

Fund manager
Mine Tezgul

Manager Commentary

June was a more difficult month for European equities, and smaller companies performed worse than large cap. Part of the reason for this was political – the results of the EU elections were not taken well, nor was the French President's decision to call Parliamentary elections at a time when more extreme parties on the right and left were gaining momentum. These misgivings were born out in the first-round results, which showed weak support for the President and his party, and Marine Le Pen's far-right party National Rally gaining most votes.

The European Central Bank (ECB) initially echoed the US Federal Reserve's call for patience, citing concerns about services inflation and wage growth. However, encouraged by continued progress on inflation, and concerned about lingering economic softness, the ECB was the first major central bank to act, with a 25-basis-point cut during June. Economic sentiment in the eurozone dipped during the month, and the composite Purchasing Managers' Index fell as services and manufacturing activity retreated.

Technology was the only small-cap sector that delivered a positive return over the month, and the Trust's portfolio was overweight in this sector. The worst performer was consumer discretionary. Our portfolio underperformed the index due to stock selection, despite benefiting from favourable sector weightings. The bid for Karnov was withdrawn owing to a lack of investor support, and the share price consequently retraced. More significant detractors included Stabilus, the German manufacturer of gas springs, dampers and electromechanical drives, which cut its financial guidance due to weakness in the automotive and commercial vehicle markets. Elis, the French-based provider of laundry services, suffered owing to its domestic French exposure at a time of electoral uncertainty; this affected all stocks quoted in France. Fluidra, which provides services to swimming pool owners, constructors and maintainers, fell as its largest US competitor profit-warned, citing a slower market. On the positive side, Nordnet, the Scandinavian digital platform for savings and investments, saw share-price strength in the wake of a stronger market, in turn bringing upgrades to broker profit forecasts. Siegfried, the pharmaceutical ingredients specialist, made a US acquisition that was well received. ASM International and BE Semiconductors both benefited from renewed interest in the semiconductor market and technology stocks more generally.

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 30.06.24

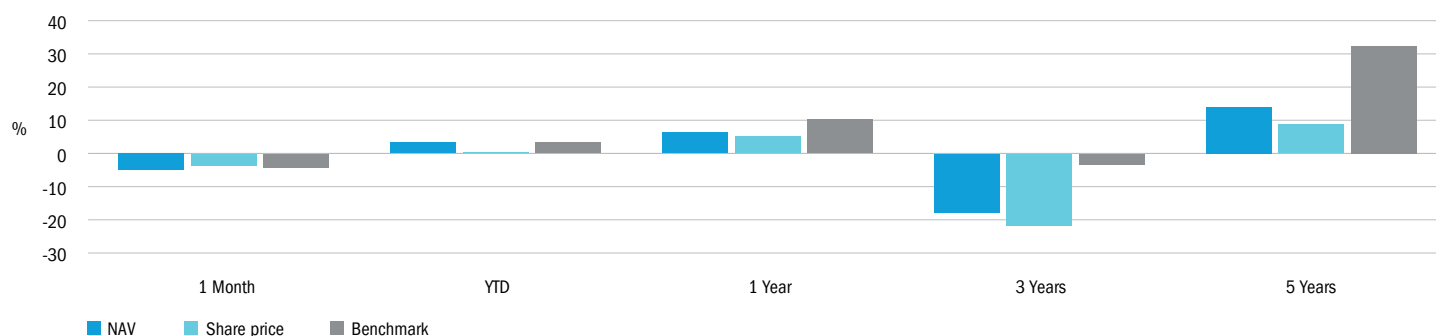
Trust aims: To achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. A high distribution policy has been adopted and dividends are paid from a mix of income and capital reserves.

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:	£384.1 million
Share price:	86.80p
NAV:	98.43p
NAV:	€1.16
Discount/premium(-/+):	-11.82%
Dividend payment dates:	Jan, Apr, Jul, Oct
Yield^{††}:	6.80%
Net gearing/Net cash[†]:	5.20%/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 30.06.24



Cumulative performance as at 30.06.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-4.86	3.20	6.19	-17.75	13.87
Share price	-3.56	0.12	4.93	-21.50	8.47
Benchmark	-4.03	3.08	9.97	-3.16	32.26

Discrete annual performance as at 30.06.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	6.19	10.17	-29.70	43.30	3.39
Share price	4.93	4.85	-28.66	50.92	-8.44
Benchmark	9.97	7.20	-17.85	36.12	0.33

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

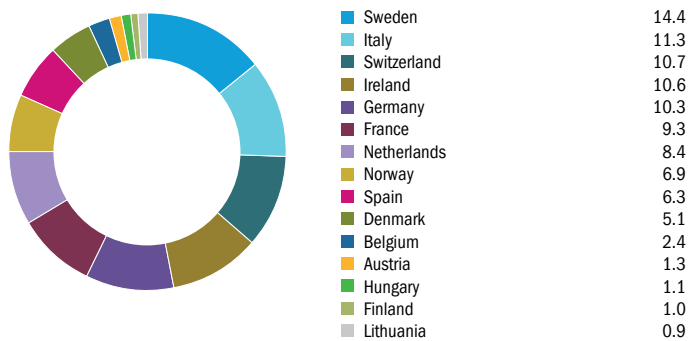
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Vidrala	2.8	0.1	2.7	Industrials
Ringkjoebing Landbobank	2.6	0.2	2.4	Financials
CTS Eventim	2.6	0.2	2.4	Consumer Discretionary
Smurfit Kappa	2.6	0.5	2.1	Industrials
ASM International	2.6	1.6	1.0	Technology
Royal Unibrew	2.5	0.2	2.3	Consumer Staples
Cairn Homes	2.4	0.0	2.4	Consumer Discretionary
Interpump	2.4	0.1	2.3	Industrials
Sdiptech	2.3	0.0	2.3	Industrials
Gerresheimer	2.3	0.2	2.1	Health Care

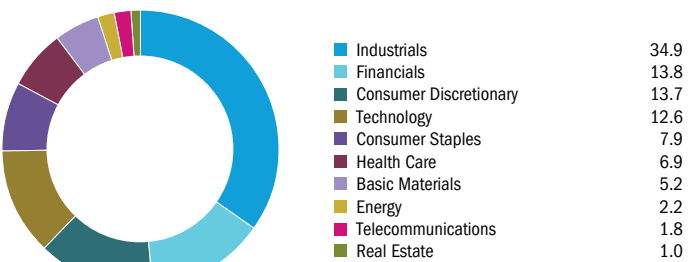
All figures are subject to rounding.

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 Company has stated that, barring unforeseen circumstances, it will pay an annual dividend equivalent to 6 per cent of the Net Asset Value at the end of the preceding 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.

To find out more visit columbiathreadneedle.com



All data as at 30.06.2024 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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