European Assets Trust PLC

Report and Accounts 31 December 2020

BMO

Financial Calendar	
First interim dividend paid for 2021	29 January 2021
Announcement of annual results	March 2021
Second interim dividend paid for 2021	30 April 2021
Annual General Meeting	13 May 2021
Third interim dividend paid for 2021	30 July 2021
Interim results for 2021 announced	August 2021
Fourth interim dividend paid for 2021	29 October 2021

Forward-looking statements

This document may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Board's current view and on information known to it at the date of this document. Nothing should be construed as a profit forecast.

Front cover image: Galleria Vittorio Emanuele II, Milan, Italy.

Contents

Company Overview

- The Company's objective is to achieve long-term 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 with dividends paid out of current year revenue profits and the Distributable Reserve.
- Through its aim to pay Shareholders a dividend of 6% based on the Net Asset Value (NAV) on 31 December each year, the Company has offered an attractive level of yield – both in absolute terms and relative to other asset classes. Investors seeking long-term capital appreciation meanwhile can choose to reinvest dividends in order to enhance their growth potential.
- The Board seeks to manage liquidity in the Company's shares through its ability to issue or buyback shares dependant on the extent of any share premium or discount. This is designed to reduce the volatility of the Company's share price relative to its Net Asset Value.
- With an Ongoing Charges ratio of 0.95%† the Company compares favourably with open-ended investment companies and many other investment trusts. The cumulative benefits of low costs are very significant for long-term investors.
- On 16 March 2019 European Assets Trusts NV ("EAT NV") migrated under the European Cross-Border Merger Regulations its legal seat and structure from the Netherlands to the United Kingdom by means of a cross border merger. All assets and liabilities transferred to its wholly owned subsidiary European Assets Trust PLC ("the Company"). Shareholders received one Ordinary Share in the Company for each share held in EAT NV. EAT NV was then effectively dissolved without liquidation.

Visit our website at **www.europeanassets.co.uk**

Registered in England and Wales with company registration number 11672363. Legal Entity Identifier 213800N61H8P3Z4I8726

† Year ended 31 December 2020 – calculated with reference to the basis recommended by the Association of Investment Companies (AIC).

Financial Highlights

17.4%

Share price performance

The Company recorded a Sterling Share Price total return* of 17.4% for the year ended 31 December 2020 in comparison to the EMIX Smaller European Companies (ex UK) Index (our 'Benchmark') which returned 18.9%.

21.9%

NAV performance

The Sterling Net Asset Value per share total return* was 21.9% for the year ended 31 December 2020. Further analysis of this performance is provided in the Chairman's Statement and Investment Manager's Review.

8.00p ↑14.0%

Dividend

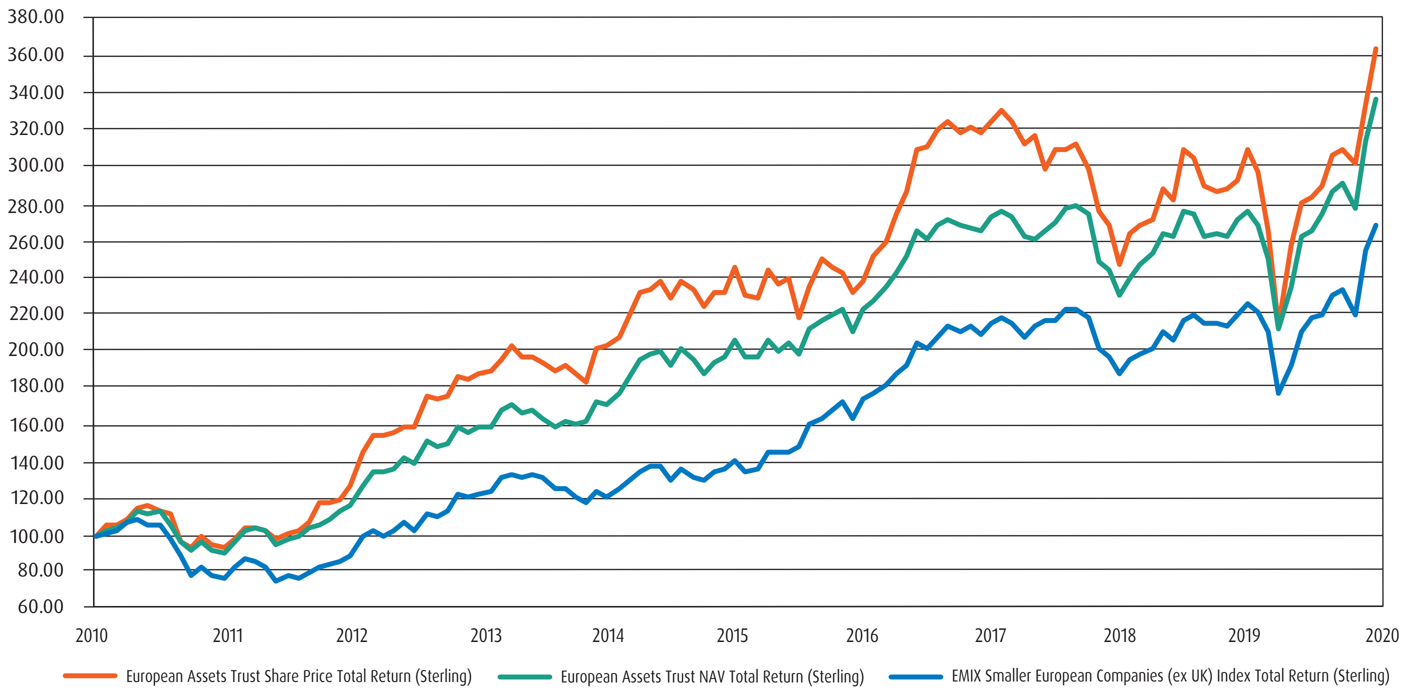
The Board has declared a total dividend for 2021 of 8.00 pence per share in accordance with its aim of paying at a rate of six per cent of the closing Net Asset Value of the preceding year. This is an increase of 14.0% from the 2020 dividend of 7.02 pence per share.

0.95%‡

Ongoing charges*

The ongoing charge of the Company has been reduced from 1.7% for the year ended 31 December 2012 to 0.95%* for the year ended 31 December 2020.

The Longer Rewards∞ (rebased to 100 at 31 December 2010)



* Refer to Alternative Performance measures on page 86.

‡ Calculated in accordance with the basis recommended by the AIC.

∞ EAT NV prior to the migration on 16 March 2019.

Summary of Performance

Investing in European small and medium sized companies to deliver attractive returns

Total Return for the year ended 31 December	2020		2019	
	Sterling	**Euro**	**Sterling**	**Euro**
Net Asset Value Total Return per share*	**21.9%**	**15.4%**	19.8%	26.9%
Share Price Total Return*	**17.4%**	**11.1%**	25.7%	33.3%
EMIX Smaller European Companies (ex UK) Index	**18.9%**	**12.6%**	20.6%	27.8%

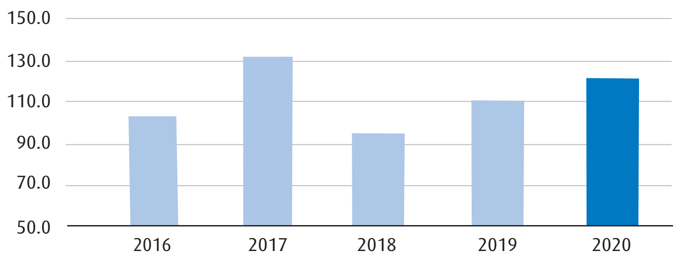
Capital Return	2020		2019	
	Sterling	**Euro**	**Sterling**	**Euro**
Total assets (less current liabilities) – millions	**£478.0**	**€534.0**	£418.1	€493.5
Net Asset Value per share	**£1.33**	**€1.48**	£1.16	€1.37
Share Price per share	**£1.20**	**€1.34†**	£1.10	€1.30†
EMIX Smaller European Companies (ex UK) Index	**693.83**	**775.14**	595.21	702.44

Dividend per share for the year ended	2020		2019	
	Sterling	**Euro**	**Sterling**	**Euro**
Total dividends paid	**7.020p**	**n/a**	5.990p	€0.0684‡

* See Alternative Performance Measures on page 86 for explanation.
† Converted in to Euros using the relevant exchange rate at the balance sheet date.
‡ Prior to the migration, on 16 March 2019, dividends were paid by EAT NV and are shown net of Dutch withholding tax.

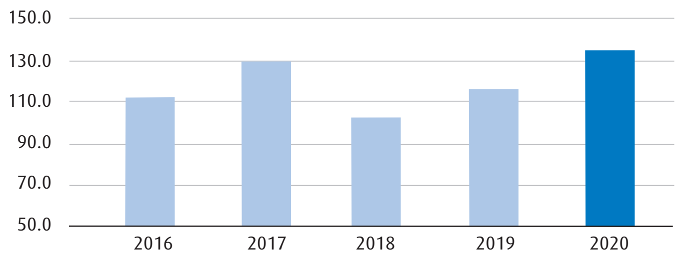
Source: BMO GAM, Refinitiv Eikon

Share Price per share (pence) at 31 December‡



Source: Refinitive Eikon

Net Asset Value per share (pence) at 31 December‡



Source: BMO GAM

‡ EAT NV prior to the migration on 16 March 2019.

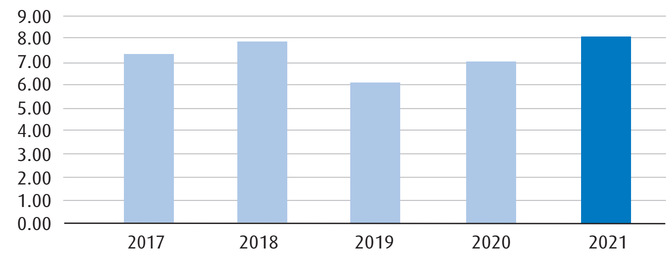
At 31 December	2020	2019
Discount to Net Asset Value*	(9.4%)	(5.3%)
Gearing/Net Cash*	5.0%	(2.8%)
Ongoing Charges*	0.95%	1.11%

2020 Year's Highs/Lows	High	Low
Net Asset Value per share	134.39p	81.28p
Share Price	120.25p	62.40p
Discount to Net Asset Value	(5.2%)	(23.5%)

* See Alternative Performance Measures on page 85 for explanation.

Source: BMO GAM, Refinitiv Eikon

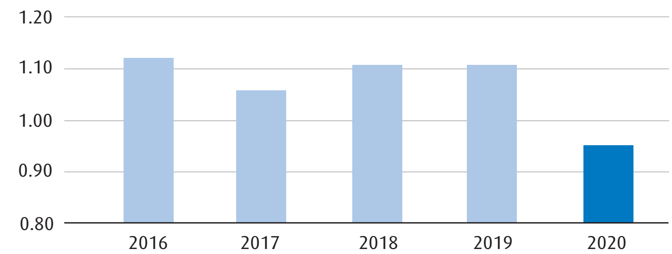
Net dividends paid/declared^ per share - sterling‡†



Source: BMO GAM

^ 2021 Sterling dividends declared.
* See Alternative Performance Measures on page 85 for explanation.
† Dividends were paid by EAT NV net of Dutch Withholding tax.
‡ EAT NV prior to migration on 16 March 2019.

Ongoing charges*‡ - %



Source: BMO GAM

Chairman's Statement

Jack Perry CBE, Chairman

"Last year we delivered significant growth in shareholder value while providing shareholders with reliable income. We believe the portfolio is now well positioned to continue delivering attractive levels of income and growth."

Fellow Shareholders,

Firstly, I would like to take this opportunity, on behalf of the Board to thank you for your continuing support during these difficult and uncertain times. We very much hope that you are managing through this challenging period as well as possible.

I am pleased to report that European Assets Trust PLC ('the Company') recorded a Sterling Net Asset Value ("NAV") total return for the year ended 31 December 2020 of 21.9% (2019: 19.8%). This compares to the total return of its benchmark the EMIX Smaller European Companies (ex UK) Index which rose 18.9% (2019: 20.6%) during the same period. With the discount widening from 5.3% as at 31 December 2019 to 9.4% at the year-end the Sterling share price total return for the year was 17.4% (2019: 25.7%).

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 our 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 investment managers through the work they had done earlier in the year. The portfolio was not overly exposed as the crisis hit, but the investment team took advantage of the ensuing market volatility to add some quality companies to the portfolio at attractive prices. The investment managers had previously met all of these companies and the research had already been carried out, so they could act quickly as opportunities presented themselves. Although this led to a higher portfolio turnover than we are used to, this demonstrated strong execution of the investment manager's philosophy and process. These decisions in aggregate, contributed well and were a significant driver of our outperformance in the year. 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 our healthcare holdings, particularly those in the medical diagnostics sector being particularly strong.

Dividend

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 NAV at the end of the preceding year.

The 2021 dividend of £0.08 per share, which represents an increase of 14.0% from the 2020 dividend of £0.0702 per share will be paid in four equal instalments of £0.02 on 29 January, 30 April, 30 July and 29 October 2021.

One consequence of the Covid-19 pandemic has been a reduction in the dividend income the Company receives from its investment holdings. Many of the companies held within the investment portfolio have reduced or even cancelled the dividends they pay to their shareholders. To fund its dividend this Company can utilise a combination of current year revenue profits and the Distributable Reserve.

Responsible Investment

The Board and the Manager have long recognised and been committed to the importance of high standards of Environmental, Social and Governance ("ESG") practice in assessing investments for inclusion within the Company's portfolio. These standards also establish a framework for dialogue with the management of these companies. The Board and the Manager believe that higher standards can help to deliver better and more sustainable long-term growth in returns. Pages 24 to 27 of the Annual Report and Accounts explain in detail the Manager's ESG policies and its engagement with the management of invested companies within the Company's portfolio.

Management fee amendment and ongoing charges

During March 2020 the Company announced an amendment to the basis of calculation of the investment management 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 were calculated as the value of total assets less current liabilities (excluding borrowings) at the end of the preceding quarter. 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 this amendment, which was effective from 1 April 2020, the investment management fee was 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 is 0.6 per cent per annum. The basis of calculation for funds under management remained unchanged.

Annual cost savings arising from the recent migration of the Company from the Netherlands to the United Kingdom have been in the region of £350,000 which is in excess of our conservative estimates when planning this move. These savings coupled with the above reduction in investment management fee rates have resulted in the lowest ongoing charges rate ever recorded by the Company at 0.95% for the year to 31 December 2020. (31 December 2019: 1.11%). The Board will continue to actively monitor costs to maintain its competitiveness.

Directorate Change

As part of the Board's plan to ensure an orderly succession Laurence Jacquot will retire from the Board at the conclusion of the Company's forthcoming Annual General Meeting.

Laurence has served on the Board of this Company and its predecessor, European Assets Trust NV, since 12 May 2011. Her understanding of investment management has been an invaluable contribution to the Board. On behalf of the Board and stakeholders of the Company, I thank Laurence for her contribution and commitment throughout the last nine years.

As a further part of the succession plan and following a rigorous selection process Ms Pui Kei Yuen was appointed to the Board with effect from 26 February 2021. Pui Kei has over 20 years' experience in the fund management and investment banking industries at Mercury Asset Management, UBS and Bank of America Merrill Lynch. Her roles included UK institutional equity portfolio management and research, and Pan-European responsibilities for equity sales advising a large range of institutional investors and hedge funds. She is currently a director of Capital for Business Ltd. A resolution for her continuing appointment will be raised at the Company's Annual General Meeting.

The Board looks forward to working with Pui Kei and to the valuable insight she will bring to the Board's deliberations.

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. It has been pleasing to note that 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.

Financial Reporting

In March 2020, the Board announced that with effect from this reporting year beginning on 1 January 2020, the reporting currency of the Company would change from Euro to Sterling. The Annual Report and Accounts is therefore the first by this Company to be presented in Sterling. It is anticipated that this change will improve the clarity of the Company's financial statements for its Shareholders, the overwhelming majority of whom are located in the United Kingdom.

With effect from 1 April 2021 the benchmark of the Company will be revised from EMIX Smaller European Companies (ex UK) Index (gross) to EMIX Smaller European Companies (ex UK) Index (net). This net benchmark more accurately reflects the impact of irrecoverable withholding tax suffered on the dividend income of the Company.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held at 3.00pm on 13 May 2021 at Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG. Mindful of the potential for travel and gathering restrictions arising from the Covid-19 pandemic the Board has again taken the disappointing decision to amend the format of this year's AGM.

Shareholders will not be permitted to attend this year's AGM physically. At the date and time of the AGM specified in the notice of meeting, Shareholders will be able to view online a presentation by the Company's Investment 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 as described below.

The Manager's presentation will also be available on the Company's website www.europeanassets.co.uk as soon as possible after the presentation accompanied with a regularly updated Questions and Answers Schedule. Online access details for the presentation will be included on the Form of Proxy or Form of Direction.

The formal AGM, including voting on the resolutions at the meeting will be held following the presentation as a closed meeting. Accordingly, and to ensure that their votes will count, Shareholders are strongly encouraged to complete and submit their Form of Proxy or Form of Direction appointing the Chairman of the AGM as their proxy. Appointment of a proxy other than the Chairman of the meeting will result in a Shareholder's vote not being counted at the AGM as the person appointed as proxy will not be admitted to the formal meeting.

The Board has always valued the opportunity that the AGM provided to meet the Company's Shareholders. The Board therefore looks forward to a resumption of our normal practices in 2022 and if possible, with the additional facility of online attendance for those Shareholders unable to travel.

Outlook

Equity markets finished the year strongly and this has continued into the new year. Optimism that the promising vaccine news announced in November will lay the foundation for a path out of the pandemic has driven expectations of a global economic recovery, supported by both expansionary monetary and fiscal policy. Specifically, Europe's reflationary fiscal response is spearheaded by the €1.8tn recovery fund. We are optimistic but are not expecting a smooth transition back to normality. Currently there is concern that the latest virus mutations may not be managed well by vaccination, while Continental Europe appears to be lagging in its vaccination programme.

The Board has been pleased to see the substantial recovery in performance since the pandemic induced downturn in March of last year. We commend the investment management team for some astute repositioning of the portfolio and having the confidence to back their choices with some additional gearing. Part of this repositioning has been the addition to the portfolio of some companies that should be beneficiaries from the economic recovery in Europe and that can help to sustain this trajectory. We believe these changes can help deliver superior returns for Shareholders.

It remains a little frustrating that despite this improvement and the maintenance of our high distribution policy the discount against our NAV, despite some recent easing, remains a bit high. Greater market recognition of our attractive yield, continued strong performance and greater confidence in the economic recovery in Continental Europe should help narrow the discount further.

Last year we delivered significant growth in shareholder value while providing shareholders with reliable income. We believe the portfolio is now well positioned to continue delivering attractive levels of income and growth.

Jack Perry
Chairman
11 March 2021

Purpose, Strategy and Business Model

Purpose and strategy

The purpose of the Company is to achieve long-term growth of capital.

A high distribution policy has been adopted with dividends paid out of current year net profits and the Distributable Reserve.

The strategy is to invest in quoted small and medium-sized companies in Europe, excluding the United Kingdom.

Investment policy and principal guidelines

The investment policy is to seek 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 EMIX Smaller European 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 Company does not restrict its investments to any specific industrial or geographical sector; a diversified geographical spread is maintained.

The Company does not seek to create a portfolio to take advantage of anticipated currency fluctuations.

The Company has the ability to undertake stock lending activities but does not anticipate doing so and would need to enter into a new agreement with its custodian before commencing.

The Company has the powers under its Articles to borrow an amount up to 20 per cent of its securities portfolio.

It is the intention of the Company barring unforeseen circumstances, to pay an annual dividend equivalent to six per cent of the NAV of the Company at the end of the preceding year.

Business model

The Directors have a duty to promote the success of the Company. As an investment company with no employees, the Board believes that the optimum basis for doing this and achieving the Company's objective, and strategy is a strong working relationship with the Company's appointed manager, BMO Investment Business Limited (the "Manager"). Within policies set and overseen by the Board, the Manager has been given overall responsibility for the management of the Company's assets, asset allocation, gearing, stock selection and risk.

As an Investment Trust the Company is not constrained by asset sales to meet redemptions and is well suited to investors seeking longer term returns. The share capital structure provides the flexibility to take a long-term view and stay invested while taking advantage of illiquidity throughout normal and volatile market conditions. All the Company's investments are listed. Having the ability to borrow to invest is a significant advantage over a number of other investment fund structures.

The Board remains responsible for decisions over corporate strategy; corporate governance; risk and control assessment; setting policies as detailed on pages 20 and 21; setting limits on gearing and asset allocation; monitoring investment performance; and monitoring marketing performance.

Implementing the strategy

The investment management contract is with BMO Investment Business Limited ('the Manager') which is a company within the BMO Asset Management (Holdings) PLC Group ('BMO Group'). The Manager has been appointed as Alternative Investment Fund Manager ('AIF Manager'). BMO Group is a wholly owned subsidiary of Bank of Montreal and is part of BMO Global Asset Management ('BMO GAM'). BMO GAM provides investment management and other services to a range of investment companies.

Sam Cosh is the lead portfolio manager appointed by the Manager to the Company. He is assisted by Lucy Morris. Biographies of Sam Cosh and Lucy Morris who are members of the Global Smaller team at BMO GAM are provided on page 10. Details of the Manager's approach are provided on pages 14 and 15.

The fee that the Manager receives for its services is based on the value of assets under management of the Company, thus aligning its interests with those of the Shareholders. The ancillary functions of secretarial and marketing services are also provided by the Manager. The Manager is also responsible for the provision of administration to the Company. A separate administration fee is charged. Details of the management and administration fees payable to the Manager are provided on page 35.

Environmental, Social and Governance ('ESG') Impact

Our ESG policies are set out on pages 24 to 27. The direct impact of our activities is minimal as the Company has no employees, premises, physical assets or operations either as a producer or a provider of goods or services. Its indirect impact occurs through the investments that it makes and this is mitigated through BMO GAM's Responsible Investment Approach as explained on pages 24 to 27.

Manager evaluation

Investment performance and responsible ownership are fundamental to delivering sustainable long-term growth in capital for the Company's Shareholders and therefore an important responsibility of the Board is exercising a robust annual evaluation of the Manager's performance. This is conducted by the Management Engagement Committee of the Board. This is an essential part of the strong governance that is carried out by the Board, all the members of which are independent and non-executive. The process for the evaluation for the year under review and the basis on which the decision to reappoint the Manager for another year are set out on page 46. As noted above, the management fee is based on the Net Asset Value of the Company, thus fully aligning the Manager's interests with those of Shareholders.

Gearing strategy

The Company has the ability to borrow up to an amount of 20 per cent of the value of its investment portfolio.

At 31 December 2020 the Company had drawn €30 million from its €45 million borrowing facility with RBSI and held cash balances of €3.0 million, resulting in gearing of 5.0%.

Liquidity management

The Company has share issuance and buy back authorities which are designed to minimise the volatility of its share price relative to its Net Asset Value ("NAV").

Communication and marketing with key stakeholders

The Company fosters good working relationships with its key stakeholders; the Manager, as described above, Shareholders, suppliers and contractors. As an investment trust the Company has no employees. With approximately 74% of the shares held by retail investors, and savings or execution-only platforms representing an increasingly significant and growing element of the Shareholder base, the Company remains focused with its Manager on promoting its success. All appropriate channels are used including the internet and social media as well as the BMO Savings Plans.

The Company's activities and performance are reported through the publication of its financial statements but the majority of Shareholders and BMO Savings Plan investors prefer not to receive such detailed information. To avoid losing this essential line of communication, the Company issues a short notification with the key highlights of its half-yearly and annual results. The Company also issues a monthly factsheet. All stakeholders can locate the full information on the Company's website, www.europeanassets.co.uk.

