



FIDELITY EUROPEAN TRUST PLC

Half-Yearly Report for the
six months ended 30 June 2023



Fidelity[™]
INTERNATIONAL

Investment Objective and Overview

The Company aims to achieve long term growth in both capital and income by predominantly investing in equities (and their related securities) of continental European companies.

Fidelity European Trust PLC aims to be the cornerstone long term investment of choice for those seeking European exposure across market cycles.

With inflation remaining high, the war in Ukraine continuing, and energy and recession risks still around the corner, it is pleasing to see that since the beginning of the year European stocks have outperformed their US counterparts.

Sam Morse and Marcel Stötzel, your Portfolio Managers, continue to adopt a cautious investment approach, building

a balanced portfolio which aims, among other things, to manage the risk of adverse developments. The focus on attractively valued dividend growers with strong balance sheets and a track record in cash generation remains an appealing feature of the Company. The Portfolio Managers' rigorous approach to stock selection has benefited shareholders in recent difficult years and should continue to do so in the future.

Vivian Bazalgette, Chairman

AssetAllocator

100 CLUB

Winner 2023
European Equity:
Fidelity European Trust

INVESTMENT
COMPANY
OF THE YEAR
AWARDS 2022

WINNER
EUROPE



Kepler
GROWTH
RATING 2022

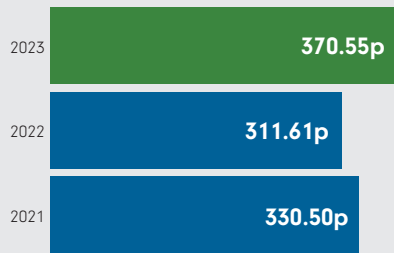
Contents



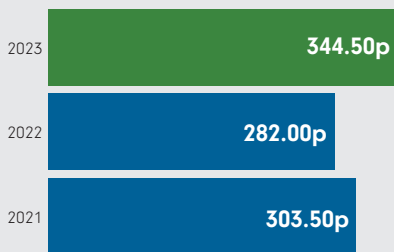
Portfolio Managers' Half-Yearly Review

Read more on pages 04 to 06

Net Asset Value per Ordinary Share as at 30 June



Ordinary Share Price as at 30 June



Directors' Reports

At a Glance	02
Financial Highlights	03
Portfolio Managers' Half-Yearly Review	04
Twenty Largest Holdings	07
Interim Management Report and Directors' Responsibility Statement	09

Financial Statements

Income Statement	12
Statement of Changes in Equity	14
Balance Sheet	16
Notes to the Financial Statements	17

Information for Shareholders

Shareholder Information	27
Directory	29
Data Protection	30
Glossary of Terms	31

At a Glance

Six months ended 30 June 2023

**Net Asset Value per
Ordinary Share
total return^{1,2}**

+11.1%

(30 June 2022: -12.0%)

**Ordinary Share Price
total return^{1,2}**

+9.3%

(30 June 2022: -16.0%)

**FTSE World Europe (ex UK)
Index total return^{1,3}**

+9.3%

(30 June 2022: -15.1%)

**Interim Dividend per
Ordinary Share**

3.26p

(30 June 2022: 3.08p)

1 Includes reinvested income.

2 Alternative Performance Measures (see Glossary of Terms on page 31).

3 The Company's Benchmark Index.

As at 30 June 2023

Shareholders' Funds

£1,514.5m

Market Capitalisation

£1,408.1m

Capital Structure

**Ordinary Shares of 2.5 pence held outside
of Treasury**

408,730,523

Summary of the key aspects of the Investment Policy

The Investment Manager will typically focus on larger companies which show good prospects for sustainable long term dividend growth. The Investment Manager is not restricted in terms of size, industry or geographical split.

The Company predominantly invests in equities but may also invest into other transferable securities, investment companies, money market instruments, cash and deposits. It is also able to use derivatives: for efficient portfolio management in order to gain additional market exposure (gearing) and for investment purposes.

The Investment Manager works within the guidelines set out in the Investment Policy.

Financial Highlights

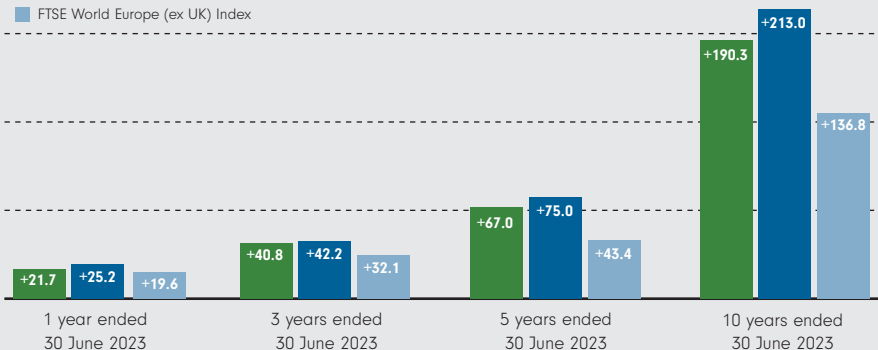
	30 June 2023	31 December 2022
Assets		
Gross Asset Exposure ¹	£1,715.9m	£1,542.9m
Gross Gearing ² (see Note 13 on page 25)	13.3%	11.7%
Net Market Exposure	£1,679.7m	£1,542.9m
Net Gearing ² (see Note 13 on page 25)	10.9%	11.7%
Shareholders' Funds	£1,514.5m	£1,381.0m
Net Asset Value ("NAV") per Ordinary Share ²	370.55p	337.87p
Ordinary Share Price and Discount data		
Ordinary Share Price at the period end	344.50p	319.50p
Discount at the period end ²	7.0%	5.4%
Results for the six months ended 30 June – see pages 12 and 13		
	2023	2022
Revenue Return per Ordinary Share ²	7.38p	7.08p
Capital Return/(Loss) per Ordinary Share ²	29.91p	(49.97p)
Total Return/(Loss) per Ordinary Share ²	37.29p	(42.89p)
Interim Dividend per Ordinary Share	3.26p	3.08p

1 The value of the portfolio exposed to market price movements.

2 Alternative Performance Measures.

Total Return Performance¹ (%)

■ NAV per Ordinary Share
■ Ordinary Share Price
■ FTSE World Europe (ex UK) Index



1 See Glossary of Terms on page 34.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

Portfolio Managers' Half-Yearly Review

Performance Review

During the first six months of the year the net asset value ("NAV") total return was +11.1% compared to a total return of +9.3% for the FTSE World Europe (ex UK) Index which is the Company's Benchmark Index. The share price total return was +9.3%, which is below the NAV total return because of a widening of the share price discount to NAV. (All figures in UK sterling.)

