

Fund manager
Mine Tezgul

Manager Commentary

May was a better month for European equities and small cap outperformed large. While interest-rate expectations continue to unnerve US investors from time to time, the European backdrop is more positive; inflation is less of a threat, and the European Central Bank is likely to loosen monetary policy in due course – faster than in the US. Moderating inflation (the latest announcement for April showed 2.4% compared to 7% a year earlier) has proved a helpful support for bonds and equities alike.

Index performance was led by technology and industrials. Consumer stocks were generally weaker, particularly consumer staples. Our portfolio marginally outperformed the index, benefiting from the trend in technology, which is the biggest sector overweighting. Our best performer was Karnov, the Swedish provider of information services, which received a bid approach at a 28% premium to the prevailing market price from two private equity funds; the Board have recommended acceptance. Sdiptech, the Swedish infrastructure technology business, benefited from strong first-quarter results and forecasts for the full year have been upgraded. Planisware, the French provider of project software and solutions, continued to attract interest and the shares were also strong.

In terms of less strong performers, Schoeller-Bleckmann, the Austrian-based provider of drill bits to the oil and gas industry, was weak. The share price has persistently correlated with the oil price, and competition in the key US market has been challenging; first-quarter results were close to market expectations but showed lower margins. Carel, the specialist in controls for heating and air-conditioning systems, published weak results, though structural growth over the long term should be intact.

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.

The mention of any specific shares or bonds should not be taken as a recommendation to deal. Past performance does not predict future returns.

Key facts as at 31.05.24

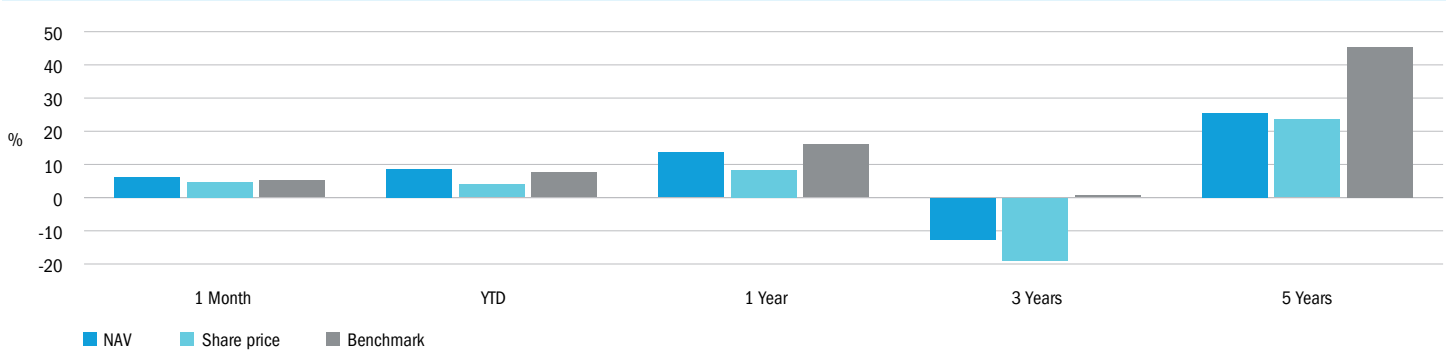
Trust aims: To achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. A high distribution policy has been adopted and dividends are paid from a mix of income and capital reserves.

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

Benchmark:	MSCI Europe ex UK SMID Cap Index [†]
Fund type:	Investment Trust
Launch date:	1972
Total assets:	£402.4 million
Share price:	90.00p
NAV:	103.46p
NAV:	€1.21
Discount/premium(-/+):	-13.01%
Dividend payment dates:	Jan, Apr, Jul, Oct
Yield^{††}:	6.56%
Net gearing/Net cash[‡]:	6.20%/0.00%
Management fee rate^{**}:	0.75%
Ongoing charges^{***}:	1.04%
Year end:	31 December
Sector:	European Smaller Companies
Currency:	Euros
Website:	www.europeanassets.co.uk