In normal circumstances the Annual General Meeting ("AGM") of the Company provides a forum, both formal and informal for Shareholders to meet and discuss issues with the Directors and Fund Manager. Through the Manager, the Company also ensures that BMO Savings Plan investors are encouraged to attend and vote at annual general meetings in addition to those who hold their shares on the main shareholder register. However, in light of the impact of the Covid-19 pandemic the Board has made different arrangements for the forthcoming AGM and these are explained in the Chairman's Statement on page 7. Details of the proxy voting results on each resolution are published on the Company's website where there is also a link to the daily publication of the Company's NAV and its monthly factsheet.

The Manager also has in place a programme of visits designed to foster good relations with wealth managers in promoting the Company's investment proposition. These visits are reported regularly to the Board. Any contact with the Company's institutional Shareholders is also reported. The Chairman and Senior Independent Director are available to meet with major Shareholders.

Managing risks and opportunities

Like all businesses, investment opportunities do not come without risks and uncertainties and so the performance of the Manager is monitored at each board meeting. In addition to managing the Company's investments, the ancillary functions of administration, secretarial, accounting and marketing services are all carried out by the Manager. The Board receives reports on the investment portfolios; the wider portfolio structure; risks; income and expense forecasts; internal control procedures; marketing; Shareholder and other stakeholder issues, including the Company's share price premium or discount to NAV; and accounting and regulatory updates.

Shareholders can assess the financial performance of the Company from the Key Performance Indicators that are set out on page 19. The Board has undertaken a robust assessment of the principal and emerging risks facing the Company. The Principal Risks that the Board considers the Company faces are detailed on page 28.

The risk of not achieving the Company's objective, or of consistently underperforming the benchmark or peer group, may arise from any or all of inappropriate asset allocation, poor market conditions, ineffective or expensive gearing, poor cost control, loss of assets and service provider governance issues. In addition to regularly monitoring the Manager's performance, their commitment and available resources and their systems and controls, the Directors also review the quality and value of services provided by other principal suppliers. These include the Custodian and Depositary in their duties in respect of the safeguarding of the assets.

The principal policies that support the strategy are set out on page 20, whilst the Investment Manager's review of activity in the year can be found on page 11.

Investment Managers

Sam Cosh, Lead Manager is a Director, at BMO. Sam joined BMO in 2010 from BNP Investment Partners and was appointed Lead Manager for European Assets Trust during 2011. Sam also manages the European investments of BMO Global Smaller Companies PLC. He has twenty years' experience in European equities, principally within small and mid cap mandates.

Lucy Morris, Manager is a Director at BMO in the Global Smaller Companies Team. Lucy joined the business in 2007, originally working in the Performance Analytics team before transferring to Equities in 2011. She has worked on the European Small Cap mandates since that point which include European Assets Trust as well as the European investments of BMO Global Smaller Companies plc. She also manages the BMO European Smaller Companies open ended fund. Lucy holds the Investment Management Certificate and is a CFA Charterholder.

Investment Manager's Review

Sam Cosh, Lead Manager

Market Backdrop

2020 was dominated by the outbreak of Covid-19 and the dramatic impact that the pandemic had on social and economic activity. It is therefore remarkable that markets made such strong progress this year. We are pleased to be able to report a total NAV return comfortably ahead of our benchmark and an increase in dividend.

Government and central banks' support carried many economies through the year and allowed markets to recover quickly following the sell-off of in March and April. Most of the gains were, however, made in the fourth quarter as the positive vaccine data was announced, allowing investors to look beyond the pandemic with some confidence, if not outright exuberance. This was also supported by a definitive result of the US election, a last-minute agreement between the UK and the EU on Brexit, and the announcement of substantial stimulus packages in the EU and the US.

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

The pattern of market performance through the year was defined by two trends which we think will endure into 2021. Firstly, and perhaps most obviously, the crisis accelerated the pace of technological and commercial disruption. This, along with a flight to safety, helped quality, growth stocks, lead equities in the first half. This market leadership then transitioned to more value, cyclical stocks in the second half of the year and in the fourth quarter in particular. The vaccine news has given investors confidence to look beyond the pandemic. That confidence in the economic recovery has been bolstered by the response from government to add a significant reflationary fiscal response to the plentiful monetary support already on offer. Fiscal expansion is therefore the second trend we think will characterise the next market cycle.

Portfolio Performance

Perhaps unsurprisingly our biggest contributing sector was healthcare. We held large positions in the sector heading into the year and in aggregate they performed well. Of note were our two diagnostics holdings. Tecan, the Swiss listed manufacturer of diagnostic testing equipment, performed well because their operations were boosted by the pandemic. What has become apparent is that there isn't enough diagnostics capacity and what capacity there is needs to be more efficient. Tecan's products automate the testing process and it has seen increased demand as a response. Italian listed DiaSorin is the leading provider of specialist immunodiagnostics and molecular diagnostics tests. They have had a good year because they have been able to produce a series of Covid-19 related tests. Finally, our holding in Gerresheimer, the German listed pharmaceutical packaging company also performed well. The business had good momentum heading into the year as a new management team had reinvigorated the growth profile of the company, but they should see an additional boost from the pandemic as they hold a strong market position in the production of glass vials that are being used in the mass vaccination programmes.

Although they might spread across different sectors, stocks that we classify as being involved in technological or digital transformation, had a good year. For example, we had an excellent return from one of our new holdings, HelloFresh Group. They are the global leader in the provision of meal kits to the home. Meal kits offer convenience at a reasonable cost as they make the weekly family meal decision straight forward and reduce the need to go shopping. It is also environmentally friendly because there is next to no food waste as everything is produced to order. The supply chain is short, they do not need energy intensive shops, so meal kit providers use far less energy and packaging resources. While this has been a perfect environment for them, we believe it has accelerated their business model.

We also benefitted from two new holdings that operate online brokerage platforms. Avanza Bank, which is the market leader in Sweden, and flatexDEGIRO, the German listed Pan-European leader, both had exceptional years. Volatility was high which led to more trading among their customer bases, which tend to be relatively young investors. We also saw an acceleration of market share gains as the online brokers took market share from the incumbents who in Continental Europe tend to be the traditional banks. We see these online brokers as software companies that can produce a low cost, open architecture product, with attractive customer facing front ends, that are far more attractive than the traditional offerings.

Our semiconductor holdings also performed well. ASM International, the Dutch listed equipment supplier, carried on where it left off last year, delivering excellent growth and share price performance. Our strongest performer was however another new holding, Nordic Semiconductor. The global leader in low power Bluetooth chip design benefitted from an environment that was supportive for the company as demand for more connected devices increased. We believe the growth in demand is enduring, while the company has increased its total addressable market last year winning some large customers.

Finally, it is worth mentioning that our newer additions, in aggregate, contributed handsomely to performance. We have already mentioned Nordic Semiconductor, however it would be remiss of me not to mention our second-best performer, MIPs. Swedish listed, borne out of the Royal Institute of Technology in Stockholm they produce the patented "Brain Protection System". At its essence this is a thin layer that is integrated into a helmet that reduces brain injuries following crashes. This product is only just penetrating the end markets but progress made in terms of both operating results and new clients was very encouraging.

If we turn to our disappointments, our worst performer was TGS, the world's leading seismic surveying company. Our initial investment in the company was based on the view that it was a high-quality operator within the energy sector. Unfortunately, the share price behaved as a volatile derivative of the sector and we decided to sell the holding recycling the capital into some higher quality positions.

Our second worst contributor was one of our new holdings, CanCom, the German listed IT services provider. We believe that, over the long term, the company will benefit from growing demand for cloud solutions which is becoming an increasing part of the company's profits. We also think that this year will have highlighted the need for German SMEs to invest in this area, however, the company disappointed operationally. Their second quarter was particularly challenging as the Covid-19 related lockdowns reduced the ability for their consultants to visit clients leading to lower sales, and costs did not adjust in response. While the market improved in the third quarter, the final quarter was again disappointing as lockdowns came back into force in Germany. We will keep faith with the holding and look forward to seeing how they operate in a more normalised market.

We also had a disappointing return from the materials sector. The principal culprit was Lenzing, the viscose business, which had a challenging first half. With end market prices under pressure and the company's decision to take on a significant amount of debt being poorly received by the market. We were also concerned and decided to sell the stock. Our other holdings in the sector performed reasonably, but they can be characterised as more stable businesses which struggled in the fourth quarter as the more cyclically sensitive parts of the benchmark dramatically outperformed. We had a similar issue in Utilities, which is a sector that had a strong year. Our one holding, Fjordkraft, had a reasonable year outperforming the benchmark, but we suffered because we didn't have enough exposure to the sector as a whole.

Portfolio Activity

As we have discussed most of our trading took place in the first half of the year as we took advantage of market volatility to add some quality holdings to the portfolio at attractive prices. In addition to the examples we have discussed above, we highlight some of our other new additions:

Carasent

Norwegian listed, Carasent provides cloud based patient record management software to the Swedish healthcare industry. They focus on private clinics who are increasingly adopting cloud technology because their existing technology is becoming archaic and unable to adapt to a rapidly changing environment. Cloud solutions do not require significant installation, in contrast to on-premise software offerings which are disruptive to install and costly to maintain, and the ongoing cost is based on usage rather than large upfront payments of traditional offerings. Carasent have high customer retention with clients, on average, increasingly paying for add on services. They have only just started their growth journey with significant potential from market share gains and moving into adjacent geographies and categories.

Global Fashion Group

GFG is a German listed online fashion retailer that has dominant positions in emerging markets. As a platform business with the largest market share, they benefit from a virtuous circle which drives growth. Customers are attracted to their website because they have the largest array of fashion brands, and fashion brands like them because they have the largest access to customers. In contrast to their more mature peers, they also benefit from the fact that many global brands have not developed distribution in emerging markets, so have to use GFG as a route to these markets. Additionally, online shopping is less penetrated in emerging markets when compared to developed markets so there are significant growth opportunities available to them. We also like their approach to encourage sustainability within the fashion industry.

Interpump

This is an Italian industrial business that some of the Company's longer term shareholders might remember us holding historically. They hold market leading positions in the provision of hydraulic components and power take offs for vocational trucks and other machinery as well as ultra high pressure pumps for fluid movement. We had first bought the shares in 2013 but sold in 2017 after strong performance resulted in a valuation we were no longer comfortable with. Growth in demand for their products is underpinned by mega trends such as urbanisation, infrastructure refreshment and environmental concerns. They have a long track record of delivering excellent profits and the management team have steered the business positively over a long period. We continued to monitor the company after we sold the shares and the early period of the pandemic, particularly when Italy was the epicentre of the crisis in Europe, gave us an opportunity to repurchase at a share price we felt provided us with a large margin of safety to deliver future returns.

While portfolio activity was focused around the first half of the year, we also made changes in the second half. Given the performance of

Portfolio Split by Sector at 31 December 2020

the more richly valued areas of our portfolio through the earlier parts of the crisis, we entered the second half of the year casting a critical eye on these areas. We tried to distinguish between those richly valued stocks that had potentially enjoyed a one-off benefit related to Covid-19, or had benefitted disproportionately from the flight to safety, and those where the benefits were more enduring. For example, we started reducing some of our holdings in the diagnostics space, recycling capital in areas of the market that had been hit hard by the pandemic. We therefore added a little more exposure to cyclicals and financials. We also continued to add to the enduring beneficiaries of the crisis, such as those involved in technological transformation, and started to employ some gearing. As we transitioned through to the fourth quarter and the positive vaccine news was released, we took this further. Nonetheless the portfolio remains quality biased offering better growth and higher profit margins than the benchmark.

Outlook

The year has begun optimistically, despite the number of Covid-19 infections rising across the region. Investors appear to be able to look beyond the pandemic as long as the vaccinations are successful. Expectations are high that synchronised global growth later in the year, aided by central bank and government support, will drive economic growth higher, beyond the pandemic recovery. This should push inflation higher along with bond yields creating a different market cycle to what we have seen since the financial crisis. Europe specifically can look towards support from the €1.8tn recovery fund. Given the perception of the region as more cyclically orientated and value biased there are good arguments to suggest it can do well in this environment.

Our portfolio is not trying to predict an economic outcome, nor how stock markets will behave in response. Whilst we added some more economic sensitivity to the portfolio and gearing in the fourth quarter, our philosophy remains to invest in good quality, growing companies at attractive prices, taking a long-term time horizon. This should lead to a portfolio which is growing faster and generating higher margins than the benchmark. This is what we believe can deliver returns for shareholders. It also is exposed to long term attractive trends which have been accelerated by the crisis. For example, technological transformation, health and wellness, and sustainability are all well represented. We used last year's volatility to further execute this philosophy, taking advantage of lower valuations to add companies whose long-term potential is attractive. Our patient process means we will embrace any further volatility to do the same.

Sam Cosh
Lead Investment Manager
BMO Investment Business Limited
11 March 2021

Investment Manager's Investment Philosophy and Process

There are approximately 4,000 quoted European (ex UK) small and mid-cap companies. This is a large, diversified universe of exciting opportunities and is not necessarily well researched or understood properly. This leads to 'market inefficiency' that we, as disciplined stock pickers, can take advantage of to deliver superior investment performance over the long term.

Our philosophy is based on our belief that companies that can compound high returns over an enduring period tend to be undervalued by the market. We want to own these high-quality companies, or those that have the business models that will achieve quality characteristics in the future. Integral to this approach is understanding the competitive advantages, or moats, of these companies. After all this is what will allow a business to defend or improve its market position delivering growing profits for shareholders.

While we do not necessarily target specific sectors, our philosophy will naturally lead us towards certain areas or themes where long-term growth of superior cash flow is more likely. This will result in a portfolio that is significantly differentiated against the benchmark.

Integral to our assessment of quality is an analysis of Environmental, Social and Governance (ESG) issues that face the company and its response to them. More details can be found on pages 24 to 27.

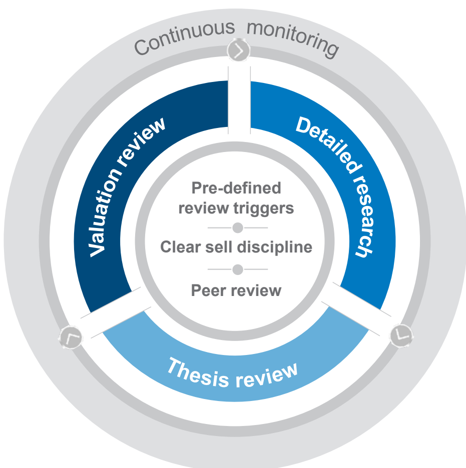
Management teams of smaller companies have a huge role to play in the evolution of their businesses. How they are motivated, rewarded, and allocate capital is crucial in a company's development, for better or for worse. We want to invest alongside management teams who make good long-term decisions and are rewarded for doing so. This often leads us to have a natural affinity towards family businesses, owner-operators, who are successful entrepreneurs, who tend to be good guardians of capital and reinvest their profits intelligently.

While we believe the evolution of a company's profits and cash generation will be the principal determinant of shareholder returns, we also believe the price that you pay for an asset is also crucial in delivering long term performance. Maintaining valuation discipline is crucial to long term returns and often requires patience. Companies that reach our quality hurdle but do not appear reasonably valued are placed on our watch list. This allows us to execute quickly when the opportunity presents itself.

Ultimately this approach should lead to a portfolio of quality smaller companies with the following characteristics:

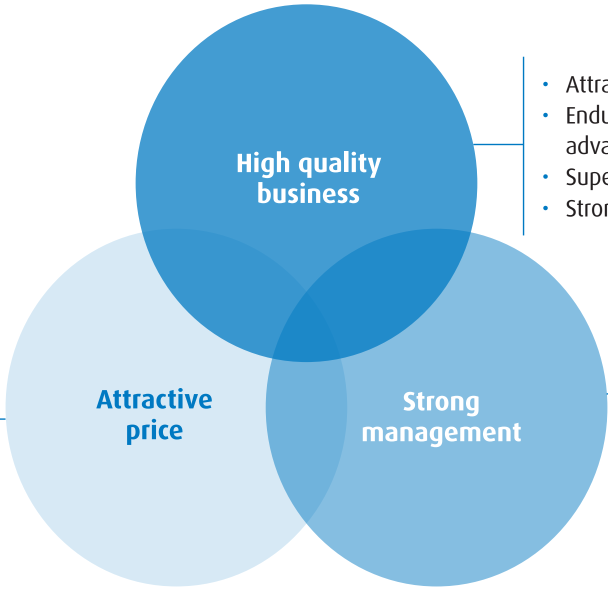
- Proven business models that are defended by scale, intellectual property, brand or market positions
- Management teams that have the right balance of entrepreneurial flair and rational capital allocation, who are incentivised appropriately
- Higher growth rates, margins and returns on capital than the market
- Superior cash flow generation and strong balance sheets that provide stability and opportunity for value added deployment
- Investments fit for the future with attractive ESG credentials

Continuous Monitoring Process



Source: BMO Global Asset Management.

The Investment Process Focuses on Three Aspects for Each Company



High quality business

- Attractive growth prospects
- Enduring differentiation/competitive advantages
- Superior profit generators
- Strong sustainability characteristics

Attractive price

- Margin of safety
- Sustainable superior returns
- Use of discounted cash flow & relative valuation
- ESG & Sustainability score embedded in proprietary valuation method

Strong management

- Proven management team
- Entrepreneurial
- Consistent/proven execution
- Responsible capital allocators
- Appropriate incentives/aligned interests

Having a disciplined process is essential in driving a consistent application of our philosophy. We undertake our own research which is peer reviewed by the wider investment team prior to a purchase decision. This ensures the benefit of shared knowledge and experience is brought to bear on each investment. The original investment thesis is retested particularly if the company or its share price performs below expectations.

Like all investors, we are having to make assessments about the future and take decisions in the face of uncertainty. There is a real possibility of being wrong. We believe we can mitigate this risk by following this long-term philosophy, emphasising a number of factors: thorough independent research; the need for a margin of safety on purchase; continuous monitoring; and diversification of the investment portfolio. Reasons to sell can be driven by positive or negative factors: positive if the value of the company has risen to an excessive valuation, or negative, if the assessment of the company's long-term value drivers deteriorates significantly. We believe this approach gives us the best chance of delivering attractive long term returns for our shareholders.

Sam Cosh
Lead Investment Manager
BMO Investment Business Limited
11 March 2021

Ten Largest Holdings as at 31 December 2020

1. Vidrala (1)

Spain

Spanish glass bottle manufacturer supplying products across Iberia and the UK to beverage, food and cosmetic companies. They have large market shares in both regions allowing them to benefit from economies of scale and make industry leading margins and returns. The high capital requirement of building a new furnace and the inefficiency of transporting glass large distances make the entrance of new competition unlikely and the industry is slowly consolidating. Their end markets demonstrate steady and stable growth whilst premiumisation trends and environmental concerns boost demand for glass.

3.4% of total investments **£16,750,750 value**

www.vidrala.com

2. Gerresheimer (5)

Germany

Leading global packaging supplier for medication and drug delivery. The business has a defendable strong market position as packaging forms part of the drug approval process so changing suppliers is highly usual. Their broad product range allows their customers to rationalise their supplier lists. The industry has high structural growth prospects due to ageing and increasingly wealthy population and margins should improve as we shift towards more complex personalised medicines.

3.0% of total investments **£14,784,962 value**

www.gerresheimer.com

3. Ringkjoebing Landbobank (7)

Denmark

High quality regional Danish bank with a long track record of sticky customers, low loan losses and good returns on equity. They have a dominant position in their local region, Jutland with over 50% market share and have been growing outside this as they take advantage of ill-disciplined competitors who have not lent prudently. They are well capitalised and run by a prudent management team who historically have returned capital to shareholders via both dividends and share buy backs.

2.9% of total investments **£14,305,087 value**

www.landbobanken.dk

4. flatexDEGIRO (New)

Germany

German listed online broker, flatex, recently became a pan-european broker following its acquisition of Dutch company DeGiro. With a strong technology proposition, low cost online brokers are taking share from the incumbents who tend to be traditional banks. We expect a lot of growth from a combination of market share gains and increased investment amongst their customer base, whilst margins should expand as synergies from the acquisition materialise.

2.8% of total investments **£13,906,519 value**

www.flatex.de

5. HelloFresh (New)

Germany

German listed, HelloFresh, is the clear globally leading meal kit provider. The meal kit market is growing quickly as consumers understand the proposition of good food, efficiency selected and delivered at a relatively low cost. Additionally, meal kits not only save time but are better environmentally than traditional grocery offerings. The supply chain uses less energy, less packaging and results in less food waste. The recent crisis gave the company a one off marketing opportunity but we believe the growth has only just started.

2.8% of total investments **£13,809,551 value**

www.hellofresh.se

6. Wizz Air Holdings (9)

Switzerland

Differentiated low cost carrier with substantial advantages over legacy airlines. They operate the youngest fleet in Europe leading to significantly lower costs and benefit from structural growth via an increasing propensity to travel in its core market, Central and Eastern Europe. Their strong management team is also well aligned with shareholders as the CEO is a significant owner and was one of the founders of the business.

2.6% of total investments **£13,268,141 value**

www.wizzair.com

7. Karnov (30)

Sweden

Listed in Sweden, Karnov is the clear market leader in provision of legal information in Denmark and Sweden. Through their online portal, they provide historic annotated case information, predominantly to lawyers. This information is low cost but integral to their customers daily operations. We expect steady growth of revenues as the company upsell additional services and society as a whole becomes more litigious. Margins should increase as they increase prices in Sweden, following the consolidation of the market, to levels that they achieve in Denmark.

2.6% of total investments **£13,197,871 value**

www.karnovgroup.com

8. Norma (25)

Germany

Norma is a German industrial that is the market leader in fluid joining technology, being several times larger then their nearest competitors. Due to increasingly stringent emission standards more Norma products, which ultimately reduce leakage, should be integrated into industrial applications, with automobiles being the prime example. The company has recently implemented a significant cost cutting programme, so as well as structural growth we expect profitability to improve.

2.6% of total investments **£13,105,409 value**

www.normagroup.com

9. Coor (2)

Sweden

Provider of facilities and integrated facilities management across the Nordic regions. These services include cleaning, catering, security and property services, usually bundled into central contracts. Their scale and expertise in the region provides a meaningful differentiation versus smaller competitors, whilst these services are increasingly outsourced, providing strong growth that is relatively immune to the economic cycle. The combination of low capital intensity and negative working capital results in a highly cash generative business model.

2.5% of total investments **£12,696,118 value**

www.coor.com

10. Marel (15)

Iceland

Marel is a leading company globally providing meat processing equipment. The company benefits from the increasing automation of meat processing in an industry where significant potential still remains. The Increasing concern for animal welfare and traceability within the food production chain are driving a greater need for transparency and efficiency in the industry and Marel should benefit from this long term growth driver. They are also using their strong balance sheet to buy companies to fulfil their full service offering.

