European Assets Trust NV

REPORT AND ACCOUNTS 2017

F&C Investments

Contents

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in European Assets Trust NV please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Your company

The Company
European Assets Trust NV is a closed-end investment company and an investment institution within the meaning of the Dutch Act on Financial Supervision. The Company has a single class of Ordinary Shares. These shares are listed on the London Stock Exchange and the Euronext Amsterdam Stock Market.

Objective
The investment objective of the Company is 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 have been paid mainly out of current year net profits and other reserves.

Dividends
Through its past commitment to pay shareholders a dividend of 6% based on the net asset value 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.

Share Price
The ordinary shares are quoted on the London Stock Exchange (www.londonstockexchange.com) (Reuterscode: EAT.L) and Euronext Amsterdam Stock Market (www.euronext.com) (Reuterscode: EURT.AS) and their price is published daily in Het Financieele Dagblad as well as The Financial Times and other newspapers. The share price is also available from the website noted below. Trading primarily takes place on the London Stock Exchange.

Cost effective
With an Ongoing Charges ratio of 1.06%† 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.

Stability and liquidity
The Board seeks to manage liquidity in the Company's shares through its Liquidity Enhancement Agreement which provides the ability to issue or buyback shares dependant on the extent of any share premium or discount. This policy is designed to minimise the volatility of the Company's share price relative to its Net Asset Value.

Suitability for retail distribution
The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investments as the Company's portfolio is wholly made up of shares and public securities which are not themselves issued by other investment funds. The Company conducts its affairs so that its shares can be recommended by financial advisers to ordinary retail investors in accordance with the UK Financial Conduct Authority's ('FCA') rules relating to non-mainstream investment products and intends to continue to do so.

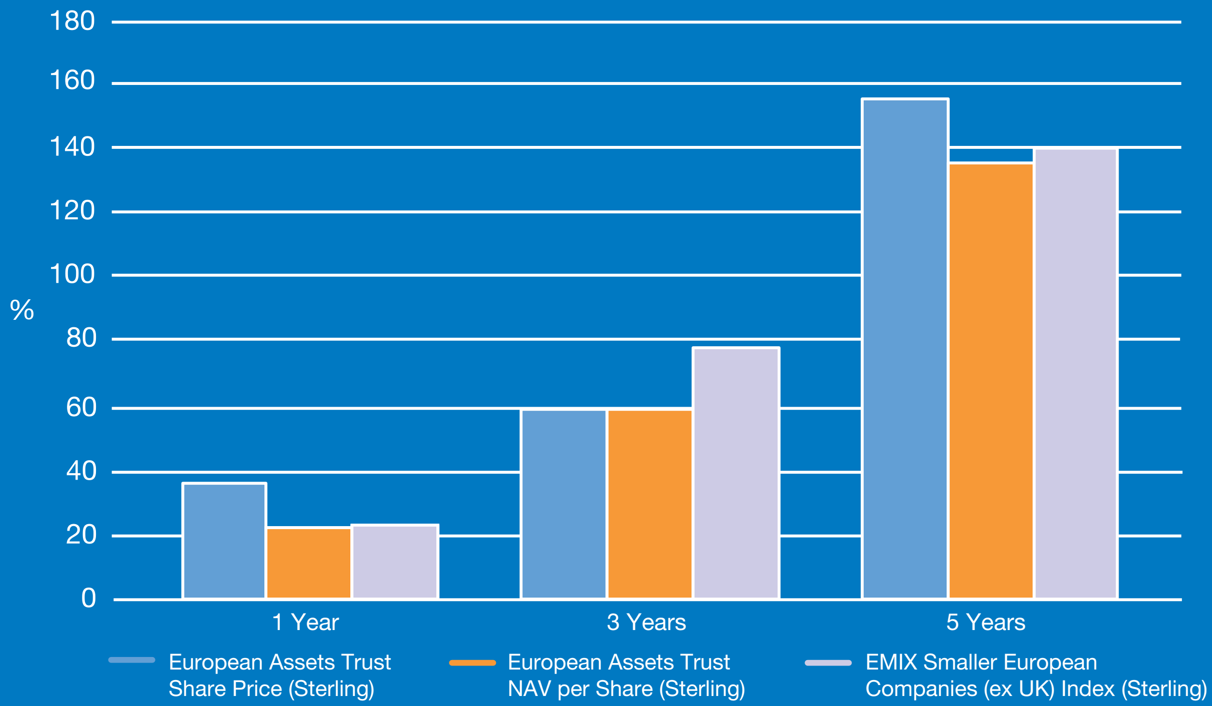
† Calculated in accordance with the basis recommended by the AIC.

Visit our website at www.europeanassets.eu

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Performance and portfolio – 2017

EUROPEAN ASSETS TRUST SHARE PRICE AND NET ASSET VALUE COMPARED TO EMIX SMALLER EUROPEAN COMPANIES (EX UK) INDEX



Source: F&C All performance returns are total returns basis and calculated to 31 December 2017 (accumulated)

Company overview – 2017

The Company is an investment company with variable capital incorporated in the Netherlands and its shares are listed on the London Stock Exchange and Euronext Amsterdam Stock Market. It is a member of the Association of Investment Companies.

Total assets (less current liabilities) at 31 December 2017 were €508.2 million (31 December 2016: €436.2 million).

The investment objective of the Company is 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 have historically been paid mainly out of current year net profits and other reserves.

The Company has a simple capital structure, being financed exclusively by ordinary shares. It may also employ gearing of up to 20 per cent of assets.

€0.88

TOTAL DIVIDENDS FOR 2018 OF €0.88 PER SHARE

£13.08

STERLING MARKET PRICE PER SHARE OF £13.08 AT 31 DECEMBER 2017

£12.99

STERLING NET ASSET VALUE PER SHARE OF £12.99 AT 31 DECEMBER 2017

Financial highlights

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

22.6%

Performance

The Company achieved a Sterling NAV total return of 22.6% in comparison to its benchmark which rose 23.3%. Due to the elimination of the discount the Sterling share price total return was 35.8%. Further analysis of this performance is provided in the Chairman's Statement and Investment Manager's Review.

72.2p

Dividend

Distributions for the year ended 31 December 2017 totalled 72.2 pence per share. The Board has declared a total dividend for 2018 of Euro 0.88 per share in accordance with its policy of paying at a rate of six per cent of the closing NAV of the preceding year. At the rate of exchange ruling at 31 December 2017 this would be equivalent to 78.1 pence. The actual amounts to be received by UK shareholders will be dependent on the rates of exchange ruling at the dates during 2018 when the dividends are paid.

£19.8 million

Shares issued

During the year ended 31 December 2017 the Company issued and sold 1,530,000 new shares raising £19.8 million. These shares were issued at a small average premium to net asset value and improved stock liquidity. There were no share buybacks during the year.

