

Legal & General European Index Trust

**Annual Manager's
Short Report
for the year ended
31 July 2013**



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 (including a stock or stocks reasonably expected to be shortly included in that Index).

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. 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

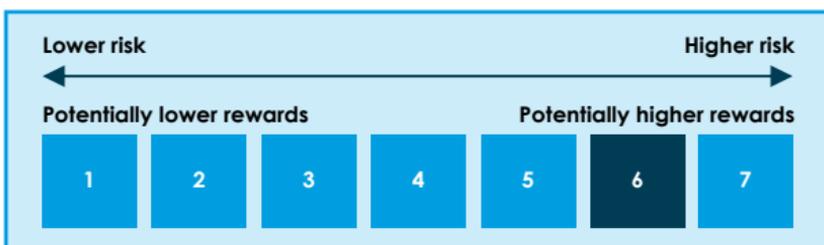
Period End Date for Distribution:	31 July	
Distribution Date:	30 September	
Ongoing Charges Figures:	31 Jul 13	31 Jul 12
R-Class	0.84%	0.84%
I-Class	0.23%	0.31%
F-Class*	0.39%	—

* There are no prior year comparatives for the F-Class which launched on 19 December 2012.

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.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
31 July 11			
R-Class			
Distribution Units	£1,072,095,820	188.97p	567,339,820
Accumulation Units	£243,156,817	228.69p	106,326,900
I-Class			
Distribution Units	£94,172,469	188.97p	49,833,571
Accumulation Units	£339,588,545	233.47p	145,449,904
31 July 12			
R-Class			
Distribution Units	£941,239,246	159.61p	589,713,653
Accumulation Units	£200,363,032	198.40p	100,990,539
I-Class			
Distribution Units	£75,052,806	159.61p	47,021,731
Accumulation Units	£224,691,997	203.66p	110,325,640
31 Jul 13			
R-Class			
Distribution Units	£1,224,011,544	208.19p	587,924,965
Accumulation Units	£251,012,384	263.97p	95,091,585
I-Class			
Distribution Units	£85,033,550	208.35p	40,812,769
Accumulation Units	£280,579,765	272.62p	102,921,159
F-Class*			
Distribution Units	£29,810	208.56p	14,293
Accumulation Units	£123,843	265.06p	46,723

* There are no prior year comparatives for the F-Class which launched on 19 December 2012.

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.

Distribution Information

R-Class

The distribution payable on 30 September 2013 is 4.2035p net per unit for distribution units and 5.2242p net per unit for accumulation units.

I-Class

The distribution payable on 30 September 2013 is 5.3508p net per unit for distribution units and 6.8260p net per unit for accumulation units.

F-Class

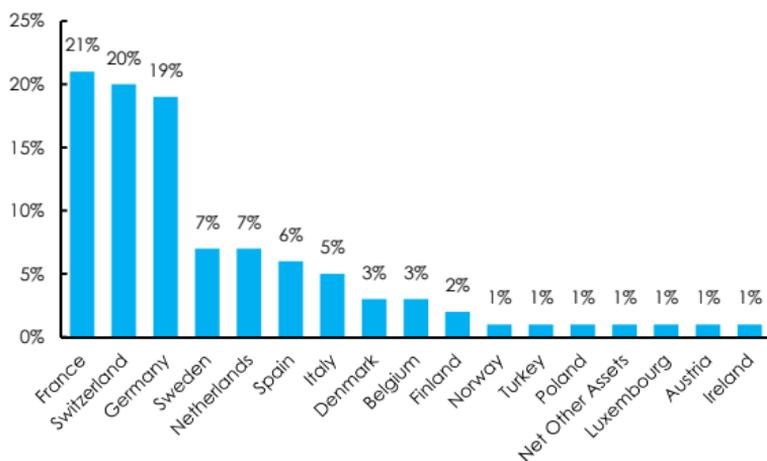
The distribution payable on 30 September 2013 is 4.7823p net per unit for distribution units and 5.9416p net per unit for accumulation units.