Market Review

Continental European markets were unexpectedly strong in the first half of this year, as investors concerns moderated regarding global economic growth and as corporate earnings proved more resilient than feared. UK sterling appreciated by +3% against the Euro during this six month period so in Euro terms, the continental European benchmark rose +12% which is impressive, however much less than the Nasdaq which rocketed +30% in equivalent terms!

The market recovery from the lows of October 2022 accelerated in January boosted by confirmation that China would relax its strict COVID policies and "re-open". This positive sentiment was tested by the collapse of the Silicon Valley Bank (SVB) in early March, and the subsequent demise of Credit Suisse, but the market shrugged these off and ended the first quarter at close to its highest levels for the period. First quarter corporate results were better than anticipated (despite a technical recession in Germany). There was also a flurry of excitement regarding the likely long term impact of generative Artificial Intelligence (AI) which boosted technology names (such as ASML), but overall, the market stalled in the second quarter as investors worried that central banks were still in tightening mode given the resilience of the global economy and the stickiness of inflation. Like the US stock market, the continental European markets were led higher by a narrow

group of mega-cap companies, often in the technology or luxury sectors. The energy sector was the main laggard, as commodity prices fell from the elevated levels of 2022, despite China "re-opening" and the continued war in Ukraine.

Portfolio Managers' Report

The Company's NAV total return outperformed the Company's Benchmark Index over the six month period by almost 2%. Much of this outperformance was due to the gearing of the Company which was maintained throughout the period at around 13%. Shareholders of the Company will remember that, as mentioned in the 2021 Annual Report, the Board endorsed an intention to maintain a relatively fixed level of gearing within a range that is approximately double the 6% average gearing from the end of the global financial crisis until the global pandemic. Gearing is, of course, one of the great advantages of an investment trust, and although it may amplify volatility in the short term, we expect it to enhance long term returns. The agreed level of gearing takes into account our cautious investment approach and allows considerable headroom before published limits are reached in the event of a sharp sell-off in the markets.

The contribution from stock-picking was also positive during this period. The stand-out performer during the half-year was 3i Group which continued to impress with positive results updates and strong current trading figures from their largest investment, the continental European discount retail group, Action. Financials, which is the Company's largest sector overweight, was however rocked by the bankruptcy of SVB. Bankinter suffered as investors worried that it was a European equivalent of a US regional bank with a deposit base that might prove less sticky than other European banks, given its recent growth and more sophisticated customer base. Sampo, the Nordic insurance company, also

Top Five Stock Contributors (on a relative basis)			
	Sector	Country	%
3i Group	Financials	UK	+0.9
ASML	Information Technology	Netherlands	+0.5
Amadeus IT Group	Consumer Discretionary	Spain	+0.5
Hermès International	Consumer Discretionary	France	+0.5
L'Oréal	Consumer Staples	France	+0.4

Top Five Stock Detractors (on a relative basis)			
	Sector	Country	%
Sampo	Financials	Finland	-0.6
TotalEnergies	Energy	France	-0.6
Bankinter	Financials	Spain	-0.4
Symrise	Materials	Germany	-0.3
EQT	Financials	Sweden	-0.3

performed poorly following disappointing results and conservative guidance regarding capital distributions to shareholders. Roche continued its lacklustre run, hampered by disappointing guidance for 2023 due to a drop-off in COVID-related revenues (in diagnostics and pharma) and the on-going impact of biosimilars (comparable biological medicines) on Rituxan, Herceptin and Avastin. On a more positive note, LVMH Moët Hennessy and Hermès International defied gravity, once again, on the growing hope that the Chinese consumers were embarking on so-called "revenge spending" that has been seen post "re-opening" in the US and Europe.

Outlook

There are plenty of reasons to be bearish. More than a year ago, the two-year treasury yields rose above the ten-year treasury yields in the US bond market (it is normally the other way around). This 'yield curve inversion' has, historically, been a lead indicator of recession about 80% of the time, but the lag between the date of inversion and recession can be six

months to three years. It is a bit like seeing a big dark cloud on the horizon and predicting it will rain soon! To date, the global economy and corporate earnings have been resilient while stock markets have recovered quite dramatically since the lows in October, such that share prices are now back in the middle of their normal valuation ranges. It is hard to imagine that this will not be tested in the months ahead. Having said that, the pandemic and subsequent monetary and fiscal policies have made this an unusual cycle. At present, investors seem to be expecting a soft landing or no global recession at all. Earnings forecasts for 2023 are similar to earnings delivered for 2022 but analysts are still forecasting growth in 2024. The capacity of consumers (the most important contributors to GDP) to maintain spending levels has surprised many. But, in general, they still have jobs and pandemic savings to burn. The cost-of-living crisis may ease too as commodity prices lead general pricing downwards on goods and services. This disinflation may also be helped along by governments 'encouraging' corporates

Portfolio Managers' Half-Yearly Review continued

to abandon 'greedflation' (which might hinder company margins). So maybe the consumer will keep the global economy stumbling along. Having said that, credit conditions are tightening (post SVB) and the US Federal Reserve and government are draining liquidity via quantitative tightening and short term bond issuance, and there is a multi-year refinancing requirement ahead for consumers and corporates alike. Geopolitical risks remain elevated too with the war in Europe and continued tensions between the US and China. Whatever our views on the outlook, we will maintain the current level of gearing and will continue to focus on attractively valued companies with strong balance sheets that should be resilient and able to grow dividends, even in a more difficult economic environment.