1.1%

Ongoing charges rate

The ongoing charges rate of the Company has fallen from 1.7% for the year ended 31 December 2012 to 1.1% for year ended 31 December 2017.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Summary of performance

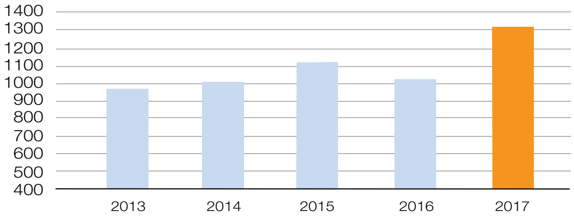
Total Return for the year	Euro		Sterling	
	2017	2016	2017	2016
Net asset value total return per share∞	18.0%	(7.3)%	22.6%	7.4%
Market price total return per share	30.6%	(16.1)%	35.8%	(2.7)%
EMIX Smaller European Companies (ex UK) Index*	18.6%	6.4%	23.3%	23.3%

Capital at year end	Euro		Sterling	
	2017	2016	2017	2016
Total assets (less current liabilities) – millions	€508.2	€436.2	£451.2	£372.3
Net asset value per share∞	€14.63	€13.14	£12.99	£11.22
Market price per share‡	€14.74	€11.97	£13.08	£10.22
EMIX Smaller European Companies (ex UK) Index*	668.8	576.09	593.73	491.75

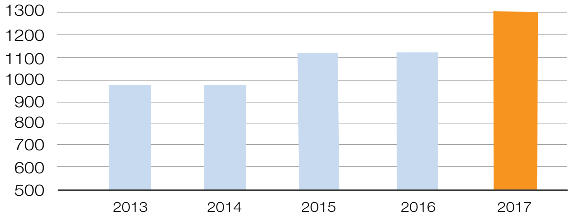
Distributions per share				
Total distributions paid in cash¶ (for 2018 the annual dividend is €0.88 per share)	€0.822	€0.9429	72.2p	75.8p

‡ London Stock Exchange prices converted into Euros at relevant exchange rate at the year end.
¶ Gross of Dutch withholding tax.
* Formerly know as the Euromoney Smaller European Companies (ex UK) Index.
∞ Refer to Alternative Performance Measures on page 66.

MID-MARKET PRICE PER SHARE AT 31 DECEMBER - PENCE



NET ASSET VALUE PER SHARE AT 31 DECEMBER - PENCE



Source: F&C Investment Business Limited

	Sterling 2017	2016
Premium/(discount) at Year End (difference between share price and net asset value)#	0.7%	(8.9)%
Gearing/Net Cash at Year End (less than 100% represents net cash, more than 100% represents net gearing)§	101%	96%
Ongoing Charges∞ (note 17)	1.06%	1.12%
Portfolio Turnover** (UK method – note 16)	24%	23%
Active Share Ratio•	96%	95%

2017 Year's Highs/Lows	High	Low
Net asset value per share	£13.37	£10.99
Market price per share	£13.40	£10.22

\# The widest discount on the ordinary shares during 2017 was 8.7 per cent and the widest premium was 3.6 per cent in sterling terms. Refer to Alternative Performance Measures on page 66.

§ This percentage indicates the amount by which shareholders' funds would rise or fall if total assets were to rise or fall and is total assets (less cash and cash equivalents) divided by shareholders' funds expressed as a percentage.

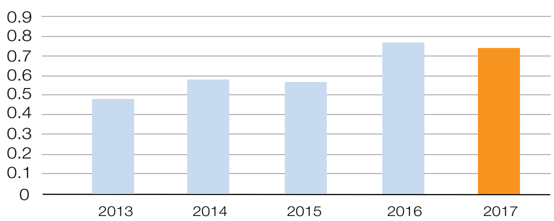
∞ Calculated in accordance with the basis recommended by the AIC. Refer to Alternative Performance Measures on page 66.

** Portfolio turnover=((purchases+sales)÷2)÷average assets. Calculated in Euros.

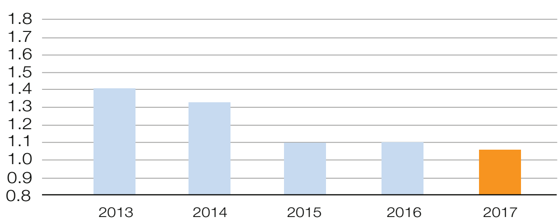
• The active share ratio is a measure of the percentage of stock holdings in the portfolio that differ from the benchmark index. The greater the difference between the asset composition of the portfolio and its benchmark, the greater the active share percentage.

Sources: Morningstar/Datastream/Euromoney

DIVIDENDS PAID PER SHARE - STERLING



ONGOING CHARGES∞ - %



Source: F&C Investment Business Limited

Chairman's statement

Jack Perry CBE, Chairman

European smaller companies harnessed the widespread improvement in the European economy to deliver a good level of growth throughout the year.

Fellow Shareholders,

2017 Review

European Assets Trust ('the Company') recorded a Sterling share price return of +35.8% (2016: -2.7%) and a Sterling net asset value ('NAV') total return for the year ended 31 December 2017 of +22.6% (2016: +7.4%). This compares to the total return of its benchmark the EMIX Smaller European Companies (ex UK) Index which rose +23.3% (2016: +23.3%) during the same period.

2017 was a good year for European smaller companies and for the Company. Although the NAV return was marginally behind a strong benchmark, the share price return was well ahead as the discount, which had widened during 2016, closed. This resulted in the share price returning to a small premium this year.

European smaller companies harnessed the widespread improvement in the European economy to deliver a good level of earnings growth throughout the year, again comfortably outperforming their larger counterparts and indeed most global indices. What is particularly encouraging is that while last year showed the first real signs of profit recovery in the region, profits on aggregate are still well behind previous peaks, and therefore the potential for further profit growth is significant.

In relative terms, a strong first half for the Company gave way to a weaker second half, as market leadership transitioned towards more value and cyclical areas. Our investment process focuses predominantly on quality business at attractive valuations, so the components of last year's performance was in line with expectations.

The Investment Manager's Review, which follows, discusses the Company's performance in more detail.

Distribution

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 of the Company at the end of the preceding year. The dividend is funded from a combination of current year net profits and other reserves.

The Company has already announced that in applying the above distribution policy, a total dividend for 2018 of €0.88 per share (2017: €0.7884 per share, net of Dutch withholding tax) will be paid. This represents an 11.6% increase in the 2018 Euro denominated dividend compared with the prior year. The 2018 dividend will be paid in four equal instalments of €0.22 per share on 31 January, 30 April, 31 July and 31 October. Taking into account shareholders' views and in line with the broader investment fund sector, the Company amended this policy from three equal instalments. The January dividend of €0.22 per share was paid to shareholders on 31 January 2018 and amounted to 19.1 pence per share in Sterling terms. The total dividend for 2018 in Sterling will be determined by the exchange rates ruling on the dates of payment.

Shareholders may 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. Subject to personal circumstances and shareholders taking their own tax advice, UK resident individual shareholders who receive such a scrip dividend should not be liable to UK income tax on such dividend. Instead, UK capital gains tax rules should apply.

Liquidity enhancement policy

During the year ended 31 December 2017 the Company issued and sold 1,530,000 new shares raising £19.8 million. These shares, which were sold according to the provisions of the Liquidity Enhancement Agreement, were issued at a small average premium to net asset value. The benefits of this issuance include improved stock liquidity, a reduction in the Company's expense ratio (Ongoing Charges figure) and a marginal uplift to the net asset value of existing shares resulting from issuance at a small premium.

This increase in demand for the Company's shares was also reflected in the elimination of the share price discount. As at 31 December 2017, the Company's shares traded at a small premium of 0.7% to net asset value in comparison to a discount at 31 December 2016 of 8.9%.

The Company did not buyback any shares during the year.

Investment management fee amendment

Following a sustained period of growth in the Company's net assets, an amendment to the basis of calculation of the investment management fee payable to the Investment Manager, F&C Investment Business Limited was negotiated.

Previously, the Investment Manager received a fee equal to 0.8 per cent per annum of an adjusted value of funds under management. Following this amendment, announced in November 2017 and with immediate effect, a tiered management fee was introduced. In cases where the adjusted value of funds under management exceeds €500 million, the applicable rate over such excess value will be reduced from 0.8 per cent per annum to 0.65 per cent per annum. This fee is calculated quarterly and payable in advance.

The Board will copntinue to monitor the investment management fee.