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

Fund performance as at 31.05.24



Cumulative performance as at 31.05.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	6.07	8.47	13.52	-12.49	25.36
Share price	4.65	3.81	8.25	-18.91	23.39
Benchmark	5.11	7.41	15.95	0.52	45.31

Discrete annual performance as at 31.05.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	13.52	-2.91	-20.60	43.96	-0.49
Share price	8.25	-5.36	-20.84	53.05	-0.58
Benchmark	15.95	-5.04	-8.71	41.18	2.40

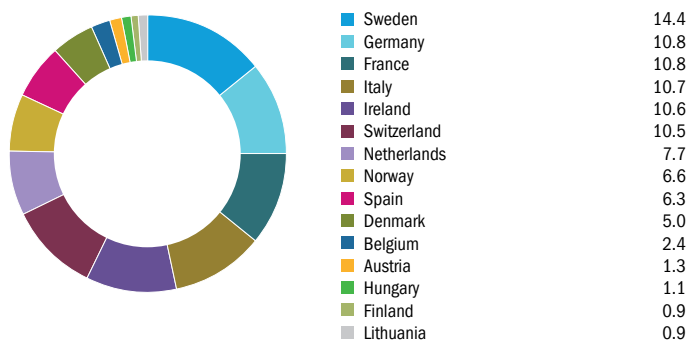
Past performance is not a guide to future performance. Source: Columbia Threadneedle Investments and LIPPER. Basis: Percentage growth, total return, bid to bid price with net income reinvested in Sterling. The discrete performance table refers to 12 month periods, ending at the date shown.

Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
Vidrala	2.8	0.1	2.7	Industrials
Smurfit Kappa	2.6	0.5	2.1	Industrials
Ringkjoebing Landbobank	2.6	0.2	2.4	Financials
CTS Eventim	2.5	0.2	2.3	Consumer Discretionary
Elis	2.4	0.2	2.2	Industrials
Royal Unibrew	2.4	0.2	2.2	Consumer Staples
Cairn Homes	2.4	0.0	2.4	Consumer Discretionary
Interpump	2.3	0.1	2.2	Industrials
Sdiptech	2.3	0.0	2.3	Industrials
Gerresheimer	2.3	0.2	2.1	Health Care

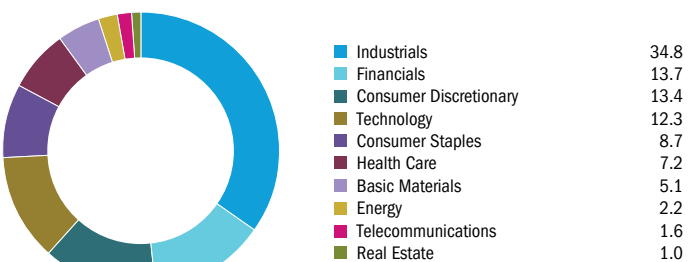
All figures are subject to rounding.

Geographical breakdown (%)



All figures are subject to rounding.

Sector breakdown (%)



Net dividend distributions per share (£)	
	2024
January	0.01475
March	0.01475
July	0.01475
October	0.01475
Total	0.05900

The 2023 dividend was paid in four instalments on 31 January, 28 April, 31 July and 31 October. The annual dividend is equivalent to 6% of the net asset value as at 31 December.

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.

To find out more visit columbiathreadneedle.com



All data as at 31.05.2024 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. All percentages are based on gross assets. ⁱWith effect from 1 June 2023. Previously EMIX Smaller European Companies (ex UK) Index. ⁱⁱThe 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. ⁱⁱⁱNet 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. ^{iv}A reduced management fee of 0.55% per annum is charged on funds under management in excess of €300 million. ^vOngoing charges calculated in accordance with AIC recommendations and as disclosed in the latest annual report. With effect from 1 January 2024 a revised management fee has been introduced. It is estimated that this will result in lower ongoing charges for 2024 in comparison to the figure reported for 2023. 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.

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English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6A. Email: inv.trusts@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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