2.5% of total investments **£12,364,955 value**

www.marel.com

Investment Portfolio as at 31 December 2020

Company	Nature of Business	Valuation £'000	% of Total Assets	Country of Incorporation
Vidrala	Manufacturer and Supplier of Glass Containers	16,751	3.5%	Spain
Gerresheimer	Pharma & Healthcare Glass and Plastic Containers	14,785	3.1%	Germany
Ringkjoebing Landbobank	Regional Banking	14,305	3.0%	Denmark
flatexDEGIRO	Online Broker	13,906	2.9%	Germany
HelloFresh	Home Meal Kit Provider	13,810	2.9%	Germany
Wizz Air	Budget Airline	13,268	2.8%	Switzerland
Karnov	Mission Critical Information Provider to the Legal Industry	13,198	2.8%	Sweden
Norma	Plastic and Metal Based Components	13,105	2.7%	Germany
Coor	Provider of Integrated Facilities Management and Consulting Services	12,696	2.6%	Sweden
Marel	Solutions for Poultry, Fish and Meat Processing Industries	12,365	2.6%	Iceland
Ten largest investments		**138,189**	**28.9%**	
Lectra	Provider to the Fashion, Automotive and Furniture Industries	12,294	2.6%	France
Fjordkraft	Norwegian Electricity Retailer for Consumers and Businesses	12,287	2.6%	Norway
Marr	Food Service Provider	12,214	2.6%	Italy
SIG Combibloc	Systems and Consumables Provider for Aseptic Packaging	12,081	2.5%	Switzerland
Nordic Semiconductor	Market Leader in Low Power Bluetooth Semiconductor Design	11,712	2.4%	Norway
Dometic	Manufacturer of Cooling Equipment	11,603	2.4%	Sweden
Cancom	Information Technology Services Provider	11,582	2.4%	Germany
Stratec	Manufacturer of Invitro Diagnostic Instrumentation and Consumables	11,553	2.4%	Germany
Storebrand	Long-term Savings and Insurance	11,445	2.4%	Norway
SimCorp	Provider of Highly Specialised Software for the Investment Management Industry	11,401	2.4%	Denmark
Twenty largest investments		**256,361**	**53.6%**	
ASM International	Semiconductor Equipment	10,939	2.3%	Netherlands
CTS Eventim	Online Concerts and Ticketing	10,901	2.3%	Germany
Just Eat Takeaway.com	Online Food Delivery Marketplace	10,805	2.3%	Netherlands
Interpump	Industrial Producer of Fluid Movement Pumps and Hydraulic Components	10,798	2.3%	Italy
Forbo	Flooring, Adhesives and Conveyor Belts	10,611	2.2%	Switzerland
SpareBank	Niche Regional Bank	10,607	2.2%	Norway
Elekta	Global Provider of Precision Radiation Medicine Solutions	10,607	2.2%	Sweden
CA Immobilien Anlagen	Real Estate in Germany and Eastern Europe	10,328	2.2%	Austria
IMCD	Speciality Chemical Distributer	9,832	2.1%	Netherlands
Azimut	Asset Management	9,764	2.0%	Italy
Thirty largest investments		**361,553**	**75.7%**	
Fluidra	Swimming Pool Equipment and Maintenance	9,554	2.0%	Spain
Cerved Information Solutions	Credit Information Provider	9,550	2.0%	Italy
Amorim	Cork Product Producer	9,436	2.0%	Portugal
Scout24	Digital Real Estate Marketplace	9,262	1.9%	Germany
Global Fashion	Online Fashion Retailer	9,248	1.9%	Germany
Sligro Food	Food and Beverage Provider	9,070	1.9%	Netherlands
MIPS	Helmet Safety Systems	8,420	1.8%	Sweden
Patrizia	Real Estate Asset Manager	8,329	1.7%	Germany
Royal Unibrew	Nordic and Baltic Beverage Producer	8,082	1.7%	Denmark
Alten	Outsourced Engineering and R&D Provider	7,925	1.7%	France
Forty largest investments		**450,429**	**94.3%**	

Company	Nature of Business	Valuation £'000	% of Total Assets	Country of Incorporation
Avanza Bank	Swedish Savings and Investment Platform	7,449	1.6%	Sweden
Carasent	Cloud Healthcare Software Provider	7,093	1.5%	Norway
Indutrade	Niche Industrial Conglomerate	7,060	1.5%	Sweden
Cairn Homes	House Builder	6,925	1.4%	Ireland
Rational	Specialist in Hot Food Preparation for Professionals	5,743	1.2%	Germany
Symrise	Speciality Chemicals	5,437	1.1%	Germany
Remy Cointreau	Cognac Producer	5,235	1.1%	France
V Zug	Luxury Household Appliance Manufacturer and Service Provider	4,575	0.9%	Switzerland
Total investments		**499,946**	**104.6%**	
Net current liabilities		**(21,942)**	**(4.6%)**	
Net assets		**478,004**	**100.0%**	

Key Performance Indicators

The Board recognises that it is longer term share price performance that is most important to the Company's investors. Underlying share price performance is driven by the performance of the Net Asset Value. The overriding priority is to continue to strive for the consistent achievement of relative outperformance; adding value for Shareholders through Net Asset Value and Share Price Total Return; the management of the Company's share price premium/discount; dividend yield; low and competitive ongoing charges; and effective marketing. The Board assesses its performance in meeting the Company's objective against the following key performance indicators ("KPIs"):

1. Net Asset Value per share Total Return
2. Share Price Total Return
3. Dividend yield
4. Premium / (discount) to Net Asset Value
5. Ongoing charges
6. Shares issued / (bought back)

Information in relation to these KPIs is set out in the tables below. Commentary can be found in the Chairman's Statement and the Investment Manager's Review.

Net Asset Value per share Sterling Total Return performance - 31 December 2020‡

	1 Year %	3 Years %	5 Years %	10 Years %
European Assets Trust*	21.9	23.4	62.6	235.6
EMIX Smaller European (ex. UK) Companies Index	18.9	25.3	90.4	168.3

Source: BMO GAM, Refinitiv Eikon

Share price sterling total return performance – 31 December 2020‡

	1 Year %	3 Years %	5 Years %	10 Years %
European Assets Trust	17.4	12.4	48.5	263.5
EMIX Smaller European (ex. UK) Companies Index	18.9	25.3	90.4	168.3

Source: BMO GAM, Refinitiv Eikon

Dividend Yield % – 31 December

	2020 %	2019 %‡
	6.0	6.0

Source: BMO GAM

Ongoing charges – 31 December‡*

	%
2020	0.95
2019	1.11
2018	1.11
2017	1.06
2016	1.12

Source: BMO GAM

Average (Discount)/premium‡*

For the year ended 31 December	%
2020	(10.0)
2019	(5.2)
2018	(9.5)
2017	0.7
2016	(8.9)

Source: BMO GAM

Shares issued during the year ended 31 December‡

2020	134,573
2019∞	179,383
2018†	12,312,883
2017†	15,553,450
2016†	13,514,390

Source: BMO GAM

‡ EAT NV prior to the migration on 16 March 2019.

* See Alternative Performance Measures on page 85 for explanation

∞ Excludes issuance related to the migration.

† Rebased for stock split of 3 May 2018.

Principal Policies

Investment

The Company is required to have a publicly available investment policy from which shareholders, prospective investors and stakeholders can understand the scope of its investment remit and constraints. Any material changes to this policy can only be made with the approval of Shareholders and the Financial Conduct Authority.

Details of the investment policy are provided on page 8.

In the event of a breach of the Company's investment policy, the Manager shall promptly inform the Company and if the Company considers the breach to be material, notification will be made by a regulatory information service to the London Stock Exchange.

Dividends

The level of dividend paid by the Company each year is determined by the Board in accordance with the Company's distribution policy. It is the intention of the Company, barring unforeseen circumstances, to pay an annual dividend equivalent to six per cent of the NAV of the Company at the end of the preceding year. The Company expects to pay the dividend in four equal instalments in January, April, July and October each year. With effect from 1 January 2020 dividends have been declared in Sterling rather than Euro.

The Company will pay dividends on the shares only to the extent that it has distributable reserves available for that purpose. Dividends are funded from current year revenue profits and the Distributable Reserve.

The Board is mindful that many Shareholders reinvest their dividends through schemes operated by savings plans and platforms.

Borrowings

The Company's borrowings shall not (without the sanction of a general meeting of the Company) exceed an amount equal to the aggregate of 20% of the book value of its securities portfolio and its subsidiaries (if any).

Currency hedging

Due to its investment focus on investing in companies in Europe, the Company's investments can be denominated and quoted in currencies other than Euro. The Company does not seek to create a portfolio to take advantage of anticipated currency fluctuations and has no current intention of seeking to hedge any currency exposure which may arise from investing in non Euro denominated investments.

Since January 2020 the Board has declared dividends in Sterling, a change from the previous practice of declaring in Euro. 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. To attempt to manage any Sterling/Euro exchange rate exposure which may arise from this change in the currency of the dividend, the Company has entered into forward currency hedging contracts to cover this specific exposure.

Taxation

The Board's policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. It is essential that the Company always retains its investment trust tax status by complying with Section 1158 of the Corporation Tax Act 2010 ("Section 1158") such that it does not suffer UK Corporation Tax on capital gains. The Company has received approval from HMRC as an investment trust under Section 1158 and has since continued to comply with the eligibility conditions. The Manager also ensures that the Company submits correct taxation returns annually to HMRC; settles promptly any taxation due; and claims back, where possible, all taxes suffered in excess of taxation treaty rates on non-UK dividend receipts.

Liquidity

The Board recognises the need to address any sustained and significant imbalance of buyers and sellers which might otherwise lead to shares trading at a material discount or premium to NAV per share. While it has not adopted any formal discount or premium targets which would dictate the point at which the Company would seek to purchase shares or issue further shares, the Board is committed to utilising its share purchase and share issuance authorities where appropriate in such a way as to mitigate the effects of any such imbalance. 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 NAV accretion that will 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.

Board diversity

The Board's policy towards the appointment of non-executive directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds. The policy is always to appoint the best person for the role and, by way of this policy statement, it is confirmed that there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring the delivery of the Company's objective. In achieving gender diversity, the Board's composition on 31 December 2020 of three male and two female Directors met the target of 33% of women on FTSE 350 company boards by 2020 set under The Hampton-Alexander Review.

Integrity and business ethics

The Company applies a strict anti-bribery and anti-corruption policy insofar as it applies to any directors or employee of the Manager or of any other organisation with which it conducts business. The Board also ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts and hospitality and similar matters.

Prevention of the facilitation of tax evasion

The Company is committed to compliance with the UK's Criminal Finances Act 2017, designed to prevent tax evasion in the jurisdictions in which it operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

Modern Slavery Act 2015

The Company is an investment company with no employees or customers and does not provide goods or services in the normal course of business. The Company has appointed the Manager to manage the investments, engage on ESG issues and to carry out administrative and secretarial services.

The Company's own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. The Board therefore believes that the potential for acts of modern slavery or human trafficking in the Company's own environment is extremely low.

On behalf of the Board

Jack Perry
Chairman

11 March 2021

Engaging With Our Stakeholders

Under s172 (1) of the Companies Act 2006 ("the Act"), Directors have a duty to promote the success of the Company for the benefit of its members as a whole. This will include the likely consequences of Directors' decisions for the longer term and how the Board has taken wider stakeholders' needs into consideration. The Directors value engagement with stakeholders which for this Company are its Shareholders, the Manager, suppliers and contractors. The Company does not have any employees.

The Company's website www.europeanassets.co.uk is available to all stakeholders and key decisions are announced to the London Stock Exchange through a Regulatory News Service.

Stakeholders are invited to communicate with the Board through the Chairman or company secretary. Alternatively, issues can be discussed with the Company's Senior Independent Director.

The Board takes a responsible approach to Environmental, Social and Governance ("ESG") Issues. This is evidenced through the appointment of a manager that applies high standards of ESG practice. ESG is a regular discussion point and the Board receives an annual update from the Manager's ESG specialists. We have included on pages 24 to 27 additional information on the Manager's approach towards responsible investment which focuses on engagement with investee companies on ESG issues.

Stakeholder	Engagement	Actions during the year ended 31 December 2020
Shareholders	The Company maintains ongoing engagement with Shareholders in the following ways: • The Company's Manager and Broker have a programme of meetings with its larger Shareholders. • Annual General Meeting - in usual circumstances this would provide a forum for Shareholders to meet the Board, Manager and key advisors. • The Company's website includes video updates of investment performance by the Manager, broker research and the latest published financial reports.	During the year the Manager met representatives from the Company's larger shareholders. Topics of discussion included investment performance, portfolio composition, gearing, dividend, portfolio strategy and investment outlook. Due to the travel and gathering restrictions arising from the Covid-19 pandemic Shareholders were unable to attend the Company's AGM held on 14 May 2020. Shareholders were encouraged to appoint the Chair of the Meeting as their proxy to allow their votes to count. A specific email account was created to receive Shareholder queries and a Manager's presentation and supporting Frequently Asked Questions document was available on the Company's website. During the year four video updates of investment performance by the Manager were uploaded to the Company's website. Two Edison research reports on the Company were uploaded and for the first time a research report prepared by Kepler was also made available. The Chairman and Sam Cosh interviewed Iona Bain of YoungMoneyBlog on the merits of investing. This interview was made available on the Company's website. The Board worked with the Manager to improve the investor experience of the BMO Savings Plan App and the Company's website.
The Manager	The Board meets representatives of the Manager to discuss investment and administration performance at each regular board meeting. In addition, members of the Board communicate with the Manager throughout the year.	Following discussions between the Board and the Manager with effect from 1 April 2020 the investment management fee was amended. Further details are provided on page 35. The Board met senior representatives of the Manager to discuss its plans to develop and invest in its investment trust business. Additional board meetings were held at short notice to discuss investment and operational performance following the onset of the Covid-19 pandemic. The Management Engagement Committee reviews on an annual basis the performance of the Manager and considers its remuneration in comparison to its peer group.
Suppliers and contractors	With the assistance of the Manager the Board reviews the performance of suppliers and contractors on an annual basis. Representatives from the Broker attend most regular board meetings. Members of the Audit team attend most Audit and Risk Committee meetings of the Board.	In March 2020, the Company entered into a new one year loan facility with RBSI on amended terms. A new research provider was engaged. The Management Engagement Committee reviews on an annual basis the performance of each service provider and their level of remuneration.

Outcomes

The content of these dicussions were discussed at the subsequent meetings of the Board.

For the AGM to be held on 13 May 2021 Shareholders will not be permitted to attend physically but will be able to view the proceedings of the meeting electronically. Voting will occur in advance with Shareholders encouraged to use their Form of Proxy or Form of Direction, appointing the Chairman of the AGM as their proxy. The formal meeting will be preceded by a presentation by the Company's Investment 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 europeanassetsagm@bmogam.com. The Board will endeavour to ensure that all such questions are fully addressed.

The Manager's presentation will also be available on the Company's website www.europeanassets.co.uk accompanied with a regularly updated Questions and Answers Schedule. Access details for the AGM will be included on the Form of Proxy or Form of Direction.

As the company further developed its marketing and quality of on-line communications with Shareholders the number of identified visits to its website increased from 10,386 in 2019 to 13,890 in 2020.

The consequences of this change and the ongoing cost savings arising from the recent migration of the Company from the Netherlands to the United Kingdom has been a reduction in the ongoing charges rate of the Company. For the year ended 31 December 2020 the rate is 0.95% (31 December 2019: 1.11%). This is the lowest rate ever recorded by the Company.

The revised borrowing facilities' amended terms were the most competitive received from a number of possible lenders.

The first research report by Kepler on the Company was published during the year.

Gamla Stan, Stockholm, Sweden

Sustainability and ESG

As stewards of more than £478 million of assets, we support positive change. The Company benefits from the Manager's leadership in this field and its £215 billion of assets under its management.

Copyright: SIG Combibloc

Our approach

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 its Manager.

The Company's compliance with the revised AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on pages 38 to 40. In addition, the Principal Policies statement on pages 20 and 21 notes the Company's policies towards board diversity, integrity and business ethics, prevention of the facilitation of tax evasion and the Modern Slavery Act 2015.

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.

Responsible ownership

Engaging actively with companies on significant ESG matters, to reduce risk, improve performance, encourage best practice and underpin long-term investor value forms a fundamental part of the Manager's approach towards responsible investment. Engagement in the first instance rather than simply divesting or excluding investment opportunities is also part of this approach.

The Manager's Corporate Governance Guidelines set out its expectations of the management of investee companies in terms of good corporate governance. This includes the affirmation of responsibility for reviewing internal business ethics policies and ensuring that there is an effective mechanism for the internal reporting of wrongdoing, whether within the investee company itself, or involving other parties, such as suppliers, customers, contractors or business partners.

The Manager is also a signatory to the United Nations Principles for Responsible Investment (**"UNPRI"**) under which signatories contribute to the development of a more sustainable global financial system. As a signatory the Manager aims to incorporate ESG factors into its investment processes.

ESG and the investment process

ESG issues are an integral part of the Manager's investment process, forming part of the assessment of the Quality and Management criteria for possible and ongoing investments. The Manager's ESG teams work closely with the portfolio managers to create an internally generated assessment of the relevant ESG issues for each company. As part of the review process, the Manager will also note if the investment is aligned explicitly with any of the UN Sustainable Development Goals. Details of these goals can be found at www.un.org/sustainabledevelopment/sustainable-development-goals/. The Manager's own ESG assessment is cross-referenced against external sources, for example MSCI ESG Research to check it is comprehensive. There are two main outcomes of this research. First, the research is used to initiate discussions with the investee company, to clarify the Manager's understanding of the issues involved, to create a dialogue and to encourage higher standards where appropriate. In this the Manager may join with other major investors in order to be a yet more powerful force to drive change. Secondly, it is used to adjust the Manager's assessment of the weighted average cost of capital for the investee company; this is an important component of the valuation model, such that companies with higher ESG standards will warrant a lower cost of capital and in turn a higher valuation, and vice-versa. In these ways, ESG affects each of the cornerstones of the investment process, Quality, Management and Valuation, as well as driving an ongoing dialogue between the Manager and the investee company.

Portfolio case study

SIG Combibloc

SIG Combibloc is a systems and solutions provider for aseptic packaging. They manufacturer filling lines used by food and beverage companies as well as providing consumables, services and ongoing product innovation. Environmental concerns around packaging continue to increase globally. The sleeves sold by the company are 100% recyclable and account for the lowest carbon footprint in manufacturing versus other packaging alternatives. The company has been commended for its procurement of materials from sustainability-certified sources and actively promotes return for recycling in emerging markets where national infrastructure is not in place.

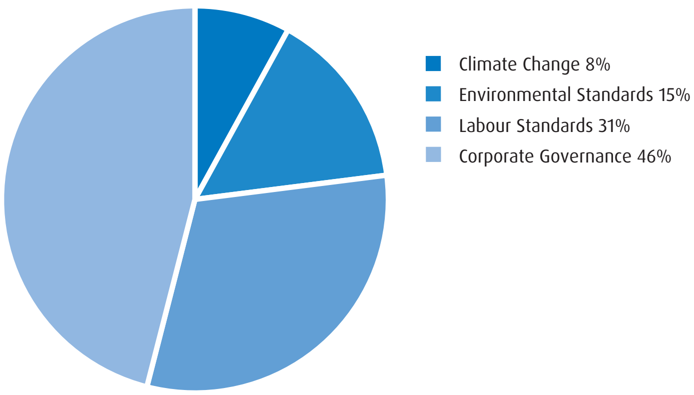
Engagement

During the year ended 31 December 2020, the Responsible Investment team engaged **13** times with management in the Company's portfolio, across **6** countries. The most common topics for discussion were corporate governance, labour and environmental standards. Analysis of this engagement follows.

"Responsible investing is a long-term and important commitment for BMO"

Kristi Mitchem, CEO BMO Global Asset Management

2020 engagement analysis



Source: BMO Investment Business Limited

Engagement examples in the reporting period	
Wizz Air – Covid-19	We engaged the company early in the global Covid-19 pandemic to discuss its approach to employee safety and retention. Its operations were already being significantly impacted across Europe at the time of the meeting. Ensuring the equitable treatment of employees throughout the pandemic has been a significant part of our engagement strategy with many companies, including Wizz Air.
Cairn Homes – Pay	We held a call with the remuneration committee chair prior to the AGM to express concern at proposed pay increases to senior executives. With the majority of housebuilders cutting fixed pay we considered this to be an inappropriate time for the increase to be implemented. We welcomed the company's announcement to postpone the increase until 2021.
Symrise – Cyber Security	We held a meeting with Symrise, a major producer of flavours and fragrances to discuss the cyber-attack that took place during December. The company suffered an almost complete shutdown and loss of communication with the outside world, though production systems were not directly affected. 2020 saw a significant increase in cyber-attacks on companies and it is important that the focus on security does not diminish. Whilst the investigation was ongoing, we urged the company to improve disclosure on the issue and that we would meet again in 2021 once the attack was better understood.

Voting on portfolio investments

As noted previously, 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.

The Manager's statement of compliance with the UK Stewardship Code has been awarded Tier 1 status by the Financial Reporting Council for its Stewardship Code Compliance Statement, the highest possible ranking. The Manager is committed to becoming a signatory to the new UK Stewardship Code 2020 and, as required by the FRC, will report on how it has applied the Code in its Responsible Investment Annual Review in 2021. As the Manager believes that its approach to stewardship is already substantially aligned with many of the expectations of the Code, relevant information is already incorporated in the Annual Review of stewardship activities for 2019, which was published in early 2020.

We expect the Company's shares to be voted on all holdings where possible. During the year, the Manager voted at **42** meetings of investee companies held in the Company. The Manager did not support management's recommendations on at least one resolution at approximately **83%** of all meetings. With respect to all items voted, the Manager supported over **81%** of all management resolutions. One of the most contentious voting issues remained remuneration. Either by voting against or abstaining, the Manager did not support **56%** of all management resolutions relating to pay, often due to either poor disclosure or a misalignment of pay with long-term performance.

Climate Change

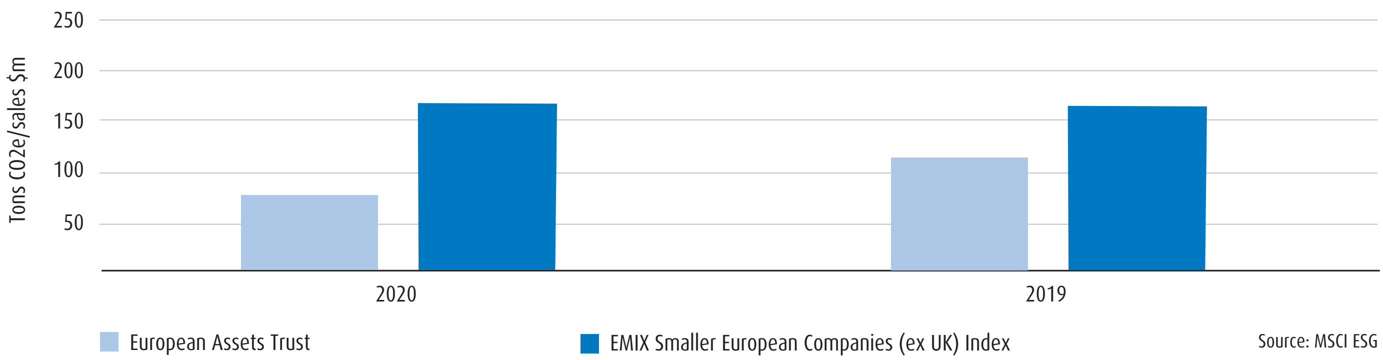
Of all the ESG issues the Manager considers, climate change is one of the most important both in terms of the scale of potential impact and in how widespread this impact could be across sectors and regions. The Company expects the Manager to incorporate considerations around climate change risks and opportunities in its investment processes.

In this report, the Company is disclosing the carbon footprint of its investments, in line with the recommendations of the Task Force on Climate-related Financial Disclosures. This measures the amount of greenhouse gas emissions produced by each investee company, per US$1m of revenue they generate. This is then aggregated for the Company as a whole, using the portfolio weights of the companies, and compared with the benchmark.