Stock split

In response to shareholder comment and to improve marketability, the Company will seek approval at the forthcoming General Meeting to undertake a stock split. If approved, with effect from 3 May 2018 each shareholder will receive ten shares for every one share held. The quarterly dividends payable on 31 July and 31 October 2018 would be adjusted commensurately from €0.22 to €0.022 per share.

Each share will have a nominal value of €0.10 in comparison to the current nominal value of €0.46 with the resulting obligation to increase share capital by €0.54 for every ten shares met by an accounting adjustment to the share premium reserve of the Company.

The Company will seek further shareholder approval to increase, with effect from 3 May 2018 the authorised share capital of the Company from 50,000,000 shares at €0.46 per share to 600,000,000 shares at €0.10 per share. This is proposed in the anticipation of continued share issuance by the Company through the provisions of the Liquidity Enhancement Agreement.

Brexit

The Board continues to monitor the developing situation regarding the future regulation of the Company following Brexit. Since the implementation of the Alternative Investment Fund Manager's Directive in 2014 oversight of the Company has been undertaken by the UK Financial Conduct Authority through its regulation of its manager. The Company has relied on the Manager's passporting rights under the Directive to maintain its ability to market its shares in the Netherlands. With uncertainty regarding the availability of passporting rights following the exit of the UK from the EU in March 2019, an option being considered is that of transferring the management of the Company from the existing manager to its Dutch regulated affiliate with aspects of the management and financial promotion continuing to be based in UK. It is anticipated in this scenario that the key investment professionals would continue in their present roles. The timing of this transfer will be determined by the outcome of the current political negotiations with regard to a transition period post Britain's departure from the European Union. Should this be unavailable as an option, the Company has also explored an alternative proposal which would allow the existing Manager arrangements to continue.

Markets in Financial Instruments Directive ('MiFID') II

A significant regulatory task during the last year for the investment management industry has been the implementation of the requirements of the revised European Union Markets in Financial Instruments Directive, better known as MiFID II. A responsibility of the investment manager has been the preparation of a Key Information Document for the Company. This document, which is available on the Company's website has been prepared according to prescriptive guidelines and rules laid down by the FCA to ensure comparability. However, across the investment trust sector, concerns have been raised, which your Board shares that the performance scenarios disclosed in the document which applies a methodology based upon past performance may provide results for future returns which are too optimistic. Shareholders are reminded that past performance does not guarantee future results.

Outlook

The fundamentals for European smaller companies look encouraging. The European economy is showing a broad based recovery and companies are reaping the benefits of this, delivering better than expected profit growth. For European smaller companies, with their greater exposure to both the domestic economy and more cyclically sensitive areas, this is potentially a particularly powerful point in the market cycle. Valuations in aggregate do not look unreasonable either.

It would however be sensible to note some areas of caution. Global asset prices have obviously recovered strongly since the economic crisis. While we do not know the extent of the benefit that these assets have had from coordinated central bank actions, it is inevitable that this has played a significant role. We are now at the start of the withdrawal of this liquidity, which must entail some risk. Together with fears of greater inflationary pressure, markets have recently experienced heightened levels of volatility. Additionally there are areas of the market where valuations do not make sense to us and some assets appear to be driven by speculation rather than improvements in fundamental qualities. It is therefore essential to maintain our disciplined approach in order to deliver the best returns for our shareholders through the market cycle.

Shareholder meetings

The Company's General Meeting will be held at 12 noon on 18 April 2018 at the Company's Office at Weena 210-212, Rotterdam, the Netherlands. In addition, the Company holds a Shareholders' and Investors' Briefing in London each year.

The London Briefing this year will take place on 9 May 2018 at 10.00am at the offices of BMO Global Asset Management (EMEA), Exchange House, Primrose Street, London EC2A 2NY and will include a presentation from the Investment Manager, Sam Cosh, on the Company and its investment portfolio. This is a good opportunity for shareholders to meet the investment manager and the Board and we look forward to welcoming as many shareholders as are able to attend. 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 shortly thereafter.

Jack Perry CBE
Chairman
2 March 2018

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 Supervisory Board's ('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.

Business model and strategy

Investment objective and distribution policy

The investment objective of the Company is 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 have been paid mainly out of current year net profits and other reserves.

Strategy and principal guidelines

The investment policy adopted in 1980 has been refined by seeking 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.

As part of an active investment strategy 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.

Implementing the strategy

The investment management contract is with F&C Investment Business Limited ('F&C') which is a company within the F&C Asset Management plc group ('F&C Group'). Following the implementation of the Alternative Investment Fund Managers Directive ('AIFMD'), F&C was appointed as Alternative Investment Fund Manager ('AIF Manager'). F&C is a wholly owned subsidiary of Bank of Montreal ('BMO') and is part of BMO Global Asset Management. F&C provides investment management and other services to a range of investment companies.

Sam Cosh is the lead manager appointed by F&C to the Company. He is assisted by David Moss and Lucy Morris. Biographies of Sam Cosh, David Moss and Lucy Morris who are members of the European Equities team at F&C are provided on page 16.

The European Equity team at F&C focuses on detailed fundamental analysis with particular scrutiny on balance sheets and cashflows with an aim to invest in businesses with a long term time horizon. A key tenet of the approach is the belief that the most important factors that influence stock returns are both the value creation of the business and the initial price paid to own the equity. Consequently a significant emphasis is placed on valuation.

The fee that F&C 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. It is also appointed as the AIF Manager in accordance with the provisions of the AIFMD for which there is no additional fee. The ancillary functions of secretarial and marketing services are also carried out by F&C. Details of the management fee payable to F&C are provided on page 44.

Board Structure

The Company, which is incorporated in the Netherlands has a two-tier structure comprising the Supervisory Board ('the Board') and Management Board. The biographies of the Supervisory Board Directors are detailed on page 26.

FCA Management BV is the Management Board Director and provides management and legal compliance services to the Company. Further details of the Management Board are provided on page 27.

As noted above the Company has an investment management contract with F&C ('the Investment Managers'). This contract sets out the matters over which the Investment Managers have authority and the limits above which approval of the Board must be sought.

All other matters, including strategy, investment and dividend policies, gearing and corporate governance procedures are reserved for the Board. It is the responsibility of the Board to provide the Management Board with general instruction and guidance with regard to these matters. It is the responsibility of the Management Board to act, and manage and represent the Company in accordance with these directives and to report to the Board on outcomes.

Responsible Ownership and Voting Policy on Investments

The Board's primary responsibility is to ensure that the Company's portfolio is properly invested and managed in accordance with the investment objective. The Board supports F&C in its belief that good governance creates value. F&C takes a particular interest in corporate governance and sustainable business practices, and continues to work on systematically incorporating environmental, social and governance factors into its investment processes. Reference can be made to the F&C webpage www.bmogam.com/corporate/about-us/responsible where the responsible ownership policy is described and its Statement of Compliance with the UK Stewardship Code. This is based on the view that companies with strong management focus on these areas have the potential to reduce risks facing their business and deliver sustainable performance over the longer term. Engagement with companies on significant matters to reduce risk, improve performance, encourage best practice and underpin long-term investor value forms an important part of F&C's approach towards responsible investment. The Board receives an annual report on instances where F&C has voted against the recommendation of the management on any resolution.

The Investment Managers, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. Only where there are matters of particular concern will the Investment Managers contact management to explore the issues. In the year ended 31 December 2017, F&C had engaged with 22 companies held by the Company and had voted in respect of its holdings at 43 company meetings on a range of issues. Key engagement themes in 2017 focussed on management of climate change and natural resource scarcity, as well as on labour standards, governance and remuneration.

Gearing strategy

Over many years the Company has used borrowings to enhance its returns. The Company has the ability to borrow up to an amount of 20 per cent of the value of its securities portfolio.

