European Assets Trust PLC

Annual General Meeting - Frequently Asked Questions

How did the Company perform during 2020?

Performance year ended 31 December 2020

Total return	Sterling
Net asset value	21.9%
Share price	17.4%
Benchmark Index	18.9%

Despite the massive dislocation caused by the Covid-19 pandemic, the Company's 2020 investment performance finished strongly, delivering a NAV total return significantly ahead of benchmark and a substantial increase in dividend. Most of the strong absolute returns were delivered in the second half of the year as the positive vaccine news was released. However, the foundation for this excellent performance was laid by the Manager through its work undertaken earlier in the year. The portfolio was not overly exposed as the crisis hit and the Manager took advantage of the ensuing market volatility to add some quality companies to the portfolio at attractive prices.

Other areas that performed well were those that could be characterised as drivers of digital or technological transformation. This was a theme that clearly accelerated last year along with the Company's healthcare holdings, particularly those in the medical diagnostics sector being particularly strong.

What impact did the COVID-19 pandemic have on the portfolio in 2020?

While last year was volatile, from a stock picker's perspective, it was productive. The Manager was able to use this volatility, particularly at the height of the crisis, to execute its philosophy and process. Heading into 2020 the Manager had felt that the high quality, fast growth portion of the market had reached valuation levels with which it was not entirely comfortable. It had, however, built up a watch list of attractive opportunities that it would look to buy on any weakness. March and April 2020 gave the Manager the chance and it added a number from those ideas to the Company's portfolio. While this led to higher portfolio turnover than normal in 2020 this also provided much of the fuel to the Company's performance over the second half of that year.

Did the COVID-19 pandemic impact upon operations?

The impact of the Covid-19 pandemic on the investment and operational performance of the Company has been monitored actively by the Board. Additional board meetings have been held by video conference with representatives of the Manager and advisers to the Company. The home working arrangements implemented by the Manager and many of the Company's suppliers have been very effective. As a consequence, there has been no impact upon service delivery and operations.

Did the Company deploy gearing during 2020?

In March 2020, the Company entered into a €45 million multi-currency revolving loan facility with Royal Bank of Scotland ("RBSI") expiring during March 2021.

The Company did utilise this gearing facility during the year and at 31 December 2020 the Company had drawn €30 million.

After the year end, the Company has refinanced it borrowings facility with RBSI on favourable terms.

What steps has the Company taken to consider ESG factors when investing?

Environmental, Social and Governance ("ESG") issues are the three central factors in measuring sustainability and can present both opportunities and threats to the long-term investment performance the Company aims to deliver to Shareholders. The Board is therefore committed to taking a responsible approach to ESG matters. There are two strands to this approach. The Company's own responsibilities on matters such as governance and the impact it has through the investments that are made on its behalf by the Manager. Further details are provided on pages 24 to 27 of the 2020 Annual Report.

The Board recognises that the most material way in which the Company can have an impact is through responsible ownership of its investments. The Manager engages actively with the management of investee companies to encourage that high standards of ESG practice are adopted. The Manager has long been at the forefront of the investment industry in its consideration of these issues and has one of the longest established and largest teams focused solely on ESG.

The Manager's Corporate Governance Guidelines set out expectations of the boards of investee companies in terms of good corporate governance. The Board expects to be informed by the Manager of any sensitive voting issues involving the Company's investments. In the absence of explicit instructions from the Board, the Manager is empowered to exercise discretion in the use of the Company's voting rights and reports at each meeting to the Board on its voting record. The Manager will vote on all investee company resolutions

What dividend has been declared for 2021?

In January the Company announced that the 2021 dividend of 8.0 pence per share would be paid in four equal instalments of 2.0 pence per share on 29 January, 30 April, 30 July and 29 October 2021.

8.0 pence per share represents an increase of 14.0% from the 2020 dividend of 7.02 pence per share.

The level of dividend paid each year is determined in accordance with the Company's distribution policy. The Company has stated that, barring unforeseen circumstances, it will pay an annual dividend equivalent to six per cent of its net asset value at the end of the preceding year.

How is the dividend funded?

Following approval by the UK High Court, dividends will be funded by a combination of current year profits and the Distributable Reserve. The value of the Distributable Reserve as at 31 December 2020 was £346 million. In comparison the cost of the 2020 dividend was £25 million.

The six per cent dividend yield was set in the belief that long term returns from smaller companies should be in this region and that the Manager should outperform this over the longer term leading to both NAV growth and a high dividend payout.

Why is the dividend now declared in Sterling rather than Euros?

In January 2020, the Company announced that dividends would be declared in Sterling, a change from the previous practice of declaring in Euros. This change provides greater certainty of income for the overwhelming majority of the Company's shareholders who choose to receive their dividends in Sterling rather than Euros.

What is BMO Investment Business Limited ("the Manager") paid?

In March 2020 the Company has renegotiated its fee payable to the Manager.

Previously, the Manager received a fee equal to 0.8 per cent per annum of the value of funds under management. Funds under management are calculated as the value of total assets less current liabilities (excluding borrowings) at the end of the preceding quarter. It excludes the value of any funds managed by the BMO group and 50 per cent of the value of funds managed by other managers. In cases where the value of funds under management exceeded €500 million, the applicable rate over such excess value was 0.65 per cent per annum.

Following the amendment, which was effective from 1 April 2020, the investment management fee has been reduced from 0.8 to 0.75 per cent per annum of the value of funds under management. For funds under management in excess of €400 million, the applicable rate over such excess value will be 0.6 per cent per annum. The basis of calculation for funds under management is unchanged.

In addition, the Manager receives an annual fee of £100,000 for the provision of administration services.

Why can shareholders not attend the AGM this year?

On 12 March 2021, mindful of the potential for travel and gathering restrictions arising from the Covid-19 pandemic the Board announced the disappointing decision to amend the format of this year's AGM. Shareholders are not be permitted to attend this year's AGM physically. At 3.00pm on 13 May 2021, Shareholders will be able to view online a presentation by the Manager.

To foster better Shareholder engagement in these restricted circumstances, a special email account has been created and Shareholders are requested to direct any questions they may have about the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to this address: europeanassetsagm@bmogam.com. The Board will endeavour to ensure that all such questions are fully addressed during the presentation or on the Company's website.

If I cannot attend the AGM how can my votes count?

Use your Form of Proxy or Form of Direction, appointing the Chairman as your proxy.

This will allow your votes to count despite you being unable to attend. Appointment of a proxy other than the Chairman will result in your vote not being counted, as the person appointed as your proxy will not be admitted to the AGM.

Is there a requirement for Directors to own shares?

There is no requirement for Directors to hold shares. Details of Director shareholdings are provided on page 43 of the 2020 Report and Accounts.

Why are the Directors seeking the authority to buy back and issue share?

The Directors seek these powers to minimise the volatility of the Company's share price to its net asset value. In considering whether buyback or issuance might be appropriate in any particular set of circumstances, the Board will take into account: the prevailing market conditions; the degree of net asset value accretion that would result from the buyback or issuance; the cash resources readily available to the Company; the immediate pipeline of investment opportunities open to the Company; and the working capital requirements of the Company.

The Directors monitor actively the share price discount or premium and receive frequent updates from the Company's broker with regard to the demand for the Company' shares.