

European Assets Trust PLC

May 2022

Manager Commentary
Sam Cosh



This year's challenges continued into April, with another poor month for European markets and another month of weak performance from the portfolio. The war in Ukraine, lockdowns in China and the prospect of substantially tighter US monetary policy all weighed heavily on sentiment. For Europe, the impact of the war in Ukraine is, of course, particularly challenging and the impact is now being felt on economic data. Despite strong employment data, consumer confidence in the Eurozone has collapsed and there is a real concern that the region is on the brink of a recession.

The prospect of a global recession highlights the challenges that central bankers face as they look to tighten policy to bring inflation back down. Though, it is clear that interest rate expectations have, so far this year, moved up more quickly in response to accelerating inflation; this has been the main determinant of stock moves this year. The rotation from growth stocks into value sectors continued unabated during April, and our growth-biased portfolio suffered as a consequence.

Our overweight in information technology, the worst performing sector, was a strong detractor, as was our underweight to energy and utilities, the strongest performers.

April was also the start of results season. While we are clearly disappointed with our relative return, we can take some comfort in the fact that many of our holdings have delivered encouraging first quarter results. In fact, the portfolio, in aggregate, is performing well in operational terms. Highlights include strong results from Coor Service Management, the Scandinavian integrated facilities manager; Karnov Group, the Nordic legal information provider; Lotus Bakeries, the Belgium food company; and Verallia, the French listed bottling company. Nonetheless, while growth stocks remain out of favour, the portfolio will continue to struggle relatively. However, we are confident that our strategy will deliver the right results over the long term.

Key facts as at 29.04.2022

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: £417.1 million

Share price: 107.00p

NAV: 111.16p

NAV: €1.32

Discount/premium(-/+): -3.74%

Dividend payment dates: Jan, Apr, Jul, Oct

Yield^{††}: 6.91%

Net gearing/Net cash*: 0.00%/0.80%

Management fee rate:** 0.75%

Ongoing charges*:** 0.89%

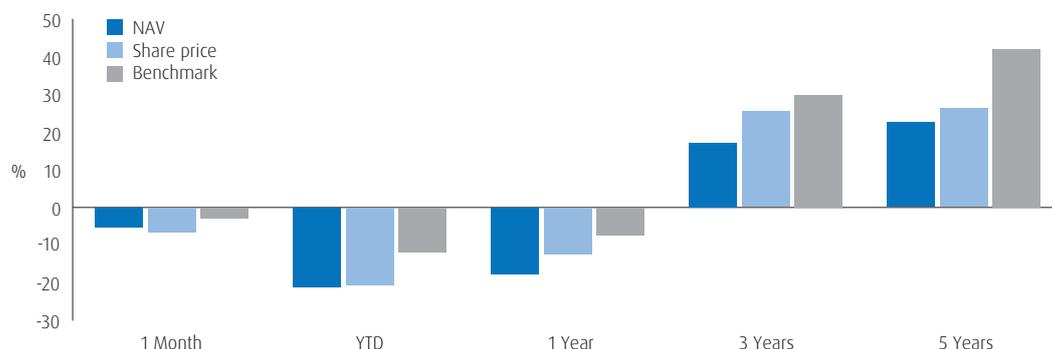
Year end: 31 December

Sector: European Smaller Companies

Currency: Euros

Website: www.europeanassets.co.uk

Fund performance as at 29.04.2022



Cumulative performance (%) as at 29.04.2022

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-5.04	-20.99	-17.64	16.97	22.44
Share price	-6.35	-20.50	-12.25	25.37	26.13
Benchmark	-2.85	-11.77	-7.40	29.73	41.97

Discrete performance (%) as at 29.04.2022

	2022/2021	2021/2020	2020/2019	2019/2018	2018/2017
NAV	-17.64	59.65	-11.05	1.39	3.24
Share price	-12.25	59.56	-10.45	-9.07	10.64
Benchmark	-7.40	53.49	-8.72	-1.89	11.54

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.