Sam Morse

Portfolio Manager

Marcel Stötzel

Co-Portfolio Manager

1 August 2023

Twenty Largest Holdings

as at 30 June 2023

The Asset Exposures shown below and on the next page measure exposure to market price movements as a result of owning shares and derivative instruments. The Fair Value is the actual value of the portfolio as reported in the Balance Sheet. Where a contract for difference (“CFD”) is held, the Fair Value reflects the profit or loss on the contract since it was opened and is based on how much the share price of the underlying share has moved.

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Long Exposures – shares unless otherwise stated			
Nestlé			
Food Producers	102,451	6.8	102,451
ASML			
Technology Hardware & Equipment	92,644	6.1	92,644
LVMH Moët Hennessy			
Personal Goods	86,605	5.7	86,605
Novo Nordisk			
Pharmaceuticals & Biotechnology	82,079	5.4	82,079
Roche			
Pharmaceuticals & Biotechnology	69,925	4.6	69,925
TotalEnergies			
Oil, Gas & Coal	64,304	4.3	64,304
L'Oréal			
Personal Goods	63,203	4.2	63,203
EssilorLuxottica			
Medical Equipment & Services	51,561	3.4	51,561
SAP (long CFD)			
Software & Computer Services	51,231	3.4	(164)
Sanofi (long CFD)			
Pharmaceuticals & Biotechnology	47,733	3.2	2,076
Legrand (long CFD)			
Electronic & Electrical Equipment	45,085	3.0	(1,033)
Hermès International			
Personal Goods	44,523	2.9	44,523
MTU Aero Engines			
Aerospace & Defense	44,225	2.9	44,225
Partners Group Holding			
Investment Banking & Brokerage Services	42,805	2.8	42,805

Twenty Largest Holdings continued

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Long Exposures – shares unless otherwise stated			
3i Group			
Investment Banking & Brokerage Services	41,286	2.7	41,286
Assa Abloy			
Construction & Materials	40,720	2.7	40,720
Deutsche Börse Group			
Investment Banking & Brokerage Services	38,606	2.6	38,606
Sampo			
Non-Life Insurance	36,170	2.4	36,170
Amadeus IT Group			
Software & Computer Services	35,556	2.3	35,556
Linde (long CFD)			
Chemicals	33,822	2.2	635
Twenty largest long exposures	1,114,534	73.6	938,177
Other long exposures	522,642	34.5	522,642
Total long exposures before long futures^{2,3}	1,637,176	108.1	1,460,819
Long Futures			
Euro Stoxx 50 Future September 2023 ³	60,659	4.0	1,120
Total long exposures after long futures³	1,697,835	112.1	1,461,939
Short Exposures			
Short CFDs (2 Holdings)	18,101	1.2	(396)
Gross Asset Exposure^{5,4}	1,715,936	113.3	
Portfolio Fair Value⁵			1,461,543
Net current assets (excluding derivative assets and liabilities)			53,000
Shareholders' Funds (per Balance Sheet on page 16)			1,514,543

1 Asset Exposure is expressed as a percentage of Shareholders' Funds.

2 Total long exposures before long futures comprises investments of £1,459,305,000 and long CFDs of £177,871,000.

3 See Note 13 on page 25.

4 Gross Asset Exposure comprises market exposure to investments of £1,459,305,000 plus market exposure to all derivative instruments of £256,631,000. Derivative instruments comprise long CFDs of £177,871,000, long futures of £60,659,000 and short CFDs of £18,101,000.

5 Portfolio Fair Value comprises investments of £1,459,305,000 plus derivative assets of £3,919,000 less derivative liabilities of £1,681,000 (per the Balance Sheet on page 16).

Interim Management Report and Directors' Responsibility Statement

Interim Dividend

The Board does not influence the Portfolio Managers by imposing any income objective in any particular period, and the investment focus on companies capable of growing their dividends remains. The Board acknowledges that both capital and income growth are components of performance, as reflected in the investment objective of the Company. It therefore has a policy whereby it seeks to pay a progressive dividend in normal circumstances and to pay dividends twice yearly in order to smooth dividend payments for the reporting year. Unlike open-ended funds, investment trusts can hold back some of the income they receive in good years, thereby building up revenue reserves, which can then be used to supplement dividends during difficult times. The Board has over the past few years augmented revenue reserves by retaining a small proportion of earnings to be used in difficult times, as in the case of the final dividend paid in May 2021.

The Company's revenue return for the six months to 30 June 2023 was 7.38 pence per ordinary share (30 June 2022: 7.08 pence). The Board has declared an interim dividend of 3.26 pence per ordinary share which is an increase of 5.8% on the 3.08 pence per ordinary share paid as the interim dividend in 2022. This will be paid on 27 October 2023 to shareholders on the register at close of business on 22 September 2023 (ex-dividend date 21 September 2023).

Shareholders may choose to reinvest their dividends for additional shares in the Company.

Discount Management and Treasury Shares

The Board has an active discount management policy, the primary purpose of which is to reduce discount volatility. It seeks to maintain the discount in single digits in normal market conditions. Buying shares at a discount also results in an enhancement to the NAV per ordinary share.

In order to assist in managing the discount, the Board has shareholder approval to hold ordinary shares repurchased by the Company in Treasury, rather than cancel them. Shares in Treasury are then available to be re-issued at NAV per ordinary share or at a premium to NAV per ordinary share, facilitating the management of and enhancing liquidity in the Company's shares.

In the reporting period and up to the date of this report, the discount remained in single digits and the Company did not repurchase any ordinary shares into Treasury or for cancellation.

