

Manager Commentary Sam Cosh



July was characterised by falling bond yields, which were driven by concerns over the economic impact of the Delta variant of COVID. It was also the start of the interim results season. The fall in bond yields led to 'growth' stocks regaining market leadership and, given our quality bias in the portfolio, this helped us outperform, though our results season thus far has been mixed. Overall, it was another good month for the portfolio.

Our best performer was Nordic Semiconductor, the global leading designer of Bluetooth chips. Yet again, it announced excellent results, raising its full-year outlook.

But it was the detail on their increased backlog that really caught the eye. This showed the first material contribution from their 'Cellular Internet of Things' business and evidence of success of their research and development (R&D) efforts in recent years. This new product line has the potential to be as large as its existing low-power Bluetooth division revenues, so the market's reaction reflects the excitement at the potential step up in long-term profit ambitions.

Good second-quarter results also propelled our other top performers. Indutrade, the Swedish listed industrial consolidator; Alten, the French R&D outsourcer; and MIPs, the Swedish designer of safety devices for helmets, all reacted well to their interim results announcements. The other strong performer of note was Carasent, the cloud healthcare software provider, which announced a capital injection from well-regarded growth-led private equity investors. This is a further endorsement of the company and provides capital to fund meaningful acquisitions.

Our worst contributor was FlatexDeGiro, the German listed, online broker. A placing of shares by the founders of DeGiro, which was acquired by Flatex last year, prompted some profit-taking following strong performance. Global Fashion Group, the online clothing retailer, had a similarly disappointing month, though there appeared to be little news flow to justify the drop.

Gerresheimer, the German listed healthcare packaging company, also had a disappointing month following their results which, despite good sales growth, were characterised by poor cash flow and weak margins. We will continue to hold the position as we believe the cash-flow weakness will reverse in the second half and that the margin weakness is temporary.

Key facts as at 30.07.2021

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: £540.1 million

Share price: 143.00p

NAV: 149.99p

NAV: €1.76

Discount/premium(-/+): -4.66%

Dividend payment dates: Jan, Apr, Jul, Oct

Yield††: 4.77%

Net gearing/Net cash*: 3.50%/0.00%

Management fee rate:** 0.75%

Ongoing charges*:** 0.95%

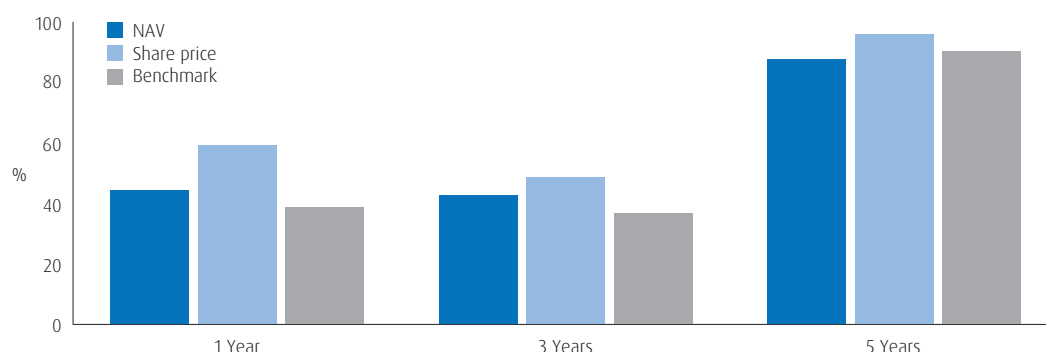
Year end: 31 December

Sector: European Smaller Companies

Currency: Euros

Website: www.europeanassets.co.uk

Fund performance as at 30.07.2021



Cumulative performance (%) as at 30.07.2021

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	3.96	17.90	44.07	42.45	87.44
Share price	7.45	26.43	58.97	48.50	95.62
Benchmark	2.30	13.01	38.41	36.37	90.18

Discrete performance (%) as at 30.07.2021

	2021/2020	2020/2019	2019/2018	2018/2017	2017/2016
NAV	44.07	0.44	-1.57	3.44	27.21
Share price	58.97	-5.81	-0.83	-3.13	35.99
Benchmark	38.41	-0.25	-1.22	7.31	29.95

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.

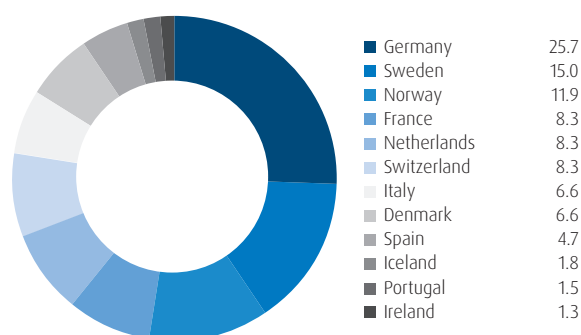


Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
Ringkjoebing Landbobank	3.1	0.2	2.9	Financials
Lectra	2.9	0.1	2.8	Technology
Nordic Semiconductor	2.9	0.3	2.6	Technology
Vidrala	2.8	0.2	2.6	Industrials
flatexDEGIRO	2.8	0.1	2.7	Financials
Stratec	2.6	0.1	2.5	Health Care
Alten	2.6	0.3	2.3	Technology
Wizz Air Holdings	2.6	0.0	2.6	Consumer Discretionary
Norma	2.6	0.1	2.5	Industrials
Cancom	2.5	0.1	2.4	Technology

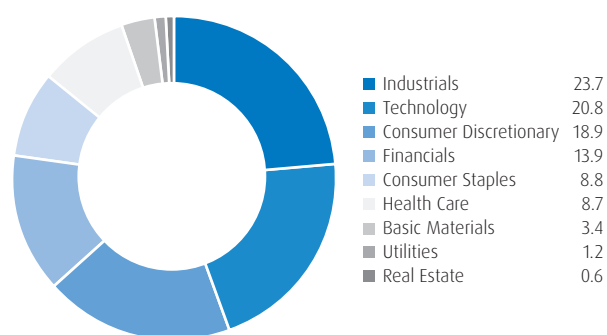
All figures are subject to rounding.

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

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

All data as at 30.07.2021 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. (08/21)