank overdraft interest	<u>155,573</u>	<u>114,999</u>
	<u>76,169,757</u>	<u>65,420,540</u>

The differences between the net revenue after taxation and the distributions for the year are as follows:

	31/07/18	31/07/17
	£	£
Net revenue after taxation for the year	75,999,591	65,293,932
Equalisation effect of conversions	<u>14,593</u>	<u>11,609</u>
<b>Distributions for the year</b>	<b><u>76,014,184</u></b>	<b><u>65,305,541</u></b>

### 8. Debtors

	31/07/18	31/07/17
	£	£
Accrued revenue	735,496	314,440
Amounts receivable for creation of units	643,143	20,339,980
Overseas tax recoverable	19,377,441	16,350,708
Sales awaiting settlement	<u>850,616</u>	<u>889,163</u>
	<u>21,606,696</u>	<u>37,894,291</u>

## Notes to the Financial Statements continued

### 9. Net uninvested cash

	31/07/18	31/07/17
	£	£
Amounts held at futures clearing houses and brokers	218,012	865,526
Cash and bank balances	58,248,229	58,931,417
Amounts due to futures clearing houses and brokers	(14,655)	—
Bank overdrafts	(1,781)	(634)
Net uninvested cash	<u>58,449,805</u>	<u>59,796,309</u>

### 10. Other creditors

	31/07/18	31/07/17
	£	£
Accrued expenses	808,962	1,264,715
Amounts payable for cancellation of units	1,520,393	1,201,309
Payable for foreign exchange contracts	36	1,253
Purchases awaiting settlement	—	14,715,649
	<u>2,329,391</u>	<u>17,182,926</u>

### 11. Contingent liabilities and outstanding commitments

Contingent liabilities and outstanding commitments at the balance sheet date were:

	31/07/18	31/07/17
	£	£
Commitments on rights issues	—	325,395
Total	<u>—</u>	<u>325,395</u>



## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks

The investments of a Trust in financial securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in such instruments. Legal & General (Unit Trust Managers) Limited (UTM) is the Authorised Fund Manager and has responsibility for ensuring appropriate risk management processes are implemented for each Unit Trust.

The UTM Board has delegated the risk oversight function to the Fund Manager Oversight Committee (FMOC), a committee of the Legal & General Investment Management (Holdings) Limited (LGIMH) Board that meets monthly. The primary objective of the FMOC is to ensure proper oversight of the investment management activities and associated services performed by LGIM, its delegates and other Fund Managers, under the Investment Management Agreement (IMA), on behalf of UTM in its capacity as Authorised Fund Manager. The committee consists of senior members of LGIMH and members of the UTM Board. Other senior staff members are also in attendance, as required by the agenda.

Each Trust has Investment Guidelines, an Investment Objective and Investment Restrictions, against which the fund manager will operate. These are set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager, reviewed by the LGIM Operational Risk and Compliance Teams and approved senior members of LGIMH on behalf of the UTM board. The Schedule provides the detail needed to determine the risk profile for each fund. Fund managers are not permitted to invest into any new instruments without first gaining approval from UTM.

The Investment Objective and Policy of this Trust is detailed on page 2.

#### **(a) Market Risk arising from other price 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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar instruments traded in the market.

The assets held by the Trust can be seen in the Portfolio Statement starting on page 8. Movements in the prices of these investments result in movements in the performance of the Trust. The Manager adheres to the investment guidelines established in the Trust Deed, the Prospectus, the COLL and the Trust's IOG, and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

At 31 July 2018, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £157,684,483 (31 July 2017: £147,373,972).

## **Notes to the Financial Statements continued**

### **12. Financial Instruments and Associated Risks continued**

#### **(b) Interest Rate Risk**

Interest Rate Risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Trust's only interest bearing financial instruments were its bank balances and overdraft facilities as disclosed in note 9. Cash is deposited and overdraft facilities utilised on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

In the event of a change in interest rates, there would be no material impact upon the assets of the Trust.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (c) Foreign Currency Risk

Foreign Currency Risk is the risk of movements in the value of financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the use of forward currency contracts or currency futures as necessary.