Principal Risks and Uncertainties

The Board, with the assistance of the Manager (FIL Investment Services (UK) Limited), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties faced by the Company.

The Board considers that the principal risks and uncertainties faced by the Company fall into the following categories: economic and geopolitical risks; market risk; discount control risk; operational risk; cybercrime risk; investment performance risk (including the use of derivatives and gearing); environmental, social and governance (ESG) risks; key person risk; operational resilience risk; and tax and regulatory risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2022. A copy of the Annual Report can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/europe.

Interim Management Report and Directors' Responsibility Statement continued

While the principal risks and uncertainties are the same as those at the previous year end, the uncertainty continues to be heightened by the ongoing Russia and Ukraine conflict dominating political risks and industry concerns. There is geopolitical and economic uncertainty, in particular concerns over global economic growth, inflation and financial distress. Earlier in the year, the collapse of Silicon Valley Bank and the buyout of Credit Suisse caused turmoil in the global banking sector and volatility in the markets. The quantum of risks continues to change, and the Board remains vigilant in monitoring such risks.

Climate change continues to be a key emerging issue, as well as a principal risk, that is confronting asset managers and their investors. The Board notes that the Manager has integrated ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor how this may potentially impact the Company, the main risk being the impact on investment valuations and shareholder returns.

Investors should be prepared for market fluctuations and remember that holding shares in the Company should be considered to be a long term investment. Risks are mitigated by the investment trust structure of the Company which means that no forced sales need to take place to deal with any redemptions. Therefore, investments in the Company's portfolio can be held over a longer time horizon.

The Manager has appropriate business continuity and operational plans in place to ensure the uninterrupted provision of services, including investment team key activities, including those of portfolio managers, analysts and trading/support functions. It reviews its operational resilience strategies on an ongoing

basis and continues to take all reasonable steps in meeting its regulatory obligations and protecting its ability to continue operating and to serve and support its clients, including the Board.

The Company's other third-party service providers also have similar measures to ensure that business disruption is kept to a minimum.

Transactions with the Manager and Related Parties

The Manager has delegated the Company's portfolio management and company secretariat services to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 14 to the Financial Statements on page 26.

Going Concern Statement

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and can continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report.

This conclusion also takes into account the Board's assessment of the ongoing risks from the war in Ukraine, significant market events and regulatory changes.

Accordingly, the Financial Statements of the Company have been prepared on a going concern basis.

Continuation votes are held every two years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2025.

By Order of the Board

FIL Investments International
1 August 2023

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- a) The condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard FRS 104: Interim Financial Reporting; and
- b) The Portfolio Managers' Half-Yearly Review on pages 4 to 6 and the Interim Management Report on pages 9 to 11, include a fair review of the information required by DTR 4.2.7R and 4.2.8R.

In line with previous years, the Half-Yearly Report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly Report was approved by the Board on 1 August 2023 and the above responsibility statement was signed on its behalf by Vivian Bazalgette, Chairman.

Income Statement

for the six months ended 30 June 2023

		Six months ended 30 June 2023 unaudited		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		-	94,641	94,641
Gains/(losses) on derivative instruments		-	36,841	36,841
Income	4	35,816	-	35,816
Investment management fees	5	(1,303)	(3,910)	(5,213)
Other expenses		(507)	-	(507)
Foreign exchange (losses)/gains		-	(2,599)	(2,599)
Net return/(loss) on ordinary activities before finance costs and taxation		34,006	124,973	158,979
Finance costs	6	(908)	(2,724)	(3,632)
Net return/(loss) on ordinary activities before taxation		33,098	122,249	155,347
Taxation on return/(loss) on ordinary activities	7	(2,916)	-	(2,916)
Net return/(loss) on ordinary activities after taxation for the period		30,182	122,249	152,431
Return/(loss) per ordinary share	8	7.38p	29.91p	37.29p

The Company does not have any other comprehensive income. Accordingly the net return/(loss) on ordinary activities after taxation for the period is also the total comprehensive income for the period and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

No operations were acquired or discontinued in the period and all items in the above statement derive from continuing operations.

Six months ended 30 June 2022 unaudited			Year ended 31 December 2022 audited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	(172,868)	(172,868)	-	(63,812)	(63,812)
-	(29,395)	(29,395)	-	(22,034)	(22,034)
33,050	-	33,050	43,042	-	43,042
(1,177)	(3,533)	(4,710)	(2,362)	(7,087)	(9,449)
(511)	-	(511)	(919)	-	(919)
-	502	502	-	(372)	(372)
31,362	(205,294)	(173,932)	39,761	(93,305)	(53,544)
(31)	(92)	(123)	(196)	(586)	(782)
31,331	(205,386)	(174,055)	39,565	(93,891)	(54,326)
(2,241)	-	(2,241)	(2,641)	-	(2,641)
29,090	(205,386)	(176,296)	36,924	(93,891)	(56,967)
7.08p	(49.97p)	(42.89p)	9.00p	(22.88p)	(13.88p)

Statement of Changes in Equity

for the six months ended 30 June 2023

	Notes	Share capital £'000
Six months ended 30 June 2023 (unaudited)		
Total shareholders' funds at 31 December 2022		10,411
Net return on ordinary activities after taxation for the period		-
Dividend paid to shareholders	9	-
Total shareholders' funds at 30 June 2023		10,411
Six months ended 30 June 2022 (unaudited)		
Total shareholders' funds at 31 December 2021		10,411
Net (loss)/return on ordinary activities after taxation for the period		-
Dividend paid to shareholders	9	-
Total shareholders' funds at 30 June 2022		10,411
Year ended 31 December 2022 (audited)		
Total shareholders' funds at 31 December 2021		10,411
Net (loss)/return on ordinary activities after taxation for the year		-
Repurchase of ordinary shares	11	-
Dividends paid to shareholders	9	-
Total shareholders' funds at 31 December 2022		10,411

Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
58,615	5,414	1,271,996	34,559	1,380,995
-	-	122,249	30,182	152,431
-	-	-	(18,883)	(18,883)
58,615	5,414	1,394,245	45,858	1,514,543
58,615	5,414	1,372,360	27,433	1,474,233
-	-	(205,386)	29,090	(176,296)
-	-	-	(17,180)	(17,180)
58,615	5,414	1,166,974	39,343	1,280,757
58,615	5,414	1,372,360	27,433	1,474,233
-	-	(93,891)	36,924	(56,967)
-	-	(6,473)	-	(6,473)
-	-	-	(29,798)	(29,798)
58,615	5,414	1,271,996	34,559	1,380,995

Balance Sheet

as at 30 June 2023

Company Number 2638812

	Notes	30 June 2023 unaudited £'000	31 December 2022 audited £'000	30 June 2022 unaudited £'000
Fixed assets				
Investments	10	1,459,305	1,325,389	1,252,159
Current assets				
Derivative instruments	10	3,919	521	253
Debtors		12,141	8,128	13,706
Amounts held at futures clearing houses and brokers		5,869	12,891	3,789
Cash and cash equivalents		36,362	44,884	15,955
		58,291	66,424	33,703
Current liabilities				
Derivative instruments	10	(1,681)	(9,633)	(4,179)
Other creditors		(1,372)	(1,185)	(926)
		(3,053)	(10,818)	(5,105)
Net current assets				
		55,238	55,606	28,598
Net assets				
		1,514,543	1,380,995	1,280,757
Capital and reserves				
Share capital	11	10,411	10,411	10,411
Share premium account		58,615	58,615	58,615
Capital redemption reserve		5,414	5,414	5,414
Capital reserve		1,394,245	1,271,996	1,166,974
Revenue reserve		45,858	34,559	39,343
Total shareholders' funds		1,514,543	1,380,995	1,280,757
Net asset value per ordinary share	12	370.55p	337.87p	311.61p

Notes to the Financial Statements

1 Principal Activity

Fidelity European Trust PLC is an Investment Company incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company's registration number is 2638812, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 Publication of Non-statutory Accounts

The Financial Statements in this Half-Yearly Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 ("the Act"). The financial information for the year ended 31 December 2022 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

3 Accounting Policies

(i) Basis of Preparation

The Company prepares its Financial Statements on a going concern basis and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The Financial Statements are also prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2022.

(ii) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements. This conclusion also takes into account the Board's assessment of the risks faced by the Company as detailed in the Interim Management Report on pages 9 and 10.

Notes to the Financial Statements continued

4 Income

	Six months ended 30.06.23 unaudited £'000	Six months ended 30.06.22 unaudited £'000	Year ended 31.12.22 audited £'000
Investment income			
Overseas dividends	28,415	26,955	35,333
Overseas scrip dividends	957	729	1,052
UK dividends	965	1,075	1,910
	30,337	28,759	38,295
Derivative income			
Income recognised from futures contracts	1,797	1,083	1,208
Dividends received on long CFDs	3,339	2,858	3,025
Interest received on CFDs ¹	61	347	422
	5,197	4,288	4,655
Investment and derivative income	35,534	33,047	42,950
Other interest			
Interest received on collateral, bank deposits and money market funds	276	3	88
Interest received on tax reclaims	6	-	4
	282	3	92
Total income	35,816	33,050	43,042

¹ Due to negative interest rates in the prior periods, the Company received interest on its long CFDs.

Special dividends of £710,000 have been recognised in capital during the period (six months ended 30 June 2022 and year ended 31 December 2022: £1,115,000).

5 Investment Management Fees

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2023 (unaudited)			
Investment management fees	1,303	3,910	5,213
Six months ended 30 June 2022 (unaudited)			
Investment management fees	1,177	3,533	4,710
Year ended 31 December 2022 (audited)			
Investment management fees	2,362	7,087	9,449

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International ("FIL"). Both companies are Fidelity group companies.

FIL charges investment management fees at an annual rate of 0.85% of net assets up to £400 million and 0.65% of net assets in excess of £400 million. Fees are payable monthly in arrears and are calculated on a daily basis.

Investment management fees have been allocated 75% to capital reserve in accordance with the Company's accounting policies.

Notes to the Financial Statements continued

6 Finance Costs

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2023 (unaudited)			
Interest paid on collateral and bank deposits	-	-	-
Interest paid on CFDs	647	1,942	2,589
Costs recognised from futures contracts	261	782	1,043
	908	2,724	3,632

Six months ended 30 June 2022 (unaudited)

Interest paid on collateral and bank deposits ¹	16	47	63
Interest paid on CFDs	15	45	60
	31	92	123

Year ended 31 December 2022 (audited)

Interest paid on collateral and bank deposits ¹	28	82	110
Interest paid on CFDs	168	504	672
	196	586	782

¹ Due to negative interest rates in the prior periods, the Company paid interest on its collateral and bank deposits.

Finance costs have been allocated 75% to capital reserve in accordance with the Company's accounting policies.

7 Taxation on Return/(Loss) on Ordinary Activities

	Six months ended 30.06.23 unaudited £'000	Six months ended 30.06.22 unaudited £'000	Year ended 31.12.22 audited £'000
Overseas taxation	2,916	2,241	2,641

8 Return/(Loss) per Ordinary Share

	Six months ended 30.06.23 unaudited	Six months ended 30.06.22 unaudited	Year ended 31.12.22 audited
Revenue return per ordinary share	7.38p	7.08p	9.00p
Capital return/(loss) per ordinary share	29.91p	(49.97p)	(22.88p)
Total return/(loss) per ordinary share	37.29p	(42.89p)	(13.88p)

The return/(loss) per ordinary share is based on the net return/(loss) on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares held outside Treasury during the period, as shown below:

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation	30,182	29,090	36,924
Net capital return/(loss) on ordinary activities after taxation	122,249	(205,386)	(93,891)
Net total return/(loss) on ordinary activities after taxation	152,431	(176,296)	(56,967)

