

The Eastern European Trust plc

June 2012 Factsheet

Performance (as at 30.06.2012)

	1 M %	3 M %	1 Y %	3 Y %	Since 30.04.09
Sterling:					
Share Price*	7.9	-13.7	-25.6	55.2	60.7
Net Asset Value (undiluted)*	9.0	-10.9	-25.5	54.1	60.3
MSCI EM Europe 10/40 (TR)	10.3	-7.7	-21.6	48.4	53.6
US Dollars:					
Net Asset Value (undiluted)*	11.1	-12.5	-27.2	46.7	69.6
MSCI EM Europe 10/40 (TR)	12.4	-9.4	-23.4	41.4	62.6

*Net asset value and share price performance includes the subscription share reinvestment, assuming the subscription share entitlement was sold and the proceeds reinvested on the first day of trading.

Annual Performance to the Last Quarter End

	30/06/11	30/06/10	30/06/09	30/06/08	30/06/07
	30/06/12	30/06/11	30/06/10	30/06/09	30/06/08
NAV Performance	-25.47%	29.95%	59.10%	-54.44%	-0.33%
Share Price Performance	-25.56%	26.27%	65.15%	-55.42%	2.06%

Performance statistics and index return sources: BlackRock and Standard & Poor's Micropal. Share price performance returns are based on mid prices with net income reinvested on the ex-dividend date, in sterling terms. NAV performance returns are based on undiluted NAVs (including income) and assuming the subscription share entitlement was sold and the proceeds reinvested on the first day of trading.

- ▶ Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.
- ▶ The latest performance data can be found on the BlackRock Investment Management (UK) Limited website at: www.blackrock.co.uk/est.

Ten Largest Investments (in alphabetical order as at 30.06.2012)

Company	Country of Risk	Total Market Value %
Sberbank	Russia	11.2
Lukoil	Russia	9.9
Gazprom	Russia	9.0
Novatek	Russia	6.0
Turkiye Garanti Bankasi	Turkey	4.5
Powszechny Zaklad Ubezpieczen	Poland	4.2
Sistema	Russia	3.2
Surgutneftegaz	Russia	2.8
Turkiye Halk Bankasi	Turkey	2.7
Kazmunaigas Exploration	Kazakhstan	2.6

Sources: BlackRock, Standard & Poor's Micropal

Company Objective

To achieve long term capital growth by investing in companies that do business primarily in Eastern Europe, Russia, other Commonwealth of Independent States countries and Turkey.

Important Information

Net Asset Values

The performance of the Company's portfolio, or Net Asset Value ("NAV") performance, is not the same as share price performance and shareholders may not realise returns which are the same as NAV performance.

Where overseas investments are held, changes in rates of exchange may cause the value of investments to go up or down.

All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed.

The Company's investments may be subject to liquidity constraints, which means that shares may trade less frequently and in small volumes, for instance smaller companies. As a result, changes in the value of investments may be more unpredictable. In certain cases, it may not be possible to sell the security at the last market price quoted or at a value considered to be fairest.

The Company invests in economies and markets which may be less developed. Compared to more established economies, the value of investments may be subject to greater volatility due to increased uncertainty as to how these markets operate.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether this product is suitable, please read the Key Features document and the current Annual and Half Yearly Financial Reports which provide more information about the risk profile of the investment.

Comments from Sam Vecht, the Fund Manager – Markets

- ▶ In June, the MSCI Emerging Europe 10/40 index returned 12.4% in USD terms, bringing to a halt two months of declines. Investor focus was once again trained on the Eurozone. Sentiment was improved initially by the announcement of measures to shore up the Spanish banking system and subsequently by better than expected progress to tackle the wider crisis, with Germany agreeing to ease conditions for countries receiving aid from the European Stability Mechanism (ESM).
- ▶ In June, the oil price dipped below \$90 a barrel and the relative performance of markets in Emerging Europe reflected their exposure to the price of energy.
- ▶ The strongest performer of the month was Turkey as lower oil prices gave some relief to the current account deficit, with sentiment further improved by a stronger Lira and a better than expected inflation figure for May.
- ▶ Hungary and Poland also performed well in June, buoyed by the strengthening of the Forint and Zloty while the Czech Republic underperformed, demonstrating the low beta characteristic of that market.
- ▶ The Russian market rebounded in June but was hampered by the fall in the oil price. Despite that headwind, Russian macroeconomic data remains robust with GDP growth for 2012 forecast to be 4.9%, inflation and unemployment at, or approaching, all-time lows and industrial production exceeding expectations.

▶ Performance & Activity

- ▶ In June, The Eastern European Trust returned 11.1% in USD terms, underperforming the MSCI Emerging Europe 10/40 index by 1.3%.
- ▶ The biggest single detractor from performance in June was Kazakh mining company, ENRC, which fell on concerns surrounding the future pricing of ferrochrome and iron ore as materials demand weakens. The Company's performance also suffered through an underweight position in the Russian supermarket chain, Magnit. The stock trades on over 20x price to earnings, in comparison to just over 5x for the broader Russian market.
- ▶ Amongst the strongest performers over the month was Turkish financial, Halk Bank. Moody's upgrade to Turkey's credit rating on 19 June 2012 helped market sentiment and the financial sector was buoyed by the newly announced rules surrounding capital adequacy ratio calculations.
- ▶ Also performing well was Polish insurer, PZU. The company enjoys a dominant position in the Eastern European insurance market, is well capitalized and has a high dividend yield.
- ▶ The Company has added to the position in Russian Internet Company, Mail.RU, which enjoys a strong market position amongst Russian internet users and generates high, sustainable profit margins. The team recently met with its management in Moscow and the stock remains a core portfolio holding.
- ▶ The team exited positions in media companies, CTC Media and TVN on concerns surrounding advertising revenues post Euro 2012.

