



Manager Commentary
Sam Cosh



Financial markets continued to be heavily influenced by geopolitical events over the course of November. The Republican Party lost their majority in the US House of Representatives, resulting in some questions about policy direction and uncertainty about the future economic growth rate. While some progress seems to have been made on the Brexit withdrawal agreement, it remains shrouded in doubt as to whether the proposed deal will make it through parliament in the UK. Meanwhile, Italy and Brussels remain at an impasse over the former's budget submission. The combined impact of these tensions was another month of lower risk appetite and a further fall in global stock markets. European small cap markets were caught up in this, falling -2.1%. Our portfolio outperformed this.

The biggest contributor this month was low-cost carrier Wizz Air, whose share price rose 16.5%. The shares suffered last month as the Ryanair strike issues and EasyJet profit warning dragged down the whole sector. Wizz's results, released at the beginning of the month, highlighted that it negotiated the prior period better than its peers. The industry has begun to cut capacity, leading to a better pricing outlook, and the fall in the oil price will be advantageous for costs. The longer-term prospects for the business remain strong as a disciplined, low-cost player with increasing penetration of flights per year in Eastern Europe driving structural growth. Other strong performers were Swedish integrated facility management player Coor Service Management, which delivered impressive sales growth in its last update, and Danish regional bank Ringjoebing Landbobank, which reported solid third-quarter results.

The largest detractor during the month was Norwegian geophysical consulting and contracting services company TGS-NOPEC. The shares declined as the oil price fell. Although TGS is not exposed directly to the oil price, it provides seismic data to the oil and gas industry to assist with licensing rounds and the preparation of regional data

programmes. The company has an excellent record of cash generation, as well as a strong balance sheet that is supported by an asset-light model, resulting in high returns. It has an unrivalled back library of data, which is becoming more valuable as companies look to invest once again, and it faces limited competition. We believe this holding remains a strong longer-term prospect.

In terms of activity, we added Dutch online food service company Takeaway.com to the portfolio. It has a dominant position in the country, resulting in very high margins and cash flow, and is currently growing strongly in Germany and Poland. The recent stock market turmoil has provided an attractive entry point.

Please note that the total reported net asset value return was below the investment return by approximately 0.5% per share, reflecting the already-communicated costs associated with the Company's proposed migration to the UK.

Key facts as at 30.11.2018

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: £400.5 million

Share price: 101.00p

NAV: 108.82p

NAV €: 1.23

Discount/premium(-/+): -7.19%

Dividend payment dates: Jan, Apr, Jul, Oct

Yield†‡: 7.73%

Net gearing/Net cash*: 2.30%/0.00%

Management fee rate:** 0.80%

Ongoing charges*:** 1.06%

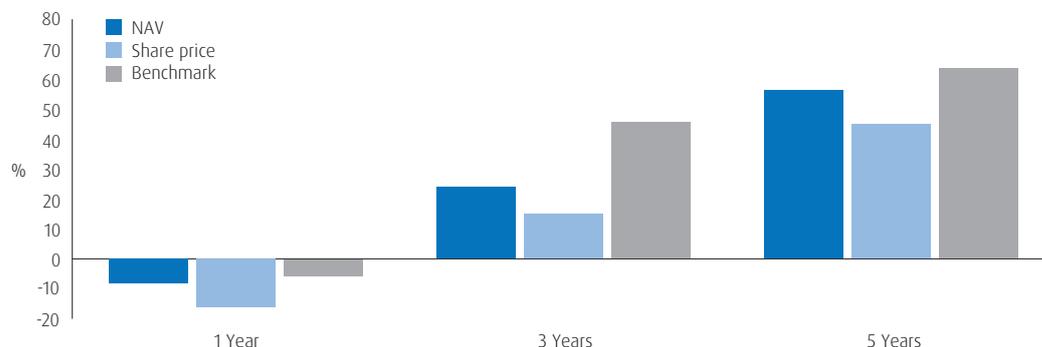
Year end: 31 December

Sector: European Smaller Companies

Currency: Euros

Website: www.europeanassets.eu

Fund performance as at 30.11.2018



Cumulative performance (%) as at 30.11.2018

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-1.69	-10.41	-8.07	23.78	56.11
Share price	-2.66	-17.60	-16.00	14.84	44.76
Benchmark	-2.11	-7.89	-5.61	45.38	63.33

Discrete performance (%) as at 30.11.2018

	2018/2017	2017/2016	2016/2015	2015/2014	2014/2013
NAV	-8.07	26.04	6.83	14.05	10.58
Share price	-16.00	37.72	-0.74	15.00	9.61
Benchmark	-5.61	28.48	19.88	9.96	2.17

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.

Lines may be recorded

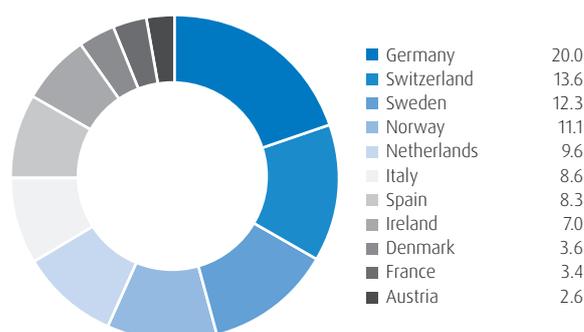


Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
Gerresheimer	4.0	0.1	3.9	Health Care
CTS Eventim	3.8	0.2	3.6	Consumer Services
Forbo Holding	3.8	0.2	3.6	Consumer Goods
IMCD Group	3.7	0.2	3.5	Basic Materials
Ringjobing Landbobank	3.7	0.1	3.6	Financials
Wizz Air Holdings	3.6	--	--	Consumer Services
SpareBank 1 SR-Bank	3.5	0.2	3.3	Financials
Vidrala	3.4	0.1	3.3	Industrials
Coor Service Management Holding	3.4	0.0	3.4	Industrials
Storebrand	3.4	0.2	3.2	Financials

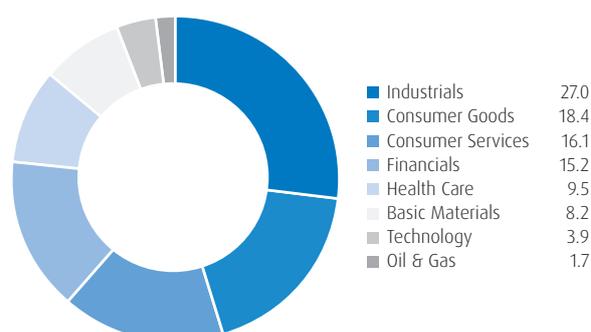
All figures are subject to rounding.

Geographical breakdown (%)



All figures are subject to rounding.

Sector breakdown (%)



Net dividend distributions per share

	2018
January €	0.0220
January £	0.0191
April €	0.0220
April £	0.0191
July €	0.0220
July £	0.0196
October €	0.0220
October £	0.0193
Total €	0.0880
Total £	0.0772

The 2018 dividend will be paid in four equal instalments of Euro 0.022* per share on 31 January, 30 April, 31 July and 31 October. Previously, the Company paid its dividends in three equal instalments. 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.

*Dividends shown in the table above have been adjusted to reflect ten for one stock split, effective from 3 May 2018

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 30.11.2018 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. 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. (12/18)