At the year end, gearing was 101%.

Liquidity enhancement agreement

The Company has entered into a liquidity enhancement agreement with F&C. The purpose of the agreement is to enhance the liquidity in the trading of the Company's shares. During the year the Company issued and sold 1,530,000 shares. Further details of this agreement are provided on page 30.

Marketing strategy

F&C continues to promote investment in the Company's shares, which are suitable for retail distribution in the UK as well as professionally advised private clients and institutional investors.

Promotion has traditionally been made through the F&C Savings Plans, which remain a cost effective and flexible way to invest in the Company.

The Company is well positioned as a beneficiary of the Retail Distribution Review and changes to pensions legislation in the UK and continues to see a notable increase in the number of shares held through investment platforms. The Board hopes to see access to the Company's shares on as many platforms as possible as more investors look to make their own investment decisions.

Regulatory Framework and Tax Status

The Company is governed by the provisions of the Wft, the Dutch Act on Financial Supervision, including the provisions on Alternative Investment Funds ('AIF'). The Company has appointed F&C Investment Business Limited as its AIF Manager and KAS Trust & Depositary Services BV as its depositary and custodian.

Any change to the Articles of Association of the Company and any other changes of the conditions which causes a reduction in shareholders' rights or security or imposes costs upon shareholders will not become effective until one month after publication of such change.

The Company has fiscal investment institution status in the Netherlands ('fiscale beleggingsinstelling') and is subject to tax on both income and capital gains at a zero rate. Under its articles the Company has the power to borrow up to 20 per cent of the book value of the securities portfolio of the Company and its subsidiaries, if any, without the prior approval of the general meeting of the Company.

Rolling five year viability assessment and going concern statement

The 2016 UK Corporate Governance Code requires a board to assess the future prospects for the Company, and report on the assessment within the annual report.

The Supervisory Board ('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 the Company 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:

- The Company retains title to all assets held by the Custodian under the terms of a formal agreement with the Custodian and Depositary.
- The borrowing facility has been entered into for an indefinite period of time.
- 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.
- Cash is held with the Company's banker.

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 24, and in Note 15 of the accounts.

The principal risks identified as relevant to the viability assessment were those relating to investment portfolio under-performance, failure to operate effectively the liquidity enhancement policy and threats to security over the Company's assets.

In undertaking this assessment the Board took into account the following factors:

- the liquidity of the Company's portfolio;
- the existence of the 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.

These matters were assessed over a five year period to March 2023. The Board 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 the Company's financial flexibility and scope with the current uncertain outlook for longer-term economic conditions affecting the Company 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 2023. For this reason, the Board also considers it appropriate to continue adopting the going concern basis in preparing the Report and Accounts.

Investment Managers

Sam Cosh

Lead Manager

is a Director, European Equities at F&C. Sam joined F&C in 2010 from BNP Investment Partners and was appointed Lead Manager for European Assets Trust during 2011. Sam is also the lead manager of F&C European Small Cap Fund and manages the European investments of F&C Global Smaller Investment Trust plc. He has eighteen years' experience in European equities, principally within small and mid cap mandates.

David Moss

Investment Manager

is the Head of European Equities and manages European and Pan European portfolios. From 1998-1999, he focused on UK Equity and prior to that he worked as a Fixed Interest Analyst focusing on the UK Gilt and Non-Gilt Markets. He joined F&C in 1996. David began his career in 1987 at Barclays Bank, where he worked as an Analyst on the Corporate Lending Team, working primarily with recovery situations for small to medium-sized enterprises. David has twenty years' experience in European equities.

Lucy Morris

Investment Manager

is a Fund Manager in the European Equities team, dedicated to smaller companies. Lucy joined F&C in 2007 and joined the European Equities team in 2011. Lucy has seven years' experience in European equities, principally within small and mid cap mandates.

Investment Manager's Review

Sam Cosh, Lead Manager

As stock pickers we embrace volatility as uncertainty provides opportunities, particularly for quality companies to differentiate themselves.

Market Review

European smaller companies delivered another strong year as the region finally emerged from its decade long earnings slump. The strong economic tail winds that are sweeping through the region are delivering earnings growth that for the first time since the crisis did not disappoint analyst expectations.

The year began with the usual concerns over European politics. However, the lesson from recent history has been that such concerns have provided buying opportunities, and so it proved in 2017. Investors welcomed the outcome of the Dutch and French elections, whilst a more uncertain outcome from German elections and ensuing coalition talks, only prompted a temporary hiatus in the relentless upward trajectory of the market. We still have to consider Italian elections in 2018 and the unresolved Catalonian independence question, though it would be a mistake for this to distract from corporate fundamentals, which appear to be sound and improving.

Within this encouraging environment, European smaller companies again outperformed their larger counterparts. While the long term characteristics of smaller companies are reasonably well known, in that they tend to outgrow larger companies and are the beneficiaries of corporate activity, the recent performance has more to do with cyclical characteristics. European smaller companies are naturally more exposed to the domestic European economy, which is of course recovering markedly. They are also more economically sensitive, containing for example, more industrial businesses. European smaller companies are therefore well positioned in the current environment.

Performance

The Company's total return on net assets last year was strong in absolute terms, though marginally behind our benchmark index. Market leadership, particularly during the second half of the year, transitioned towards more value and cyclical sectors, areas where our investment approach is not naturally predisposed. This change goes some way to explain how the portfolio performed through the year, with a better relative return in the first half diminishing in the second.

The best performing sector was also the largest sector, industrials, where the total return of the Company's holdings comfortably outperformed the benchmark. Of note was Italian industrial company Interpump, who are the market leader in high-pressure water pumps and power converters for trucks. The company delivered well operationally through the year, but this investment also benefitted from some quasi-passive buying following the introduction of tax efficient Italian savings schemes which mandated holding smaller company stocks. This also helped a number of the Company's other Italian holdings including IMA, another Italian industrial. The strong performance of these shares has however taken them to valuations where we no longer feel comfortable, so we have sold both positions.

Financials was the other sector, which performed particularly well. As with industrials, the Company has a substantial weight in this sector and its holdings comfortably outperformed the benchmark. We have believed that for some time this sector has been unfairly maligned. This has however given us the opportunity to invest in some quality businesses with valuations significantly below their intrinsic value. With the headwinds of regulation receding and the tail winds of rising bond yields and economic growth emerging, other investors are beginning to see the potential in this sector. Our best performers were the Norwegian bank Sparebank and life insurer Storebrand. Both shares benefitted from improving operational performance and strong capital generation. We do not think that the re-rating for these two shares, or indeed the sector, is complete yet.

Other performers worthy of comment were long standing holding Christian Hansen, and a new position Vidrala. Christian Hansen is a Danish manufacturer of cultures and enzymes, which has an exceptional track record of high organic growth and margin expansion. 2017 was no different in this regard. We have however sold the position. Whilst the quality of the operational performance has been sensational, this has not gone unnoticed and the valuation has reached very high levels.

Vidrala, a manufacturer of glass bottles, which was purchased at the beginning of the year, has delivered handsomely. They are a low cost producer with few competitors. They have historically been very good at buying assets and consolidating their position to improve returns in a market which itself is consolidating. Their performance last year was in part due to another excellent deal they concluded with a local competitor in Portugal.

Turning to negative performers, the main detractors in an otherwise successful year came principally from stock specifics. The worst performer was a new holding, the Austrian chemicals company, Lenzing. They are the world's leading provider of wood-based cellulose fibres used in the textile industry. The Company holds this investment because it is transitioning to become a speciality chemical business where it has market dominance. However, it continues to be valued as a commodity chemicals business. The shares performed poorly following concerns that increasing capacity in the viscose industry would put pressure on company profits. We believe that Lenzing's operations will be more resilient to these concerns than is perceived so have used this weakness to add to the position.

