



# European Assets Trust NV

## INVESTOR DISCLOSURE DOCUMENT

### IMPORTANT INFORMATION

#### Regulatory and legal status of the Company

*European Assets Trust NV (the "Company")* is an 'alternative investment fund' ("AIF") for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (as implemented in the United Kingdom, the "AIFM Directive") which has appointed BMO Investment Business Limited ("BMOIB") as its Alternative Investment Fund Manager ("AIFM"). BMOIB is authorised and regulated by the United Kingdom Financial Conduct Authority (the "FCA") as the AIFM for the Company.

The Company is an investment company with variable capital and is incorporated in the Netherlands. It has a closed-end structure and the Company's shares are quoted on NYSE Euronext Amsterdam and the London Stock Exchange. Trading primarily takes place on the London Stock Exchange. The Company has adopted the principles and practices of good corporate governance in line with those of the Dutch Corporate Governance Code.

#### Limited purpose of this document

This document, which is made available to investors in the Company by being made available at [www.europeanassets.eu](http://www.europeanassets.eu), is not a prospectus. Investors of the Company are hereinafter also referred to as shareholders. It is issued for the sole purpose of making certain regulatory disclosures to investors in accordance with the requirements of the AIFM Directive. The Company, its Directors (both Supervisory and Management Board) and BMOIB as its AIFM will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This Investor Disclosure Document is based on information, law and practice at the date hereof. The Company, its' Directors (both Supervisory and Management Board) and FCIB as its AIFM cannot be bound by an out of date Investor Disclosure Document when it has issued a new Investor Disclosure Document and investors should check with FCIB that this is the most recently published Investor Disclosure Document.

**This document is not intended to be an invitation or inducement to any person to engage in any investment activity. It does not include all the information which investors or their**

**professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.**

#### **No advice**

The Company, its' Directors and FCIB as its AIFM are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, FCIB or any of their respective affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment and any other related matters concerning the Company and an investment in the Company's shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

#### **Overseas investors**

The distribution of this document in certain jurisdictions will be restricted and accordingly any persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. In particular, the shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer and other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

This Investor Disclosure Document is dated, and is valid, as at 3 May 2018.

## **THE COMPANY**

### **Investment Objective**

The Company's Investment Objective is 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 have been paid mainly out of other reserves.

The Company utilises fully the resources of BMO European Equities team. The portfolio is relatively concentrated and has an emphasis on high quality businesses.

### **Investment Policy and Strategy**

The investment policy seeks investments in small and medium- sized companies in Europe, excluding the United Kingdom defined as those with a market capitalisation below that of the largest company in the Euromoney Smaller Companies (ex UK) Index. The Company will not invest more than 20 per cent of its total assets in any one company and does not take legal or management control of any company in which it invests.

The investment strategy and policy may be amended by the Company subject to the control of, and review by, the Directors (both Supervisory and Management Board). Any such amendments shall be notified to FCIB as the AIFM in writing from time to time.

### **Investment restrictions**

The Company will not invest more than 20 per cent of its total assets in any one company and does not take legal or management control of any company in which it invests.

### **Leverage**

The Company qualifies as a fiscal investment institution ('fiscale belegginginstelling') and is therefore subject to a zero per cent corporate tax rate. To qualify investment may be funded by borrowings up to a maximum of 20 per cent of the book value of the Company. In connection with this under its Articles the Company has the power to borrow up to 20 per cent of the book value of the securities portfolio of the Company and its subsidiaries, if any, without the prior approval of the general meeting of the Company.

Maximum gross leverage, calculated in accordance with the requirements under the AIFM Directive is 125% under the Gross method and 125% under the Commitment method (equivalent to 20% of the Company's share capital and reserves).

The total level of leverage employed by the Company is updated regularly on the "Monthly Factsheet" published on the Company's website.