The carbon footprint is a measure of the carbon intensity of the companies the Company invests in. Whilst it does not provide a full picture of climate risks – since it does not, for instance, capture the innovation that companies may be undertaking to find solutions – it is a valuable starting point both for analysis and for shareholder dialogue. The table highlights that the Company's portfolio of investments is significantly less carbon intensive than its benchmark.

Investing in sustainability leaders

ESG issues present opportunities as well as risks. The Company has investments in a number of companies which the Manager has identified as being leaders in providing sustainable solutions, through the products and services they provide.



Source: MSCI ESG

2021

In 2021 the Manager will continue its engagement on climate change and step up its efforts on social issues in light of Covid-19 and the inequalities in society the pandemic has shone a spotlight on. Ethnic diversity and inclusion will be another focus area for engagement, alongside ongoing emphasis on corporate governance matters, including board accountability and executive remuneration.

Principal Risks and Changes in the Year

The Board has carried out a comprehensive robust assessment of the principal risks as well as a thorough process for the identification of emerging risks and reviewed the uncertainties that could threaten the Company's success.

Most of the Company's principal risks are market-related and no different to those of other investment trusts investing in listed markets.

Since the beginning of 2020, the global economy has suffered considerable disruption due to the effects of the Covid-19 pandemic. The Directors have reviewed the risk register for the Company which identifies the risks that the Company is exposed to, the controls in place and the actions being taken to mitigate them. The principal ongoing risks and uncertainties currently faced by the Company, and the controls and actions to mitigate those risks, are described below.

In addition a detailed review of the risks of the Company's investment portfolio including market, credit, foreign currency and liquidity is provided in note 24 beginning on page 65. Details of actions taken to reduce the potential impact of these risks is also provided.

Principal Risks	Mitigation
Poor absolute and/or relative performance The Company's NAV and Share Price Total Return is below benchmark. **No change in overall risk in year**	At each Board meeting the Directors monitor performance against benchmark and peer group. The Manager attends each regular board meeting and will discuss the reasons for any over or underperformance. The Company's broker, Panmure Gordon, will provide market intelligence at each meeting noting underlying demand for the Company's shares. The Company has received the necessary authority from shareholders to regulate the premium or discount that the Company's shares may trade at by purchasing or issuing shares.
Regulatory and compliance To maintain its investment trust status, the Company is required to comply with Section 1158 of the UK Corporation Taxes Act. The Company is also required to comply with UK company law, is subject to the requirements of the AIFMD and the relevant regulations of the London Stock Exchange and the Financial Conduct Authority. **No change in overall risk in year**	At each Board meeting the Company receives an update from the Secretary on legal, regulatory and accounting developments. The Company is a member of the Association of Investment Companies which provides guidance on regulatory developments. The Company has appointed EY LLP as its tax advisor and Shepherd and Wedderburn as its legal counsel.
Investment strategy and objective Stock selection, asset allocation and the use of gearing. **No change in overall risk in year**	Investment policy and performance are reviewed by the Board at each meeting. Rigorous individual stock reviews are regularly performed by the Manager and action taken to either hold, accumulate or sell. Cash, borrowing and gearing limits are set and monitored regularly.
The Manager Failure of Investment Manager or loss of senior staff could cause reputational damage and/or place the business in jeopardy. **No change in overall risk in year**	The Board meets regularly with the management of BMO and receives an annual Audit Assurance Faculty Report on its procedures. The Manager's appointment can be terminated at six months' notice. Key man risk is limited by the team approach adopted by the Global Smaller team at BMO.
Service provider failure Error, fraud or control failures at service providers or loss of data through cyber-attack or business continuity failure could damage reputation or result in loss of assets. **No change in overall risk in year**	The Board receives regular reports from the Investment Manager on oversight of third party service providers, together with annual ISAE 3402 reports on controls. The Depositary oversees custody of investments and cash in accordance with the requirements of the AIFMD. The Custodian also provides an annual ISAE 3402 report.

	Actions taken in the period
	During the period the Board sought and received from shareholders at the Annual General Meeting held in May 2020 the powers to issue and buyback shares. Since March 2020 additional board meetings have been held at short notice to review and consider investment performance and wider economic issues.
	The Company has lodged its 2019 Annual Report with Companies House. It has also submitted its 2019 tax return to HMRC.
	During the year the Company renegotiated its borrowing facility with RBSI for €45 million. At the year end the facility was €30 million drawn. Since the year end, the Company has agreed to refinance its borowing facility with RBSI on favourable terms.
	The Investment Manager benefits from the long-term financial strength and policies of its owner, the BMO Group, and through its stated commitment to the future of BMO's investment trust management business. Members of the Board met Kristi Mitchem, the CEO of BMO Global Asset Management during January 2021. Following the onset of the Covid-19 pandemic home working arrangements have been implemented at the Manager without any impact upon service delivery and operations.
	The Investment Manager continues to strengthen and develop its Risk, Compliance and Internal Control functions including IT security. Supervision of BMO's third party service providers has been maintained by BMO and includes assurances regarding IT security and cyber-attack prevention. The Depositary oversees custody of investments and cash and reports to the Board in accordance with the AIFMD. Following the onset of the Covid-19 pandemic home working arrangements have been implemented at many of the Company's service providers without any impact upon service delivery and operations.

Eiffel Tower, Paris, France

Directors

Jack Perry CBE

Chairman and Chair of Management Engagement Committee

is a portfolio non-executive director and has served on the Boards of FTSE 250 and other public and private companies. He is currently Chairman of ICG-Longbow Senior Secured UK Property Debt Investments Limited and a non-executive director and Chairman of the Audit and Risk Committee of Witan Investment Trust plc. In his executive career he was Chief Executive of Scottish Enterprise and prior to this, Managing Partner, Glasgow and a Regional Industry Leader for Scotland and Northern Ireland for Ernst and Young LLP. He is a member of the Institute of Chartered Accountants of Scotland and is a past Chairman of CBI Scotland.

Shared directorships with other Directors: None

Laurence Jacquot

has extensive experience of financial markets and asset management in Continental Europe, having worked at COB, the French financial services authority regulator, and SCOR, the leading French reinsurance company. After being in multi-management and equity fund selection she is now an investment consultant with a specific focus on asset allocation.

She will retire from the Board at the conclusion of 2021 AGM.

Shared directorships with other Directors: None

Julia Bond OBE

Senior Independent Director and Chair of Remuneration and Nomination Committee

has 28 years' experience of capital markets in the financial services sector, most recently at Credit Suisse where she led global client facing teams alongside leading One Bank Delivery. She has served on various boards and is currently a non-executive director of International Public Partnerships, Strategic Command and the British Foreign and Commonwealth Development Office. Julia is also Vice Chairman of the Royal Academy of Dance.

Shared directorships with other Directors: None

Martin Breuer

is Founder and CEO of 2M SRLS and Gruppo Glossip Srl. Previously he was an executive with Siemens, Chief Financial Officer of SEVES and Intercos Group and Chief Executive Officer of Italian cosmetic manufacturer Gotha Cosmetics.

Shared directorships with other Directors: None

Stuart Paterson

Chair of Audit and Risk Committee

is a co-founder and partner of Scottish Equity Partners, one of Europe's leading technology growth equity investors. He is an experienced technology investor with over 20 years of equity investing and board positions in European private companies. He is a member of the Institute of Chartered Accountants of Scotland.

Shared directorships with other Directors: None

Pui Kei Yuen

has over 20 years' experience in the fund management and investment banking industries at Mercury Asset Management, UBS and Bank of America Merrill Lynch. Her roles included UK institutional equity portfolio management and research, and Pan-European responsibilities for equity sales advising a large range of institutional investors and hedge funds. She is currently a director of Capital for Business Ltd.

She was appointed to the Board on 26 February 2021.

Shared directorships with other Directors: None

Management and Advisers

Board
Jack Perry (Chairman and Chair of the Management Engagement Committee)
Julia Bond (Senior Independent Director and Chair of the Remuneration and Nomination Committee)
Stuart Paterson (Chair of the Audit and Risk Committee)
Martin Breuer
Laurence Jacquot (due to retire at conclusion of 2021 AGM)
Pui Kei Yuen (appointed 26 February 2021)

All Directors are non-executive

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Registrar
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The Pavilions
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Lawyers
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Conference Square
Edinburgh EH3 8UL

Tax Advisers
Ernst & Young LLP
Atria One
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Edinburgh
EH3 9EX

Website
www.europeanassets.co.uk

Directors' Report

The Directors submit the Report and Accounts of the Company for the year ended 31 December 2020. The Directors' biographies, the Corporate Governance Statement; the Reports of the Remuneration and Nomination Committee; the Audit and Risk Committee and the Management Engagement Committee; and the Directors' Remuneration Report form part of this Directors' Report.

Statement regarding Report and Accounts

The Directors consider that, following advice from the Audit and Risk, Management Engagement and Remuneration and Nomination Committees, the Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Audit and Risk Committee has reviewed the final draft Report and Accounts for the purposes of this assessment. The market outlook for the Company can be found on page 7. Principal risks can be found on page 28 with further information on page 65. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R.

The Company is exempt from Streamlined Energy and Carbon Reporting Disclosures as it has consumed less than 40,000 kilowatts of energy in the United Kingdom in during the year.

Results and dividends

The results for the period are set out in the attached accounts. The Company's dividend payments during the year ended 31 December 2020 are set out below.

Dividends paid in the year ended 31 December 2020	
First interim dividend for the year ended 31 December 2020 paid on 31 January 2020	£1.755p
Second interim dividend for the year ended 31 December 2020 paid on 30 April 2020	£1.755p
Third interim dividend for the year ended 31 December 2020 paid on 31 July 2020	£1.755p
Fourth interim dividend for the year ended 31 December 2020 paid on 30 October 2020	£1.755p

As explained in the Chairman's Statement, the Board has resolved to pay an interim dividend of, in aggregate, 8.00 pence per share for 2021. With effect from 1 January 2020 dividends for the Company have been declared in Sterling rather than Euro. The interim dividend for 2021 will be paid in four equal, quarterly instalments on 29 January, 30 April, 30 July and 29 October 2021 to registered holders of shares at an appropriate record time. The first quarterly dividend of 2.00 pence per share was paid on 29 January 2021 to Shareholders on the register of members on 15 January 2021 with an ex-dividend date of 14 January 2021.

As the Company's current practice is to pay dividends quarterly at the end of January, April, July and October, the Company does not pay a final dividend that would otherwise require formal Shareholder approval at a General Meeting. In the absence of such a requirement for Shareholder approval of a final dividend, approval will be sought at the forthcoming 2021 Annual General Meeting ("AGM") to approve the Company's 2021 interim dividends and dividend policy as set out on page 20 of this report. (Resolutions 2 and 3 in the Notice of AGM set out on pages 77 to 81).

Company status

The Company is a public limited company and an investment company as defined by section 833 of the Companies Act 2006. The Company is limited by shares and is registered in England and Wales with company registration number 11672363. It is subject to the Listing Rules of the UK Financial Conduct Authority, UK and applicable European legislation and regulations including company law, financial reporting standards, taxation law and its own articles of association.

Taxation

As set out on page 20 and in note 10 to the accounts, the Company is exempt from UK Corporation Tax on its dividend income and from UK Corporation Tax on any capital gains arising from the portfolio of investments, provided it complies at all times with section 1158 of the Corporation Tax Act 2010. Dividends received from investee companies domiciled outside the UK are subject to taxation in those countries in accordance with relevant double taxation treaties.

Accounting

Shareholders will be asked to approve the adoption of the Report and Accounts at the forthcoming AGM (Resolution 1). The financial statements, starting on page 49, comply with current International Financial Reporting Standards, supplemented by the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"). The significant accounting policies of the Company are set out in note 2 to the accounts. The auditor's unqualified opinion on the financial statements appears on pages 71 to 76.

Viability and going concern statements

The UK Corporate Governance Code requires a board to assess the future prospects for a company, and report on the assessment within the annual report.

The Board considered that a number of characteristics of the Company's business model and strategy were relevant to this assessment:

- The Company as an active investor looks to long-term outperformance compared to its benchmark rather than short term opportunities.
- The Company is a closed-end investment company and as such is not required to sell investments in a market downturn in order to fund investor redemptions.
- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that it is invested in realisable, listed securities and that the level of borrowings is restricted.
- The Company's business model and strategy is not time limited.

Also relevant were a number of aspects of the Company's operational arrangements:

- It retains title to all assets held by the Custodian under the terms of formal agreements with the Custodian and Depositary.
- The annual dividend declared by the Company is determined in accordance with the year-end net asset value.
- Revenue and expenditure forecasts of the Company are reviewed by the Directors at each Board Meeting.

In addition, the Board carried out a robust assessment of the principal risks which could threaten the Company's objective, strategy, future performance, liquidity and solvency. These risks, mitigating actions and the processes for monitoring risks are set out on page 28 and in Note 24 of the accounts. These principal risks were identified as relevant to the viability assessment. In undertaking this assessment, the Board took into account the following factors:

- the liquidity of the Company's portfolio;
- the existence of a borrowing facility;
- the effects of any significant future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings;
- the maintenance of dividend payments and the retention of investors;
- the potential need for more share issuance capacity in the event of unexpected market demand; and
- minimising the discount between the Company's share price and net asset value.

The Board gave careful consideration to the impact of Covid-19 and the resulting volatility in stockmarkets and economic disruption when making this assessment.

As discussed in note 25 to the financial report on page 69, the Company has a number of banking covenants and at present the Company's financial position does not suggest that any of these are close to being breached. The primary risk is that there is a very substantial decrease in the net asset value of the Company in the short to medium term. Financial modelling has been undertaken to consider compliance with these covenants in several scenarios including the outcome of the 2008 Global Financial Crisis. These extreme but plausible scenarios indicate that the loan covenants would not be breached. In addition, the Directors have considered the remedial measures that are open to the Company if such a covenant breach appears possible. As at 10 March 2021, the latest practicable date before the publication of this report, borrowings amounted to €30 million. This is comparison to a net asset value of €560.2 million. In accordance with its investment policy the Company is invested mainly in readily realisable listed securities. These can be realised if necessary, to repay the loan facility and fund the cash requirements for future dividend payments.

These matters were assessed over a five year period to March 2026. The Board of the Company will continue to assess viability over five year rolling periods, taking account of foreseeable severe but plausible scenarios. A rolling five year period represents the horizon over which the Board believes it can form a reasonable expectation of the Company's prospects, balancing its financial flexibility and scope with the current uncertain outlook for longer-term economic conditions affecting it and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to March 2026. For this reason, the Board also considers it appropriate to continue adopting the going concern basis in preparing the Report and Accounts.

Statement as to disclosure of information to the auditor

Each of the Directors confirms that, so far he or she is aware, there is no information relevant to the preparation of the Report and Accounts of which the auditor is unaware and that he or she has taken all the steps that a Director ought to have taken to be aware of relevant audit information and to establish that the auditor is aware of that information.

Appointment of auditors and auditor's remuneration

Resolutions 5 and 6 seek shareholder approval, respectively, for the re-appointment of PricewaterhouseCoopers LLP as the auditor of the Company and to authorise the Audit and Risk Committee to determine their remuneration for the year ended 31 December 2021.

Capital structure

As at 31 December 2020 there were 360,069,279 Ordinary Shares in issue. As at 10 March 2021 (being the latest practicable date before publication of this report) the number of Ordinary Shares in issue was 360,069,279. No Ordinary Shares were held in treasury.

All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

Details of the capital structure can be found in note 17 to the accounts. The revenue profits of the Company, together with the realised capital profits and the balance of the Distributable Reserve are available for distribution by way of dividends to the holders of the Ordinary Shares.

Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to Shareholders pro-rata to their holdings of Ordinary Shares. Full details are set out in the Company's articles of association.

Share capital

As at 10 March 2021 the Company has not been notified by Shareholders of a holding of 5 per cent or more of its issued share capital (excluding treasury shares).

BMO Retail Products owned 111,788,464 Ordinary Shares or 31.0 per cent of the issued share capital of the Company, at 31 December 2020. For non-contentious resolutions the nominee company holding these shares votes the shares held on behalf of planholders who have not returned their voting directions in proportion to the directions of those who have ("proportional voting"). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in the BMO savings plans being voted. A maximum limit of 50,000 shares that any one individual investor can vote, being approximately 1.0% of the relevant minimum threshold, also applies. Any individual voting directions received in excess of the maximum limit will remain valid but will not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Borrowings

In March 2020 the Company entered in to a €45 million multi-currency revolving loan facility with Royal Bank of Scotland International expiring March 2021. The loan covenants have all been met during the period. The interest rate on the amount drawn down and commitment fees payable on undrawn amounts are based on the commercial terms agreed with Royal Bank of Scotland International.

As at 31 December 2020 the loan facility was €30 million drawn.

Following the year end, the Company has agreed to refinance its facility with RBSI on favourable terms.

Remuneration Report

The Directors' Remuneration Report, which can be found on page 42, provides detailed information on the remuneration arrangements for Directors of the Company, including the Directors' Remuneration Policy.

Shareholders are asked to approve the policy at an AGM every three years. There have been no changes to the policy since approval by Shareholders in 2020.

Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. It is intended that the policy approved by Shareholders at the 2020 AGM will continue for the three-year period ending at the AGM in 2023.

Shareholders will be asked to approve the Directors' Remuneration Report (Resolution 4).

Director re-elections

The names of the Directors, along with their biographical details, are set out on page 30.

With the exception of Pui Kei Yuen, who was appointed on 26 February 2021, all the Directors held office throughout the period under review.

Pui Kei Yuen will stand for election by Shareholders at the AGM to be held on 13 May 2021. All other directors, with the exception of Laurence Jacquot will stand for re-election by shareholders at the AGM. Laurence Jacquot will retire from the Board at the conclusion of the AGM.

Following a review of their performance, the Board believes that each of the Directors standing for election and re-election has and will continue to make a valuable and effective contribution to the Company. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below. The Board recommends that Shareholders vote in favour of the election and re-elections of the Directors (Resolutions 7 to 11).

Resolution 7 concerns the re-election of Jack Perry, who has served the Company and its predecessor for over 6 years, 5 as Chairman. He has served on the Boards of FTSE 250 and other public and private companies and is a member of the Institute of Chartered Accountants of Scotland. He was Managing Partner for Scotland and Northern Ireland for Ernst and Young and is currently Chairman of one other investment company and non-executive director of another.

Resolution 8 concerns the re-election of Julia Bond, who has served the Company and its predecessor for over 6 years and has a strong financial sector background having held senior positions within Credit Suisse. She is currently a non-executive director and trustee of another investment trust as well as Strategic Command and the Foreign and Commonwealth Development Office.

Resolution 9 concerns the re-election of Stuart Paterson who has served on the Board for over one year. He was a co-founder and is a partner of Scottish Equity Partners, one of Europe's leading technology growth equity investors. He is an experienced technology investor with over 20 years of equity investing in European private companies and is a member of the Institute of Chartered Accountants of Scotland.

Resolution 10 concerns the re-election of Martin Breuer, who has served the Company and its predecessor for over 4 years. He is a German national, currently based in Italy, with extensive industrial experience with Continental European companies.

Resolution 11 concerns the election of newly appointed Director Pui Kei Yuen, who was appointed to the Board on 26 February 2021. She has extensive experience in the fund management and investment banking industries at Mercury Asset Management, UBS and Bank of America Merrill Lynch.

Directors' interests and indemnification

There were no contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the period. There are no agreements between the Company and its Directors concerning compensation for loss of office. The Company maintains directors' and officers' liability insurance.

Safe custody of assets

The Company's investments are held in safe custody by JP Morgan Chase Bank ("the Custodian"). Operational matters with the Custodian are carried out on the Company's behalf by the Manager in accordance with the provisions of the management agreement. The custodian is paid a variable fee dependent on the number of trades transacted and location of the securities held.

Depositary

JPMorgan Europe Limited acts as the Company's depositary, ("the Depositary") in accordance with the AIFMD. The Depositary's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include: cash monitoring; ensuring the proper segregation and safekeeping of the Company's financial instruments that are held by the custodian; and monitoring the Company's compliance with investment and leverage limits requirements.

Although the Depositary has delegated the safekeeping of all assets held within the Company's investment portfolio to the Custodian, in the event of loss of those assets that constitute financial instruments under the AIFMD, the Depositary will be obliged to return to the Company financial instruments of an identical type, or the corresponding amount of money, unless it can demonstrate that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Manager's fee

During March 2020 the Company announced an amendment to the basis of calculation of the investment management 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 were calculated as the value of total assets less current liabilities (excluding borrowings) at the end of the preceding quarter. 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 this amendment, which was effective from 1 April 2020, the investment management fee was 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 remained unchanged.

An additional fee of £100,000 per annum is payable by the Company to the Manager for the provision of administrative services.

Annual General Meeting

The 2021 AGM will be held on 13 May 2021 at 3.00pm at Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG. The Notice of the AGM is set out on pages 77 to 81 of this report. Mindful of the potential for travel and gathering restrictions arising from the Covid-19 pandemic remaining in place at the time of the meeting, the Board has again taken the difficult decision to amend the format of this year's AGM.

Shareholders will not be permitted to attend this year's AGM physically. At the date and time of the AGM specified in the notice of meeting, Shareholders will be able to view online a presentation by the Investment Manager. In addition, to reach a wider audience of shareholders, the presentation will be recorded and will be available to view on the Company's website after the meeting.

Directors' authority to allot shares and disapplication of pre-emption rights

The Directors are seeking to renew their authority to allot shares. Resolution 12 in the Notice of AGM, which will be proposed as an ordinary resolution, seeks renewal of such authority to allot Ordinary Shares up to an aggregate nominal amount of £3,600,692 (being an amount equal to 10 per cent of the total issued share capital of the Company as at the date of this report).

Under Resolution 13, which will be proposed as a special resolution, the Directors are also seeking to renew the authority to allot new Ordinary Shares and/ or sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply. (This section requires that, when equity securities are allotted for cash, such new shares are first offered to existing equity shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights").

Allotments of Ordinary Shares pursuant to these authorities would enable the Directors to issue shares for cash and/or to sell equity securities held as treasury shares to take advantage of changes in market conditions that may arise, in order to increase the amount of the Company's issued share capital. A likely purpose of such an increase would be to improve the liquidity of the market in the Company's shares and to spread the fixed costs of administering the Company over a wider base. The Directors believe that this authority, if granted to the Directors, would provide the necessary flexibility permitted by investor protection guidelines to respond to market developments in the interest of existing Shareholders. Except where authorised by Shareholders, no shares will be issued or sold from treasury by the Directors at a price which (after costs and expenses) is less than the NAV per share at the time of the issue or sale, unless the shares are first offered pro rata to shareholders on a pre-emptive basis. The Company has been authorised to sell any treasury shares held from time to time at below NAV subject to the limitation on asset dilution set out below.

The absolute level of dilution through the sale of treasury shares is restricted to 0.5% 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 sold is lower than the average discount at which the shares have been acquired, and in addition the price at which shares are sold must not be less than the market bid price at time of sale.

Resolution 13, if passed, will give the Directors power to allot for cash Ordinary Shares of the Company and to sell Ordinary Shares out of treasury up to a maximum nominal amount of £1,800,346 (being an amount representing 5 per cent of the total issued ordinary share capital of the Company as at the date of this report) without the application of the pre-emption rights described above. The calculation of the above figure is in accordance with the Investment Association Share Capital Management Guidelines and other applicable investor protection guidelines, and the Directors will not use the authority other than in accordance with those guidelines.