CTT, the Portuguese post office also performed poorly as deteriorating mail volume overshadowed any progress on growth in parcel delivery or financial services. The position was sold early in the second half of the year, ahead of a material profit warning.

Other poor performers of note were the Swedish businesses Inwido, the leading Nordic window supplier, and Nordic Water Proofing, supplier of water proofing roofing material. While both companies produced good sales figures, their margins were impacted by an inability to immediately pass on increasing raw material costs.

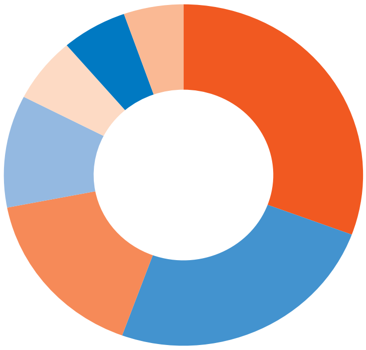
Copyright: Vidrala S.A.

Sentiment towards these shares was also dampened by concerns over the Swedish housing market. The Company continues to hold these positions but we are monitoring closely their ability to pass on rising costs. Whilst a delay is understandable, an inability to do so indicates a lack of pricing power and quality.

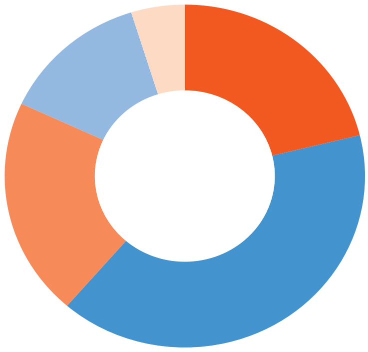
Outlook

European equity markets started the New Year strongly reflecting optimism among investors that earnings growth is accelerating. Certainly, the economic outlook is supportive and we would expect European smaller companies to be able to harvest growth better than anyone else. Valuations also look reasonable to us. This optimism has however more recently given way to volatility which appeared to be catalysed by a strong US jobs report that has helped push bond yields higher. Whether this is indicative of a more challenging year for investors is yet to be seen, and, as stock pickers it is not in our DNA to make bold predictions. Some volatility should not really be a great surprise though. We are entering the

Portfolio Split by Sector at 31 December 2017



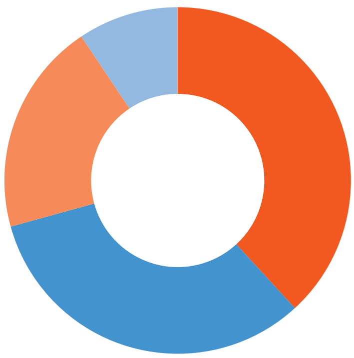
Portfolio Split by Market Capitalisation as at 31 December 2017



tenth year since the financial crisis and asset classes across the globe have yielded handsome returns. Some of these returns have been supported by co-ordinated central bank actions. We are now at the point where this support will start diminishing, and this inevitably brings uncertainty.

As stock pickers we embrace volatility as uncertainty provides opportunities, particularly for quality companies to differentiate themselves. It also reinforces the need for discipline to assess future prospects soberly. For example, we would caution against extrapolating current cyclical momentum in certain sectors, where valuations to us seem unsupportable, and investors are chasing the next earnings upgrade irrespective of longer term fundamentals. Investing where quality characteristics are supported by attractive valuations is, we believe the best way to manage our capital through the market cycle. We will do just that in the coming year irrespective of market conditions.

Portfolio Split by Category



(Figures in brackets – as at 31 December 2016)
Source: F&C Investment Business Limited

Sam Cosh

Lead Investment Manager
F&C Investment Business Limited

2 March 2018

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 operation of the liquidity enhancement policy; 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 ratio
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 2017

	1 Year %	3 Years %	5 Years %
European Assets Trust net asset value†	22.6	58.8	135.4
EMIX Smaller European (ex. UK) Companies Index†	23.3	78.2	140.3
AIC Sector peer group size weighted average†	28.7	91.5	168.4

†Total return. Source: F&C, EMIX and AIC.

Share price sterling total return performance – 31 December 2017

	1 Year %	3 Years %	5 Years %
European Assets Trust share price†	35.8	59.2	155.4
EMIX Smaller European (ex. UK) Companies Index†	23.3	78.2	140.3

†Total return. Source: F&C and EMIX.

Dividend Yield % – 31 December

	2017 %	2016 %
European Assets Trust	6.0	6.0
Yield FTSE All-Share	3.6	3.5
UK Average bank savings rate	0.4	0.5

Source: F&C, London Stock Exchange and Bank of England

Ongoing charges ratio – 31 December*

	%
2017	1.06
2016	1.12
2015	1.10
2014	1.33
2013	1.41

*Calculated in accordance with the basis recommended by the AIC

Source: F&C

(Discount)/premium

31 December	%
2017	0.7
2016	(8.9)
2015	0.6
2014	0.7
2013	(0.5)

Source: F&C

Shares issued/(bought back)

2017	1,555,345
2016	1,351,439
2015	10,219,916
2014	3,658,542
2013	3,198,128

Source: F&C

Investment portfolio

There are approximately 2,000 quoted European (ex UK) small and mid-cap companies. Using internal team analysis as well as meetings with company management, a relatively concentrated portfolio has been created. Key attributes for portfolio companies are strong balance sheets, healthy cashflows and high and sustainable returns on capital.

Holdings are assigned to one of four broad categories: Durable franchise, Wide moat growth, Transformation/recovery and Deep value.

Durable franchise

The core of the portfolio. This represents companies with at least modest growth potential, have disciplined management and robust business models. Typically represents 40-50% of the portfolio; 37.8% at 31 December 2017.

Wide moat growth

These are faster-growing companies with strong brands, a unique product or a high market share in a competitive industry. Typically represent 25-30% of the portfolio; 33.0% at 31 December 2017.

Transformation / recovery

These are stocks that may be undervalued but have a catalyst for change, such as new management. Typically represent 15-20% of the portfolio; 19.9% at 31 December 2017.

Deep value

These are out-of-favour companies where there is a belief that recovery or growth potential is underappreciated. Typically represent 10-15% of the portfolio; 9.3% at 31 December 2017.

Investment Portfolio

1. CTS Eventim (10)
Germany
Event Ticketing Systems
3.6% Total investments
€18,327,039 value
www.eventim.de

2. Gerresheimer (2)
Germany
Glass and Plastic Containers
3.5% Total investments
€18,032,225 value
www.gerresheimer.com

3. Cerved Information Solutions (3)
Italy
Credit Information Provider
3.4% Total investments
€17,478,033 value
www.company.cerved.com

4. Forbo (1)
Switzerland
Flooring, Adhesives and Conveyor Belts
3.4% Total investments
€17,297,564 value
www.forbo.com

5. Sparebank (15)
Norway
Banking
3.4% Total investments
€17,142,413 value
www.sparebank1.no/sr-bank

6. Storebrand (14)
Norway
Long-term Savings and Insurance
3.3% Total investments
€16,871,776 value
www.storebrand.no

7. Origin Enterprises (4)
Ireland
Agricultural Nutrition
3.2% Total investments
€16,182,996 value
www.originenterprises.com

8. Vidrala
Spain
Manufacturer and Supplier of Glass Containers
3.1% Total investments
€15,696,480 value
www.vidrala.com/en/