	Number	Number	Number
Weighted average number of ordinary shares held outside Treasury during the period	408,730,523	411,016,049	410,346,447

Notes to the Financial Statements continued

9 Dividends Paid to Shareholders

	Six months ended 30.06.23 unaudited £'000	Six months ended 30.06.22 unaudited £'000	Year ended 31.12.22 audited £'000
Final dividend of 4.62 pence per ordinary share paid for the year ended 31 December 2022	18,883	-	-
Interim dividend of 3.08 pence per ordinary share paid for the year ended 31 December 2022	-	-	12,618
Final dividend of 4.18 pence per ordinary share paid for the year ended 31 December 2021	-	17,180	17,180
	18,883	17,180	29,798

The Company has declared an interim dividend for the six month period to 30 June 2023 of 3.26 pence per ordinary share (2022: 3.08 pence). The interim dividend will be paid on 27 October 2023 to shareholders on the register on 22 September 2023 (ex-dividend date 21 September 2023). The total cost of this interim dividend, which has not been included as a liability in these Financial Statements, is £13,325,000 (2022: £12,659,000). This amount is based on the number of ordinary shares held outside Treasury at the date of this report.

10 Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets.
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data.

10 Fair Value Hierarchy continued

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The table below sets out the Company's fair value hierarchy:

30 June 2023 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	1,459,305	-	-	1,459,305
Derivative instrument assets	1,120	2,799	-	3,919
	1,460,425	2,799	-	1,463,224
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	-	(1,681)	-	(1,681)

31 December 2022 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	1,325,389	-	-	1,325,389
Derivative instrument assets	-	521	-	521
	1,325,389	521	-	1,325,910

Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(2,454)	(7,179)	-	(9,633)

30 June 2022 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	1,252,159	-	-	1,252,159
Derivative instrument assets	-	253	-	253
	1,252,159	253	-	1,252,412
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(348)	(3,831)	-	(4,179)

Notes to the Financial Statements continued

11 Share Capital

	30 June 2023 unaudited		31 December 2022 audited		30 June 2022 unaudited	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 2.5 pence each held outside of Treasury						
Beginning of the period	408,730,523	10,218	411,016,049	10,275	411,016,049	10,275
Ordinary shares repurchased into Treasury	-	-	(2,285,526)	(57)	-	-
End of the period	408,730,523	10,218	408,730,523	10,218	411,016,049	10,275
Ordinary shares of 2.5 pence each held in Treasury¹						
Beginning of the period	7,717,387	193	5,431,861	136	5,431,861	136
Ordinary shares repurchased into Treasury	-	-	2,285,526	57	-	-
End of the period	7,717,387	193	7,717,387	193	5,431,861	136
Total share capital		10,411		10,411		10,411

¹ Ordinary shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

There were no ordinary shares repurchased into Treasury during the period (year ended 31 December 2022: cost of £6,473,000 and six months ended 30 June 2022: cost of £nil).

12 Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share is based on the total Shareholders' funds divided by the number of ordinary shares held outside of Treasury.

	30.06.23 unaudited	31.12.22 audited	30.06.22 unaudited
Total shareholders' funds	£1,514,543,000	£1,380,995,000	£1,280,757,000
Ordinary shares held outside of Treasury at the period end	408,730,523	408,730,523	411,016,049
Net asset value per ordinary share	370.55p	337.87p	311.61p

It is the Company's policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

13 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed in the Balance Sheet above, and any gearing, which is managed by the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective.

The Company's gross gearing and net gearing at the end of the period is shown below:

	Gross gearing		Net gearing	
	Asset exposure		Asset exposure	
	£'000	% ¹	£'000	% ¹
30 June 2023 (unaudited)				
Investments	1,459,305	96.4	1,459,305	96.4
Long CFDs	177,871	11.7	177,871	11.7
Long futures	60,659	4.0	60,659	4.0
Total long exposures	1,697,835	112.1	1,697,835	112.1
Short CFDs	18,101	1.2	(18,101)	(1.2)
Gross asset exposure/net market exposure	1,715,936	113.3	1,679,734	110.9
Shareholders' funds	1,514,543		1,514,543	
Gearing²		13.3		10.9
31 December 2022 (audited)				
Investments	1,325,389	96.0	1,325,389	96.0
Long CFDs	152,446	11.0	152,446	11.0
Long futures	65,056	4.7	65,056	4.7
Total long exposures	1,542,891	111.7	1,542,891	111.7
Short CFDs	-	-	-	-
Gross asset exposure/net market exposure	1,542,891	111.7	1,542,891	111.7
Shareholders' funds	1,380,995		1,380,995	
Gearing²		11.7		11.7

1 Asset exposure to the market expressed as a percentage of shareholders' funds.

2 Gearing is the amount by which the gross asset exposure/net market exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

Notes to the Financial Statements continued

13 Capital Resources and Gearing continued

	Gross gearing		Net gearing	
	Asset exposure		Asset exposure	
	£'000	% ¹	£'000	% ¹
30 June 2022 (unaudited)				
Investments	1,252,159	97.8	1,252,159	97.8
Long CFDs	135,626	10.6	135,626	10.6
Long futures	32,215	2.5	32,215	2.5
Total long exposures	1,420,000	110.9	1,420,000	110.9
Short CFDs	-	-	-	-
Gross asset exposure/net market exposure	1,420,000	110.9	1,420,000	110.9
Shareholders' funds	1,280,757		1,280,757	
Gearing²		10.9		10.9

1 Asset exposure to the market expressed as a percentage of shareholders' funds.

2 Gearing is the amount by which the gross asset exposure/net market exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

14 Transactions with the Manager and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management and the role of company secretary to FIL Investments International ("FIL"), the Investment Manager. Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5 above.

