

Manager Commentary
Sam Cosh



August was a volatile month for equities. President Donald Trump set the tone for the month by imposing a 10% tariff on approximately US\$300bn worth of Chinese imports, which prompted retaliatory measures from China. A tit-for-tat international trade war is obviously not a good background for equity markets, and was not helped by weak economic data in both the US and Europe; indeed, Germany is now on the brink of a recession. In this volatile environment, the fund underperformed the benchmark.

While we would normally expect our portfolio to fare better in a tough market, we suffered from disappointing results from some of our largest positions. A case in point was IMCD Group. The holding in the Dutch-listed speciality chemical distributor fell -20% in reaction to the company's results, which showed a more disappointing second quarter than was expected. The company has a strong market position and is taking share in an area supported by structural growth drivers. It has demonstrated this over several years and has delivered excellent performance over our holding period. We believe that it is wrong to extrapolate one quarter of lacklustre results, and we therefore remain confident in the stock over the long term.

Similarly, our holding in the regional Danish bank Ringkjøbing Landbobank - one of our largest positions - also performed poorly following its

results. While the second quarter was weaker than the strong first quarter, the bank guided to full-year results at the upper end of its guided range. Despite this, the shares fell -12%. We are confident in the stock over the long term and believe that this is another overreaction to some marginal temporary weakness. Of course, the prevailing interest rate environment didn't help, with bond yields falling aggressively over the month. In fact, our financials struggled with this background, with our Norwegian life insurer Storebrand falling -15%.

Overall, while August was a disappointing month, we are comfortable with the main culprits of this underperformance and believe that they should deliver good returns for us over our investment time horizon, as they have done in the past.

Key facts as at 30.08.2019

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: £413.8 million

Share price: 104.00p

NAV: 111.96p

NAV €: 1.24

Discount/premium(-/+): -7.11%

Dividend payment dates: Jan, Mar, Jul, Oct

Yield††: 5.95%

Net gearing/Net cash*: 0.00%/0.72%

Management fee rate:** 0.80%

Ongoing charges*:** 1.1%

Year end: 31 December

Sector: European Smaller Companies

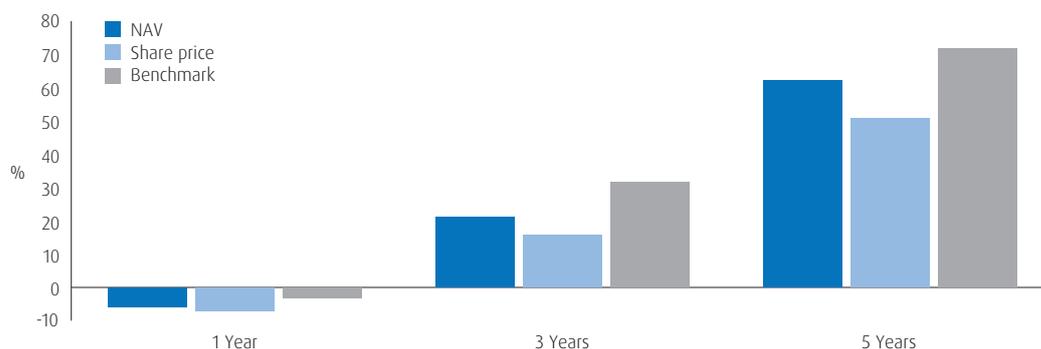
Currency: Euros

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.



Fund performance as at 30.08.2019



Cumulative performance (%) as at 30.08.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-4.31	13.78	-5.98	21.14	62.10
Share price	-5.88	16.54	-6.97	15.78	50.75
Benchmark	-2.14	14.88	-3.14	31.73	71.64

Discrete performance (%) as at 30.08.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV	-5.98	2.44	25.78	10.91	20.65
Share price	-6.97	-4.21	29.93	7.58	21.03
Benchmark	-3.14	4.33	30.35	23.72	5.32

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.

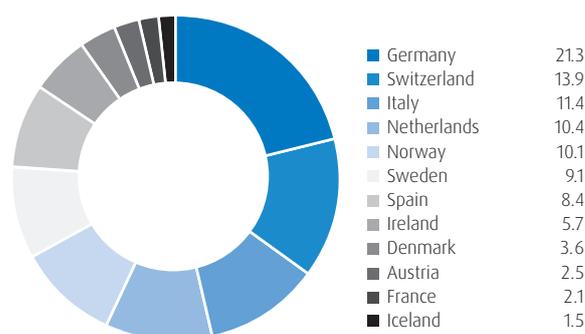


Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
CTS Eventim	4.7	0.3	4.3	Basic Materials
Gerresheimer	4.4	0.2	4.2	Consumer Goods
DiaSorin	4.0	--	4.0	Health Care
Wizz Air Holdings	3.9	--	3.9	Consumer Services
Vidrala	3.8	0.1	3.7	Health Care
Tecan Group	3.8	0.2	3.6	Health Care
Forbo Holding	3.7	0.2	3.5	Industrials
Cerved Information Solutions	3.6	0.1	3.5	Industrials
Ringjobing Landbobank	3.6	0.1	3.5	Financials
Coor Service Management Holding	3.5	--	3.4	Consumer Services

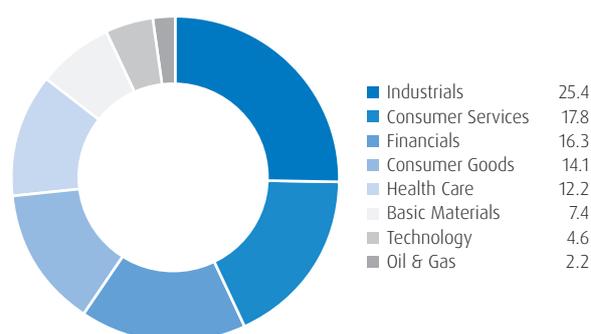
All figures are subject to rounding.

Geographical breakdown (%)



All figures are subject to rounding.

Sector breakdown (%)



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 £	*
Total €	0.0684
Total £	*

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 30.08.2019 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. (09/19)