9. Amer Sports (5)
Finland
Sporting goods
3.1% Total investments
€15,618,211 value
www.amersports.com

10. NORMA (25)
Germany
Plastic and Metal Based Components
3.0% Total investments
€15,429,729 value
www.normagroup.com

11. Dometic (24)
Sweden
Supplier to the Recreational Vehicle Market
3.0% Total investments
€15,378,654 value
www.dometic.com/en/se

12. Indutrade (13)
Sweden
Niche Industrial Conglomerate
2.9% Total investments
€14,921,334 value
www.indutrade.se

13. Irish Continental (11)
Ireland
Shipping
2.9% Total investments
€14,700,268 value
www.icg.ie

14. Viscofan (19)
Spain
Artificial Casings for Meat Products
2.8% Total investments
€14,253,855 value
www.viscofan.com

15. IMCD (8)
Netherlands
Speciality Chemical Distributor
2.7% Total investments
€14,065,029 value
www.imcdgroup.com/

16. ASM International (7)
Netherlands
Semi-conductor Equipment
2.7% Total investments
€13,658,690 value
www.asminternational.org

17. Aareal Bank (20)
Germany
Property Financing
2.7% Total investments
€13,609,527 value
www.aareal-bank.com

18. SAF Holland (21)
Germany
Commercial Vehicle Equipment
2.7% Total investments
€13,578,730 value
www.safholland.co.uk

19. Ringkjoebing Landbobank (18)
Denmark
Regional Banking
2.6% Total investments
€13,443,163 value
www.landbobanken.dk/

20. Takkt (16)
Germany
Office Equipment
2.6% Total investments
€13,168,787 value
www.takkt.de

21. Lectra (39)
France
Provider to the Fashion, Automotive and Furniture Industries
2.4% Total investments
€12,531,815 value
www.lectra.com

22. Christian Hansen (29)
Denmark
Bacteria Culture Producer
2.4% Total investments
€12,099,673 value
www.chr-hansen.com

23. Inwido (17)
Sweden
Supplier of Windows and Doors
2.2% Total investments
€11,133,549 value
www.inwido.com

24. Cairn Homes
Ireland
House Builder
2.1% Total investments
€11,008,054 value
www.cairnhomes.com/

Investment Portfolio

25. Coor
Sweden
Provider of Integrated Facilities Management and Consulting Services
2.1% Total investments
€10,798,918 value
www.coor.com/

26. Komax (40)
Switzerland
Wire Processing Equipment
2.1% Total investments
€10,655,734 value
www.komaxgroup.com

26. Lenzing
Austria
Manufacturer of Textile Fibres and Pulp Raw Materials
2.1% Total investments
€10,488,505 value
www.lenzing.com

28. Fluidra
Spain
Swimming Pool Equipment and Maintenance
2.0% Total investments
€10,418,333 value
www.fluidra.com/en/

29. Tomra Systems (23)
Norway
Recycling Equipment
1.9% Total investments
€9,973,179 value
www.tomra.com

30. Ebro Foods
Spain
Multinational Food Group
1.9% Total investments
€9,675,557 value
www.ebrofoods.es/en/

31. IFG (32)
Ireland
Financial Services
1.7% Total investments
€8,557,941 value
www.ifggroup.com

32. Metall Zug (31)
Switzerland
Appliances and Wire Processing Equipment
1.7% Total investments
€8,480,759 value
www.metallzug.ch

33. Rational (35)
Germany
Combi-Steamer Oven Manufacturer
1.6% Total investments
€8,039,961 value
www.rational-online.com

34. Plastic Omnium (30)
France
Automotive Body Modules and Fuel Systems
1.5% Total investments
€7,849,649 value
www.plasticomnium.com

35. Mediaset Espana Comunicacion (28)
Spain
Free to Air Television
1.5% Total investments
€7,735,008 value
www.mediaset.es

36. Azimut (34)
Italy
Asset Management
1.5% Total investments
€7,678,883 value
www.azimut.it/web/-/home"

37. Grafton (22)
Ireland
Building Supply, Manufacturer and Retailer
1.5% Total investments
€7,673,191 value
www.graftonplc.com

38. Marr (26)
Italy
Food Service Provider
1.5% Total investments
€7,574,502 value
www.marr.it/en

39. Wizz Air
Switzerland
Budget Airline
1.4% Total investments
€7,016,439 value
www.wizzair.com

40. Symrise (37)
Germany
Speciality Chemicals
1.4% Total investments
€7,013,855 value
www.symrise.com

41. Bolas y Mercadoes Espanoles (33)
Spain
Regional Stock Exchange
1.2% Total investments
€6,090,862 value
www.bolsasymercados.es

42. Nordic Waterproofing
Sweden
Turnkey Waterproofing Solutions
0.9% Total investments
€4,458,161 value
www.nordicwaterproofing.com/

43. Atresmedia (38)
Spain
Free to Air Television
0.8% Total investments
€4,071,588 value
www.atresmedia.com/

The value of the twenty largest holdings represents 60.6% (2016: 66.0%) of the portfolio.
The figures in brackets denote the position within portfolio last year.

Principal Risks and Changes in the Year

Most of the Company's principal risks are market-related and no different to those of other investment trusts investing in listed markets. 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 15 beginning on page 48. Details of actions taken to reduce the potential impact of these risks is also provided.

Principal Risks	Mitigation
Share Price Discount / Premium Objective and strategy are inappropriate in relation to investor demands, adversely affecting control over share price discount/premium. **No change in overall risk in year**	At each Supervisory Board Meeting the Directors monitor performance against benchmark and peer group. Market intelligence is maintained via the Company's broker, Cenkos and the provision of shareholder analyses. The Supervisory Board meets shareholders on an annual basis at the General Meeting in Rotterdam and the Shareholders' and Investors' Briefing in London. A Liquidity Enhancement Agreement is in place with F&C to allow the issuance and repurchase of shares within parameters laid down by the Supervisory Board.
Tax Exempt Status Failure to maintain tax exempt fiscal investment institution status ('fiscal beleggingingstelling') in the Netherlands. **No change in overall risk in year**	During the year the Company has complied with all applicable legislation regarding its Dutch tax status. No new Dutch tax legislation has been issued during the year which would have an impact on the Company's tax status. The Board reviews this compliance and retains Ernst & Young Accountants LLP to provide tax advice in the Netherlands and calculate the annual distributable profit.
Investment Policy Stock selection, asset allocation and the use of gearing is inappropriate. **No change in overall risk in year**	Investment policy and performance are reviewed by the Supervisory 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.
Key People 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 Supervisory Board meets regularly with the management of F&C 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 European Equities team at F&C.
Reputation 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 Supervisory Board receives regular reports from the Managing Director and the Investment Manager on oversight of third party service providers, together with annual internal audit reports on controls. The Depositary oversees custody of investments and cash in accordance with the requirements of the AIFMD.
Currency Risk The Company's assets are denominated in Euros or other continental European currencies. The majority of its shares are traded on the London Stock Exchange and traded in Sterling. The returns to Sterling based shareholders are therefore subject to the fluctuations in the relative strength of Sterling against its European counterparts. **No change in overall risk in year**	Although the Company's dividends are declared in Euros at the beginning of each calendar year, Sterling dividends payable to registered shareholders are calculated at a rate of exchange ruling at the date of payment.