Forward currency contracts were utilised during the current and the preceding year.

At 31 July 2018, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £31,864,429 (31 July 2017: £29,803,527).

The direct foreign currency profile of the Trust's net assets at the balance sheet date was:

31/07/18 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Czech Koruna	110	4,541	4,651
Danish Krone	912	111,927	112,839
Euro	15,938	2,208,058	2,223,996
Hungarian Forint	31	7,308	7,339
Norwegian Krone	458	47,342	47,800
Polish Zloty	168	30,554	30,722
Swedish Krona	85	182,234	182,319
Swiss Franc	15,029	543,589	558,618
Turkish Lira	11	17,467	17,478
US Dollar	45	635	680

31/07/17 Currency	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000
Czech Koruna	129	3,694	3,823
Danish Krone	1,025	112,425	113,450
Euro	18,192	2,016,436	2,034,628
Hungarian Forint	10	7,957	7,967
Norwegian Krone	894	40,227	41,121
Polish Zloty	275	28,247	28,522
Swedish Krona	511	184,001	184,512
Swiss Franc	11,825	528,195	540,020
Turkish Lira	6	25,525	25,531
US Dollar	41	737	778

#### (d) Credit Risk

Credit Risk is the risk of suffering financial loss as a result of a counterparty to a financial transaction being unable to fulfil their financial obligations as they fall due.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Trust's investment objective and policy.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (e) Liquidity Risk

Liquidity Risk relates to the capacity to meet liabilities as they fall due. The primary source of this risk to the Trust is the liability to Unitholders for any cancellation of units.

The Trust can also be exposed to liquidity risk through its commitments under derivative contracts, whereby additional margin payments or collateral payments may need to be posted with the counterparty or clearing house.

This risk is minimised by holding a large proportion of readily realisable assets, cash balances and via access to overdraft facilities.

#### (f) Derivative Risk - Sensitivity Analysis

Derivative Risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

At the balance sheet date the Trust made use of the following derivatives:

##### **Futures**

Futures are used to adjust the equities exposure of the Trust in a cost effective manner. The effect of these instruments was to increase the exposure of the Trust by £3,514,501 (31 July 2017: increase the exposure by £13,565,279), representing 0.11% of the net asset value (31 July 2017: 0.45%).

This results in an effective equity exposure at the year end of 99.19% (31 July 2017: 98.64%) of net assets, which means that the gains or losses of the Trust will be 0.9919 (31 July 2017: 0.9864) times the gains or losses if the Trust was fully invested in equities.

## Notes to the Financial Statements continued

### 12. Financial Instruments and Associated Risks continued

#### (g) Fair Value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no material difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 requires the classification of the Trust's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Trust's financial instruments as at the balance sheet date were:

<b>31/07/18</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	3,153,689,650	—
Level 2 - Observable Market Data	—	—
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>3,153,689,650</b>	<b>—</b>

<b>31/07/17</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Basis of Valuation</b>	<b>£</b>	<b>£</b>
Level 1 - Quoted Prices	2,947,587,205	(102,047)
Level 2 - Observable Market Data	6,907	(12,632)
Level 3 - Unobservable Data	—	—
<b>Total</b>	<b>2,947,594,112</b>	<b>(114,679)</b>

#### Level 1

The unadjusted quoted price in an active market for assets or liabilities that the entity can access at the measurement date.

#### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1.

#### Level 3

Valuation techniques using unobservable inputs.

## Notes to the Financial Statements continued

### 13. Portfolio transaction costs

31/07/18	Value	Commissions	Taxes		Total	
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	325,755	94	0.03	240	0.07	326,089
<b>Total</b>	<b>325,755</b>	<b>94</b>	<b>0.03</b>	<b>240</b>	<b>0.07</b>	<b>326,089</b>

31/07/18	Value	Commissions	Taxes		Total	
Sales	£'000	£'000	%	£'000	%	£'000
Equities	178,713	(39)	0.02	—	—	178,674
<b>Total</b>	<b>178,713</b>	<b>(39)</b>	<b>0.02</b>	<b>—</b>	<b>—</b>	<b>178,674</b>