### **Dividend policy**

The Board intends, barring unforeseen circumstances, setting an annual dividend yield level of 6 per cent on its net asset value at the end of the preceding year. The dividend is paid in four equal instalments in January, April, July and October each year. Dividends are grossed to eliminate the impact of any Dutch Withholding Tax. A scrip alternative is available.

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

### **Report on Remuneration**

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive 2011/61/EC (“AIFM Directive”) and the Financial Conduct Authority’s Handbook (SYSC 19B: AIFM Remuneration Code).

In accordance with the AIFM Directive, BMO Investment Business Limited, the designated Alternative Investment Fund Manager (“AIFM”) for European Assets Trust NV, has adopted a remuneration policy which is consistent with the remuneration principles applicable to AIF management companies and aligned with the BMO Global Asset Management (EMEA) Remuneration Policy. The size of the AIFM and the size of the funds it manages, the internal organisation and the nature, the scope and the complexity of their activities have been taken into consideration in this disclosure.

### ***Remuneration policy***

The purpose of the AIFM’s remuneration policy is to describe the remuneration principles and practices within the AIFM and for such principles and practices:

- (a) to be consistent with, and promote, sound and effective risk management;
- (b) to be in line with the business strategy, objectives, values and interests of the AIFM;
- (c) not to encourage excessive risk-taking as compared to the investment policy of the relevant sub-funds of the AIFM;
- (d) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the AIFM; and
- (e) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

### ***Decision making and governance***

The board of directors (the “Board”) of the AIFM is responsible for the remuneration policy of the AIFM and for determining the remuneration of the directors of the AIFM and other staff who undertake professional activities for the AIFM. The Board has delegated to BMO Asset Management (Holdings) plc’s Risk and Remuneration Committee (the “Committee”) responsibility for maintaining a compliant remuneration policy. The Committee is solely comprised of non-executive directors of BMO Asset Management (Holdings) plc. The Board has adopted the remuneration policy applicable to all members of the BMO Group (“BMO Global Asset Management (EMEA)”) for this financial year as reviewed and approved by the Committee periodically (at least annually). The Committee is responsible for, and oversees, the implementation of the remuneration policy in line with the AIFMD Regulations. The Board considers that the members of the Committee have appropriate expertise in risk management and remuneration to perform this review.

### ***Applicability***

The remuneration policy, which incorporates compliance with AIFMD requirements applies to staff whose professional activities have a material impact on the risk profile of the AIFM or of the funds it manages (“Identified Staff”) and so covers:

- a) senior management;
- b) risk takers;
- c) control functions; and

- d) employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the AIFM.

The Identified Staff list and the selection criteria above are subject to regular review (at least annually) by the Committee as well as formally reviewed in the event of significant organisation changes and changes in remuneration regulations the AIFM is subject to.

### ***Linking remuneration with performance***

The AIFM's remuneration policy is part of the BMO Global Asset Management (EMEA) framework for promoting sound remuneration management, with the objective of providing total compensation to its employees that is warranted by corporate, business unit/function and individual performance and is comparable to market competitors, whilst being consistent with and promoting sound and effective risk management and the achievement of fair outcomes for all customers. Its purpose is to facilitate achievement of the business objectives and corporate values of the AIFM, with the primary focus on clients, whilst ensuring that BMO Global Asset Management (EMEA) is able to attract, retain and motivate the key talent required to achieve these business objectives and corporate values without incentivising excessive or inappropriate risk.

When setting remuneration levels, the following components and principles form part of the remuneration management framework:

- o Fixed remuneration is determined taking into account factors including the requirements of the particular role and the staff member's experience, expertise, contribution level and the fixed pay for comparable roles. Fixed remuneration is set, with reference to market data, at a level that is sufficient to attract high calibre staff as well as to permit the operation of a fully-flexible remuneration policy (including the possibility of a staff member receiving reduced or no variable remuneration in a particular year). The Committee keeps the balance between fixed and variable remuneration under review.
- o Variable remuneration is determined annually by reference to both financial and non-financial AIFM performance considerations. External competitor practices are included in the funding review to ensure compensation opportunities in the markets within which the AIFM operates are given due consideration and retention risks are effectively managed. Incentive funding is developed in view of current and projected economics and risks, supported by BMO Global Asset Management (EMEA) Audit and Compliance Committee inputs, ensuring risk-adjustments and qualitative and quantitative considerations, such as the cost and quantity of capital and liquidity are actively considered as funding adjustments. The Committee ensures that all incentive awards are not paid through vehicles or methods that facilitate the avoidance of the requirements with regard to remuneration imposed by applicable law and/or regulations.
- o Variable remuneration is allocated to respective business functions by reference to:
  - o contribution of the respective business function or unit to corporate performance;
  - o business function performance relative to pre-determined targets and objectives, including adherence to risk management obligations; and
  - o competitive market pay data.

Individual award allocations are referenced to the individual achievement during the performance year relative to pre-agreed objectives and assessment of market

comparability. Performance is assessed in relation to pre-agreed objectives, which include financial and non-financial goals (including the achievement of fair customer outcomes), compliance with the BMO Group's policies and procedures, adherence to risk management and compliance requirements and the BMO Code of Conduct. The assessment of performance for Identified Staff reflects multi-year performance in a manner appropriate to the life-cycle of the funds that are managed by the AIFM.

- Application of Financial Conduct Authority's Handbook (SYSC 19B: AIFMD Remuneration Code) pay-out process rules, save for disapplication at individual or AIFM level, which is determined by an annual proportionality assessment.

### **Quantitative remuneration disclosure**

The total remuneration paid by BMO Investment Business Limited to its staff is zero, as all AIFM staff are employed by other companies in BMO Global Asset Management (EMEA).

The table below provides an overview of aggregate total remuneration paid to AIFM Identified Staff in respect of the proportion of their pay aligned to their AIFM responsibilities. It is not possible to apportion remuneration by individual Identified Staff working on a specific investment fund, therefore figures are provided in aggregate on an AIFM basis.

	Headcount	Fixed Remuneration £m	Variable Remuneration £m	Total Remuneration £m
BMO Investment Business Limited Remuneration of AIFMD Identified Staff of which:	22	1.475	1.999	3.474
Senior Management	11	0.105	0.203	0.308
Other Code Staff	11	1.370	1.796	3.166

### **Notes on the quantitative remuneration disclosure**

Total remuneration reported is the sum of salary, cash bonus, any deferred annual bonus, value of any long-term incentive awards, plus the value (actual or estimated) of employer's pension contributions, awarded in respect of performance in the reportable financial year.

The table excludes staff who are providing delegated services to the AIFM.

Senior management are defined in this table as the AIFM Directors and Control Function Heads.

The Identified Staff disclosure represents total compensation of those staff who are fully or partly involved in the activities of the AIFM funds, apportioned to the estimated time relevant to the AIFM or to the amount attributable to the AIFM allocated on an AUM basis.

### **The Depositary**

The Company has appointed KAS Trust & Depositary Services BV (KAS Trust) to provide depositary services in accordance with the AIFM Directive under the terms of a depositary agreement effective as of 22 July 2014 to which both the Company and the AIFM are parties. The depositary agreement will be available on the Company's website. The services that KAS Trust as depositary for the Company will be responsible for include (i) the safekeeping of the

assets of the Company, and (ii) the oversight and supervision of the Company and the management of the Company by FCIB, including cash monitoring.

KAS Trust has delegated the safekeeping of financial instruments of the Company which are eligible for holding in custody to KAS BANK N.V.

The Depositary is liable to the Company for any loss suffered as a result of its unjustifiable failure to perform its obligations, or its improper performance of them. Any claims the shareholders of the Company and the Company may have towards the Depositary can only be initiated by the Company and not by the Company's shareholders directly to the Depositary.

