

Manager Commentary  
Sam Cosh



The strong start to 2019 accelerated in April. A good first-quarter earnings season added to the positive sentiment fuelled by accommodative central banks, expectations of a recovery in Chinese growth, and signs of a positive resolution to international trade talks. Economic data, however, was mixed at best in Europe, with the leading indicators continuing to soften. The Trust's return over the month was marginally behind the strong index performance; nevertheless, our performance in the year to date remains encouraging.

Our largest detractor was Cairn Homes, the Irish house builder, whose shares fell following the announcement that the CEO and founder was selling some of his holdings. We are not surprised to see some weakness in the shares in response to this. We agree that this as a disappointing development, considering the potential value in the business. We spoke to the CEO, who explained that he was diversifying a small proportion of his wealth, which is almost entirely tied up in the company. Given the small amount of stock that he sold, this is still the case, and we will continue to hold the

stock, given the value of this asset. It is uniquely well positioned in a market where structural factors are supportive.

No other stock detracted significantly, and apart from Cairn, performance across the portfolio was very satisfactory. Of note was a strong return in some of our holdings that released first-quarter results. For example, ASM International, our Dutch semiconductor equipment business, confounded industry weakness to deliver some impressive results. Similarly, Dometic, the recreational vehicle supplier, and Alimak, the Scandinavian industrial company, announced good figures, while Wizz Air fine-tuned its guidance above expectations.

These operating updates are particularly pleasing because our satisfactory performance this year – in a strong market – has been driven by good stock selection, rather than due to a highly geared portfolio with a high sensitivity to high-beta stocks, which European Assets Trust is not.

## Key facts as at 30.04.19

**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:** £431.0 million

**Share price:** 105.00p

**NAV:** 114.29p

**NAV €:** 1.33

**Discount/premium(-/+):** -8.13%

**Dividend payment dates:** Jan, Mar, Jul, Oct

**Yield††:** 5.60%

**Net gearing/Net cash\*:** -1.40%/0.00%

**Management fee rate\*\*:** 0.80%

**Ongoing charges\*\*\*:** 1.1%

**Year end:** 31 December

**Sector:** European Smaller Companies

**Currency:** Euros

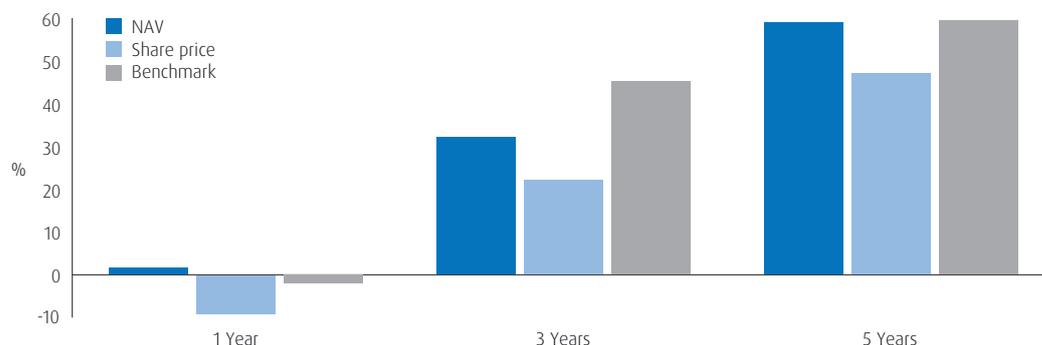
**Website:** www.europeanassets.eu

\*\*\*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

## Fund performance as at 30.04.19



## Cumulative performance (%) as at 30.04.19

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>NAV</b>	4.12	14.64	1.40	32.07	58.86
<b>Share price</b>	5.88	16.36	-9.07	21.98	47.03
<b>Benchmark</b>	4.31	12.05	-1.89	45.15	59.30

## Discrete performance (%) as at 30.04.19

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
<b>NAV</b>	1.40	3.24	26.16	0.73	19.40
<b>Share price</b>	-9.07	10.64	21.25	0.94	19.41
<b>Benchmark</b>	-1.89	11.54	32.64	5.76	3.77

## 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.

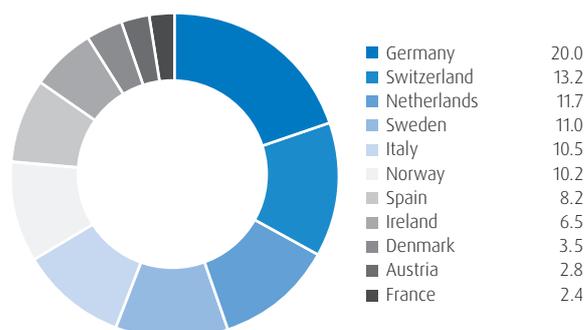


Trust codes	
<b>Stock exchange code</b>	Sedol
<b>EAT</b>	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
<b>CTS Eventim</b>	4.7	0.3	4.4	Consumer Services
<b>IMCD Group</b>	4.0	0.3	3.7	Basic Materials
<b>Gerresheimer</b>	3.9	0.1	3.8	Health Care
<b>Forbo Holding</b>	3.7	0.2	3.5	Consumer Goods
<b>Vidrala</b>	3.7	0.1	3.6	Industrials
<b>Cerved Information Solutions</b>	3.6	0.1	3.5	Industrials
<b>Wizz Air Holdings</b>	3.5	--	3.5	Consumer Services
<b>Ringjobing Landbobank</b>	3.5	0.1	3.4	Financials
<b>Coor Service Management Holding</b>	3.4	0.1	3.3	Industrials
<b>Storebrand</b>	3.4	0.2	3.2	Financials

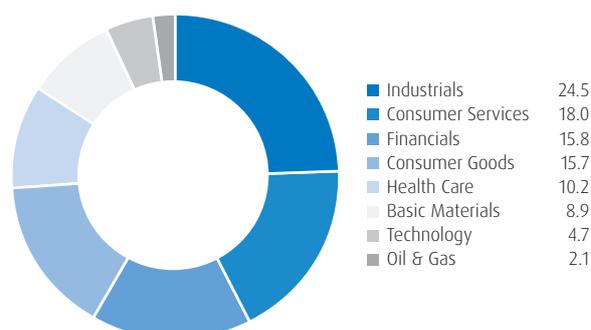
All figures are subject to rounding.

### Geographical breakdown (%)



All figures are subject to rounding.

### Sector breakdown (%)



### Net dividend distributions per share

	2019
<b>January €</b>	0.0171
<b>January £</b>	0.0149
<b>March €</b>	0.0171
<b>March £</b>	0.0146
<b>July €</b>	0.0171
<b>July £</b>	*
<b>October €</b>	0.0171
<b>October £</b>	*
<b>Total €</b>	0.0684
<b>Total £</b>	*

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

<b>Bid price</b>	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
<b>Dividend</b>	Income paid to shareholders by the company they invest in.
<b>Net asset value</b>	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 30.04.19 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. (05/19)