Portfolio Information

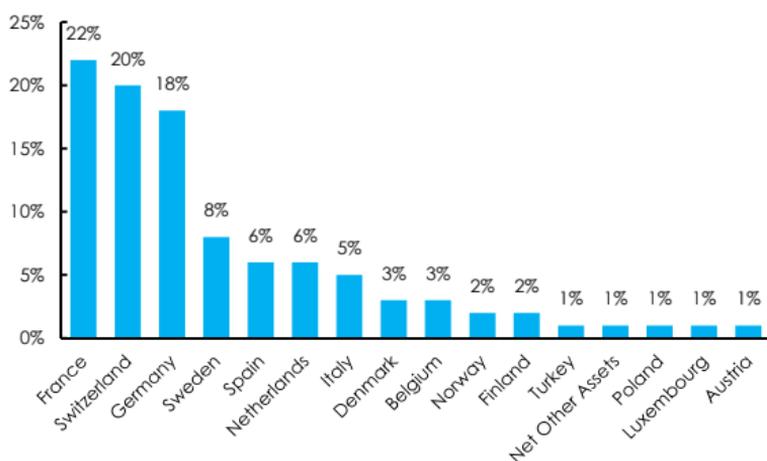
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 31 July 2013		Top 10 Holdings at 31 July 2012	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Nestlé	4.07%	Nestlé	4.71%
Roche Holding	3.23%	Novartis	3.36%
Novartis	3.10%	Roche Holding	2.76%
Sanofi	2.24%	Sanofi	2.37%
Total	2.02%	Total	2.31%
Bayer	1.79%	Siemens	1.69%
Siemens	1.59%	BASF	1.52%
BASF	1.53%	Novo Nordisk 'B'	1.51%
Anheuser-Busch Inbev	1.44%	Bayer	1.42%
Banco Santander	1.43%	Anheuser-Busch InBev	1.38%

Trust Holdings as at 31 July 2013



Trust Holdings as at 31 July 2012



Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2008	224.90p	128.20p	4.6756p
2009	197.10p	118.50p	4.0227p
2010	198.40p	164.00p	3.4982p
2011	213.50p	144.90p	4.5832p
2012	183.80p	150.10p	4.3362p
2013 ⁽¹⁾	215.80p	184.40p	4.2035p
Accumulation Units			
2008	248.00p	144.90p	5.1595p
2009	228.40p	133.90p	4.5446p
2010	234.30p	190.00p	4.0508p
2011	252.20p	175.40p	5.4145p
2012	228.50p	181.60p	5.2484p
2013 ⁽¹⁾	268.20p	229.10p	5.2242p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2008	224.40p	128.30p	5.4459p
2009	197.30p	118.20p	4.5852p
2010	200.00p	164.70p	4.3641p
2011	214.20p	144.80p	5.5179p
2012	184.50p	150.90p	5.2211p
2013 ⁽¹⁾	217.10p	184.80p	5.3508p
Accumulation Units			
2008	248.50p	146.20p	6.0278p
2009	231.30p	134.80p	5.2239p
2010	239.40p	193.00p	5.1100p
2011	257.30p	179.00p	6.6216p
2012	235.40p	186.50p	6.4549p
2013 ⁽¹⁾	276.90p	235.80p	6.8260p

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 31 July 2013 and the net revenue per unit to 30 September 2013.

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.

Unit Price Range and Net Revenue continued

F-Class Units*

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2012 ⁽¹⁾	184.30p	182.10p	—
2013 ⁽²⁾	216.80p	184.90p	4.7823p
Accumulation Units			
2012 ⁽¹⁾	229.10p	226.30p	—
2013 ⁽²⁾	269.40p	229.80p	5.9416p

* F-Class units launched on 19 December 2012.

⁽¹⁾ The above table shows the highest offer and lowest bid prices from 19 December 2012 to 31 December 2012.

⁽²⁾ The above table shows the highest offer and lowest bid prices to 31 July 2013 and the net revenue per unit to 30 September 2013.

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.

Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class distribution units rose by 30.67%. 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 midday. Therefore, for tracking purposes the Trust has been revalued using closing prices and foreign exchange rates. On this basis, over the review year from the close of business on 31 July 2012 to the close of business on 31 July 2013, the Trust rose by 31.78% on a capital only basis compared with the FTSE World Europe (excluding UK) Index rise of 31.49% on a capital only, Sterling adjusted basis, producing a tracking difference of +0.29% (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.

All copyright in the index values and constituent list belongs to FTSE. Legal & General has obtained full licence from FTSE to use such copyright in the creation of this product.

"FTSE™", "FT-SE®" and "Footsie®" are trade marks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited ("FTSE") under licence.

Market/Economic Review

At the turn of the year, the US managed to pass unscathed through the much touted 'fiscal cliff' (the simultaneous expiry of tax breaks with the introduction of tax increases and spending cuts towards the end of 2012) with a last-minute deal to reduce an automatic tightening in fiscal policy. Around the same time, data releases from the US and China were more encouraging. In addition, there were some key factors that were expected to further contribute towards a pick-up in world trade during 2013, including very loose monetary policy and the unprecedented Japanese monetary and fiscal stimulus programme. After a prolonged period of stagnation, the improvement in global trade and production served as a welcome catalyst for stronger global growth, and in turn stronger equity markets.