Actions taken in the year
During the year the Company has issued 1,530,000 shares raising £19.8 million through the procedures of the Liquidity Enhancement Agreement. The Directors receive a weekly update from the Company's broker detailing movements in market demand for the Company's shares and its discount or premium.
The Company paid its mandatory distribution in respect of the year ended 31 December 2016 with the August 2017 dividend.
The borrowing facility from KAS BANK NV is €45 million. At the year end the facility was €2.7 million drawn. During the year the Directors received external presentations from a leading Dublin-based economist of an Irish Stockbroker and an equity research analyst of an international bank.
The Investment Manager now benefits from the long-term financial strength and policies of its owner, the BMO Group, and through its stated commitment to the future of F&C's investment trust management business. There were no changes during the year in the investment manager's senior staff.
The Investment Manager continues to strengthen and develop its Risk, Compliance and Internal Control functions as part of the integration of its operations with BMO including IT security. Supervision of F&C's third party service providers, including State Street and DST, has been maintained by F&C and includes assurances regarding IT security and cyber-attack prevention. The Depositary oversees custody of investments and cash and reports to the Company in accordance with the AIFMD.
At each meeting of the Supervisory Board, the relative and absolute total returns to shareholders in both Euros and Sterling are reviewed and discussed. Presentations from external economists are regularly received by the Board during the year.

Supervisory Board

Left to right: Martin Breuer, Laurence Jacquot, Jack Perry, Professor Robert van der Meer, Julia Bond.

Jack Perry CBE

Chairman

was Managing Partner, Glasgow and Regional Industry Leader (Technology, Communications and Entertainment and Consumer Products) for Scotland and Northern Ireland for Ernst and Young. He was also Chief Executive of Scottish Enterprise. He is currently Chairman of ICG-Longbow Senior Secured UK Property Debt Investments Limited and a non executive director of Witan Investment Trust plc. 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 is a past Chairman of CBI Scotland.

Shared directorships with other Directors: None

Julia Bond

Senior Independent Director

has 30 years' experience of capital markets in the financial sector and held senior positions within Credit Suisse including Head of One Bank Delivery. She is currently a non executive director and trustee of several governmental bodies and charities including the Supervisory and Management Board of the British Foreign and Commonwealth Office and a non executive advisor to the CEO of the Association of Certified Chartered Accountants. She is also a non executive director of International Public Partnerships Limited.

Shared directorships with other Directors: None

Professor Robert van der Meer

Deputy Chairman and Chair of Audit

Professor van der Meer has formerly held positions on the management boards of Fortis and AEGON. He served on the Boards of AEX companies and is emeritus professor of finance at the Rijksuniversiteit Groningen. He is currently the Chairman of the supervisory board of Contest Yachts and has non-executive advisoryships with a number of Dutch pension funds and charities. He is a member of the Dutch Accountants Institute (NBA) and serves as Deputy Justice with the High Court Amsterdam (Ondernerningskamer).

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.

Shared directorships with other Directors: None

Martin Breuer

has been Chief Executive Officer of Italian cosmetic manufacturer Gotha Cosmetics since August 2017. He was previously an executive with Siemens and Chief Financial Officer of SEVES and Intercos Group.

Shared directorships with other Directors: None

Management Board and Secretary

Management Board

Wilbert van Twuijver
representing the Managing Director

Tim Koster
representing the Managing Director

The Management Board consists of a single Director, FCA Management BV, a limited liability company incorporated in the Netherlands. It has its registered office in Rotterdam. FCA Management BV carries out the day-to-day management of the Company in accordance with the general directives of the Supervisory Board.

The Articles of Association and the latest annual report of FCA Management BV are available at its offices at Weena 210-212, Rotterdam.

Wilbert van Twuijver and Tim Koster represent FCA Management BV on the Management Board of European Assets Trust NV.

Company Secretary

Scott McEllen
Company Secretary

In addition to investment management, the F&C group provides other services to the Company, including company secretarial, financial and marketing.

Scott McEllen acts as Company Secretary to the Company. A chartered accountant, he has provided accounting and company secretarial services to investment companies for over seventeen years.

Management and Advisers

Management Board Director
FCA Management BV
Chamber of Commerce
Rotterdam, nr. 33239987

Supervisory Board
Jack Perry (Chairman)
Professor Robert van der Meer (Deputy Chairman)
Julia Bond (Senior Independent Director)
Martin Breuer
Laurence Jacquot

Registered Office
Visiting address
Weena 210-212
NL-3012 NJ Rotterdam
Tel No. +(31 10) 201 3600
Chamber of Commerce
Rotterdam. nr. 33039381
Postal address
PO Box 1370
NL-3000 BJ Rotterdam

AIF Manager
F&C Investment Business Limited
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
Tel No. 0131 718 1000

UK Registrars and Transfer Office
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Registrar's Shareholder Helpline
Tel No. 0370 707 1550

Brokers
in the United Kingdom-
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

in The Netherlands-
NIBC Markets N.V.
Nieuwezijds Voorburgwal 162
1012 SJ Amsterdam

Depositary and Custodian
KAS Trust & Depositary Services BV
De Entree 500
1101 EE Amsterdam-Zuidoost

Accounting and Reporting
KAS BANK NV
De Entree 500
1101 EE Amsterdam-Zuidoost

Auditors
PricewaterhouseCoopers Accountants N.V.
Fascinatio Boulevard 350
3065 WB Rotterdam

Lawyers
in The Netherlands-
De Brauw Blackstone Westbroek
Claude Debussylaan 80
1082 MD Amsterdam

in the United Kingdom-
Shepherd and Wedderburn
1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Website
www.europeanassets.eu

Report of the Management Board Director

We have pleasure in submitting to Shareholders the Company's Annual Report and Accounts for the year to 31 December 2017 as prepared by us and approved by the Supervisory Board. We consider the Annual Report and Accounts taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance and strategy. They have been examined by PricewaterhouseCoopers Accountants NV, and their report is included under Other Information in the Financial Report.

The Revenue Account for the year shows a net gain of €76,902,000. Dividends in cash totalling €0.822 per share were paid during 2017. As of 2018, dividends will be paid out in four equal instalments in January, April, July and October. Previously the Company paid its dividends in three equal instalments. A dividend of €0.22 per share was announced and paid in January 2018. Shareholders are offered the option of a scrip dividend. Dividends paid have historically been mainly funded from current year net profits and other reserves (for tax purposes from the reinvestment reserve) in accordance with the Company's distribution policy.

We recommend that the Financial Statements for the year ended 31 December 2017, together with the notes, be adopted.

Supervisory Board

The Supervisory Directors who held office at 31 December 2017 are shown on the page of this report entitled 'Supervisory Board'.

Mr Jack Perry, Ms Julia Bond and Mr Martin Breuer had a beneficial interest of 4,097, 6,503 and 5,500 shares respectively in the Company at 2 March 2018. None of the other Supervisory Directors of the Company or the families of any other Director owned any interest in the shares of the Company during the year under review or at any date up to 2 March 2018. Mr Jack Perry and Professor Robert van der Meer will be proposed for re-appointment as Supervisory Directors at the forthcoming General Meeting.

With reference to article 166 of Book 2 of the Dutch Civil Code, the Company does not comply with a balanced split between male and female directors within the Supervisory Board ('the Board'): the Board currently includes two female directors out of a total of five. The Company and the Board are committed to diversity in its composition in general and to the fair representation of women in particular, but strives primarily to appoint the most suitable Director regardless of gender.

Management Board Director

FCA Management BV provides management and legal compliance services to the Company and represents the Company in and out of court. The contract with the Management Board Director can be terminated at the end of any calendar year with a notice period of three months. FCA Management BV receives a fixed fee paid on a quarterly basis.

During the year under review, the management and service fee paid by the Company to FCA Management BV was €115,000 (including Dutch VAT).

Investment Managers

F&C Investment Business Limited (F&C) provides investment management and other services to the Company. These services can be terminated by the Company at any time by giving six months notice of termination. Following the implementation of the AIFMD, F&C was appointed as AIF Manager ('the Investment Managers'). Details of the remuneration of F&C are provided on note 2 to the Accounts on page 44.