Commissions and taxes as % of average net assets

Commissions 0.00%

Taxes 0.01%

31/07/17	Value	Commissions	Taxes		Total	
Purchases	£'000	£'000	%	£'000	%	£'000
Equities	263,979	73	0.03	182	0.07	264,235
<b>Total</b>	<b>263,979</b>	<b>73</b>	<b>0.03</b>	<b>182</b>	<b>0.07</b>	<b>264,235</b>

31/07/17	Value	Commissions	Taxes		Total	
Sales	£'000	£'000	%	£'000	%	£'000
Equities	274,006	(68)	0.02	—	—	273,938
<b>Total</b>	<b>274,006</b>	<b>(68)</b>	<b>0.02</b>	<b>—</b>	<b>—</b>	<b>273,938</b>

Commissions and taxes as % of average net assets

Commissions 0.00%

Taxes 0.01%

Transaction costs consist of expenses incurred in the process of the purchase and sales of securities above the cost of the securities.

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.05% (31 July 2017: 0.06%).

## Notes to the Financial Statements continued

### 14. Unit classes

A list of unit classes in issue and the fund management fee on each unit class can be found on page 50. The net asset value per unit of each unit class and the number of units in each class are given in the comparative tables on pages 41 to 48. The distributions per unit class are given in the distribution table on page 39. All classes have the same rights on winding up.

<b>R-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	463,462,038	62,120,895
Units issued	8,990,264	1,589,895
Units cancelled	(23,777,428)	(2,422,369)
Units converted	910,894	2,611
Closing Units	449,585,768	61,291,032

<b>F-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	55,273	139,735
Units issued	1,051	5,564
Units cancelled	(5,921)	(19,815)
Units converted	(6,824)	(2,981)
Closing Units	43,579	122,503

<b>I-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	154,807,010	159,561,595
Units issued	71,464,357	7,044,197
Units cancelled	(2,555,867)	(23,885,227)
Units converted	(1,036,788)	(8,249,140)
Closing Units	222,678,712	134,471,425

<b>C-Class</b>	<b>Distribution</b>	<b>Accumulation</b>
Opening Units	63,118,702	32,751,380
Units issued	8,893,665	16,094,733
Units cancelled	(9,765,305)	(9,039,707)
Units converted	(20,242)	8,337,222
Closing Units	62,226,820	48,143,628

## Notes to the Financial Statements continued

### 15. Ultimate controlling party and related party transactions

The Manager is regarded as a related party to the Trust because it provides key management personnel services to the Trust. The ultimate controlling party of the Manager is Legal & General Group Plc. Subsidiaries of Legal & General Group Plc are also considered related parties to the Trust.

Legal & General (Unit Trust Managers) Limited acts as the principal on all the transactions of the units in the Trust. The aggregated monies received through creations or paid on cancellations are disclosed in the statement of change in net assets attributable to unitholders.

Equalisation amounts relating to creations and cancellations of units are shown within note 7. Fees received by the Authorised Fund Manager from the Trust plus any rebates paid by the Authorised Fund Manager to the Trust are shown within notes 3, 4 and 5 as applicable. Any outstanding fees, amounts outstanding on creations or cancellations of units in the Trust, or rebates receivable by the Trust from the Manager are shown within notes 8 and 10 as applicable.

At the year end, the Manager and its associates held 42.72% (47.45% as at 31 July 2017) of the Trust's units in issue.

### 16. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class distribution unit was 289.81p. The Net Asset Value per R-Class distribution unit for the Trust as at 12 noon on 17 September 2018 was 280.70p. This represents a decrease of 3.14% from the year end value.