During the period, fees for portfolio management services of £5,213,000 (six months ended 30 June 2022: £4,710,000 and year ended 31 December 2022: £9,449,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management of £866,000 (31 December 2022: £832,000 and 30 June 2022: £754,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the period was £160,000 (six months ended 30 June 2022: £147,000 and year ended 31 December 2022: £209,000). At the Balance Sheet date, no fees for marketing services were accrued and included in other creditors (31 December 2022 and 30 June 2022: £nil).

As at 30 June 2023, the Board consisted of five non-executive Directors (shown in the Directory on page 29), all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £44,500, the Audit Committee Chair an annual fee of £35,000, the Senior Independent Director an annual fee of £31,500 and each other Director an annual fee of £29,000. The following members of the Board hold ordinary shares in the Company: Vivian Bazalgette 30,000 shares, Fleur Meijis 28,970 shares, Milyae Park nil shares, Sir Ivan Rogers nil shares and Paul Yates 32,000 shares.

Shareholder Information

Investing in Fidelity European Trust PLC

Fidelity European Trust PLC is a company listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in the way that is best for you. Details of how to invest and the Latest Key Information Document can be found on the Company's pages on the Manager's website at www.fidelity.co.uk/europe

CONTACT INFORMATION

Shareholders and Fidelity's Platform Investors should contact the appropriate administrator using the contact details given below and in the next column. Links to the websites of major platforms can be found online at www.fidelity.co.uk/its

Shareholders on the main share register

Contact Link Group, Registrar to Fidelity European Trust PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: shareholderenquiries@linkgroup.co.uk

Telephone: **0371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales).

Details of individual shareholdings and other information can also be obtained from the Registrar's Share Portal at www.signalshares.com. Shareholders are able to manage their shareholding online by registering for the Share Portal, a free and secure online service. Facilities include:

Account Enquiry – Shareholders can access their personal shareholding, including share transaction history, dividend payment history and obtain an up-to-date shareholding valuation.

Amendment of Standing Data – Shareholders can change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download forms such as change of address, stock transfer and dividend mandate forms as well as buy and sell shares in the Company.

Should you have any queries in respect of the Link Share Portal, contact the helpline on **0371 664 0391** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales).

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth KT20 9FU.

Website: www.fidelity.co.uk

Private investors: call free on **0800 41 41 10**, 9:00 – 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 8:00 – 18:00, Monday to Friday.

Shareholder Information continued

General Enquiries

General enquiries should be made to the Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Telephone: **01737 836347**

Email: **investmenttrusts@fil.com**

Website: **www.fidelity.co.uk/its**

If you hold Fidelity European Trust PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at **www.sharegift.org.uk**

Financial Calendar 2023/2024	
30 June 2023	Half-Year End
August 2023	Announcement of the Half-Yearly Results
August 2023	Publication of the Half-Yearly Report
21 September 2023	Ex-dividend Date of the Interim Dividend
22 September 2023	Record Date of the Interim Dividend
27 October 2023	Payment of the Interim Dividend
31 December 2023	Financial Year End
March 2024	Announcement of the Annual Results
March 2024	Publication of the Annual Report
May 2024	Annual General Meeting
May 2024	Payment of the Final Dividend

Directory

Board of Directors

Vivian Bazalgette (Chairman)
 Fleur Meijs (Chair of the Audit Committee)
 Milyae Park
 Sir Ivan Rogers
 Paul Yates (Senior Independent Director)

Alternative Investment Fund Manager (AIFM/the Manager)

FIL Investment Services (UK) Limited
 Beech Gate
 Millfield Lane
 Lower Kingswood
 Tadworth
 Surrey
 KT20 6RP

Investment Manager, Secretary and Registered Office

FIL Investments International
 Beech Gate
 Millfield Lane
 Lower Kingswood
 Tadworth
 Surrey
 KT20 6RP
 Email: investmenttrusts@fil.com

Banker and Custodian

JPMorgan Chase Bank (London Branch)
 125 London Wall
 London
 EC2Y 5AJ

Depository

J.P. Morgan Europe Limited
 25 Bank Street
 London
 E14 5JP

Financial Adviser and Stockbroker

Winterflood Investment Trusts
 The Atrium Building
 Cannon Bridge
 25 Dowgate Hill
 London
 EC4R 2GA

Independent Auditor

Ernst & Young LLP
 25 Churchill Place
 London
 E14 5EY

Lawyer

Simmons & Simmons LLP
 1 Ropemaker Street
 London
 EC2Y 9SS

Registrar

Link Group
 Central Square
 29 Wellington Street
 Leeds
 LS1 4DL

Data Protection

General Data Protection Regulation (“GDPR”)

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders’ personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity’s Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company’s Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company’s website at <https://investment-trusts.fidelity.co.uk/security-privacy/>

The Company’s agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders’ personal data across national borders to Fidelity Group entities operating in the European Economic Area (“EEA”). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity Group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

Retention period

Personal data will be kept for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

Requesting access, making changes to your personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity’s UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Glossary of Terms

AIC

The Association of Investment Companies (“AIC”). The Company is a member of the AIC.

AIF

Alternative Investment Fund (“AIF”). The Company is an AIF.

AIFM

Alternative Investment Fund Manager (“AIFM”). The Board has appointed FIL Investment Services (UK) Limited to act as the Company’s AIFM (the **Manager**).

AIFMD

The Alternative Investment Fund Managers Directive (“AIFMD”) is a European Union Directive implemented on 22 July 2014.

Alternative Performance Measures

The Company uses the following **Alternative Performance Measures** which are all defined in this Glossary of Terms:

- Discount/Premium;
- Gearing;
- Net Asset Value (NAV) per Ordinary Share;
- Ongoing Charges;
- Return (Revenue, Capital and Total Returns); and
- Total Return Performance (Net Asset Value Total Return or Share Price Total Return).

Asset Exposure

The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of **derivatives**).

Benchmark Index

FTSE World Europe (ex UK) Index against which the performance of the Company is measured.

Collateral

Asset provided as security for the unrealised gain or loss under a **contract for difference**.