The authorities contained in Resolutions 12 and 13 will continue until the AGM of the Company in 2022, and the Directors envisage seeking renewal of these authorities in 2022 and in each succeeding year, subject to such renewals again being in accordance with the applicable investor protection guidelines.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 10 per cent of the issued Ordinary Shares expires at the end of the AGM and Resolution 14, as set out in the Notice of the AGM, seeks renewal of such authority. The renewed authority to make market purchases will be in respect of a maximum of 10 per cent of the issued Ordinary Shares as at the date of the passing of the resolution (approximately 36 million Ordinary Shares). The price paid for Ordinary Shares under this authority will not be less than the nominal value of 10p per Ordinary Share nor more than the highest of:

- (i) 5 per cent above the average of the middle market values of those shares for the five business days before the shares are purchased;
- (ii) the price of the last independent trade on the trading venue where the purchase is carried out; and
- (iii) the highest current independent bid on that venue.

This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share of the Ordinary Shares and be in the interests of shareholders as a whole. Purchases would only be made for cash at a cost which is below the prevailing net asset value per share. Any shares purchased under this authority will be cancelled or held in treasury for future re-issue. The effect of any cancellation would be to reduce the number of shares in issue. For most purposes, where held in treasury, shares are treated as if they had been cancelled (for example they carry no voting rights and do not rank for dividends).

The purpose of holding some shares in treasury is to allow the Company to re-issue or sell these shares quickly and cost effectively, thus providing the Company with greater flexibility.

The authority contained in Resolution 14, if passed, will continue until the AGM of the Company in 2022, and the Directors envisage seeking renewal of this authority in 2022 and in each succeeding year, subject to such renewals again being in accordance with the applicable investor protection guidelines.

Recommendation

The Board considers that the passing of the resolutions to be proposed at the AGM is in the interests of the Company and its Shareholders as a whole and they unanimously recommend that Shareholders vote in favour of all of them.

Statement Regarding Report and Accounts

Following a detailed review of the Report and Accounts by the Audit and Risk Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Report and Accounts would have a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

By order of the Board
BMO Investment Business Limited
Secretary

11 March 2021

Frankfurt, Germany

Corporate Governance

Introduction

The Company is committed to high standards of corporate governance and accordingly adheres, in so far as they are relevant to an investment trust the requirements of the 2018 revised Corporate Governance Code ('the Code') of the Financial Reporting Council ('FRC'). The Association of Investment Companies ("the AIC") has issued its own revised Code ('the AIC Code'). Both revised codes are effective for accounting periods beginning on or after 1 January 2019. The Company has adopted corporate governance arrangements which follow the general principles of the AIC Code. Significant differences in actual practice are detailed below.

Since all Directors are non-executive, the provisions on the role of the chief executive and on Directors' remuneration are not relevant to the Company (except in so far as they apply to non-executive Directors) and are therefore not reported on further.

In view of its non-executive nature and the requirement of the Articles of Association that all in accordance are subject to retirement by rotation, the Board does not consider it appropriate for the Directors to be appointed for a specified term. The Articles of Association require the Directors to retire by rotation at least every three years, and the Board has agreed that in accordance with the AIC Code all directors will retire annually.

AIFMD

The Company is defined as an Alternative Investment Fund ("AIF") under the AIFMD issued by the European Parliament, and which has been implemented into UK law. This requires that all AIFs must appoint a Depositary and an Alternative Investment Fund Manager ("AIFM"). The Board remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations. The Manager is the Company's AIFM.

Articles of association

The Company's articles of association may only be amended by special resolution at general meetings of Shareholders.

The Board

The Board of the Company is entirely non-executive. The Company has no employees. A management contract between the Company and the Manager sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing, and corporate governance procedures are reserved for the approval of the Board. With regard to these matters it is the responsibility of the Board to provide the Manager with general instruction and guidance. It is the responsibility of the Manager to act and manage the Company in accordance with these general directives and to report to the Board upon its corporate management.

During the period the performance of the Board, committees and individual Directors was evaluated through a discussion process led by the Chairman. The performance of the Chairman was evaluated by the other Directors.

Amongst other considerations, the performance evaluation considered the balance of skills and diversity of the Board, as well as the Board's overall effectiveness. The Board believes it has an appropriate balance of skills and experience, length of service and knowledge of the Company. The Board does not consider that the use of external consultants to conduct this evaluation is likely to provide any meaningful advantage over the process adopted. The option is, however, kept under review.

The table on page 39 sets out the number of scheduled and adhoc Board and Committee meetings held during the year ended 31 December 2020 and the number of meetings attended by each Director. Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. No such advice was sought during the period. The Company maintains appropriate Directors' and Officers' liability insurance.

The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. The Board has direct access to the company secretarial advice and services provided by the Manager. The proceedings at all board meetings are fully recorded through a process that allows Director's concerns to be recorded in the minutes. The Board has the power to appoint or remove the Company Secretary.

Appointments and Succession Planning

The Board has established a Remuneration and Nomination Committee. This committee is responsible for the review of the re-appointment of Directors, as they fall due for re-election and to make recommendations to the Board.

In order to comply with the spirit of the Code, the Directors consider that their period of office commenced with their appointment to the Board of EAT NV, the Company's predecessor.

In addition, this committee is responsible for making recommendations to the Board regarding the nomination of additional

Year ended 31 December 2020	Board meetings of Directors		Audit and Risk Committee		Remuneration and Nomination Committee Meetings		Management Engagement Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Jack Perry CBE	12	12	2	2	2	2	1	1
Julia Bond OBE	12	12	2	2	2	2	1	1
Stuart Paterson	12	12	2	2	2	2	1	1
Martin Breuer	12	12	2	2	2	2	1	1
Laurence Jacquot	12	12	2	2	2	2	1	1
Pui Kei Yuen*	–	–	–	–	–	–	–	–
Professor Robert van der Meer†	7	7	1	1	1	1	1	1

* Appointed 26 February 2021.
† Retired 14 May 2020.

Directors, where appropriate, for approval by the General Meeting of Shareholders.

In accordance with the AIC Code all Directors will now be subject to annual re-election at each AGM. Following the evaluation process set on page 38, the Board confirms that the performances of all Directors continue to be effective and demonstrate commitment to the role. The Board therefore believes that it is in the interest of Shareholders that all Directors seeking election and re-election be re-elected.

Appointments of all new Directors are made on a formal basis using professional search consultants, with the Board agreeing the selection criteria and the method of selection, recruitment and appointment. A Director role specification is prepared to assist with this process. Each appointment is subject to Shareholder approval at the subsequent AGM.

The length of tenure of the Chairman is determined by the UK Code's nine-year limit subject to the AIC Code derogation. Factors that will be considered include board rotation and retention of experience. The Board has an agreed succession plan for the orderly retirement of existing directors and to provide for the regular refreshment of skills and talent. Regular retirements of directors will take place ensuring that the Company complies with both the letter and spirit of the AIC Code. As part of this plan Pui Kei Yuen was appointed to the Board with effect from 26 February 2021. Laurence Jacquot will retire at the conclusion of the forthcoming AGM of the Company to be held on 13 May 2021.

Full details of the duties of a Director are provided at the time of their appointment. An induction process takes place for new appointees, who meet the Investment Manager, Company Secretary and other key employees of the Manager and are given briefings on the workings and processes of the Company.

Directors are encouraged to attend relevant training courses and seminars and receive regular updates on the industry and changes to regulation from external advisors and the Company Secretary.

Independence of Directors

All Directors are considered by the Board to be independent of the Manager. The Board does not consider that a Director's tenure or other board memberships necessarily reduces his or her ability to act independently and, following performance evaluations, believes that each Director is independent in character and judgement and that continuity and experience add to the strength of the Board.

Board committees

The Board has appointed committees with sufficient expertise, in accordance with the AIC Code in order to increase the efficiency of the Board's work. The respective chairs of the committees report to the Board on the work of the committees. The Company has established an Audit and Risk Committee, a Remuneration and Nomination Committee and a Management Engagement Committee.

Audit and Risk Committee

The Company has established an Audit and Risk Committee which is chaired by Stuart Paterson and is comprised of all the independent members of the Board. The Audit and Risk Committee meets at least twice a year. The Board considers that the members of the Audit and Risk Committee have the requisite skills and experience to fulfil the responsibilities of the Audit and Risk Committee. The Audit and Risk Committee is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and provides a forum through which the Company's external auditors may report to the Board. The Audit and Risk Committee reviews and recommends to the Board on the annual and half yearly reports and financial statements, financial announcements, internal control systems and procedures and accounting policies of the Company.

The Report of the Audit and Risk Committee is contained on pages 44 and 45.

Management Engagement Committee

The Company has established a Management Engagement Committee, which is chaired by Jack Perry and consists of all the independent members of the Board. The Management Engagement Committee meets at least once a year and its principal duties are to review the terms and conditions of the appointment of the Manager and other significant service providers including the Depositary and Custodian, corporate broker, administrator and legal counsel. Full consideration is given to the quality and value of the service received and recommendations are made to the Board on the appropriateness of all continuing appointments.

The Report of Management Engagement Committee is contained on page 46.

Remuneration and Nomination Committee

The Company has established a Remuneration and Nomination Committee, which is chaired by Julia Bond and consists of all the independent members of the Board. The Remuneration and Nomination Committee meets at least once a year and undertakes:

- the periodic review and recommendation to the Board of the level of Directors' fees;
- the review and recommendation of candidates to the Board for approval by Shareholders at a General Meeting to fill vacancies on the Board;
- the periodic review of the composition and balance of the Board;
- the review and recommendation to the Board of the re-appointment of Directors, as they fall due for re-election; and
- to review actual or possible conflicts of interest in respect of each Director.

The Report of Remuneration and Nomination Committee is contained on page 41.

Conflicts of interest

A company director has a statutory obligation to avoid a situation in which he or she has, or potentially could have, a direct or indirect interest that conflicts with the interests of the Company (a "situational conflict"). The Board therefore has procedures in place for the authorisation and review of situational conflicts relating to the Company's Directors.

Other than the formal authorisation of the Directors' other directorships and appointments, no authorisations have been sought.

Aside from situational conflicts, the Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company. In the year under review there have been no instances of a Director being required to be excluded from a discussion or abstain from voting because of a conflict of interest.

Relations with shareholders

The Company welcomes the views of Shareholders and places importance on communication with its members. The Managers hold meetings with the Company's largest Shareholders and report back to the Board on these meetings. In normal circumstances, each year, the Company will hold an Annual General Meeting to be followed by a presentation by the Investment Manager in London.

In accordance with the UK Code, in the event that when votes of 20 per cent or more have been cast against a resolution at a General Meeting the Company will announce the actions it intends to take to consult Shareholders to understand the reasons behind the result. A further update will be published within six months. No such votes were received during 2020.

Julia Bond has been appointed Senior Independent Director. The Senior Independent Director is available to Shareholders if they have concerns which initial contact through the Chairman or Company Secretary has failed to resolve or for which such contact is inappropriate. Shareholders wishing to communicate with the Chairman or other members of the Board may do so by writing to European Assets Trust PLC, 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG.

By order of the Board
BMO Investment Business Limited
Secretary

11 March 2021

Report of the Remuneration and Nomination Committee

Role of the Committee

The Committee met on two occasion during the year. The duties of the Remuneration and Nomination Committee are:

- To periodically review the level of Directors' fees and recommend any changes to the Board;
- To be responsible for reviewing and making recommendations to the Board regarding nominating candidates for the approval by the General Meeting of Shareholders to fill vacancies on the Board of Directors;
- To consider and review the composition and balance of the Board from time to time and, where appropriate, to make recommendations to the Board;
- To review the re-appointment of Directors, as they fall due for re-election, under the terms of the Articles, and to make recommendations to the Board as considered appropriate;
- To review actual or possible conflicts of interest in respect of each Director and any authorised conflicts; and
- To consider other relevant topics, as defined by the Board.

Composition of the Committee

All the Directors are members of the committee the terms of reference of which can be found on the website at www.europeanassets.co.uk.

Succession planning

Appointments of all new Directors are made on a formal basis, normally using professional search consultants, with the Nomination Committee agreeing the selection criteria and the method of recruitment, selection and appointment.

The Board has an agreed succession plan for the orderly retirement of existing Directors and to provide for the regular refreshment of skills and talent. Regular retirements of Directors will take place in the following years ensuring that the Company complies with both the letter and spirit of the AIC Code. Laurence Jacquot will retire from the Board at the forthcoming AGM to be held on 13 May 2021. Following a rigorous selection process Pui Kei Yuen was appointed to the Board with effect from 26 February 2021.

Diversity

The Board's diversity policy, objective and progress in achieving it are set out on page 21.

Committee evaluation

The activities of the committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as summarised on page 38. The conclusion from the process was that the committee was operating effectively, with the right balance of membership, experience and skills.

Julia Bond
Remuneration and Nomination Committee Chairman

11 March 2021

Directors' Remuneration Report

Introduction

This Directors' remuneration report covers the year ended 31 December 2020.

Directors' Remuneration Policy

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. The policy aims to be fair and reasonable in relation to comparable investment trusts and other similar sized financial companies. Time committed to the Company's affairs and the role that individual Directors fulfil in respect of Board and committee responsibilities are taken into account. The policy also provides for the Company's reimbursement of all reasonable travel and associated expenses incurred by the Directors in attending Board and committee meetings, including those treated as a benefit in kind subject to tax and national insurance. The Directors are not eligible for pension benefits, share options, long-term incentive schemes or other benefits.

This policy was last approved by Shareholders at the AGM held in May 2020 with 93.5% voting in favour and 6.5% against. The policy will next be put to Shareholders for approval at the AGM to be held in 2023.

The Company's articles of association limit the aggregate fees payable to the Board to a total of £500,000 per annum. The Remuneration and Nomination Committee considers the level of Directors' fees at least annually. The Committee receives details of the fees paid to directors of commensurate companies. The Committee will then recommend to the Board a proposal for its approval.

The fees are fixed and are payable in cash, quarterly in arrears.

The fees are reviewed each year. Following this review the Board agreed that with effect from 1 April 2021 the annual rates of remuneration will be increased to £44,500 for the Chairman, £35,400 for the Chairman of the Audit and Risk Committee, £34,400 for the Senior Independent Director and £30,300 for a Non-executive Director.

As disclosed in the Report and Accounts 2019, during the year ended 31 December 2020 and in line with the recommendations of external consultants, Trust Associates, the Directors received a one-off fee of £5,000 each to compensate for the additional work involved in the migration. The one-off fee for the senior independent director was £7,500 and £10,000 in the case of the Chairman. As Stuart Paterson and Pui Kei Yuen joined the Board following the completion of the migration it is confirmed that neither were eligible for a one-off fee.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company. Each new Director is provided with a letter of appointment. There is no provision for compensation upon early termination of appointment. In normal circumstances these letters of appointment are available for inspection at the Company's registered office during business hours and will be available for 15 minutes before and during the forthcoming AGM.

Each Director's appointment is subject to election at the first AGM and continues thereafter subject to re-election at each subsequent AGM. All the Directors, with the exception of Laurence Jacquot, will stand for re-election, or election in the case of Pui Kei Yuen, at the AGM to be held on 13 May 2021. Laurence Jacquot will retire at the conclusion of this meeting.

Fees for services to the Company for the year ended 31 December (audited)

	Fees (audited)		Taxable Benefits † (audited)		Total (audited)		Fees (unaudited)
Director	**2020∞ £**	2019‡ £	**2020 £**	2019‡ £	**2020∞ £**	2019‡ £	2021 £
Jack Perry CBE	**54,000**	42,000	**1,687**	2,281	**55,687**	44,281	44,375
Professor Robert van der Meer*	**17,969**	34,000	**725**	1,993	**18,694**	35,993	n/a
Stuart Paterson	**33,223**	13,000	**–**	–	**33,223**	13,000	35,300
Julia Bond OBE	**41,500**	33,000	**45**	–	**41,545**	33,000	34,300
Martin Breuer	**35,000**	29,000	**585**	1,276	**35,585**	30,276	30,225
Laurence Jacquot	**35,000**	29,000	**686**	1,588	**35,686**	30,588	10,965
Pui Kei Yuen**	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	25,541
Total	**216,692**	**180,000**	**3,728**	**7,138**	**220,420**	**187,138**	**180,706**

* Retired 14 May 2020.
** Appointed 26 February 2021.
‡ EAT NV prior to migration on 16 March 2019.
† Comprises amounts reimbursed for expenses incurred in carrying out business for the Company which have been grossed up to include PAYE and NI contributions.
∞ Includes one-off payment per additional work in relation to the migration.

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Policy implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution for its approval will be put to Shareholders at the forthcoming AGM. The results of this vote is made available on the Company's website as soon as practicably possible afterwards.

Directors' remuneration for the year

The Directors who served during the year received remuneration at the following annualised rates for services as non-executive Directors. This excludes the one-off fees paid in respect of 2019 migration of the Company which were paid in 2020. Directors can expect to receive fees at the rates indicated for 2021 as well as reimbursement for expenses necessarily incurred.

The fees for specific responsibilities are set out below.

Annual fee rates for Board responsibilities

	With effect from 1 April 2021 £	From 1 January 2020 to 31 March 2021 £
Chairman	44,500	44,000
Chairman of Audit and Risk Committee	35,400	35,000
Senior Independent Director	34,400	34,000
Non-executive Director	30,300	30,000

Directors' Share interests (audited)	2020	2019*
Jack Perry	77,168	61,353
Julia Bond	91,428	65,030
Stuart Paterson	95,000	65,000
Martin Breuer	90,000	55,000
Laurence Jacquot	25,000	25,000
Pui Kei Yuen*	n/a	n/a
Professor Robert van der Meer†	n/a	–

* Appointed 26 February 2021.
† Retired 14 May 2020.

There have been no changes in any of the Directors' shareholdings detailed above between 31 December 2020 and the date of this report. No Director held any interests in the issued Share Capital of the Company other than as stated above. There is no requirement for the Directors to hold shares in the Company.

Relative importance of spending on pay

The table below shows the actual expenditure in relation to Board remuneration, other expenses, Shareholder dividends and 31 December net asset value:

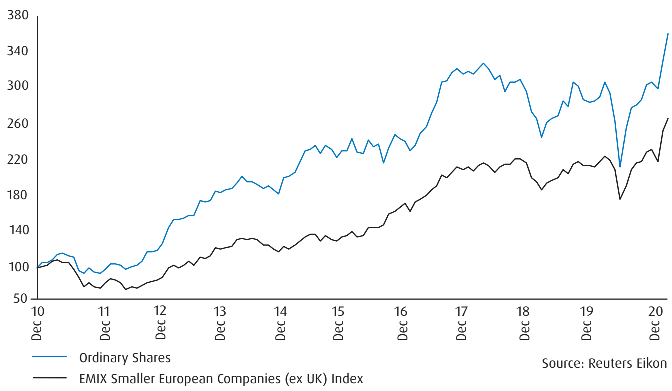
	2020 £'000s	2019 £'000s	%
Aggregate Board remuneration (excluding taxable benefits)∞	217	180	+20.6
Management and other expenses	3,714	4,633	-19.8
Dividends paid to Shareholders	25,272	22,644	+11.6
Year end Net Asset Value	478,004	418,142	+14.3

∞ Includes one-off payment per additional work in relation to the migration.

Company performance

The Board is responsible for the Company's investment strategy and performance. The management of the investment portfolio is delegated to the Manager. An explanation of the performance of the Company is given in the Chairman's Statement and Investment Manager's Review. A comparison of the Company's performance over the required ten-year period is set out in the following graph. This shows the total return (assuming all dividends are re-invested) to ordinary Shareholders against the Benchmark.

Share Price Total Return Performance‡
(in Sterling terms, rebased to 100 at 31 December 2010)



‡ EAT NV prior to migration on 16 March 2019.

On behalf of the Board

Jack Perry
Chairman
11 March 2021

Report of the Audit and Risk Committee

The members of the Audit and Risk Committee who served throughout the year ended 31 December 2020 were Stuart Paterson, Jack Perry, Julia Bond, Martin Breuer and Laurence Jacquot. Stuart Paterson has served as Chair since 14 May 2020. Prior to that date, the committee was chaired by Professor Robert van der Meer who retired on 14 May 2020.

The duties of the committee include reviewing the annual and interim Accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor, PricewaterhouseCoopers LLP ('PwC'), including its independence and objectivity. It is also the forum through which the auditor reports to the Board of Directors. The committee meets at least twice yearly including at least one meeting with the auditor.

The Audit and Risk Committee met on two occasions during the year and the attendance of each of the members is set out on page 39. In the course of its duties, the committee had direct access to the auditor and senior members of the Manager's fund management and investment trust teams. Amongst other things, the Audit and Risk Committee considered and reviewed the following matters and reported thereon to the Board:

- The annual results announcements, and annual and half-yearly reports and accounts;
- The accounting policies of the Company;
- The principal risks faced by the Company and the effectiveness of the Company's internal control environment;
- The effectiveness of the audit process and related non-audit services and the independence and objectivity of the auditor, their re-appointment, remuneration and terms of engagement;
- The policy on the engagement of the auditor to supply non-audit services;
- The implications of proposed new accounting standards and regulatory changes;
- The receipt of an internal controls report from the Manager; and
- Whether the Annual Report and Accounts is fair, balanced and understandable.

Significant issues considered by the Audit and Risk Committee for the year ended 31 December 2020

Matter	Action
Existence and valuation of investments	
The Company's portfolio is invested in listed securities. Errors in valuation could have a material impact on the Company's net asset value per share.	The Board reviews the full portfolio valuation at each Board meeting and receives quarterly reports from the AIF Manager and the Depositary. The Board receives at each Board meeting analysis from the investment managers reviewing the liquidity of the portfolio.
Appropriateness of viability assessment	
The Company discloses a viability assessment and statement in accordance with the requirements of the UK Corporate Governance Code.	Mindful of the guidance issued by the Financial Reporting Council, when assessing viability, the Company's cash position, availability of the loan facility and the operational resilience of its service providers was considered. Further analysis of the five year viability assessment and the application of the going concern principle are detailed on page 32 and note 25 to the financial statements.
Effectiveness of internal control environment	
On an annual basis the Audit and Risk Committee considers the Company's internal control environment.	The Audit and Risk Committee meeting considered the control reports and written assurances received from third party service providers with regard to the operation of internal controls during the year ended 31 December 2020.

As part of its review of the scope and results of the audit, during the period the Audit and Risk Committee considered and approved the auditor's plan for the audit of the financial statements for the year ended 31 December 2020. At the conclusion of the audit the auditor did not highlight any issues to the Audit and Risk Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. The auditor issued an unqualified audit report which is included on pages 71 to 76.

Following the implementation of the Statutory Audit Amending Disclosure, with effect from 1 January 2017, the auditor is unable to provide tax compliance and advisory services to the Company.

As part of the review of auditor independence and effectiveness, PwC has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating the auditor, the Audit and Risk Committee has taken into consideration the standing, skills and experience of the firm and the audit team. In addition, the Audit and Risk Committee reviewed the FRC's Audit and Quality review for PwC and discussed the findings with the Company's audit partner to determine if any of the indicators in the report had specific relevance to this year's audit of the Company. The Audit and Risk Committee discussed the audit plan and PwC's final report and concluded that an effective external audit had been conducted. PwC Netherlands was appointed auditors to the Company's predecessor, EAT NV, on 24 April 2014. PricewaterhouseCoopers LLP UK was appointed auditors to the Company on 17 May 2019. The Company is not required to change its auditors at least until after the audit in respect of the year ended 31 December 2024. It is the current intention of the Audit and Risk Committee not to change the auditor until then. The Audit and Risk Committee, from direct observation and enquiry of the Manager, remains satisfied that the auditor continues to provide effective independent challenge in carrying out its responsibilities. Following professional guidelines, the audit partner rotates after five years. The current audit partner is in the second year of his appointment. On the basis of this assessment, the Audit and Risk Committee has recommended the continuing appointment of the auditor to the Board. The auditor's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

The process is based principally on the Manager's existing risk-based approach to internal control whereby a matrix is created for the Company that include the key functions and activities carried out by the Manager and other service providers, the risks associated with these functions and activities and the controls employed to minimise these risks. These functions and activities include the financial reporting process. A residual risk rating is then applied. The matrix is regularly updated and reviewed by the committee and the Board.