Lines may be recorded

0800 136420

www.bmoinvestments.co.uk

Trust codes

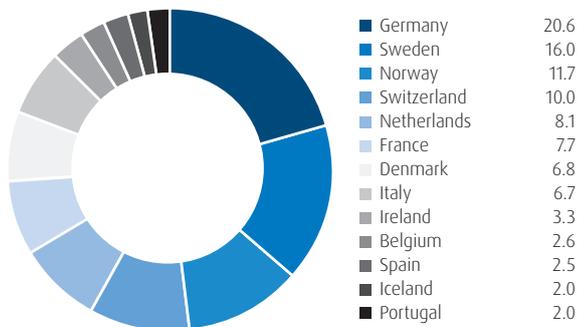
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Lectra	3.3	0.1	3.2	Technology
Ringkjoebing Landbobank	3.3	0.2	3.1	Financials
SIG Group	3.2	0.0	3.2	Industrials
Stratec	3.0	0.1	2.9	Health Care
Sparebank	3.0	0.2	2.8	Financials
Sligro Food Group	3.0	0.1	2.9	Consumer Staples
flatexDEGIRO	2.9	0.1	2.8	Financials
IMCD	2.8	0.0	2.8	Basic Materials
Cancom	2.8	0.1	2.7	Technology
Alten	2.8	0.3	2.5	Technology

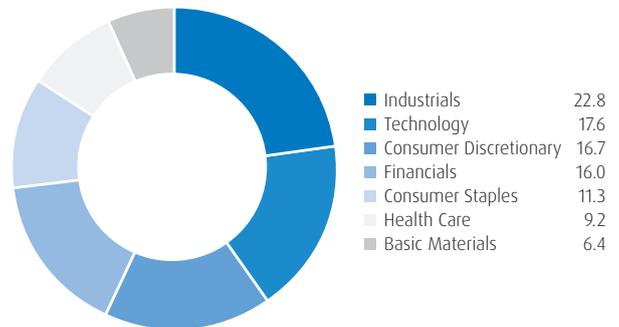
All figures are subject to rounding.

Geographical breakdown (%)



All figures are subject to rounding.

Sector breakdown (%)



Net dividend distributions per share

	2022
January £	0.0220
March £	0.0220
July £	0.0220
October £	0.0220
Total £	0.0880

The 2021 dividend was paid in four instalments on 29 January, 30 April, 30 July and 29 October. 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.

BMO  **Global Asset Management**

Part of

**COLUMBIA
THREADNEEDLE**
INVESTMENTS

All data as at 29.04.2022 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 0.60% per annum is charged on funds under management in excess of €400 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. This financial promotion is issued for marketing and information purposes only by BMO Global Asset Management in the UK.

English language copies of the key information document (KID) can be obtained from BMO Global Asset Management, Exchange House, Primrose Street, London EC2A 2NY, telephone: Client Services on 0044 (0)20 7011 4444, email: client.service@bmogam.com or electronically at www.bmogam.com. Please read before taking any investment decision.

The information provided does not constitute, and should not be construed as, investment advice or a recommendation to buy, sell or otherwise transact in the Funds. An investment may not be suitable for all investors and independent professional advice, including tax advice, should be sought where appropriate. The manager has the right to terminate the arrangements made for marketing.

©2022 BMO Global Asset Management. BMO Global Asset Management is a registered trading name for various affiliated entities of BMO Global Asset Management (EMEA) that provide investment management services, institutional client services and securities products. Financial promotions are issued for marketing and information purposes in the United Kingdom by BMO Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority. This entity is a wholly owned subsidiary of Columbia Threadneedle Investments UK International Limited, whose direct parent is Ameriprise Inc., a company incorporated in the United States. It was formerly part of BMO Financial Group and is currently using the "BMO" mark under licence. (05/22)