

To: RNS

From: European Assets Trust PLC (“the Company”)

LEI: 213800N61H8P3Z4I8726

Date: 7 January 2020

Dividend announcement

- Total dividends declared for 2020 will be £0.0702 per share. This represents an increase of 17.2 per cent from the 2019 dividend of £0.0599.
- Continued policy of six per cent dividend on year-end net asset value per share for annual distribution to shareholders.
- With immediate effect the dividends of the Company are now and will in future be declared in Sterling, a change from the previous practice of declaring in Euro. This change will provide greater certainty of income for the overwhelming majority of the Company’s shareholders who choose to receive their dividends in Sterling rather than Euro.
- Dividend to be paid in four equal instalments of £0.01755 in January, April, July and October 2020.
- With effect from the reporting period beginning on 1 January 2020 the reporting currency of the Company will be changed to Sterling from Euro.

Dividend

The Board is pleased to confirm that the Company’s stated distribution policy of declaring, barring unforeseen circumstances, an annual dividend equivalent to six per cent of the net asset value per share at the end of the preceding year will be continued in 2020.

The net asset value per share increased over the year which will result in an increase in total dividends payable by the Company for 2020 to £0.0702 per share[^]. This represents an increase of 17.2 per cent from the 2019 dividend of £0.0599* per share.

The Board will now declare dividends in Sterling a change from the previous practice of declaring in Euro. This change will provide greater certainty of income for the overwhelming majority of the Company’s shareholders who choose to receive their dividends in Sterling rather than Euro.

To attempt to manage any future Sterling/Euro exchange rate exposure which may arise from this change to the declared dividend currency, the Company may, in principle, enter into hedging contracts. This is a change to the Company’s previously stated policy not to hedge currency risk.

The 2020 dividend will be paid in four equal instalments of £0.01755 on 31 January, 30 April, 31 July and 30 October 2020.

The January dividend payment of £0.01755 will be paid to shareholders on 31 January 2020, having an ex-dividend date of 16 January 2020 and a record date of 17 January 2020.

Reporting Currency

Following last year's migration of the Company from the Netherlands to the United Kingdom, the Board also announces that with effect from the reporting period beginning on 1 January 2020, the reporting currency of the Company will change to Sterling from Euro. All future financial statements will therefore be presented in Sterling.

Investment Performance and Review

The Company's Sterling share price total return for the year was 25.7 per cent (33.3 per cent in Euros) for the year ended 31 December 2019. The net asset value total return (capital performance with dividends reinvested) per share was 19.8 per cent in Sterling (26.9 per cent in Euros) (unaudited). This compares with the benchmark, the EMIX Smaller European Companies (ex UK) Index, which produced a total return of 20.6 per cent in Sterling (27.8 per cent in Euros).

2019 can again be seen in the context of monetary intervention by central banks across the globe. The markets' concern entering the year was that any withdrawal of liquidity would have a detrimental effect on asset prices at the same time as economies were faltering and political uncertainty was increasing. There was, however, no return to a more 'normal' monetary policy. In contrast, further monetary support from both the European Central Bank and the US Federal Reserve has allowed investors to look past the current economic malaise and assume economic recovery in 2020. This assumption has been more recently supported by some political stability, with a definitive outcome of the General Election in the UK, and a tentative agreement between the US and China with regard to a trade deal. This extraordinary investment cycle therefore continues with strong returns for both the European Smaller Companies market and our portfolio, in the year, allowing an attractive increase in our dividend.

Looking at the components of our performance, our stock selection has been very strong, but sector allocation has dampened our total return. A combination of quality structural growth and some cyclical growth, particularly more recently, have been the main contributors. This has been the outcome of the work done in 2018 to emphasise the quality characteristics of the portfolio with new stock additions. This has continued through this year. The Investment Manager is currently wary of expensive cyclical growth and has pared some of this back in the second half rally. However, the Company maintained positions in some economically sensitive areas that are still very attractively priced. Ultimately the portfolio in aggregate contains shares in businesses that are good quality, have little leverage and are trading at reasonable valuations. The Board believes the portfolio is therefore in good shape for the coming year.

[^]Calculated at the year-end Euro/Sterling exchange rate of 1.18.

*The Sterling equivalent of the dividend paid to shareholders of €0.0684 net of Dutch withholding tax.

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