Contract for Difference (CFD)

A **contract for difference** is a **derivative**. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A **contract for difference** allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as **collateral**. The Company may reason that the asset price will rise, by buying (“long” position) or fall, by selling (“short” position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received.

Custodian

An entity that holds (as intermediary) the Company’s assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company’s **Custodian** is JPMorgan Chase Bank.

Depository

An entity that oversees the custody, cash arrangements and other **AIFM** responsibilities of the Company. J.P.Morgan Europe Limited act as the Company’s **Depository**.

Derivatives

Financial instruments (such as **futures**, **options** and **contracts for difference**) whose value is derived from the value of an underlying asset.

Glossary of Terms continued

Discount

If the share price of the Company is lower than the **net asset value per ordinary share**, the Company is said to be trading at a **discount**. The **discount** is shown as a percentage of the **net asset value per ordinary share**.

Fair Value

The **fair value** is the best estimate of the value of the investments, including **derivatives**, at a point in time and this is measured as:

- **Listed investments** – valued at bid prices or last market prices, as available, otherwise at published price quotations;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market;
- **Contracts for difference** – valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses); and
- **Futures and options** – valued at the quoted trade price for the contract.

Fidelity International (Fidelity)

FIL Limited and its subsidiary group companies including FIL Investment Services (UK) Limited and FIL Investments International which act as AIFM, Secretary and **Investment Manager**.

Futures

An agreement to buy or sell a fixed amount of an asset at a fixed future date and a fixed price.

Gearing

The economic exposure of the portfolio to its underlying assets in excess of total net assets. It represents the additional exposure

to the market above **Shareholders' Funds**. The Company uses two measures of **gearing** (**Gross Gearing** and **Net Gearing**) which are both defined in this Glossary of Terms.

Gross Asset Exposure

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the **derivatives**). It is the sum total of all **Asset Exposures**.

Gross Gearing

Gross Asset Exposure in excess of **Shareholders' Funds**.

Hedging

A strategy aimed at minimising or eliminating the risk or loss through adverse movements, normally involving taking a position in a **derivative** such as a **future** or an **option**.

Investment Manager

FIL Investments International is the Company's **Investment Manager** under delegation from FIL Investment Services (UK) Limited (the appointed AIFM).

Manager

FIL Investment Services (UK) Limited is the appointed **Manager** under the AIFMD. It has delegated the portfolio management of assets to the **Investment Manager**.

Net Assets or Net Asset Value (NAV)

Also described as "**Shareholders' Funds**", **net assets** represent the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the **net asset value** on a per ordinary share basis.

Net Asset Value per Ordinary Share

The **net asset value** divided by the number of ordinary shares in issue.

Net Gearing

Net Market Exposure in excess of **Shareholders' Funds**.

Net Market Exposure

Net Market Exposure is the total of all long exposures, less short exposures and less exposures **hedging** the portfolio.

Ongoing Charges

Total operating expenses (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily **net asset values** for the reporting year.

Options

An **option** is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. **Options** may be calls (buy) or puts (sell) and are used to gain or reduce exposure to the underlying asset on a conditional basis.

Portfolio Managers

Sam Morse is the appointed Portfolio Manager of the Company and is responsible for managing the Company's assets. He is assisted by the Co-Portfolio Manager, Marcel Stötzel.

Premium

If the share price of the Company is higher than the **net asset value per ordinary share**, the Company's shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value per ordinary share**.

Registrar

An entity that manages the Company's shareholder register. The Company's **Registrar** is Link Group.

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares has exceeded the cost of those ordinary shares. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Capital redemption reserve** maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Other non-distributable reserve** represents amounts transferred from the warrant reserve. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund repurchases and issuance of shares from Treasury and it is distributable by way of dividend.
- **Revenue reserve** represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividend.

Glossary of Terms continued

Return

The **return** generated in a given period from investments:

- **Revenue return** – reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation, and excluding any capital return;
- **Capital return** – reflects the return on capital, excluding any revenue return; and
- **Total return** – reflects the aggregate of revenue and capital returns.

Shareholders' Funds

Shareholders' funds are also described as "**net asset value**" and represent the total value of the Company's assets less the total value of its liabilities as shown in the balance sheet.

Total Return Performance

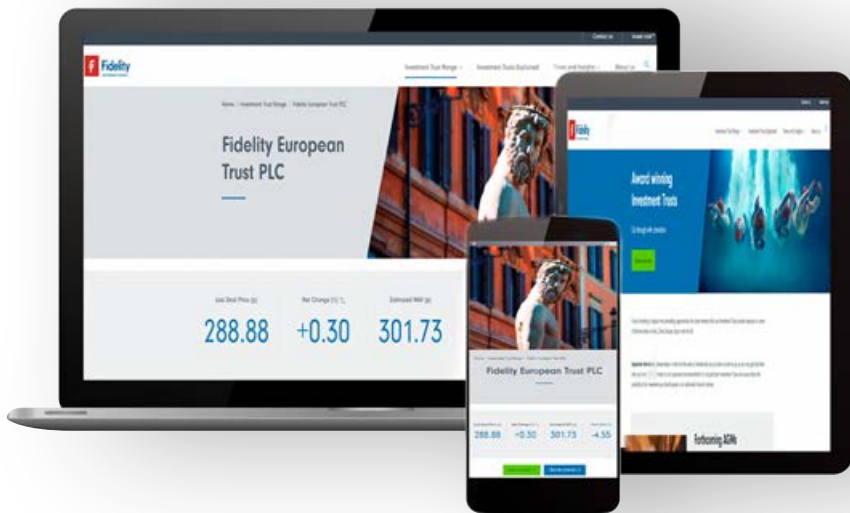
The return on the share price or **net asset value per ordinary share** taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional shares (for share price total return) or the Company's assets (for **net asset value** total return).

Treasury Shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not pay dividends, have no voting rights and are excluded from the **net asset value per ordinary share** calculation.

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