

Manager Commentary
Sam Cosh



European stock markets continued their positive start to the year in February. The combination of a more dovish stance from the US Federal Reserve, an apparent thawing of the relationship between China and the US, as well as improving consumer confidence in Europe all buoyed markets. Sterling strengthened over the month due to the perceived reduced likelihood of a 'no-deal' Brexit and this dampened the positive returns for shareholders. The trust outperformed the benchmark as a result of strong reported results from a number of our holdings.

Our top two contributors came from among our healthcare stocks – Gerresheimer and Tecan, up 11.9% and 11.1%, respectively. German-listed medical packaging supplier Gerresheimer reported growth and profitability ahead of expectations, despite tough comparisons from last year, as recent acquisition Sensile Medical delivered positive results. The first presentation from the new CEO was well received – he confirmed the company's ambitions for both growth over the medium term as well as a reduction in its levels of leverage (borrowed capital).

We were also pleased to see recovery in a number of shares that had been detractors during the final quarter of 2018. Swedish recreational-vehicle equipment supplier Dometic rose 15.6% as results were ahead of market expectations for both sales and profitability – primarily as a result of strong operations in the Europe, Middle East and Africa (EMEA) market. The new CEO also gave a more upbeat outlook than expected. Italian asset manager Azimut rose 14.3% as the company announced a change to its fee pricing structure at the end of last month, while political tensions in Italy continue to ease.

Another strong contributor during the month was recent addition to the portfolio Takeaway.com, the Dutch online food delivery marketplace. The share price increased 14.1% as results showed continued positive growth, stabilisation of margins in the Netherlands and improved cashflow from operations.

The main detractor during the month was seismic data company TGS-NOPEC, shares of which declined 8.6%. While operating profit was a little disappointing, the underlying net income was strong. The share price was impacted by uncertainty and volatility surrounding the oil price.

Key facts as at 28.02.2019

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: £386.8 million

Share price: 98.00p

NAV: 107.29p

NAV €: 1.25

Discount/premium(-/+): -8.66%

Dividend payment dates: Jan, Mar, Jul, Oct

Yield††: 5.98%

Net gearing/Net cash*: 0.08%/0.00%

Management fee rate:** 0.80%

Ongoing charges*:** 1.06%

Year end: 31 December

Sector: European Smaller Companies

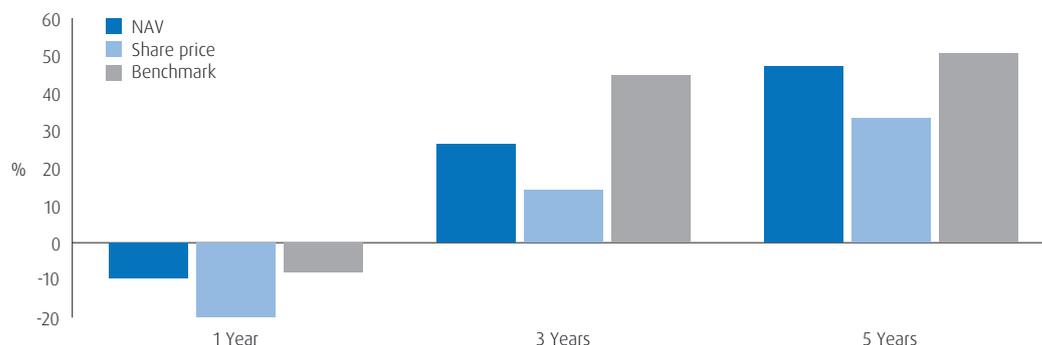
Currency: Euros

Website: www.europeanassets.eu

*** 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 28.02.2019



Cumulative performance (%) as at 28.02.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	3.43	7.62	-9.41	26.23	46.96
Share price	0.72	5.29	-19.72	13.87	33.17
Benchmark	0.84	5.49	-7.89	44.66	50.61

Discrete performance (%) as at 28.02.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV	-9.41	16.37	19.74	5.75	10.09
Share price	-19.72	25.17	13.32	4.23	12.20
Benchmark	-7.89	18.29	32.77	4.58	-0.45

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.

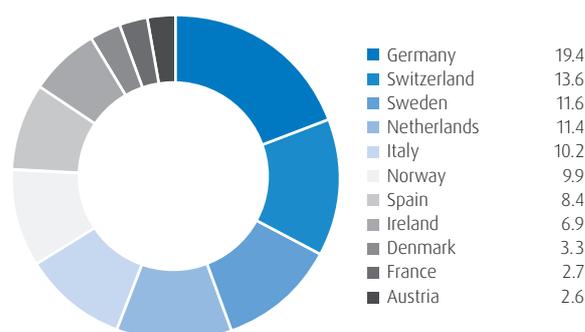


Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
CTS Eventim	4.3	0.3	4.0	Consumer Services
IMCD Group	4.2	0.3	3.9	Basic Materials
Gerresheimer	4.2	0.2	4.0	Health Care
Wizz Air Holdings	3.7	--	--	Consumer Services
Vidrala	3.7	0.2	3.5	Industrials
Cerved Information Solutions	3.6	0.1	3.5	Industrials
Coor Service Management Holding	3.4	0.0	3.4	Industrials
Forbo Holding	3.4	0.2	3.2	Consumer Goods
Tecan Group	3.4	0.2	3.2	Health Care
Ringkjoebing Landbobank	3.3	0.1	3.2	Financials

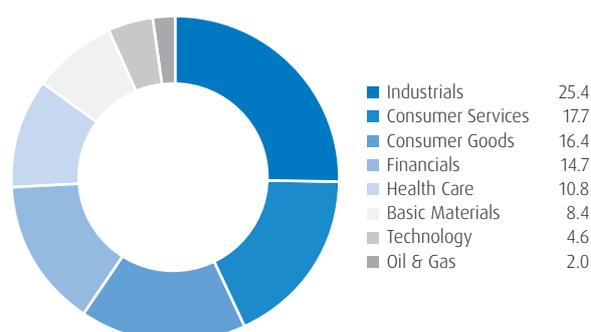
All figures are subject to rounding.

Geographical breakdown (%)



All figures are subject to rounding.

Sector breakdown (%)



Net dividend distributions per share

	2019
January €	0.0171
January £	0.0149
April €	
April £	
July €	
July £	
October €	
October £	
Total €	
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 28.02.2019 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. (03/19)