## Distribution Table

### Distribution Table for the year ended 31 July 2018

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

Equalisation is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Final dividend distribution in pence per unit			Period	
			01/08/17	to 31/07/18
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	5.8241	5.3580
Group 2	5.3973	0.4268	5.8241	5.3580
<b>R-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	8.0875	7.3034
Group 2	6.4230	1.6645	8.0875	7.3034
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	7.1000	6.7914
Group 2	4.4543	2.6457	7.1000	6.7914
<b>F-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	10.0696	9.4074
Group 2	7.1786	2.8910	10.0696	9.4074
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	7.8212	7.5008
Group 2	5.1638	2.6574	7.8212	7.5008
<b>I-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	11.5292	10.7723
Group 2	7.7242	3.8050	11.5292	10.7723
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Distribution Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	7.9111	7.5885
Group 2	5.5753	2.3358	7.9111	7.5885
<b>C-Class</b>			<b>Distribution</b>	<b>Distribution</b>
<b>Accumulation Units</b>			<b>30/09/18</b>	<b>30/09/17</b>
Group 1	Revenue	Equalisation	11.6821	10.9139
Group 2	9.0911	2.5910	11.6821	10.9139

## Trust Information

The Comparative Tables on pages 41 to 48 give the performance of each active share class in the Trust.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Trust's performance disclosed in the Manager's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Trust.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by a fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## Trust Information continued

### Comparative Tables

#### R-Class Distribution Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	284.01	233.27	224.14
Return before operating charges*	13.85	58.28	17.46
Operating charges (calculated on average price)	(2.23)	(2.18)	(1.82)
Return after operating charges*	11.62	56.10	15.64
Distributions on income units	(5.82)	(5.36)	(6.51)
Closing net asset value per unit	289.81	284.01	233.27
* after direct transaction costs of:	0.03	0.03	0.02

#### Performance

Return after charges	4.10%	24.05%	6.98%
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#### Other Information

Closing net asset value (£)	1,302,965,343	1,316,298,902	1,185,219,443
Closing number of units	449,585,768	463,462,038	508,081,090
Operating charges <sup>†</sup>	0.78%	0.84%	0.84%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest unit price	296.90p	293.40p	240.10p
Lowest unit price	267.70p	227.30p	195.30p

<sup>†</sup> 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. 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.

**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.**

## Trust Information continued

### Comparative Tables continued

#### R-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	394.38	317.95	297.11
Return before operating charges*	19.25	79.40	23.26
Operating charges (calculated on average price)	(3.10)	(2.97)	(2.42)
Return after operating charges*	16.15	76.43	20.84
Distributions	(8.09)	(7.30)	(8.63)
Retained distributions on accumulation units	8.09	7.30	8.63
Closing net asset value per unit	410.53	394.38	317.95
* after direct transaction costs of:	0.05	0.04	0.03

#### Performance

Return after charges	4.10%	24.04%	7.01%
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#### Other Information

Closing net asset value (£)	251,619,335	244,993,003	204,002,320
Closing number of units	61,291,032	62,120,895	64,162,231
Operating charges†	0.78%	0.84%	0.84%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest unit price	412.30p	399.80p	318.40p
Lowest unit price	371.70p	309.80p	258.90p

† 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. 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.

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## Trust Information continued

### Comparative Tables continued

#### F-Class Distribution Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	284.43	233.63	224.48
Return before operating charges*	13.94	58.54	17.65
Operating charges (calculated on average price)	(1.04)	(0.95)	(0.82)
Return after operating charges*	12.90	57.59	16.83
Distributions on income units	(7.10)	(6.79)	(7.68)
Closing net asset value per unit	290.23	284.43	233.63
* after direct transaction costs of:	0.03	0.03	0.02

##### Performance

Return after charges	4.54%	24.65%	7.50%
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##### Other Information

Closing net asset value (£)	126,479	157,212	66,529
Closing number of units	43,579	55,273	28,476
Operating charges†	0.36%	0.36%	0.38%
Direct transaction costs	0.01%	0.01%	0.01%

##### Prices

Highest unit price	298.40p	295.60p	242.40p
Lowest unit price	269.40p	228.00p	196.40p

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## Trust Information continued

### Comparative Tables continued

#### F-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	403.39	323.65	301.01
Return before operating charges*	19.77	81.04	23.75
Operating charges (calculated on average price)	(1.47)	(1.30)	(1.11)
Return after operating charges*	18.30	79.74	22.64
Distributions	(10.07)	(9.41)	(10.30)
Retained distributions on accumulation units	10.07	9.41	10.30
Closing net asset value per unit	421.69	403.39	323.65
* after direct transaction costs of:	0.05	0.04	0.03

