

January 2020

Manager Commentary Sam Cosh



2019 finished strongly, with equity markets across the world rising and both economic and political risks seemingly diminishing, at least temporarily. A phase one trade deal between the US and China, which averted the scheduled tariff increases, supported equities, while a comprehensive victory for the Conservative Party in the UK general election gave at least some certainty to one of the region's biggest economies. Our portfolio lagged the benchmark but has delivered good returns in absolute levels through the year, leading to an

attractive increase in our dividend. Our portfolio lagged the benchmark, but has delivered good returns in absolute levels through the year, particularly in share price terms, leading to an attractive increase in our dividend.

Perhaps unsurprisingly, it was our industrial holdings – which tend to be more sensitive to positive markets – that contributed well during the month. Of note was one of our largest holdings, the Swedish integrated facilities management provider Coor, which finished the year well, rising +7.0% in sterling terms. The shares had been weak over the previous months due to a broker downgrade, so it was encouraging to see the stock shrug this off in December. Other industrial holdings that performed well were Fluidra, the Spain-listed global swimming pool supplier, Alimak, the Swedish industrial equipment business, and Komax, the Swiss automotive supplier.

We were, however, hurt by high weights in healthcare stocks that did not keep up with the index. DiaSorin, the Italy-listed in vitro diagnostics company, fell -5.4% – albeit following a strong year-to-date performance – after a prominent broker downgraded the stock. Our other healthcare stocks performed better, but still lagged the strong index performance. Our weakest performer in December was the Italian asset manager Azimut, which fell -7.6%. That said, we can't be too critical as over the full year it is our second-best performing stock, rising +130.3%.

Key facts as at 31.12.2019

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: £418.5 million

Share price: 110.00p

NAV: 116.27p

NAV €: 1.37

Discount/premium(-/+): -5.39%

Dividend payment dates: Jan, Mar, Jul, Oct

Yield††: 5.27%

Net gearing/Net cash*: 0.00%/3.32%

Management fee rate:** 0.80%

Ongoing charges*:** 1.1%

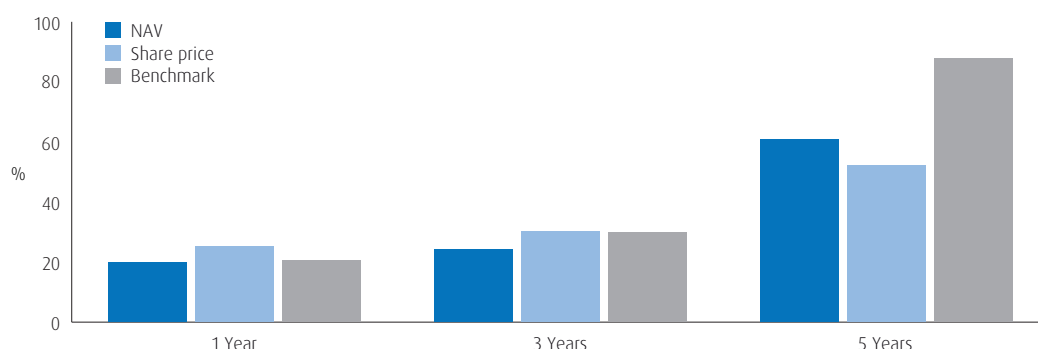
Year end: 31 December

Sector: European Smaller Companies

Currency: Euros

Website: www.europeanassets.eu

Fund performance as at 31.12.2019



Cumulative performance (%) as at 31.12.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	1.59	19.75	19.75	24.20	60.84
Share price	6.28	25.05	25.05	30.01	52.27
Benchmark	2.54	20.63	20.63	29.91	87.70

Discrete performance (%) as at 31.12.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV	19.75	-15.43	22.63	7.43	20.54
Share price	25.05	-23.53	35.96	-2.67	20.33
Benchmark	20.63	-12.67	23.32	23.28	17.20

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.

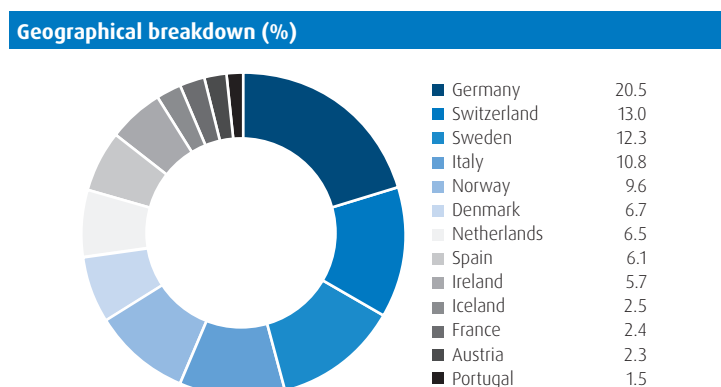


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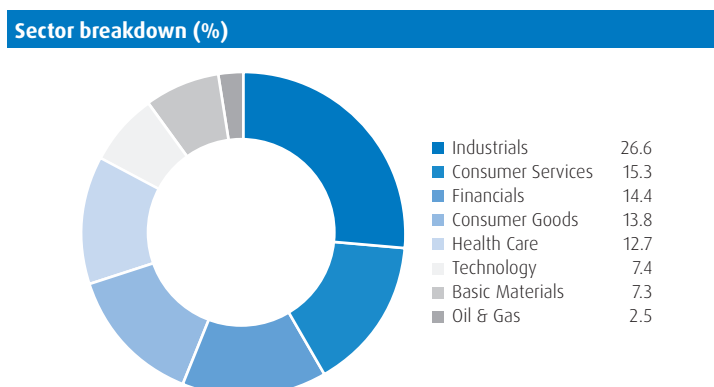
Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
Vidrala	3.9	0.2	3.7	Industrials
Coor Service Management Holding	3.7	0.0	3.7	Industrials
Forbo Holding	3.7	0.2	3.5	Consumer Goods
Tecan Group	3.6	0.2	3.4	Health Care
Gerresheimer	3.6	0.1	3.4	Health Care
Cerved Information Solutions	3.5	0.1	3.4	Industrials
Ringkjøbing Landbobank	3.4	0.1	3.3	Financials
CTS Eventim	3.4	0.3	3.1	Consumer Services
Wizz Air Holdings	3.4	--	3.4	Consumer Services
DiaSorin	3.4	--	3.4	Health Care

All figures are subject to rounding.



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Net dividend distributions per share	
	2019
January €	0.0171
January £	0.0149
March €	0.0171
March £	0.0146
July €	0.0171
July £	0.0155
October €	0.0171
October £	0.0148
Total €	0.0684
Total £	0.0598*

The 2019 dividend will be paid in four instalments on 31 January, 15 March, 31 July and 31 October. Dividends are declared in euros (€) and paid in sterling (£) to UK registered shareholders.

*The sterling equivalent figures are rounded and determined close to the payment date.

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 31.12.2019 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 0.65% per annum is charged on funds under management in excess of €500 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. (01/20)