

Manager Commentary  
Sam Cosh



June was a strong month for the portfolio, completing what was a good first half year for the trust. Anticipation of an economic recovery following the acceleration of vaccine campaigns, particularly in Europe, which has been catching up with the UK and the US, has provided the supportive backdrop for strong gains so far this year, and we are pleased to be outperforming the market.

Much of the market commentary has, however, been focused on the potential return of inflation and its impact on market returns. In May, the US consumer

price index increased 5.0% year on year, causing a brief spike in bond yields which extended the rising trend we had seen so far this year. This had led to 'value' stocks and cyclically sensitive sectors performing best. June, however, saw this trend reverse, with bond yields falling and quality, 'growth' stocks reasserting their dominance. This was because the underlying data suggests that there are temporary factors driving this spike in inflation and, while the Federal Reserve have become marginally more hawkish, monetary tightening is still a long way off. Nonetheless, we would expect this debate to continue in the second half of the year, and this will inevitably cause swings in style performance within markets.

The change of market leadership back towards quality, growth stocks, was the principal reason for our outperformance in June, as our portfolio is biased towards good-quality businesses. Of note were some of our holdings that are built on strong technology.

For example, our largest holding, Flatex Degiro, the online broking platform, had another strong month following its investor day which highlighted the long-term potential of the business. Our online retailers, Global Fashion Group and Hellofresh, also had strong months. But our best performer was a relatively new holding, Sdipotech, the industrial consolidator. This was prompted by its inclusion in the Nasdaq Stockholm index following strong performance.

## Key facts as at 30.06.2021

**Trust aims:** To achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. A high distribution policy has been adopted and dividends are paid from a mix of income and capital reserves.

**Trust highlights:** Diversified portfolio of small to mid-cap growth businesses across Continental Europe. This area of the market is less well researched, allowing value to be added from stock selection.

**Benchmark:** EMIX Smaller European Companies (ex UK) Index†

**Fund type:** Investment Trust

**Launch date:** 1972

**Total assets:** €526.4 million

**Share price:** 137.00p

**NAV:** 146.20p

**NAV:** €1.70

**Discount/premium(-/+):** -6.29%

**Dividend payment dates:** Jan, Apr, Jul, Oct

**Yield††:** 5.01%

**Net gearing/Net cash\*:** 2.70%/0.00%

**Management fee rate\*\*:** 0.75%

**Ongoing charges\*\*\*:** 0.95%

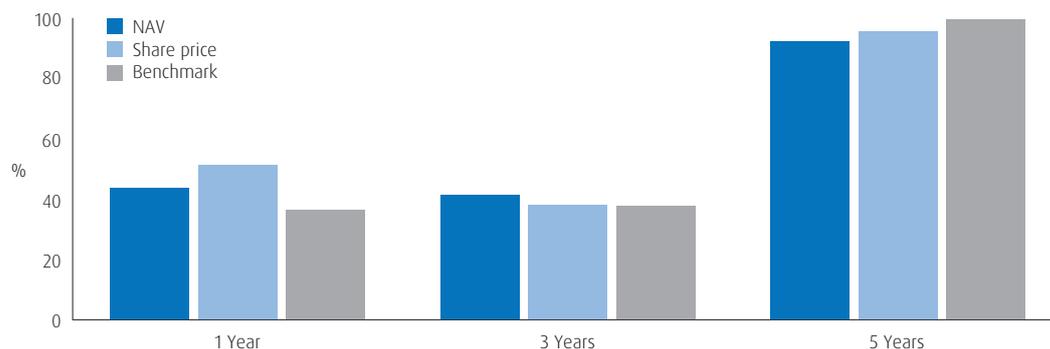
**Year end:** 31 December

**Sector:** European Smaller Companies

**Currency:** Euros

**Website:** www.europeanassets.co.uk

## Fund performance as at 30.06.2021



## Cumulative performance (%) as at 30.06.2021

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>NAV</b>	1.23	13.41	43.30	41.22	92.05
<b>Share price</b>	-0.36	17.67	50.92	37.89	95.27
<b>Benchmark</b>	-0.39	10.47	36.12	37.44	99.44