The Depositary receives an annual fee for its services of 1.3 basis points on the value of the assets of the Company with a minimum fee of EUR 15,000 per annum. The depositary agreement in place with KAS Trust continues unless and until terminated by the Company or KAS Trust giving not less than six months' notice

### **The Auditor**

PricewaterhouseCoopers Accountants NV (PwC) provides audit services to the Company. Its Audit Report in respect of the Financial Statements of the Company, and the fees for its services, will be set out in the Annual Report and Accounts on the Company's website.

The Auditor has a responsibility to express an opinion on the Financial Statements based on its audit. The audit is conducted in accordance with Dutch Law, including the Dutch standard on Auditing.

### **The Share Registrar**

Computershare Investor Services PLC is responsible for maintaining the Company's share register, including keeping up to date the names and addresses of the shareholders, receiving and recording proxies at the Company's General Meeting, and paying dividends on the due date to shareholders on the register in accordance with instructions from the Company. The fees paid to the Registrar are variable and are set out in the Annual Report and Accounts on the Company's website.

### **Delegation of functions by the AIFM**

The AIFM has delegated responsibility for:

- settlement, corporate action, reconciliation and certain other administrative and record-keeping functions to State Street Bank and Trust Company. Fees for these services are paid by the AIFM and are not reimbursed by the Company.

BMO Management Limited, an associate of the AIFM, trades securities and financial derivatives with brokers and other market counterparties as agent on behalf of the Company on a delegated basis.

The Company has not identified any conflicts of interest in these relationships.

The duties of the delegates are owed to the Company and not directly to investors in the Company, whether individually or in groups. Accordingly, investors may not bring any action or make a claim against the services agreements with those delegates.

## INVESTOR INFORMATION

### Reports and Accounts

Copies of the Company's latest Annual Accounts and Interim Reports may be accessed at [www.europeanassets.eu](http://www.europeanassets.eu) or by writing to the Company at its Registered Office address, PO Box 1370, NL-3000 BJ Rotterdam or its Company Secretary at BMO Investment Business Limited, 6<sup>th</sup> Floor, Quatermile 4, 7a Nightingale Way, Edinburgh EH3 9EG, Scotland.

### Publication of net asset values and share prices

The previous business day's net asset value of the Company is published each business day through a Regulatory Information Service and may also be accessed at [www.europeanassets.eu](http://www.europeanassets.eu) under "Regulatory News". The current share price is also published on the website.

### Valuation Policy

The Company's valuation policy in respect of its listed and unlisted investments is contained within the Accounting Policies note in the Annual Report and Accounts published on the Company's website which can be accessed at [www.europeanassets.eu](http://www.europeanassets.eu).

### Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's Annual Reports and Accounts and monthly factsheets, which are available at [www.europeanassets.eu](http://www.europeanassets.eu).

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

### Purchases and sales of shares by investors

The Company's shares are quoted on NYSE Euronext Amsterdam (Reuterscode: EURT.AS) and London Stock Exchange (Reuterscode EAT.L). Trading primarily takes place on the London Stock Exchange.

The Company entered into a Liquidity Enhancement Agreement with BMO Asset Management Plc in November 2005. The purpose of this agreement is to enhance the liquidity in the trading of the Company's shares on the London Stock Exchange. The agreement is for a continuous period. BMO Asset Management Plc has sole discretion, in the name of the Company, to implement share buy backs or sales assuming the parameters and requirements laid down by the Board in the agreement are met. In summary, where there are shareholders wishing to sell and the average share price discount to net asset value measured over a rolling 5 business day period is 5 per cent or more, subject to other relevant requirements, shares may be bought back based upon the share price equivalent to a discount of 5 per cent to the net asset value, adjusted for portfolio realisation costs depending upon market circumstances. The maximum number of shares that can be bought back in any three month period is 10 per cent of issued share capital. The price at which shares are sold from treasury is subject to limitations on asset dilution. The absolute level of dilution through the sale of treasury shares is restricted to 0.5 per cent of net asset value in any one year, and treasury shares which are sold at a discount to net asset value will only be sold where the discount at which the shares are to be sold is lower than the average discount at which the shares have been acquired by the Company measured over preceding financial periods and in addition at a price which is not less than the market bid price at the time of sale.