A formal annual review of these procedures is carried out by the Audit and Risk Committee and includes consideration of internal control reports issued by the Manager and other service providers. Such review procedures have been in place throughout the financial year and up to the date of approval of the annual report, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective, its peer group and its benchmark index. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines. The Depositary reports to the Board and carries out daily independent checks on cost and investment transactions, annually verifies asset ownership and has strict liability for the loss of the Company's financial assets in respect of which it has safe keeping duties.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, including its own internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards Shareholders' investments and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary but this decision will be kept under review.

Stuart Paterson
Chairman of the Audit and Risk Committee
11 March 2021

Report of the Management Engagement Committee

Duties of the Committee

The duties of the Management Engagement Committee are to review the terms and conditions of the appointment and the appropriateness of the continuing appointment of:

- The Investment Manager,
- Other significant service providers including the Depositary and Custodian, corporate broker, administrator and legal counsel.

The Management Engagement Committee also reviews the fees paid during the year to all of the Company's service providers.

Composition of the Committee

The Management Engagement Committee is appointed by the Board from amongst the Board Directors of the Company. A quorum is two members.

The Chairman of the Management Engagement Committee shall be the Chairman of the Board.

Currently all members of the Board have been appointed to the Management Engagement Committee.

The terms of reference of the Management Engagement Committee are available on the the Company's website www.europeanassets.co.uk.

The Manager's Evaluation Process

The Committee meets annually. Its most recent meeting was February 2021 which included a formal evaluation of the performance and remuneration of the Manager. At each Board meeting throughout the year the performance of the Company is reviewed. The Board receives detailed papers, reports and reviews from the Manager on performance at each regular Board meeting. These papers include details of portfolio attribution, asset and sector allocation, gearing and risk. These enable the Board to assess the success or failure of the Manager's performance against the Key Performance Indicators determined by the Board.

The Manager's Re-appointment

During February 2021, the Management Engagement Committee of the Board reviewed the appropriateness of the Manager's continuing appointment. In carrying out the review, consideration was given to past investment performance and the ability of the Manager to produce satisfactory investment performance in the future. Consideration was also given to the standard of other services provided which include company secretarial, accounting, administration and marketing. The length of notice of the investment management contract and fees payable to the Manager were also reviewed. Following this review, it is the Board's opinion that the continuing appointment of the Manager on the terms agreed is in the interests of Shareholders as a whole.

The Manager's Fee

An important responsibility of the Committee is the review of the Manager's fee. Details of the investment management fee are included in Note 5 to the Accounts. At each annual Committee meeting the Directors compare the basis of the remuneration of the Manager against that of the peer group.

During March 2020 the Company announced an amendment to the basis of calculation of the investment management 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 were calculated as the value of total assets less current liabilities (excluding borrowings) at the end of the preceding quarter. 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 this amendment, which was effective from 1 April 2020, the investment management fee was 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 remained unchanged.

Service providers

At each meeting of the Committee the Directors consider the remuneration and performance of each of the key service providers of the Company.

Reporting Procedures

The secretary circulates the minutes of meetings of the Management Engagement Committee to all members of the Board at the next Board meeting following a Management Engagement Committee Meeting.

A member of the Management Engagement Committee attends the Annual General Meeting and is available to answer questions on the Management Engagement Committee's activities and responsibilities.

Jack Perry
Chairman

11 March 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and Accounts, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively;
- prepare a Directors' Report, a Strategic Report and a Directors' Remuneration Report which comply with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Report and Accounts is published on the www.europeanassets.co.uk website, which is maintained by the Manager. The Directors are responsible for the maintenance and integrity of the Company's website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

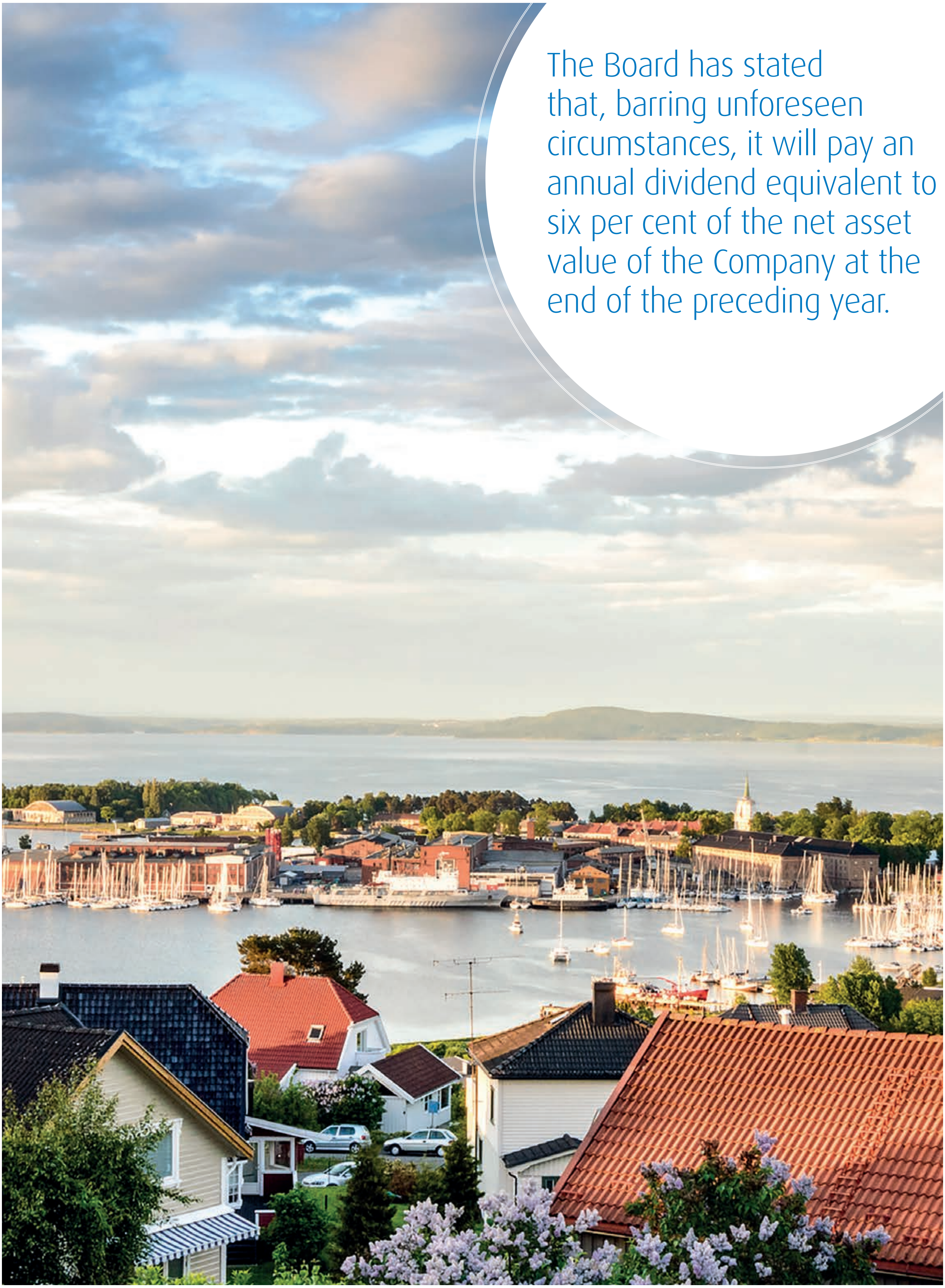
Each of the Directors listed on page 30 confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Jack Perry
Chairman

11 March 2021

The Board has stated that, barring unforeseen circumstances, it will pay an annual dividend equivalent to six per cent of the net asset value of the Company at the end of the preceding year.



Oslofjord, Norway

Statement of Comprehensive Income

Revenue Notes	Capital Notes		For the year ended 31 December 2020 Revenue £'000s	Capital £'000s	Total £'000s	For the period from 12 November 2018 to 31 December 2019* Revenue £'000s	Capital £'000s	Total £'000s
	13	Gains on investments held at fair value through profit or loss	–	63,376	63,376	–	91,123	91,123
		Foreign exchange gains/(losses)	134	(1,464)	(1,330)	–	249	249
3	21	Income	3,934	–	3,934	10,165	–	10,165
5	5	Management fees	(582)	(2,329)	(2,911)	(660)	(2,640)	(3,300)
6	6	Other expenses	(904)	(116)	(1,020)	(1,217)	(296)	(1,513)
		Profit before finance costs and taxation	**2,582**	**59,467**	**62,049**	**8,288**	**88,436**	**96,724**
9	9	Finance costs	(19)	(76)	(95)	(35)	(141)	(176)
		Profit before taxation	**2,563**	**59,391**	**61,954**	**8,253**	**88,295**	**96,548**
10		Taxation	(413)	–	(413)	(1,587)	–	(1,587)
		Profit for the year and total comprehensive income	**2,150**	**59,391**	**61,541**	**6,666**	**88,295**	**94,961**
12	12	**Earnings per share – pence**	**0.60**	**16.49**	**17.09**	**1.85**	**24.54**	**26.39**

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

The accompanying notes on pages 54 to 70 are an integral part of these financial statements.

Statement of changes in Equity

Notes	Year ended 31 December 2020	Share capital £'000s	Distributable reserve £'000s	Capital reserve £'000s	Revenue reserve £'000s	Cumulative translation reserve £'000	Total shareholders' funds £'000s
	Balance at 31 December 2019	37,493	369,191	28,942	–	(17,484)	418,142
	Movement during the year ended 31 December 2020						
11,17,21	Interim dividends distributed and reinvested	13	(23,122)	129	(2,150)	–	(25,130)
	Total comprehensive income	–	–	59,391	2,150	–	61,541
20	Costs associated with share issues	–	(15)	–	–	–	(15)
	Cumulative translation adjustment	–	–	–	–	23,466	23,466
	Balance as at 31 December 2020	**37,506**	**346,054**	**88,462**	**–**	**5,982**	**478,004**

The accompanying notes on pages 54 to 70 are an integral part of these financial statements.

Notes	For the period ended 31 December 2019*	Share capital £'000s	Share premium account £'000s	Other reserves £'000s	Distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Cumulative translation reserve £'000	Total shareholders' funds £'000s
	Balance as at 12 November 2018	–	–	–	–	–	–	–	–
	Transferred from European Assets Trust NV on 1 January 2019[1]	31,758	239,531	92,049	–	–	–	–	363,338
	Total comprehensive income for the period from 1 January 2019 to 16 March 2019[2]	–	–	54,866	–	–	–	–	54,866
11	Interim dividends distributed for the period from 1 January 2019 to 16 March 2019[2]	6	(6)	(11,780)	–	–	–	–	(11,780)
	Cancelled on 16 March 2019[2]	(31,764)	(239,525)	(135,135)	–	–	–	–	(406,424)
	Issued on 16 March 2019[2]	37,233	369,191	–	–	–	–	–	406,424
	Cancelled by court process	–	(369,191)	–	–	–	–	–	(369,191)
	Arising from cancellation of Share Premium	–	–	–	369,191	–	–	–	369,191
	Total comprehensive income for the period from 16 March 2019 to 31 December 2019	–	–	–	–	31,687	8,406	–	40,093
11	Interim dividends distributed for the period from 16 March 2019 to 31 December 2019	11	–	–	–	(2,469)	(8,406)	–	(10,864)
	Issuance cost of scrip dividend shares	–	–	–	–	(27)	–	–	(27)
	Foreign exchange movement on Sterling denominated share capital	249	–	–	–	(249)	–	–	–
	Cumulative translation adjustment	–	–	–	–	–	–	(17,484)	(17,484)
	Balance at 31 December 2019	**37,493**	**–**	**–**	**369,191**	**28,942**	**–**	**(17,484)**	**418,142**

[1] 1 January 2019 - accounting effective date of migration

[2] 16 March 2019 - date of migration

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

The accompanying notes on pages 54 to 70 are an integral part of these financial statements.

Statement of Financial Position

Notes		31 December 2020 £'000s	31 December 2019* £'000s
	Non-current assets		
13	Investments at fair value through profit or loss	**499,946**	404,590
	Current assets		
14	Other receivables	**2,276**	2,111
	Cash and cash equivalents	**2,950**	11,516
	Total current assets	**5,226**	13,627
	Current liabilities		
15	Other payables	**(315)**	(75)
16,23	Bank loan	**(26,853)**	-
	Total current liabilities	**(27,168)**	(75)
	Net current (liabilities)/assets	**(21,942)**	13,552
	Net assets	**478,004**	418,142
	Capital and reserves		
17	Share capital	**37,506**	37,493
20	Distributable reserve	**346,054**	369,191
21	Capital reserves	**88,462**	28,942
21	Revenue reserve	**–**	–
	Cumulative translation reserve	**5,982**	(17,484)
	Total Shareholders' funds	**478,004**	418,142
22	**Net Asset Value per ordinary share – pence**	**132.75**	116.17

Approved by the Board and authorised for issue on 11 March 2021 and signed on its behalf of by:

Jack Perry, Chairman.

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

The accompanying notes on pages 54 to 70 are an integral part of these financial statements.

Statement of Cash Flow

Notes		For the year ended 31 December 2020 £'000	For the period ended 31 December 2019* £'000
	Operating activitites		
	Sale of investments	195,377	120,080
	Purchase of investments	(204,728)	(84,373)
	Dividends received	3,431	7,401
	Investment management fees paid	(2,911)	(3,300)
	Restructuring costs paid	–	(623)
	Other operating expenses	(1,005)	(1,352)
	Interest expenses paid	(67)	(194)
	Cashflows from operating activities	(9,903)	37,639
	Financing activities		
11,17,21	Equity dividends distributed (net)	(25,130)	(22,671)
16,23	Drawdown of loan	26,853	–
	Cashflows from financing activities	1,723	(22,671)
	Net movement in cash and cash equivalents	(8,180)	14,968
	Cash and cash equivalents at the beginning of the year	11,516	(3,219)
	Effect of movement in foreign exchange	(1,330)	249
	Translation adjustment	944	(482)
	Cash and cash equivalents at the end of the year	2,950	11,516

Represented by:

Cash at bank	811	11,516
Short term deposits	2,139	–
	2,950	11,516

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

The accompanying notes on pages 54 to 70 are an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

European Assets Trust PLC is an investment company incorporated in England (UK) with a premium listing on the London Stock Exchange. The Company registration number is 11672363 and the registered office is Exchange House, Primrose Street, London, EC2A 2NY, England.

The Company has conducted its affairs so as to qualify as an investment trust under the provisions of Section 1158 of the Corporation Tax Act 2010. Approval of the Company under Section 1158 has been received. The Company intends to conduct its affairs so as to enable it to continue to comply with the requirements. Such approval exempts the Company from UK Corporation Tax on gains realised in the relevant year on its portfolio of fixed asset investments.

The accounting policies have been applied consistently throughout the year ended 31 December 2020, with no significant changes, as set out in note 2 below.

2. Significant accounting policies

a) Basis of Preparation

The financial statements of the Company have been prepared on a going concern basis under the historical cost convention modified to include fixed asset investments and derivatives at fair value, and in accordance with the Companies Act 2006, International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union.

Where presentational guidance set out in the 2018 amended Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

All of the Company's operations are of a continuing nature. The functional currency of the Company is the Euro whilst as previously announced the Company has made a voluntary change in presentational currency with effect from 1 January 2020 to Pound Sterling as a result of the migration from the Netherlands to the United Kingdom, see the Chairman Statement on page 7 of these Report & Accounts for further information.

All transactions during the year are translated on the date of execution and the Statement of Financial Position as at the year-end date.

A judgement was made with regards to the translation of prior year comparatives presented in these accounts. An average rate of exchange of 1.1328 has been used to translate prior year transactions and the Capital & Reserves of the Company as this rate we believe provides a Sterling equivalent closer to the true value of the transactions included in these figures should it have been practical to have used exchange rates on the date of execution. The prior year-end exchange rate of 1.18017 has been used to translate the Non-current assets and the current assets and liabilities of the Company on the Statement of Financial Position as at 31 December 2019 as this was the true value of the assets and liabilities at that point in time. The difference between the Net Assets and Capital and reserves presented on the Statement of Financial Position is the difference in translation arising from these differing methods and as a result creates the Cumulative translation reserve (see note 2(k)(vii)). These rates were deemed to be practical for the purpose of translating the comparative numbers due to the complexity of the prior year given the migration from the Netherlands to United Kingdom in March 2019.

The Board confirms that no other significant accounting judgements or estimates have been applied to the financial statements and therefore there is no significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

As referred to in the Directors' Report on page 32 and note 25 to the accounts the Directors believe that it is appropriate for the accounts to be prepared on a going concern basis.

b) New and revised Accounting Standards

The Company adopted the following amended or new standards and interpretations during the year, none of which the Board expect to have a significant effect on the Company's accounts:

- IAS 12 Amendment (AI 2015-17) – Income tax consequences of payments on financial instruments classified as equity;
- IAS 23 Amendment (AI 2015-17) – Borrowing costs eligible for capitalisation;
- IFRIC 23 Uncertainty over Income Tax Treatments.

Other new standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) but not effective for the current financial year and not early adopted by the Company include:

- Amendments to IAS 1 and IAS 8 – Definition of Material (effective 1 January 2020). The IASB has refined its definition of 'material' and issued practical guidance on applying the concept of materiality. The amendments are not expected to have a material impact on the Company's financial statements.

The IASB have issued a number of other new standards, amendments and interpretations that are not yet effective for the current financial year end and are not expected to be relevant or material to the Company's operations. They are therefore not expected to have an impact on the Company's financial statements when they become effective.

2. Significant accounting policies (continued)

c) Presentation of Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 Corporation Tax Act 2010.

d) Financial instruments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured at fair value.

Investments are classified as fair value through profit or loss. As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as fair value through profit or loss on initial recognition.

Financial assets designated as at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Unlisted investments are valued at fair value by the Directors on the basis of all information available to them at the time of valuation.

Where securities are designated upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item.

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 – techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

e) Receivables

Receivables do not carry any interest and are short term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Receivables are recognised initially at fair value based on contractual settlement amounts and subsequently measured at amortised cost using the effective interest rate method. The Company records any impairment allowance on financial assets at amortised cost using the expected credit loss model under the simplified method.

f) Cash and cash equivalents

Cash at banks and short term deposits that are held to maturity are carried at cost. Cash and cash equivalents consist of cash at bank and short term deposits with an original maturity of three months or less.

g) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity instruments are initially recorded at the proceeds received, net of issue costs.

h) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

i) Derivative financial instruments

Derivatives are classified as fair value through profit or loss – held for trading and are held at fair value and changes in fair value are recognised in the capital return column of the Statement of Comprehensive Income.

j) Payables

Payables are not interest bearing and are stated at their nominal value recognised initially at fair value based on contractual settlement amounts and subsequently measured at amortised cost using the effective interest rate method.

k) Share capital and reserves

(i) Share capital is held at the year end as Sterling denominated ordinary Shares.

(ii) Other reserves were cancelled on migration.

(iii) Share premium was cancelled by court process in 2019 to create the Distributable Reserve.

(iv) Distributable reserve – created by cancellation of the share premium account. This reserve is available as distributable profits and may be used for the payment of dividends and the repurchase of Company shares.

2. Significant accounting policies (continued)

k) Share capital and reserves (continued)

(v) **Capital reserve**

Capital reserves – arising on investments sold and distributable by way of a dividend in accordance with the Companies Act sections 830(2), 832, and 833.

The following are accounted for in this reserve:

- gains and losses on the disposal of fixed asset investments and derivatives;
- settled foreign exchange differences of a capital nature; and
- other capital charges and credits charged or credited to this account in accordance with the above policies.

Capital reserves – arising on investments held and are non-distributable

The following are accounted for in this reserve:

- increases and decreases in the valuation of fixed asset investments and derivatives held at the year-end; and
- unsettled foreign exchange valuation differences of a capital nature.

(vi) **Revenue Reserve**

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to Shareholders as a dividend as defined by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants in Scotland technical guidance TECH 02/17BL.

(vii) **Cumulative translation reserve**

This reserve comprises all foreign exchange differences arising from the translation from the Company's functional currency, Euros, to the reporting currency, Pound Sterling. The figure represents:

- the differences arising from translation of transactions made by the Company at the exchange rate on the date of execution;
- the translation of assets and liabilities held at the Statement of Financial Position (SOFP) date at the exchange rate prevailing on that date; and,
- the translation of brought forward assets translated at the exchange rate prevailing on the SOFP date and brought forward capital and reserves at prior period average exchange rate for that period.

l) Income

Dividends are recognised as income on the date that the related investments are marked ex-dividend.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established.

Special dividends of a non-capital nature are recognised through the revenue column of the Statement of Comprehensive Income. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, an amount equal to the cash dividend is recognised as income.

Interest income from fixed interest securities is accrued on a time apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Other investment income and deposit interest are included on an accruals basis.

m) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

n) Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under section 1158 Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. Significant accounting policies (continued)

o) Expenses and interest

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except those incurred as a consequence of the migration and where incurred in connection with the maintenance or enhancement of the value of the Company's investment portfolio taking account of the expected long term split of returns as follows:

– Management fees and finance costs have been allocated 20 per cent to revenue and 80 per cent to capital.

p) Foreign currency

Foreign currency monetary assets and liabilities are expressed in Sterling at rates of exchange ruling at the Balance Sheet date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions. Exchange profits and losses on fixed assets investments are included within the changes in fair value in the Capital Reserve. Exchange profits and losses on other currency balances are separately credited or charged to the Capital Reserve except where they relate to revenue items.

Rates of exchange as at 31 December (with regard to Sterling)	2020	2019
Danish Krone	8.31584	8.80724
Norwegian Krone	11.70375	11.64105
Euro	1.11720	1.18017
Swedish Krona	11.22614	12.40065
Swiss Franc	1.20831	1.28281

q) Use of judgements, estimates and assumptions

The presentation of the financial statements in accordance with accounting standards require the Board to make judgements, estimates and assumptions that effect the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

The areas requiring the most significant judgement and estimation in preparation of the financial statements are: recognising and classifying unusual or special dividends received as either revenue or capital in nature; and setting the level of dividends paid and proposed in satisfaction of both the Company's long-term objective and its obligations to adhere to Investment Trust status rules under Section 1158 of the Corporation Tax Act 2010.

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, to determine their allocation in accordance with the SORP to either the Revenue or Capital Reserves. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to Capital Reserves. Investee company dividends which appear to be paid in excess of current year profits may nevertheless still be considered to be wholly revenue in nature unless evidence suggests otherwise. The value of dividends received in the year treated as capital in nature is disclosed in note 21 to the Accounts. The value of special dividends receivable in any period cannot be foreseen as such dividends are declared and paid by investee companies without prior reference to the Company.

3. Income

	2020 £'000s	2019* £'000s
Dividend income from listed investments in:		
- Austria	297	606
- Denmark	647	348
- France	212	190
- Germany	683	1,870
- Iceland	135	–
- Ireland	–	776
- Italy	360	1,494
- Netherlands	233	964
- Norway	268	1,689
- Portugal	152	47
- Spain	292	400
- Sweden	341	1,134
- Switzerland	314	647
Total dividend income	**3,934**	10,165

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

4. Operating Segments

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single segment of business, of investing in equity and that therefore the Company has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company.