#### Performance

Return after charges	4.54%	24.64%	7.52%
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#### Other Information

Closing net asset value (£)	516,582	563,681	493,578
Closing number of units	122,503	139,735	152,504
Operating charges†	0.36%	0.36%	0.38%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest unit price	423.30p	409.40p	324.60p
Lowest unit price	382.10p	315.90p	263.40p

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## Trust Information continued

### Comparative Tables continued

#### I-Class Distribution Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	284.11	233.38	224.25
Return before operating charges*	13.94	58.55	17.68
Operating charges (calculated on average price)	(0.34)	(0.32)	(0.26)
Return after operating charges*	13.60	58.23	17.42
Distributions on income units	(7.82)	(7.50)	(8.29)
Closing net asset value per unit	289.89	284.11	233.38
* after direct transaction costs of:	0.03	0.03	0.02

##### Performance

Return after charges	4.79%	24.95%	7.77%
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##### Other Information

Closing net asset value (£)	645,518,254	439,820,201	285,014,292
Closing number of units	222,678,712	154,807,010	122,122,682
Operating charges†	0.12%	0.12%	0.12%
Direct transaction costs	0.01%	0.01%	0.01%

##### Prices

Highest unit price	298.40p	295.40p	242.40p
Lowest unit price	269.10p	227.80p	196.50p

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## Trust Information continued

### Comparative Tables continued

#### I-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	418.80	335.21	310.97
Return before operating charges*	20.56	84.04	24.60
Operating charges (calculated on average price)	(0.51)	(0.45)	(0.36)
Return after operating charges*	20.05	83.59	24.24
Distributions	(11.53)	(10.77)	(11.49)
Retained distributions on accumulation units	11.53	10.77	11.49
Closing net asset value per unit	438.85	418.80	335.21
* after direct transaction costs of:	0.05	0.05	0.03

##### Performance

Return after charges	4.79%	24.94%	7.79%
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##### Other Information

Closing net asset value (£)	590,127,182	668,249,929	632,027,384
Closing number of units	134,471,425	159,561,595	188,549,367
Operating charges†	0.12%	0.12%	0.12%
Direct transaction costs	0.01%	0.01%	0.01%

##### Prices

Highest unit price	439.90p	424.30p	336.20p
Lowest unit price	396.70p	327.10p	272.60p

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## Trust Information continued

### Comparative Tables continued

#### C-Class Distribution Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	284.05	233.34	224.21
Return before operating charges*	13.95	58.54	17.69
Operating charges (calculated on average price)	(0.26)	(0.24)	(0.20)
Return after operating charges*	13.69	58.30	17.49
Distributions on income units	(7.91)	(7.59)	(8.36)
Closing net asset value per unit	289.83	284.05	233.34
* after direct transaction costs of:	0.03	0.03	0.02

##### Performance

Return after charges	4.82%	24.99%	7.80%
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##### Other Information

Closing net asset value (£)	180,350,112	179,290,489	121,429,453
Closing number of units	62,226,820	63,118,702	52,039,939
Operating charges <sup>†</sup>	0.09%	0.09%	0.09%
Direct transaction costs	0.01%	0.01%	0.01%

##### Prices

Highest unit price	298.40p	295.90p	242.40p
Lowest unit price	269.50p	227.40p	196.10p

<sup>†</sup> 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. 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.

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## Trust Information continued

### Comparative Tables continued

#### C-Class Accumulation Units

##### Change in Net Asset Value per Unit

Accounting Year ending	31/07/18 (pence per unit)	31/07/17 (pence per unit)	31/07/16 (pence per unit)
Opening net asset value per unit	419.45	335.62	311.26
Return before operating charges*	20.59	84.17	24.63
Operating charges (calculated on average price)	(0.38)	(0.34)	(0.27)
Return after operating charges*	20.21	83.83	24.36
Distributions	(11.68)	(10.91)	(11.61)
Retained distributions on accumulation units	11.68	10.91	11.61
Closing net asset value per unit	439.66	419.45	335.62
* after direct transaction costs of:	0.05	0.05	0.03