## Discrete performance (%) as at 30.06.2021

	2021/2020	2020/2019	2019/2018	2018/2017	2017/2016
<b>NAV</b>	43.30	-3.39	2.00	3.65	31.20
<b>Share price</b>	50.92	-8.44	-0.21	-0.07	41.70
<b>Benchmark</b>	36.12	0.33	0.64	6.88	35.77

## Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. If markets fall, gearing can magnify the negative impact on performance. Where investments are made in smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment.

## Past performance is not a guide to future performance.

Source: Lipper and BMO. Basis: Percentage growth, total return, bid to bid price with net income reinvested in Sterling. The discrete performance table refers to 12 month periods, ending at the date shown.

\*\*\*Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.



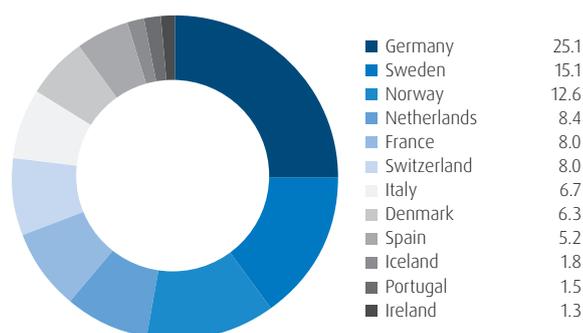


Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
flatexDEGIRO	3.2	0.1	3.1	Financials
Vidrala	3.2	0.2	3.0	Industrials
Ringkjoebing Landbobank	2.9	0.1	2.8	Financials
Lectra	2.8	0.1	2.7	Technology
Gerresheimer	2.8	0.2	2.6	Health Care
Global Fashion Group	2.6	0.2	2.4	Consumer Discretionary
Norma	2.6	0.1	2.5	Industrials
Storebrand	2.5	0.2	2.3	Financials
Nordic Semiconductor	2.5	0.2	2.3	Technology
Cancom	2.5	0.1	2.4	Technology

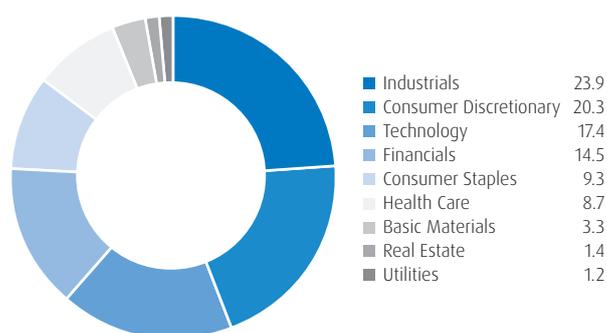
All figures are subject to rounding.

#### Geographical breakdown (%)



All figures are subject to rounding.

#### Sector breakdown (%)



#### Net dividend distributions per share

	2021
January £	0.0200
March £	0.0200
July £	0.0200
October £	0.0200
Total £	0.0800

The 2021 dividend will be paid in four instalments on 29 January, 30 April, 30 July and 29 October. The annual dividend is equivalent to 6% of the net asset value as at 31 December each year.

#### Glossary

<b>Bid price</b>	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
<b>Dividend</b>	Income paid to shareholders by the company they invest in.
<b>Net asset value</b>	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

All data as at 30.06.2021 in Sterling (£) unless otherwise stated. All information is sourced from BMO, unless otherwise stated. All percentages are based on gross assets. † Formally known as Euromoney Smaller European Companies (ex UK) Index . † † The yield is calculated using the dividends declared for the company's current financial year and the closing share price and exchange rate as at the end of the relevant month. \* Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. \*\* A reduced management fee of 0.60% per annum is charged on funds under management in excess of €400 million. \*\*\* Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) to the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned The factsheet is issued and approved by BMO, a trading name of BMO Asset Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. (07/21)