European markets performed particularly well during the review year, buoyed by optimism that the European Central Bank is at last taking decisive action to address the region's debt crisis. However, the risk rally ran out of steam towards the end of May 2013 after the US Federal Reserve indicated stronger economic data may soon lead the US Central Bank to scale back its asset purchase programme, which has been an important pillar of support for risk markets. Weaker data releases from Europe and China also caused concern, although US economic indicators were broadly encouraging.

Manager's Investment Report continued

Trust Review

Companies held within the Trust are held within 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. During the year under review there were four quarterly Index reviews.

At the annual Index review in September 2012, there were no additions or deletions. There were 104 changes to the free share capital of constituents, with the largest increases being Telefonica (Spain), Credit Suisse Group (Switzerland) and Luxottica Group (Italy), and the largest decreases being ASML Holding (Netherlands), Vinci (France) and Novo-Nordisk (Denmark), resulting in total two-way Index turnover of 0.59%.

At the Index review in December 2012, there were again no additions or deletions. There were 107 changes to the free share capital of constituents, with the largest increases being Vivendi (France), Danske Bank (Denmark) and Total (France), and the largest decreases being Siemens (Germany), Compagnie Financiere Richemont and Adecco (both Switzerland), resulting in total two-way Index turnover of 0.65%.

At the review in March 2013, there was a change in FTSE's free float methodology which resulted in a significant Index rebalance, including 13 additions and 32 deletions. There were also 267 changes to the free share capital of constituents, with the largest increases being Hennes & Mauritz (Sweden), Linde (Germany) and Schindler Holding (Switzerland), and the largest decreases being LVMH, AXA and Sanofi (all France) resulting in a two-way Index turnover of 10.37%.

At the Index review in June 2013, there were two additions and one deletion. There were 59 changes to the free share capital of constituents, with the largest increases being Fresenius (Germany), Iberdrola (Spain) and Sika (Switzerland), and the largest decreases being Inditex (Spain), Fuchs Petrolub (Germany) and EADS (Netherlands), resulting in total two-way Index turnover of 1.07%.

At each of the four review effective dates the holdings within the portfolio were rebalanced accordingly.

Outside the Index reviews, there were two deletions in August 2012, Brisa - Auto Estradas de Portugal (Portugal) and Edison (Italy), as a result of corporate actions. These stocks were subsequently sold by the Trust. The only addition to the Index happened in July 2013, OCI absorbing its Egyptian unit and moving its main listing to Netherlands. This stock was subsequently bought by the Trust.

Capital raising activities included Banco Popular Espanol completing a huge rights issue at a deep discount in November 2012.

Manager's Investment Report continued

The largest countries in the Trust at the end of the review year were France (20.5%), Switzerland (20.4%) and Germany (19.3%). The largest stocks were Nestle (4.1%), Roche Holding (3.2%) and Novartis (3.1%).

Outlook

Looking ahead, advanced economies still have obstacles to clear, with debt problems likely to weigh on growth in both the short and medium term. Advanced economy growth is expected to remain barely positive and insufficient to address medium-term fiscal concerns.

Current global growth is steady but low. Whilst there have been more encouraging economic data flows from Europe, the inflationary pressure has eased across most developed markets which provides an ongoing supportive environment for central bank stimulus. As such, we expect central bank support to continue for some time, with little chance of tightening monetary policy, making it an ongoing supportive environment for equities. Risk assets have benefited from high levels of liquidity, low inflation and the promise to keep interest rates low for the foreseeable future, however, markets remain vulnerable to growth disappointment and any resurgence in European sovereign (government) concerns.

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

Legal & General Investment Management Limited
(Investment Adviser)
16 August 2013

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 the Trust's charges and taxation.

Using monthly returns, over the review year, the annualised Tracking Error of the Trust is 0.12%, whilst over the last three years to the end of July 2013, the annualised Tracking Error is 0.09%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of 0.50% per annum.

Significant Changes

Change to Annual Management Charge

With effect from 1 April 2013, the annual management charge fee for I-Class units has been reduced from 0.20% to 0.15%.

New Unit Classes: F-Class

With effect from 19 December 2012, the Trust launched a new F-Class with distribution and accumulation units available.

F-Class units are only available for investment through a financial adviser.

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

In addition, monthly contributions can be made into the R-Class and F-Class only, with a minimum amount of £50 per month.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust has performed during the year under review and how it is invested at the year 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.

Manager

Legal & General (Unit Trust Managers) Limited

Registered in England 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

National Westminster Bank Plc

Trustee and Depositary Services

135 Bishopsgate

London EC2M 3UR

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 No. 01009418
Registered office:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com
EUI0913