5. Management fee

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019* Total £'000
Management fee	**582**	**2,329**	**2,911**	660	2,640	3,300

During March 2020 the Company announced an amendment to the basis of calculation of the investment management 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 were calculated as the value of total assets less current liabilities (excluding borrowings) at the end of the preceding quarter. 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 this amendment, which was effective from 1 April 2020, the investment management fee was 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 is 0.6 per cent per annum. The basis of calculation for funds under management remained unchanged.

Prior to the migration on 16 March 2019, the manager provided these services to EAT NV on the same terms.

Detailed regulatory disclosures including those on the AIF Manager's remuneration policy and costs are available on Company's website or from BMO on request.

6. Other expenses

	Revenue £'000s	Capital £'000s	2020 Total £'000s	Revenue £'000s	Capital £'000s	2019* Total £'000s
Depositary and custody fees	**112**	**–**	**112**	228	–	228
Remuneration of Directors [1]	**184**	**–**	**184**	180	–	180
– additional remuneration relating to migration	**33**	**–**	**33**	–	–	–
Travel expenses	**14**	**–**	**14**	49	–	49
Indemnity insurance costs	**12**	**–**	**12**	10	–	10
Independent auditors' remuneration	**51**	**–**	**51**	34	–	34
Legal, secretarial and accounting	**131**	**–**	**131**	199	–	199
Broker fees	**37**	**–**	**37**	42	–	42
Marketing, advertising and printing costs	**149**	**–**	**149**	164	–	164
Other expenses	**181**	**116**	**297**	206	296	502
Dutch Management Board Director Remuneration	**–**	**–**	**–**	105	–	105
Total other expenses	**904**	**116**	**1,020**	1,217	296	1,513
Auditors' remuneration:						
– for audit services[2]	**51**	**–**	**51**	34	–	34
– for other services	**–**	**–**	**–**	26	–	26
	51	**–**	**51**	60	–	60

All expenses are stated gross of irrecoverable VAT, where applicable.

[1] See the Directors' Remuneration Report on page 42.

[2] Total Auditors' remuneration for audit services, exclusive of VAT amounts to £45,700 (2019: £28,800).

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

7. Directors fees

The emoluments of the Chairman, the highest paid Director, were at the rate of £44,000 per annum (2019: €49,900).

Other Directors' emoluments amounted to £30,000 (2019: €34,000) each per annum, with the chairman of the Audit and Risk Committee receiving an additional £5,000 (2019: €6,000) per annum and the Senior Independent Director an additional £4,000 (2019: €5,000). Full details are provided in the Directors' Remuneration Report on pages 42 and 43.

Prior to the migration on 16 March 2019, remuneration was payable for services provided as members of the Supervisory Board of EAT NV.

The independent remuneration review in 2019 recommended that the Board of Directors at the time of migration received a one-off payment in relation to the additional work required.

8. Other expenses – restructuring costs

Restructuring costs arising from the migration during the period ended 31 December 2019* amounted to £284,000. Of this amount £201,000 related to a provision against Irish transaction costs which the Company recovered from the Irish revenue in 2020 and £25,000 chargeable by PricewaterhouseCoopers LLP for the audit of the Company's initial accounts prepared to provide support for the payment of the Company's July 2019 dividend.

9. Finance costs

	Revenue £'000s	**Capital £'000s**	**2020 Total £'000s**	Revenue £'000s	Capital £'000s	2019* Total £'000s
Loan interest	**10**	**39**	**49**	35	141	176
Bank interest charges	**9**	**37**	**46**	–	–	–
Total finance cost	**19**	**76**	**95**	35	141	176

Finance costs have been allocated 80% to capital reserve in accordance with the Company's accounting policies.

10. Taxation

(a) Analysis of tax charge / (credit) for the year

	Revenue £'000s	**Capital £'000s**	**2020 Total £'000s**	Revenue £'000s	Capital £'000s	2019* Total £'000s
Overseas taxation	**413**	**–**	**413**	1,587	–	1,587
Total taxation (see note 10(b))	**413**	**–**	**413**	1,587	–	1,587

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK.

(b) Factors affecting the current tax charge for the year

	Revenue £'000s	**Capital £'000s**	**2020 Total £'000s**	Revenue £'000s	Capital £'000s	2019* Total £'000s
Net profit on ordinary activities before taxation	**2,563**	**59,391**	**61,594**	8,253	88,295	96,548
Net profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2019: 19%)	**487**	**11,284**	**11,771**	1,568	16,776	18,344
Effects of:						
Dividends[1]	**(748)**	**–**	**(748)**	(1,932)	–	(1,932)
Capital returns[1]	**–**	**(12,041)**	**(12,041)**	–	(17,313)	(17,313)
Currency (gains)/losses	**(25)**	**278**	**253**	–	(48)	(48)
Expenses not utilised in the year	**286**	**479**	**765**	364	585	949
Overseas taxation not relieved	**413**	**–**	**413**	1,587	–	1,587
Total taxation (see note 10(a))	**413**	**–**	**413**	1,587	–	1,587

[1] These items are not subject to corporation tax in an investment trust company.

No deferred tax asset in respect of unutilised expenses at 31 December 2020 (2019: same) has been recognised as it is uncertain that there will be taxable profits from which the future reversal of a deferred tax asset could be deducted.

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

11. Dividends

The level of dividend paid by the Company 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 6 per cent of the net asset value at the end of the preceding year. The dividend is funded from a combination of current year net profits and the distributable reserves.

The Company distributed the following interim dividends to shareholders:

	Register date	Payment date	2020 £'000s	2019* £'000s
First of four interims for the year ended 31 December 2019 of 1.967 cents per share	18 Jan 19	31 Jan 19	–	6,222
Second of four interims for the year ended 31 December 2019 of 1.750 cents per share	01 Mar 19	15 Mar 19	–	5,559
Third of four interims for the year ended 31 December 2019 of 1.710 cents per share	12 Jul 19	31 Jul 19	–	5,431
Fourth of four interims for the year ended 31 December 2019 of 1.710 cents per share	11 Oct 19	31 Oct 19	–	5,432
First of four interims for the year ended 31 December 2020 of 1.755 pence per share	17 Jan 20	31 Jan 20	6,317	–
Second of four interims for the year ended 31 December 2020 of 1.755 pence per share	14 Apr 20	30 Apr 20	6,318	–
Third of four interims for the year ended 31 December 2020 of 1.755 pence per share	10 Jul 20	31 Jul 20	6,318	–
Fourth of four interims for the year ended 31 December 2020 of 1.755 pence per share	09 Oct 20	30 Oct 20	6,319	–
			25,272	22,644

Prior to the migration, on 16 March 2019, dividends were paid by EAT NV and subject to Dutch withholding tax.

	2020 £'000s
Net revenue return attributable to Shareholders	2,150
First of four interims for the year ended 31 December 2020 of 1.755 pence per share	(6,317)
Second of four interims for the year ended 31 December 2020 of 1.755 pence per share	(6,318)
Third of four interims for the year ended 31 December 2020 of 1.755 pence per share	(6,318)
Fourth of four interims for the year ended 31 December 2020 of 1.755 pence per share	(6,319)
Shortfall paid from capital distributable reserves	(23,122)

12. Earnings per share

The net revenue results is equivalent to profit before tax per the Statement of Comprehensive Income. The return per share figure is based on the net profit or loss for the period or year and on the weighted average number of shares in issue during the period or year. The return per share amount can be further analysed between revenue and capital, as follows:

	2020 Revenue £'000s	2020 Capital £'000s	2020 Total £'000s	2019* Revenue £'000s	2019* Capital £'000s	2019* Total £'000s
Net return attributable to equity Shareholders	2,150	59,391	61,541	6,666	88,295	94,961
Return per share – pence	0.60	16.49	17.09	1.85	24.54	26.39

Both the revenue and capital returns per share are based on a weighted average of 360,012,510 ordinary shares in issue during the year (2019: 359,844,520).

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

13. Investments held at fair value through profit or loss

	2020 Total (Level 1) £'000s	2019* Total (Level 1) £'000s
Cost brought forward	329,967	–
Cost transferred from EAT NV on migration	–	350,408
Unrealised gains brought forward	74,623	15,684
Fair value of investments at 31 December	404,590	366,092
Movements in the period:		
Purchases at cost	204,922	84,373
Sales proceeds	(195,377)	(120,081)
Gains on investments sold in the period	21,512	15,303
Gains on investments held at year end	41,864	75,820
Translation adjustment	22,435	(16,917)
Fair value of investments at 31 December	499,946	**404,590**
Cost at 31 December	361,025	329,967
Gains on investments held at 31 December	138,921	74,623
Fair value of investments at 31 December	499,946	**404,590**

	2020 £'000s	2019* £'000s
Gains on investments sold in the period	21,512	15,303
Gains on investments held at year end	41,864	75,820
Total gains on investments	63,376	**91,123**

All assets held by the Company were classified as Level 1 in nature as described in note 2(d) and includes investments and derivatives listed on any recognised stock exchange.

Investment sold during the year have been revalued over time since their original purchase, and until they were sold any unrealised gains/losses was included in the fair value of the investments.

Included within the capital reserve movement for the year are £169,000 of transaction costs including stamp duty on purchases of investments (2019*: £43,000) and £104,000 of transaction costs on sales of investments (2019*: £55,000).

Listed equities designated at fair value through profit or loss on initial recognition, incorporated in:	2020 £'000s	2019* £'000s
– Austria	10,326	9,131
– Denmark	33,788	27,226
– France	25,455	9,479
– Germany	127,663	82,983
– Iceland	12,365	9,952
– Ireland	6,925	22,991
– Italy	42,327	43,841
– Netherlands	40,645	26,429
– Norway	53,144	39,098
– Portugal	9,434	6,169
– Spain	26,305	24,624
– Sweden	71,033	49,905
– Switzerland	40,536	52,762
	499,946	**404,590**

The investment portfolio is set out on pags 17 and 18.

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

14. Other receivables

	2020 £'000s	2019* £'000s
Prepayments	29	41
Overseas taxation recoverable	2,247	2,070
	2,276	**2,111**

15. Other payables

	2020 £'000s	2019* £'000s
Investments purchased awaiting settlement	194	–
Loan Interest	28	–
Accruals	93	75
	315	**75**

16. Borrowings

In March 2020 the Company entered into a €45 million multi-currency revolving loan facility with RBS International expiring March 2021 and subject to compliance with loan covenants. These covenants have all been met during the year. The interest rate on the amount drawn down and commitment fees payable on undrawn amounts are based on commercial terms agreed with RBS International.

As at 31 December 2020 the Company had drawn down €30 million of the loan facility.

17. Called-up Ordinary Share capital

	2020 issued and fully paid Number	2020 issued and fully paid £'000s	2019* issued and fully paid Number	2019* issued and fully paid £'000s
European Assets Trust NV				
Ordinary shares of €0.10 each				
Balance brought forward	n/a	n/a	359,755,323	31,758
Issued as scrip	n/a	n/a	72,984	6
Transferred on merger	n/a	n/a	(359,828,307)	(31,764)
Balance as at 15 March 2019	n/a	n/a	–	–
European Assets Trust Plc				
Ordinary shares of £0.10 each				
Balance brought forward	359,934,706	37,493	–	–
Issued on merger on 16 March 2019[1]	–	–	359,828,307	37,233
Issued as scrip	134,573	13	106,399	11
Foreign exchange gain on sterling denominated share capital	–	–	–	249
Balance at 31 December	**360,069,279**	**37,506**	**359,934,706**	**37,493**

No further shares have been bought back or issued since the year end.

[1] 16 March 2019 - date of migration from European Assets Trust NV to European Assets PLC.

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

18. Share premium account

	2020 £'000s	2019* £'000s
Balance brought forward	n/a	–
Transferred from European Assets Trust NV on 1 January 2019[1]	n/a	239,531
Interim dividends distributed for the period prior to migration[2]	n/a	(6)
Transferred from other reserves on date of migration[2]	n/a	129,666
Cancellation of share premium by court process	n/a	(369,191)
Balance carried forward	n/a	–

[1] 1 January 2019 - accounting effective date of migration
[2] 16 March 2019 - date of migration from European Assets Trust NV to European Assets PLC

19. Other reserves

	2020 £'000s	2019* £'000s
Balance brought forward	n/a	–
Transferred from European Assets Trust NV on 1 January 2019[1]	n/a	92,049
Total comprehensive income for the period prior to migration[2]	n/a	54,866
Interim dividends distributed for the period prior to migration[2]	n/a	(11,780)
Cancellation of other reserves on date of migration[2]	n/a	(135,135)
Balance carried forward	n/a	–

[1] 1 January 2019 - accounting effective date of migration
[2] 16 March 2019 - date of migration from European Assets Trust NV to European Assets PLC

20. Distributable reserve

	2020 £'000s	2019* £'000s
Balance brought forward	369,191	–
Transferred on Cancellation of share premium	–	369,191
Dividends paid from distributable reserve	(23,122)	–
Costs associated with share issues	(15)	–
Balance carried forward	346,054	369,191

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

21. Capital & Revenue Reserves

	Capital reserve - realised £'000s	Capital reserve - unrealised £'000s	Capital reserve - Total £'000s	Revenue reserve £'000s
Movements in the year:				
Gains on investments sold in year	21,512	–	21,512	–
Gains on investments held at year end	–	41,864	41,864	–
Foreign exchange losses	(2,019)	555	(1,464)	–
Management fee (see note 5)	(2,329)	–	(2,329)	–
Finance costs (see note 9)	(76)	–	(76)	–
Other capital charges (see note 6)	(116)	–	(116)	–
Issuance cost of scrip dividend shares	129	–	129	–
Revenue return	–	–	–	2,150
Return attributable to shareholders	17,101	42,419	59,520	2,150
Dividends paid in year (see note 11)	–	–	–	(2,150)
Balance at 31 December 2019*	(62,038)	90,980	28,942	–
Balance at 31 December 2020	(44,937)	133,399	88,462	–

There were no special dividends recognised as capital during the year (2019*: £nil).

22. Net asset value per ordinary share

The net asset value per share is based on the net assets attributable to the ordinary shares in issue as at 31 December:	2020	2019*
Net asset value per share - pence	132.75	116.17
Net assets attributable at the year end - (£'000s)	478,004	418,142
Number of ordinary shares in issue at the year end	360,069,279	359,934,706

23. Reconciliation of liabilities arising from financing activities

	2020 Bank loans £'000s	2020 Total £'000s	2019* Bank loans £'000s	2019* Total £'000s
Opening financial liabilities at 31 December 2019	–	–	–	–
Cash-flows:				
Drawdown of bank loans	26,853	26,853	–	–
Closing financial liabilities at 31 December 2020	26,853	26,853	–	–

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

24. Financial risk management

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the United Kingdom ("UK") as an investment trust under the provisions of section 1158 of the CTA. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of investments.

The Company invests in equities in order to achieve its investment objective, which is to achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. In pursuing this objective, the Company is exposed to financial risks which could result in a reduction in the Company's value of the net assets and profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit.

The Company's use of leverage and borrowings can increase its exposure to these risks, which in turn can also increase the potential returns it can achieve. The Company has specific limits on these instruments to manage the overall potential exposure. These limits include the ability to borrow against the assets of the Company up to a level of 20 per cent of assets as permitted under the Articles of Association.

The Board, together with the Manager, is responsible for the Company's risk management, as set out in detail in the Strategic Report and Directors' Report. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) on the following pages.

The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 2. The policies are in compliance with International accounting standards and best practice. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities including derivatives held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Company's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Manager minimises the price risk by making a balanced selection of companies with regard to distribution across the European countries, sectors and individual stocks, assessing exposure to market risks when making each investment decision and monitors the ongoing market risk within the portfolio.

Details of the geographical exposure of investments can be found in note 13, the table below is a summary of the sector concentrations with the portfolio:

	2020 %	2019 %
Company's securities portfolio:		
Industrials	23.8	29.6
Consumer Discretionary	19.8	21.5
Technology	15.0	7.4
Financials	13.6	12.3
Consumer Staples	9.6	5.4
Health Care	8.8	14.0
Real Estate	3.8	–
Basic Materials	3.1	7.3
Utilities	2.5	–
Energy	–	2.5
	100.0	100.0

24. Financial risk management (continued)

Based on the portfolio of investments held at each Balance Sheet date, and assuming other factors, including the management charge, remain constant, an increase or decrease in the fair value of the portfolio in Euro terms by 20% would have had the following approximate effects on the net capital return attributable to Shareholders and on the NAV per share:

		2020		2019*
	Increase in value £'000s	**Decrease in value £'000s**	Increase in value £'000s	Decrease in value £'000s
Capital return	**99,989**	**(99,989)**	80,918	(80,918)
NAV per share – pence	**27.77**	**(27.77)**	22.48	(22.48)

Gearing may be short or long-term in foreign currencies and enables the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

Income earned in foreign currencies is converted to euro's on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

(b) Currency risk

The Company invests in securities denominated in European currencies other than the Euro which gives rise to currency risk. It is not the Company's policy to hedge this risk. The table below is a summary of the Company currency exposure:

	2020 £'000s	2019* £'000s
Danish Krone	**33,788**	28,365
Norwegian Krone	**53,144**	40,733
Pound Sterling	**13,268**	14,372
Swedish Krona	**71,033**	51,991
Swiss Franc	**27,268**	40,594
Total	**198,501**	**176,055**

Based on the financial assets and liabilities held and the exchange rates applying at the Balance Sheet date, a weakening or strengthening of Euro against other currencies by 10% would have the following approximate effect on returns attributable to Shareholders and on the NAV per share.

Weakening of Euro by 10% against other currencies	**2020 £'000s**	2019* £'000s
Net revenue return attributable to Shareholders	**158**	329
Net capital return attributable to Shareholders	**22,097**	19,612
Net total return attributable to Shareholders	**22,255**	**19,941**
NAV per share – pence	**6.18**	**5.54**

Strengthening of Euro by 10% against other currencies	**2020 £'000s**	2019* £'000s
Net revenue return attributable to Shareholders	**(129)**	(269)
Net capital return attributable to Shareholders	**(18,079)**	(16,047)
Net total return attributable to Shareholders	**(18,208)**	**(16,316)**
NAV per share – pence	**(5.06)**	**(4.53)**

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

24. Financial risk management (continued)

These effects are representative of the Company's activities although the level of the Company's exposure to the other currencies fluctuates in accordance with the investment and risk management processes. As this analysis only reflects financial assets and liabilities, it does not include the impact of currency exposures on the management fee.

The fair values of the Company's assets and liabilities at 31 December by currency are shown below:

2020	Short-term debtors £'000s	Cash and cash equivalents £'000s	Short-term creditors - other £'000s	Short-term creditors - loans £'000s	Net monetary (liabilities)/ assets £'000s	Investments £'000s	Net exposure £'000s
Euro	1,641	2,950	(53)	(26,853)	(22,315)	301,445	279,130
Danish Krone	207	–	–	–	207	33,788	33,995
Norwegian Krone	186	–	(191)	–	(5)	53,144	53,139
Pound Sterling	27	–	(71)	–	(44)	13,268	13,224
Swedish Krona	25	–	–	–	25	71,033	71,058
Swiss Franc	190	–	–	–	190	27,268	27,458
Total	2,276	2,950	(315)	(26,853)	(21,942)	499,946	478,004

2019*	Short-term debtors £'000s	Cash and cash equivalents £'000s	Short-term creditors - other £'000s	Short-term creditors - loans £'000s	Net monetary assets/ (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Euro	1,601	11,516	–	–	13,117	228,535	241,652
Danish Krone	158	–	–	–	158	28,365	28,523
Norwegian Krone	180	–	–	–	180	40,733	40,913
Pound Sterling	24	–	(75)	–	(51)	14,372	14,321
Swedish Krona	23	–	–	–	23	51,991	52,014
Swiss Franc	125	–	–	–	125	40,594	40,719
Total	**2,111**	**11,516**	**(75)**	**–**	**13,552**	**404,590**	**418,142**

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in interest rates. When the Company retains cash balances, the cash is held with approved banks, usually on overnight deposit. In addition, the Company has a loan facility with the Royal Bank of Scotland International which is exposed to a floating interest rate risk. Interest received or paid on cash balances and bank overdrafts is at market rates and is monitored and reviewed by the Manager and the Board.

The exposure of the financial assets and liabilities to interest rate movements at 31 December was:

	Within one year £'000s	More than one year £'000s	2020 Net total £'000s	Within one year £'000s	More than one year £'000s	2019* Net total £'000s
Exposure to floating rates:						
Cash and cash equivalents	2,950	–	2,950	11,516	–	11,516
Loans	(26,853)	–	(26,853)	–	–	–
Net exposure	(23,903)	–	(23,903)	11,516	–	11,516
Minimum net exposure during the year			(2,436)			(757)
Maximum net exposure during the year			(29,803)			(40,214)

The Company had no exposure to fixed interest rates at the year end.

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management processes.

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

24. Financial risk management (continued)

Based on the financial assets and liabilities held and the interest rates ruling at each balance sheet date, an increase or decrease in interest rates of 2% would have the following approximate effects on the Income Statement revenue and capital returns after tax and on the NAV per share:

	2020		2019*	
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Revenue return	**(60)**	**(468)**	218	(54)
Capital return	**96**	**382**	54	(218)
Total return	**36**	**(86)**	272	(272)
NAV per share – pence	**0.010**	**(0.024)**	0.076	(0.076)

(d) Credit risk and counterparty exposure

Credit and Counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the financial stability and credit quality of the brokers used, which are monitored on an ongoing basis by the investment manager. The investment manager also monitors the quality of service provided by the brokers used to further mitigate this risk.

The Company has an ongoing contract with its custodian for the provision of custody services. The contract is reviewed regularly. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Company's Depositary, JP Morgan Europe Limited, has regulatory responsibilities relating to segregation and safe keeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depositary and receives regular reports from it via the Manager.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk through regular meetings with the management of BMO GAM (including the Fund Manager) and with its Risk Management function. In reaching its conclusions, the Board also reviews BMO GAM's annual Audit and Assurance Faculty Report.

In summary, compared to the amounts held at the balance sheet date of £nil, the maximum exposure to credit risk during the year was £nil (2019: Balance sheet: same; maximum exposure: same).

None of the Company's financial liabilities is past its due date or impaired.

(e) Liquidity risk

The Company is required to raise funds to meet commitments associated with financial instruments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Company's portfolio (100% at 31 December 2020 and 100% at 31 December 2019); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see pages 65 and 61); and the existence of an ongoing loan and overdraft facility agreement. All investments are realisable within one year and therefore no detailed maturity analysis has been included. Cash balances are held with approved banks, usually on overnight deposit. The Manager reviews liquidity at the time of making each investment decision.

The Company has a €45 million unsecured revolving floating rate credit facility available until March 2021.

(f) Fair values of financial assets and liabilities

IFRS 13 requires disclosures relating to fair value measurements using a three-level hierachy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

24. Financial risk management (continued)

(f) Fair values of financial assets and liabilities (continued)

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the Balance Sheet at fair value, or at a reasonable approximation thereof. Borrowings under loan and overdraft facilities do not have a value materially different from their capital repayment amount.

(g) Capital risk management

The objective of the Company is stated as being to achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. In pursuing this objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the Shareholders in general meeting; borrow monies in the short and long term; and pay dividends to Shareholders out of current year revenue earnings as well as out of other distributable reserves.

Changes to ordinary share capital are set out in note 17, dividend payments in note 11 and details of loans in note 16.

25. Going Concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have also considered the Company's objective, high distribution policy, the current cash position of the Company, the availability of the loan facility and compliance with its covenants and the operational resilience of the Company and its service providers.