##### Performance

Return after charges	4.82%	24.98%	7.83%
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##### Other Information

Closing net asset value (£)	21,666,667	137,375,656	61,995,980
Closing number of units	48,143,628	32,751,380	18,472,049
Operating charges†	0.09%	0.09%	0.09%
Direct transaction costs	0.01%	0.01%	0.01%

##### Prices

Highest unit price	440.70p	425.60p	336.60p
Lowest unit price	398.00p	327.10p	272.30p

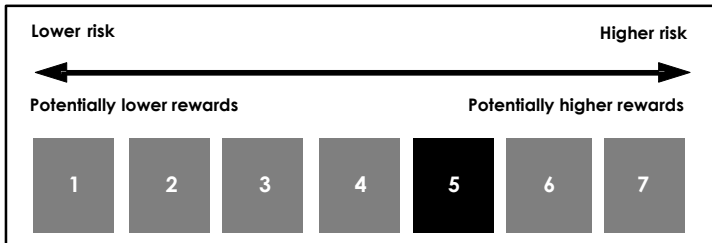
† Operating charges, otherwise known as the OCF is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Trust and is calculated based on the last period's figures.

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## Risk and Reward Profile (unaudited)



- 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 number highlighted above reflects the rate at which the Trust's unit price has moved up and down in the past. If the Trust has less than five years' track record, the number also reflects the rate at which the Index the Trust tracks 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 Trust 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 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.

## General Information (unaudited)

### Constitution

Launch date:	13 June 1989
Period end date for distribution:	31 July
Distribution date:	30 September
Minimum initial lump sum investment:	R-Class £100 F-Class* £500 I-Class £1,000,000 C-Class** £100,000,000
Minimum monthly contributions:	R-Class £20 F-Class* £50 I-Class N/A C-Class** N/A
Valuation point:	12 noon
Fund management fees:	R-Class Annual 0.50%† (0.84% prior to 1 June 2018) F-Class* Annual 0.36% I-Class Annual 0.12% C-Class** Annual 0.09%
Initial charges:	R-Class Nil F-Class* Nil I-Class Nil C-Class** Nil

\* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Trust and
- (ii) 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.

† With effect from 1 June 2018 - See Significant Changes on 53.

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://www.legalandgeneral.com/investments/fund-information/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.

## General Information (unaudited) continued

### 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](http://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.

### ISA Status

This Trust may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

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

### 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 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.

### 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 year, the annualised Tracking Error of the Trust is 0.27%, whilst over the last three years to the end of August 2018, the annualised Tracking Error of the Trust is 0.16%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/-0.50% per annum.

## General Information (unaudited) continued

### Remuneration Disclosure

In accordance with the Undertakings for collective investment in transferable securities (UCITs) Directive, often referred to as the UCITs V Directive, the Legal & General European Index Trust, as a UCITs Scheme, is required to disclose the aggregate remuneration paid by the UCITs Manager and by the UCITs Scheme to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the UCITs Scheme. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the management company and the funds managed by it as at December 2017:

### Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
32	6,726	11,997	1,147

### Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
22	2,281	3,000	44

### Controlled Functions

As at 31 December 2017, Legal & General Unit Trust Managers Limited (UTM) engaged the services of six employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition there was one non-executive Director. UTM also engaged the services of a further 20 LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

### Material Risk Takers

As at the 31 December 2017, UTM engaged the services of Legal & General Investment Management's Index Fund Management team, which consists of 22 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table above. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Legal & General Investment Management's Index Fund Management team.

## General Information (unaudited) continued

### Significant Changes

#### **Change in Fund Management Fee (FMF)**

With effect from 1 June 2018, the FMF for R-Class units have been reduced from 0.84% to 0.50%.

#### **Change of Auditor**

With effect from 28 April 2018, PricewaterhouseCoopers LLP ceased to be Independent Auditors of the Trust and KPMG LLP have been appointed. The change of Auditor has no impact on the way the Trust is operated.

#### **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 Index Trust, 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](http://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 (unaudited) 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 (appointed 5 July 2017)  
H. Solomon  
S. D. Thomas  
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 PLC  
Trustee and Depositary 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









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