Outlook

- ▶ Emerging European equity valuations have rarely been such good value, relative to the region's own history, with some highly profitable companies trading as low as 3x earnings. In contrast, perceived 'safe havens' such as German bunds have never been more expensive and Swiss bond yields are now at negative levels up to five years on the yield curve. For Emerging European equities, this suggests significant long-term investment potential, particularly when coupled with a number of improving trends in the investment dynamics of the region.
- ▶ The Russian market has recently underperformed Global Emerging Markets as a whole despite firmly elevated oil price levels and GDP growth rates of over 4%p.a. Given the low level of equity valuations and the healthy economic position, the potential for the market to outperform is strong.
- ▶ Companies are also returning capital to shareholders through stock buybacks. In the last two months alone, on-going or announced buyback programmes across Russia and the CIS have exceeded \$10bn, with Dragon Oil, Kazmunaigas, Lukoil, Novatek, Rosneft, Severstal, Sistema and Uralkali all demonstrating further commitment to good corporate governance practices.
- ▶ The team have recently returned from the St Petersburg Economic Forum where speakers included returning President, Vladimir Putin. Putin's headline speech reiterated a number of themes around economic development that he has explored in the past, but the attractiveness of Russia as an investment destination has clearly moved up the political priority list and specific mention was made of an objective to leapfrog into the top 20 of the World Bank's 'Doing Business' rankings. We were subsequently given the opportunity to further discuss some of the policy ideas to promote foreign investment in Russia in a direct meeting with the President.
- ▶ Emerging Europe will remain sensitive to the health of the global economy. In particular the global appetite for commodities will be important for Russia, and the appetite for financial risk will naturally continue to be an important factor for all Emerging Markets. With unusually low valuations tilting the risk/reward balance in the favour of investors, and an improving picture for economic fundamentals, the outlook for the Emerging European markets appears positive.

Key Company Details

Fund Characteristics:

Fund Manager	Sam Vecht
Launch Date	29 November 1994
Date BlackRock took over management	1 May 2009
Dealing Currency	Sterling
AIC Sector	European Emerging Markets
Benchmark	MSCI Emerging Europe 10/40 Index
Traded	London Stock Exchange

Reference to the names of each company mentioned in this communication are merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies.

Fund Information (as at 30.06.2012)

Net Asset Value (capital only)	258.51p
Net Asset Value (including income)***	263.77p
Net Asset Value (including income diluted for subscription shares)	263.77p
Share price	234.63p
Subscription share price ^^^	0.255p
Total Assets	£126.7m
Discount (share price to cum income NAV)	11.0%
Gross market exposure*	108.3%
Net yield	n/a
Issued Capital – Ordinary Shares**	46,187,389
Subscription shares in issue ^^^	10,033,329

*Long plus short positions as a percentage of net asset value

**Excluding 6,900,00 shares held in treasury

*** Includes year to date net revenue equal to 5.26p per share

^^^ The subscription share rights lapsed on 16 July 2012 and the listing of the subscription shares was suspended.

Sector Analysis (as at 30.06.2012)

% of Total Exposure

Energy	40.4
Financials	30.0
Materials	12.0
Telecommunications	9.3
Health Care	3.1
Utilities	3.0
Information Technology	2.7
Industrials	1.9
Consumer Staples	1.5
Customer Discretionary	-
TOTAL	103.9
Short positions	-4.4

Gearing

- ▶ Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.
- ▶ Gearing works by magnifying the company's performance. If a company 'gears up' and then markets rise and the returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

If after reading this factsheet you have any questions or would like any additional information, please contact your financial adviser or speak to our Investor Services Team.

The purpose of this factsheet is to provide summary information concerning the Company and does not constitute a recommendation to buy or sell its shares. If you are in any doubt as to the suitability of any of our funds for your investment needs, please contact your Financial Adviser.

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Country Analysis (as at 30.06.2012) % of Total Exposure

Russia	65.8
Turkey	15.8
Poland	10.2
Kazakhstan	3.9
Hungary	3.5
Czech Republic	2.5
Turkmenistan	1.4
Ukraine	0.8
TOTAL	103.9
Short positions	-4.4

Financial Calendar

Year end:	31 January
Results announced:	September (half yearly) March or April (final)
AGM:	June
Dividends paid:	n/a
Investment Manager:	BlackRock Investment Management (UK) Limited
Savings plan and stocks and shares ISA:	Available via BlackRock. Please see the Investment Trust brochure and Key Features document for more information.

▶ The Eastern European Trust PLC will not invest more than 15% of its gross assets in other listed investment trusts.

▶ The Eastern European Trust PLC is traded on the London Stock Exchange and dealing may only be through a member of the Exchange.

Fund Codes

ISIN	GB00B0BN1P96
Sedol	B0BN1P9
Bloomberg	EST:LN
Reuters	EST:L
Ticker	EST/LON

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