At present the global economy is suffering considerable disruption due to the effects of the Covid-19 pandemic and the Directors have given serious consideration to the consequences for this Company. The Company has a €45 million multi-currency loan facility with RBSI which will expire on 18 March 2021. As at 31 December 2020 €30 million was drawndown. Following the year end the Company has agreed to refinance its facility with RBSI on favourable terms

The Company has a number of banking covenants and at present the Company's financial position does not suggest that any of these are close to being breached. The primary risk is that there is a very substantial decrease in the net asset value of the Company in the short to medium term.

Financial modelling has been undertaken to consider compliance with these covenants in several scenarios including the outcome of the 2008 Global Financial Crisis. These extreme but plausible scenarios indicate that the loan covenants would not be breached. In addition, the Directors have considered the remedial measures that are open to the Company if such a covenant breach appears possible. As at 10 March 2021, the latest practicable date before the publication of this report, borrowings amounted to €30 million. This is comparison to a net asset value of €560.2 million. In accordance with its investment policy the Company is invested mainly in readily realisable listed securities. These can be realised if necessary, to repay the loan facility and fund the cash requirements for future dividend payments.

The Company operates within a robust regulatory environment. The Company retains title to all assets held by the Custodian. Cash is held with banks approved and regularly reviewed by the Manager and the Board. The Directors have noted that home working arrangements have been implemented at the Manager and many of the Company's key suppliers without any impact upon service delivery and operations.

The Company's annual dividend, which is declared in Sterling, is determined by reference to the year-end net asset value. The Company manages any Sterling/Euro exchange rate exposure which may arise from the declaration of a Sterling denominated dividend by entering into specific matched forward currency hedging contracts. As at 31 December 2020 the Company had a Distributable Reserve of £346.1 million.

The Company in common with many investment companies has, as a result of the pandemic, suffered a reduction in dividend income. The amount of this reduction, while significant, has not had a material impact on either net asset value or distributable reserves.

As at 31 December 2020 the Company had net current liabilities of £21.9 million. The Company invests in listed securities which can be realised to fund any short term cash shortfall that may arise.

Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

26. Related party transactions

The Directors of the Company are considered a related party. There are no transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on pages 42 to 43 and as set out in note 7 to the financial statements.

There are no outstanding balances with the Board at the year end.

The beneficial interests of the Directors in the Ordinary shares of the Company are disclosed on page 43.

27. Transactions with the Manager

Transactions between the Company and BMO Investment Business Limited are detailed in note 5 on management fees. The existence of an independent Board of Directors demonstrated that the Company is free to pursue its own financial and operating policies and therefore under the AIC SORP, the Manager is not considered a related party.

28. Alternative Investment Fund Managers ('AIFM') Directive (unaudited)

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, BMO Investment Business Limited, is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from BMO on request.

The Company's Articles of Association allow borrowings up to a maximum of 20% of its book value of the securities portfolio. The Company can only exceed this level of borrowing with the prior approval of shareholders at a general meeting.

The maximum gross leverage is therefore 125% (equivalent to 20% of the book value of its securities portfolio).

The Company's maximum and actual leverage levels at 31 December 2020 are shown below:

	Gross method	Commitment method
Maximum limit	**200%**	**200%**
Actual	**105%**	**105%**

For the purposes of the AIFM Disclosure, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

An Investor Disclosure Document is available on www.europeanassets.co.uk.

29. Securities financing transactions ("SFTR") (unaudited)

The Company has not, in the year to 31 December 2020 (2019: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFTR). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFTR, issued in November 2015.

Independent Auditors' Report

To the members of European Assets Trust PLC

Report on the audit of the financial statements

Opinion

In our opinion, European Assets Trust PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income, the Statement of Cash Flow and the Statement of changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the financial statements, the company, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Materiality

- Overall materiality: £4,780,044 (2019: 4,936,816 EUR) based on 1% of net asset value.
- Performance materiality: £3,585,033.

Audit scope

- The Company is a standalone Investment Trust Company and engages BMO Investment Business Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from State Street Bank & Trust Company (the "Administrator") to whom the Manager has, with the consent of the directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.

Key audit matters

- Valuation and existence of investments
- Accuracy, occurrence and completeness of Income from investments
- Consideration of impacts of Covid-19
- Change in presentational currency

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Manager and the Audit and Risk Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing relevant meeting minutes, including those of the Audit and Risk Committee;
- Evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities;
- Assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Identifying and testing journal entries, in particular year-end journal entries posted by the Administrator during the preparation of the financial statements and any journals with unusual account combinations; and.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Consideration of impacts of Covid-19 and Change in presentational currency are new key audit matters this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to Report of the Audit and Risk Committee, Accounting Policies and Notes to the financial statements.* The investment portfolio at the year-end comprised listed equity investments valued at £500m. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position within the financial statements.	We tested the valuation of 100% of the listed equity investments by agreeing the prices used in the valuation to independent third-party sources. We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. Based on the audit procedures performed above we are satisfied that the listed equity investments exist and that the valuation of listed equity investments is not materially misstated.
Accuracy, occurence and completeness of income from investments ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). Income from investments comprised dividend income. We focused on the accuracy, occurrence and completeness of dividend income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.	We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all dividends during the year. In addition, we tested dividend receipts by agreeing the dividend rates from all investments to independent third party sources. We tested the allocation and presentation of dividend income, including special dividends, between income and capital by agreeing treatments to third party sources.

Key audit matter	How our audit addressed the key audit matter
We also focused on the accounting policy for income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. No misstatements were identified which required reporting to those charged with governance.
Consideration of impacts of Covid-19 The Covid-19 outbreak has been declared a pandemic by the World Health Organisation. Since the first quarter of 2020, it has caused significant economic uncertainty globally and disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels throughout the Covid-19 pandemic.	We evaluated the Directors' assessment of the impact of the Covid-19 pandemic on the Company by: • Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by Covid-19. • Evaluating the Directors' assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report by: • Obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers. We assessed the disclosures presented in the Annual Report in relation to Covid-19 by: • Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Going Concern' section below.
Change in presentational currency The Company was incorporated on 12 November 2018 and with effect from 16 March 2019 the assets of its predecessor European Assets Trust NV were migrated to the Company. For the period ended 31 December 2019 the Company presented its results in Euros. As the Company is now listed in the UK the Directors consider it more appropriate to present the results in Pounds Sterling. For the year ended 31 December 2020, all transactions during the year have been translated at the exchange rate prevailing on the date of the transactions. The Statement of Financial Position has been translated at the exchange rate prevailing as at the year-end date. For the comparative figures for the period ended 31 December 2019, an average rate of exchange has been used to translate transactions throughout the period. The Statement of Financial Position has been translated at the exchange rate prevailing as at the period-end date, with the exception of non-performance statement items (Share capital, Distributable reserves and Capital reserves) which have been translated at an average rate of exchange for the period.	We have assessed disclosures made within the financial statements in relation to the change in presentational currency to ensure compliance with the requirements of IAS 21, specifically the basis of preparation within the significant accounting policies (see note 2(a)). In addition, we have performed the following procedures in relation to the retranslation: • Reperformed the translation of all primary statements and related notes from Euro to Pounds Sterling for the year-ended 31 December 2020 and comparative period ended 31 December 2019, agreeing these to the financial statements. • Tested a sample of exchange rates used during the year/period for accuracy. • Tested exchange rates used at the year/period end for accuracy. • Tested the accuracy of the Cumulative Translation Adjustments Reserve movements and agreed these to financial statement disclosures. Based on the procedures performed above we are satisfied that the retranslation of the presentational currency from Euro to Pounds Sterling is materially correct.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records. We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extend relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant controls reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£4,780,044 (2019: 4,936,816 EUR).
How we determined it	1% of Net Asset Value.
Rationale for benchmark applied	We have applied this benchmark, which is generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £3,585,033 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £239,002 (2019: EUR 246,841) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Director's updated risk assessment and considering whether it addressed the relevant threats presented by Covid-19;
- evaluating the Director's assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in net asset value as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 17 May 2019 to audit the financial statements for the period ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the periods ended 31 December 2019 and 31 December 2020.

Lindsay Gardiner (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

11 March 2021

Notice of Annual General Meeting of European Assets Trust PLC

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other independent professional adviser immediately. If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

European Assets Trust PLC

(incorporated in England and Wales under the Companies Act 2006 with registered number 11672363)

Notice is hereby given that the third Annual General Meeting of Shareholders of European Assets Trust PLC, the "Company", will be held on Thursday, 13 May 2021 at 3.00 pm at Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG, to transact the following business.

The resolutions to be proposed to the meeting are set out below. Resolutions 1 to 12 will be proposed as ordinary resolutions, meaning that for each of those resolutions to be passed, more than half the votes cast must be in favour. Resolutions 13 and 14 will be proposed as special resolutions, meaning that for either of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Ordinary Resolutions

1. To receive and adopt the Directors' report and accounts for the year ended 31 December 2020 together with the Independent Auditor's Report thereon (the "2020 Report and Accounts").
2. To approve the 2021 dividend of 8.00 pence per share to be paid in four equal instalments in January, April, July and October.
3. To approve the Company's dividend policy, as set out on page 20 of the 2020 Report and Accounts.
4. To approve the Directors' Remuneration Report for the year ended 31 December 2020 set out on pages 42 to 43 of the 2020 Report and Accounts.
5. To re-appoint PricewaterhouseCoopers LLP as auditor to European Assets Trust PLC, to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
6. To authorise the Audit and Risk Committee to determine the remuneration of the auditor.
7. To re-appoint Jack Perry to the Board of European Assets Trust PLC.
8. To re-appoint Julia Bond to the Board of European Assets Trust PLC.
9. To re-appoint Stuart Paterson to the Board of European Assets Trust PLC.
10. To re-appoint Martin Breuer to the Board of European Assets Trust PLC.
11. To appoint Pui Kei Yuen to the Board of European Assets Trust PLC.
12. That, in accordance with section 551 of the Companies Act 2006 (the "Act"), the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company to an aggregate nominal amount of £3,600,692 equal to 10 per cent of the total issued share capital of the Company as at 10 March 2021. Unless previously varied, revoked or renewed, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2022, save that the Company may, before the expiry of any authority contained in this resolution, make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous unexercised authorities conferred on the Directors in accordance with section 551 of the Act.

Special Resolutions

13. That, subject to the passing of resolution 12, the directors be empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred on them by resolution 12 and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Act 2006, in each case as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

a) any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the directors, to holders of shares (other than the Company) on the register on any record date fixed by the directors in proportion (as nearly as may be) to the respective number of shares deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

b) any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having an aggregate nominal value not exceeding the sum of £1,800,346 (being an amount equal to 5 per cent of the total issued share capital of the Company as at 10 March 2021, being the latest practicable date before the publication of this notice).

This authority shall expire, unless previously varied, revoked or renewed by the Company in general meeting, at the conclusion of the Annual General Meeting of the Company in 2022, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

14. That the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10 pence each in the capital of the Company ("Ordinary Shares") provided that:

(i) the maximum number of Ordinary Shares authorised to be purchased shall be 10 per cent of the number of the Ordinary Shares in issue at the date on which this resolution is passed;

(ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 10p;

(iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the highest of:

(a) 5 per cent above the average of the middle market quotations of Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase;

(b) the price of the last independent trade on the trading venue where the purchase is carried out; and

(c) the highest current independent purchase bid for any of the Ordinary Shares on that venue.

(iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2022, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

BMO Investment Business Limited
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

11 March 2021

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf.

A Form of Proxy for use by Shareholders is enclosed with this Report.

Please note that, as explained in the notes to this notice of meeting, Shareholders will not be permitted to attend the meeting in person. Accordingly, and to ensure their votes are counted at the AGM, Shareholders are strongly encouraged to complete and submit their Form of Proxy for the meeting, appointing the Chairman of the meeting as their proxy. Appointment of a proxy other than the Chairman will result in a Shareholder's vote not being counted, as the person appointed as proxy will not be admitted to the meeting.

Notes
to the Notice of Annual General Meeting

1. Given the current situation in relation to the Covid-19 pandemic and in particular UK and Scottish Government legislation and guidance in relation to public gatherings, physical distancing and non-essential travel. the Board is concerned for the safety and wellbeing of Shareholders. Therefore, the Board has resolved that, in accordance with the Articles, Shareholders will not be permitted to attend the Annual General Meeting on health and safety grounds. All of the notes to this notice of Meeting and, in particular, any reference to attendance at the Meeting, whether by a Shareholder, its proxy or its corporate representative, shall be construed accordingly.
2. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.

   Shareholders are strongly advised to appoint the chairman of the General Meeting as their proxy, as a third party proxy holder will not be admitted to the meeting.
3. Any person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such person complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
4. A Form of Proxy is provided with this notice for members. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Computershare Investor Services PLC on 0370 703 0128. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, not less than 48 hours before the time of the holding of the meeting or any adjournment thereof. Amended instructions must also be received by the Company's Registrar by the deadline for receipt of Forms of Proxy.
5. Alternatively, members may register the appointment of a proxy for the meeting electronically, by accessing the website www.eproxyappointment.com where full instructions for the procedure are given. The Control Number, Shareholder Reference and PIN as printed on the Form of Proxy will be required in order to use the electronic proxy appointment system.

   This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. If you want to appoint more than one proxy electronically please contact Computershare Investor Services PLC on 0370 703 0128.
6. Investors holding shares in the Company through the BMO Investment Trust ISA, Junior ISA, Child Trust Fund, General Investment Account and/or Junior Investment Account should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 3.00 p.m. on 6 May 2021. Alternatively, voting directions can be submitted electronically at www.eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN as printed on the form of direction. Voting directions must be submitted electronically no later than 3.00 p.m. on 6 May 2021.
7. Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Act (a "Nominated Person") should note that the provisions in notes 2, 4 and 5 concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting.

   If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
8. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at close of business on 11 May 2021 (the "Specified Time") (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by 11 p.m. on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number

of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

9. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 3.00 p.m. on 7 May 2021 in order to be considered valid.

   Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

   CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by the latest time(s) for receipt of proxy appointments specified in notes 4 and 5. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means

11. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).

12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

14. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (a) the audit of the Company's Accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting;

    or

    (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual Accounts and Reports were laid in accordance with section 437 of the Act.

15. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

16. Any member permitted to attend the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting.

    However, members should note that no answer need be given in the following circumstances:

    (a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;

    (b) if the answer has already been given on a website in the form of an answer to a question; or

    (c) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

17. As at 10 March 2021, being the latest practicable date before the publication of this notice, the Company's issued capital consisted of 360,069,279 ordinary shares of 10 pence each carrying one vote each.

    Therefore, the total voting rights in the Company as at 10 March 2021 were 360,069,279. No shares are held in treasury.

18. This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 10 March 2021 being the latest practicable date prior to the printing of this notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available at www.europeanassets.co.uk.

19. Copies of the letters of appointment between the Company and its Directors; a copy of the Articles of Association of the Company; the register of Directors' holdings; and a deed poll relating to Directors' indemnities will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 15 minutes prior to the commencement of the meeting to the conclusion thereof.

20. No Director has a service agreement with the Company.

21. Under sections 338 and 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company:

    (a) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or

    (b) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

22. Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS99 6ZZ on request. Where dividends are paid to Shareholders' bank accounts, dividend tax vouchers are sent directly to Shareholders' registered addresses.

Share Price

The Company's shares are listed on the London Stock Exchange. Prices are given daily in the Financial Times and in other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Computershare Investor Services PLC under the signature of the registered holder.

Website

Additional information regarding the Company may be found at its website address which is: www.europeanassets.co.uk

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register at **www.fca.org.uk** to see if the person or firm contacting you is authorised by the Financial Conduct Authority ('FCA')
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at **www.fca.org.uk/scams** where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

How to Invest

One of the most convenient ways to invest in European Assets Trust PLC is through one of the savings plans run by BMO.

BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2020/21 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £9,000 for the tax year 2020/21 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £9,000 for the 2020/21 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

*The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18.
**Calls may be recorded or monitored for training and quality purposes.

bmoinvestments.co.uk
facebook.com/bmoinvestmentsuk

CHARGES

Annual management charges and other charges apply according to the type of plan.

ANNUAL ACCOUNT CHARGE

ISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT
You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

DEALING CHARGES

ISA: 0.2%

GIA/JIA/JISA: postal instructions £12, online instruction £8 per Trust.
Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

HOW TO INVEST

To open a new BMO plan, apply online at **bmogam.com/apply**

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

NEW CUSTOMERS:

Call: **0800 136 420****
(8.30am – 5.30pm, weekdays)
Email: **info@bmogam.com**

EXISTING PLAN HOLDERS:

Call: **0345 600 3030****
(9.00am – 5.00pm, weekdays)
Email: **investor.enquiries@bmogam.com**
By post: **BMO Administration Centre**
PO Box 11114
Chelmsford CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre.**

BMO Asset Management Limited

0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.
BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. 737510_G19-1804_L56_04/20_UK

Ten Year Record

								Euro		Sterling	
31 December	Market price per share Pence	Market price per share Euro	Net asset value per share Pence	Net asset value per share Euro	Dividends/ distributions per share† Euro	Dividends/ distributions per share Pence	Movement from previous year %	% Annual net asset value per share	% Annual total return benchmark	% Annual net asset value per share	% Annual total return benchmark
2011*∞	54.4	0.651	61.48	0.736	0.05337†	n/a	n/a	(7.5)	(21.8)	(9.9)	(23.8)
2012*∞	69.2	0.854	74.34	0.917	0.04698†	n/a	(12.0)	32.0	20.4	28.2	17.0
2013*∞	96.4	1.159	96.86	1.164	0.05757†	n/a	22.5	34.4	34.0	37.8	37.5
2014*∞	98.7	1.272	98.05	1.263	0.07221†	n/a	25.4	15.3	5.2	7.6	(1.9)
2015*∞	112.7	1.529	112.01	1.520	0.07743†	n/a	7.2	26.9	23.5	20.5	17.2
2016*∞	102.2	1.197	112.19	1.314	0.09429†	n/a	21.8	(7.3)	6.4	7.4	23.3
2017*∞	130.8	1.474	129.85	1.463	0.08220†	n/a	(12.8)	18.0	18.6	22.6	23.3
2018*∞	93.0	1.036	102.73	1.140	0.09298†	n/a	13.1	(16.3)	(13.6)	(15.4)	(12.7)
2019	110.0	1.300	116.17	1.370	0.07136†	n/a	(23.3)	26.9	27.8	19.8	20.6
2020	120.3	1.343	132.75	1.480	0.07947	7.020	11.4	15.4	12.6	21.9	18.9

* European Assets Trust NV prior to the migration on 16 March 2019.

∞ For comparison purposes, historical values have been adjusted for the ten for one stock split effective 3 May 2018.

† Dividends prior to 16 March 2019 are shown gross of Dutch withholding tax.

Alternative Performance Measures

The Company uses the following Alternative Performance Measures ("APMs"). APMs do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. No new APMs have been identified or added since the prior period end.

Discount or Premium – the share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the net asset value (“**NAV**”) per share of the Company. If the share price is lower than than NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers of shares than buyers. The discount is shown as a percentage of the NAV per share. Shares trading at a price above NAV per share are deemed to be at a premium.

		31 December 2020 Pence	31 December 2019* Pence
Net Asset Value per share	(a)	**132.75**	116.17
Share price per share	(b)	**120.25**	110.00
Discount (c = (b-a)/a)	(c)	**(9.4%)**	(5.3%)

Gearing – this is the ratio of the borrowings of the Company to its net assets. Borrowings have a “prior charge” over the assets of a company, ranking before ordinary Shareholders in their entitlement to capital and/or income. They may include: preference shares; debentures; overdrafts and short and longterm loans from banks; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a “net” or “effective” gearing percentage, or to be used to buy investments, giving a “gross” or “fully invested” gearing figure. Where cash assets exceed borrowings, the Company is described as having “net cash”. The Company’s maximum permitted level of gearing is set by the Board and is described within the Strategic Report and Directors’ Report.

		31 December 2020 £’000	31 December 2019* £’000
Loan		**26,853**	–
Less Cash and cash equivalents		**2,950**	11,516
Total	(a)	**23,903**	(11,516)
Net Asset Value	(b)	**478,004**	418,142
Gearing/(net cash) (c = a/b)	(c)	**5.0%**	(2.8%)

Ongoing Charges – all operating costs expected to be regularly incurred and that are payable by the Company, expressed as a proportion of the average net assets of the Company over the reporting year (see Historic Record). The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing shares.

Ongoing charges calculation		**31 December 2020 £’000**	31 December 2019* £’000
Management fees		**2,911**	3,300
Other expenses		**904**	1,217
Less loan commitment/arrangement fees		**(26)**	–
Ad-hoc non-recurring expenses		**(11)**	(8)
Total	(a)	**3,778**	4,509
Average net assets	(b)	**397,769**	407,540
Ongoing charges (c = a/b)	(c)	**0.95%**	1.11%

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

Total Return – the theoretical return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV in the period. The dividends are assumed to have been re-invested in the form of shares or net asset, respectively, on the date on which the shares were quoted ex-dividend.

	Net asset value	Share price
NAV per share at 31 December 2019* (pence)	116.17	110.00
NAV per share at 31 December 2020 (pence)	132.75	120.25
Change in the year	14.3%	9.3%
Impact of dividend reinvestments	7.6%	8.0%
Total return for the year	21.9%	17.4%

* Comparative figures have been translated from the Euro to Pound Sterling, see note 2(a) on page 54.

Glossary of Terms

AIC – Association of Investment Companies, is the UK trade body for closed-end investment companies (www.theaic.co.uk).

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles (AIF – Alternative Investment Fund) in the European Union must have appointed a Depositary and an Alternative Investment Fund manager on or before 22 July 2014. The Directors of the Company nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

AIF Manager – The AIF Manager, BMO Investment Business Limited, is responsible for the provision of investment management services to the Company.

Benchmark – This is a measure against which the Company's performance is compared. The Company's benchmark is the EMIX Smaller European Companies (ex UK) Index.

Custodian – A specialised financial institution responsible for safeguarding worldwide the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services. The Company's custodian is JP Morgan Chase Bank NA.

Depositary – Under AIFMD rules applying from July 2014, the Company must appoint a depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under AIFMD regulations, the depositary has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties. The depositary's oversight duties include, but are not limited to dividend payments and adherence to investment limits. The Company's depositary is JP Morgan Chase Bank NA.

Dividend – The income from an investment. The Company currently pays dividends to shareholders four times per year in January, April, July and October. The rate of the dividend is announced in January each year and is set at an annual yield of six per cent to the net asset value at the end of the preceding year. In January 2020 the Board announced that the Company would declare its annual dividend in Sterling. The previous practice was to declare in Euros.

Gearing – The Company has the ability to borrow to invest within pre-determined limits. This term is used to describe the level of borrowings that the Company has undertaken, and is stated as a percentage of total assets less current liabilities. The higher the level of borrowings, the higher the gearing ratio.

Leverage – As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to Gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Market Capitalisation – The stock market value of a company is determined by multiplying the number of shares in issue, excluding those shares held in treasury, by the market price of the shares.

Net Assets (or Shareholders' Funds) – This is calculated as the value of the investments and other assets of the Company, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of the Company at a point in time.

Ordinary Shares – Shareholders are entitled to their share of both income, in the form of dividends paid by the Company and any capital growth. The Company has only Ordinary Shares in issue.

Scrip Dividend – Historically Shareholders could elect to receive dividends by way of further shares in the Company rather than cash. Where shareholders so elect, they will receive shares based on the net asset value of the Company; the shares may trade in the market at a discount or premium to net asset value. The scrip dividend scheme was discontinued following the payment of the October 2020 dividend.

Share Price – The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the London Stock Exchange.

European Assets Trust PLC

Report and Accounts 31 December 2020

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