The AIFM with the approval of the Company maintains a series of savings plans operated by BMO Management Limited as plan manager through which investors located in the United Kingdom can make regular or lump sum payments to purchase and subsequently hold or sell



shares in the Company in a savings plan account. The savings plans are administered on behalf of the AIFM by DST Systems (“DST”) and details are contained in the Annual Report and Accounts and at [www.europeanassets.eu](http://www.europeanassets.eu).

### **Jurisdiction, applicable law and recognition of judgments regarding the legal implications of the relationship between the shareholders and the Company**

In principle the Dutch courts have international jurisdiction for claims arising out of the relationship between a shareholder and the Company. The relationship between a shareholder and the Company is, according to Dutch private international law, in principle governed by Dutch law. The terms on which the transfer of or creation of a right in a share in the Company can be enforced, is, according to Dutch private international law, governed by the law of the state in whose territory the account in which the shares are administered is maintained.

Judgments against the Company rendered by courts outside the Netherlands can be recognised and enforced in the Netherlands. The exact requirements for recognition and enforcement depend on the country of the court that rendered the judgment. The main legal instrument on the recognition and enforcement of judgments from courts of European Union member states (excluding Denmark) is Council regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (OJ 2001, L 012, 1). Other international instruments or Dutch national law apply to the recognition and enforcement of judgments from states outside the European Union.

### **Fees and expenses**

The fees and expenses which will be borne by the Company and investors are limited as set out above, but there is no formal cap on their level.

Accordingly, the maximum amount of fees and expenses which could theoretically be indirectly borne by the investors is equal to the value of their investment in the Company, including, in relation to indemnities, any distributions made to them by the Company.

### **Fair treatment of investors**

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The FCA Listing Rules require that the Company treats all shareholders of the same class of shares equally. The Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, ‘Wft’) and the Dutch Civil Code furthermore requires that the AIFM treats all shareholders equally whose circumstances are equal in the same manner.

In particular, each Director has statutory duties under the Dutch Civil Code with which they must comply, including that the Directors in the performance of their duties shall be guided by the best interests of the Company and the undertaking connected with it, which means that the Directors must take the interest of all those involved into account, which includes the interests of the shareholders.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors. Furthermore, the AIFM does not give preferential treatment to any investors who open savings plan accounts for the purpose of investing in the shares of the Company and it is obliged under the rules of the FCA to ensure that all investors in the savings plans are treated fairly. Oversight of its compliance with the aforementioned rules and the achievement of fair outcomes for investors is undertaken by the BMO Group Treating Customers Fairly Committee and through the operation of an embedded complaints handling procedure.

## **RISK FACTORS AND RISK MANAGEMENT**

### **Risk profile**

The Company's key risks and the procedures in place for the management of those risks are set out in the Annual Report and Accounts on the website under "Financial Instruments and Risk Management".

The Company reports in its Interim Report and Accounts, which can be found at [www.europeanassets.eu](http://www.europeanassets.eu), whether the key risks have changed since the year end.

### **Liquidity risk management**

The AIFM has in place liquidity management in relation to the Company which is intended to ensure that the Company's investments maintain a level of liquidity which is appropriate to the Company's obligations in respect of investment settlements, share buybacks, loan repayments, dividend payments and other operating costs.

The Company's portfolio of investments is liquid. The Company's website contains a full list of investments and the Annual Report and Accounts carry further details of the portfolio.

A list of pre-approved counterparties, selected on strict criteria, is maintained by the AIFM. Cash and deposits must be held with approved banks with a minimum rating as set by the Company from time to time.

Investors will be notified by way of a disclosure on the website in the event of any material changes being made to the liquidity management systems and procedures, or where any new arrangements for managing the Company's liquidity are introduced.

### **Professional negligence liability risks**

The AIFM is covered under the professional indemnity insurance maintained by the BMO Group as part of its comprehensive insurance coverage. This is a worldwide policy appropriate to the risks covered.