

November 2020

Manager Commentary Sam Cosh



October was a tough month for European investors, with the market selling off as Europe suffered a second wave of coronavirus infections. Local restrictions have not succeeded in reducing the spread of the virus, so many countries have introduced national lockdowns. This is clearly not good news for the European economy. Additionally, Brexit negotiations appeared to make no progress and investors had to contend with the uncertainty of the upcoming elections in the US too. Given how well markets have performed since the crisis, some market volatility should not be a huge surprise. Until the virus is effectively contained, further setbacks may occur.

Our portfolio performed relatively well in this challenging environment. This is in line with our expectations, as the volatility of the portfolio is less than the overall market. In aggregate, our investments are less economically sensitive and have less debt than the benchmark. Though of course, in a concentrated portfolio, the performance of individual companies is the main driver of returns. Looking at the components of last month's performance, our best

contributor was the Italian diagnostics company, Diasorin. Diasorin has one of the widest menus of specialist diagnostics tests in the world. In October, it announced the release of a coronavirus antigen test, causing the shares to perform well.

Another strong performer was one of our recent additions to the portfolio, the German listed pan-European low-cost broker, Flatex. Trading tends to increase during volatile times, so Flatex is expected to perform well in this environment.

Our worst contributor was, unfortunately, another recent addition to the portfolio. Cancom, the German listed IT services and software business, announced a disappointing update; a poor mix of sales has led to lower margins. We continue to like the long-term prospects of the business as it transitions to a higher-margin software and cloud services business, but this short-term set back is frustrating.

Key facts as at 31.10.2020

Trust aims: To achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. A high distribution policy has been adopted and dividends are paid from a mix of income and capital reserves.

Trust highlights: Diversified portfolio of small to mid-cap growth businesses across Continental Europe. This area of the market is less well researched, allowing value to be added from stock selection.

Benchmark: EMIX Smaller European Companies (ex UK) Index†

Fund type: Investment Trust

Launch date: 1972

Total assets: £395.4 million

Share price: 99.65p

NAV: 109.81p

NAV: €1.22

Discount/premium(-/+): -9.25%

Dividend payment dates: Jan, Apr, Jul, Oct

Yield††: 6.35%

Net gearing/Net cash*: 2.40%/0.00%

Management fee rate:** 0.75%

Ongoing charges*:** 1.1%

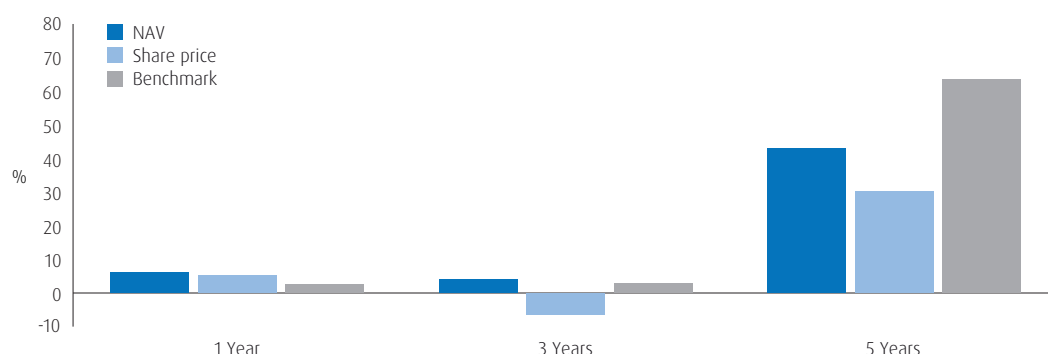
Year end: 31 December

Sector: European Smaller Companies

Currency: Euros

Website: www.europeanassets.co.uk

Fund performance as at 31.10.2020



Cumulative performance (%) as at 31.10.2020

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-4.72	0.83	6.09	4.07	42.96
Share price	-2.62	-2.82	5.32	-6.36	30.25
Benchmark	-6.08	-3.09	2.39	2.80	63.61

Discrete performance (%) as at 31.10.2020

	2020/2019	2019/2018	2018/2017	2017/2016	2016/2015
NAV	6.09	5.63	-7.13	20.09	14.40
Share price	5.32	4.24	-14.71	32.98	4.61
Benchmark	2.39	5.96	-5.25	22.99	29.41

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. If markets fall, gearing can magnify the negative impact on performance. Where investments are made in smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment.

Past performance is not a guide to future performance.

Source: Lipper and BMO. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. The discrete performance table refers to 12 month periods, ending at the date shown.

***Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.



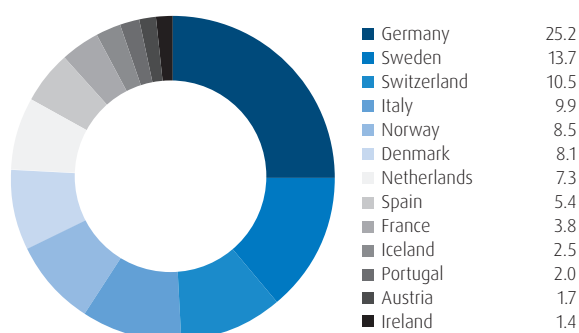
Lines may be recorded

Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
Gerresheimer	3.6	0.2	3.4	Health Care
Vidrala	3.4	0.2	3.2	Industrials
Ringkjoebing Landbobank	3.1	0.2	2.9	Financials
Karnov Group	2.9	0.0	2.9	Consumer Discretionary
SIG Combibloc	2.9	0.5	2.4	Industrials
IMCD	2.8	0.4	2.4	Basic Materials
SimCorp	2.7	0.3	2.4	Technology
Just Eat Takeaway.com	2.7	0.0	2.7	Technology
Scout24	2.6	0.0	2.6	Technology
Wizz Air Holdings	2.5	0.0	2.5	Consumer Discretionary

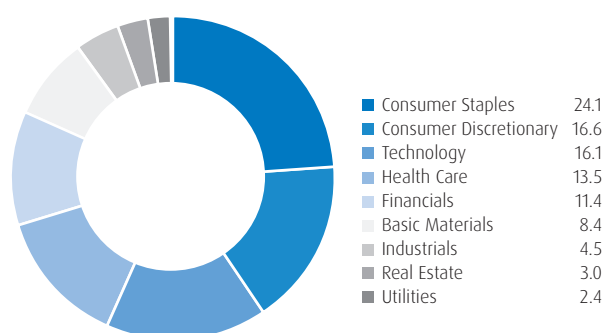
All figures are subject to rounding.

Geographical breakdown (%)



All figures are subject to rounding.

Sector breakdown (%)



Net dividend distributions per share

	2020
January £	0.0176
March £	0.0176
July £	0.0176
October £	0.0176
Total £	0.0702

The 2020 dividend will be paid in four instalments on 31 January, 30 April, 31 July and 30 October. The annual dividend is equivalent to 6% of the net asset value as at 31 December each year.

Glossary

Bid price	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
Dividend	Income paid to shareholders by the company they invest in.
Net asset value	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

All data as at 31.10.2020 in sterling (£) unless otherwise stated. All information is sourced from BMO, unless otherwise stated. All percentages are based on gross assets. † Formally known as Euromoney Smaller European Companies (ex UK) Index. † † The yield is calculated using the dividends declared for the company's current financial year and the closing share price and exchange rate as at the end of the relevant month. * Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. ** A reduced management fee of 0.60% per annum is charged on funds under management in excess of €400 million. *** Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) to the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO, a trading name of BMO Asset Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. (11/20)