During March 2018, the Management Engagement Committee of the Board reviewed the appropriateness of the Investment Managers' continuing appointment. In carrying out the review, consideration was given to past investment performance and the ability of the Investment Managers to produce satisfactory investment performance in the future. Consideration was also given to the standard of other services provided which include company secretarial, financial and marketing. The length of notice of the investment management contract and fees payable to the Investment Managers were also reviewed. In November 2017, it was announced that with immediate effect a tiered management fee would be introduced. Previously the Investment Manager received a fee equal to 0.8 per cent per annum of an adjusted value of the funds under management. In cases where the adjusted value of funds under management exceeds €500 million, the applicable rate over such excess value will now be charged at a reduced rate of 0.65 per cent per annum. Following this review, it is the Board's opinion that the continuing appointment of the Investment Managers on the terms agreed is in the interests of shareholders as a whole.

Tax Evasion

The Company has a zero tolerance policy to tax evasion and its facilitation. The Company is fully committed to complying with legislation and appropriate guidelines designed to prevent tax evasion and its facilitation in the jurisdictions in which it and its service providers operate.

The Company is subject to the UK's Criminal Finances Act 2017 and has adopted a policy designed to prevent tax evasion and its facilitation. The policy is based upon a risk assessment undertaken by the Supervisory Board annually.

Depositary and Custodian

KAS Trust & Depository Services BV, a subsidiary of KAS BANK NV, has been appointed as depository and custodian for the Company. The depositary and custody services can be terminated by either party by giving six months notice of termination. KAS BANK NV, has granted a credit facility to the Company. This credit facility was employed during the year. As at 31 December 2017 the facility was €2.7 million drawn.

Management of Assets during the Year

The Company has invested its assets during the year in accordance with its stated investment policy. Investment risk has been spread by investing in a diversified geographical spread of investments across a variety of industrial sectors. At 31 December 2017 there were 43 investments in the portfolio. At each Board meeting, the Board receives detailed information on the Company's investments and the Investment Managers present on the investment portfolio and its performance. The Company can borrow up to a maximum of 20 per cent of the value of its assets.

Details on the Company's performance over the year are contained in the Chairman's Statement and Investment Manager's Review. A historical record of key performance indicators for the Company is set out in the Historical Record section.

Share Capital

As at 2 March 2018 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).

F&C Retail Products owned 9,923,632 shares or 28.6 per cent of the issued share capital of the Company at 31 December 2017. 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 F&C savings plans being voted. A maximum limit of 5,000 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.

The Company issued 25,345 shares during the year by way of its scrip dividend option and sold 1,530,000 newly issued shares. Since the year end 5,668 shares were issued as scrip and 810,000 newly issued shares sold.

The Company entered into a Liquidity Enhancement Agreement with F&C in November 2005. The purpose of this agreement is to enhance the liquidity in the trading of the Company's shares on the London Stock Exchange. The agreement is for a continuous period. F&C has sole discretion, in the name of the Company, to implement share buy backs or sales assuming the parameters and requirements laid down by the Company in the agreement are met. In summary, where F&C become aware through recognised brokers that there are shareholders wishing to sell whose offers cannot be fulfilled by the market and the average share price discount to net asset value measured over a rolling five business day period is five per cent or more, shares may be bought back based upon the share price equivalent to a discount of five per cent to the net asset value, adjusted for portfolio realisation costs depending upon market circumstances subject to other relevant requirements including protection against market interference. In practice, due to these requirements the price paid has historically been the prevailing market price at the time of the buy-back although this may vary for any future buy-backs that may occur depending upon the circumstances. The maximum number of shares that can be bought back in any three month period is ten per cent of issued share capital. The price at which shares are sold from treasury is subject to limitations on asset dilution. The absolute level of dilution through the sale of treasury shares is restricted to 0.5 per cent 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 to be sold is lower than the average discount at which the shares have been acquired by the Company measured over preceding financial periods and in addition at a price which is not less than the market bid price at the time of sale.

The agreement was subsequently amended to allow for the issuance of new shares. The issue price of new shares will be at least net asset value and a premium to cover the commissions of issuance.

Proposed Share Capital Split

In response to shareholder demand, the Company will seek approval at the General Meeting to be held on 18 April 2018 to undertake a stock split. If approved, with effect from 3 May 2018 each shareholder will receive ten shares for every one share held.

The quarterly dividends payable on 31 July and 31 October 2018 will therefore be adjusted from €0.22 to €0.022 per share. Each share will have a nominal value of €0.10 in comparison to the current nominal value of €0.46. The resulting obligation to increase share capital by €0.54 for every ten shares will be met by an accounting adjustment to the share premium reserve of the Company.

The Board will also seek shareholder approval to increase, with effect from 3 May 2018 the authorised share capital of the Company from 50,000,000 shares at €0.46 per share to 600,000,000 shares at €0.10 per share. This is proposed in the anticipation of continued share issuance by the Company through the provisions of the liquidity enhancement agreement.

Going Concern and Internal Controls

After making enquiries, and with due regard to the nature of the Company's business and assets, the Board and the Management Board Director consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's longer term viability is considered in "Rolling five year viability assessment and going concern statement" on page 15. This concluded that the going concern basis continues to be appropriate in preparing the accounts. The Company's system of internal control is supported by robust procedures designed to manage rather than eliminate risk. By their nature, these procedures can provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting and the Board also reviews the Company's activities since the last Board meeting. The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Investment Managers, including an internal audit function, and work carried out by the Management Board Director, Administrators and Custodian and the Company's external auditors mean that an additional internal audit function for the Company is unnecessary.

Administrative Organisation and Internal Controls ('In Control' – Statement)

Statement (by the Management Board Director) referred to in section 121, sub 1 Decree on the Supervision of the conduct of Financial Enterprises under the Dutch Act on Financial Supervision.

We have adopted a description of the administrative organisation and internal controls which comply with the requirements as laid down in the Dutch Act on Financial Supervision and the Decree on the Supervision of the conduct of Financial Enterprises under the Dutch Act on Financial Supervision.

We have evaluated the various aspects of the administrative organisation and internal controls during the financial year under review. We believe, to the best of our knowledge, that

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the framework of the administrative organisation and internal controls as referred to in section 4:14 of the Dutch Act on Financial Supervision complies with the requirements as laid down in this Act and related rules. In addition, these systems have shown themselves to be reasonably effective in the year under review and thus offer a reasonable degree of certainty that the financial reporting does not contain any material misstatements.

The Management Board Director
2 March 2018

Corporate Governance

Summary

European Assets Trust NV ('the Company') is incorporated as a Dutch company. It is organised in the form of a listed public investment company with variable capital governed by the provisions of the Wft, the Dutch Act on Financial Supervision including the provisions on Alternative Investment Funds. The Company is subject to the supervision of Autoriteit Financiele Markten, while F&C as the AIF Manager is supervised by the Financial Conduct Authority in the UK. The Company's shares are listed on the stock exchanges in Amsterdam and London. The Company has a two-tier board structure comprising a Management Board and a Supervisory Board. With FCA Management BV appointed as Management Board Director, the corporate management functions are separated from the administration function performed by KAS BANK NV, the custody and depositary function performed by KAS Trust & Depositary Services BV and investment management and other functions performed by F&C Investment Business Limited. The Management and Supervisory Boards believe that this arrangement enhances the Company's management and corporate governance.

The Management Board Director, is entrusted with the corporate management of the Company and is obliged to act and represent the Company in accordance with the general directives of the Supervisory Board concerning the financial and investment policy of the Company. A contract with the Management Board Director sets out its responsibilities.

The Supervisory Board ('the Board') is responsible for supervising the policy of the Management Board and the general course of the Company's affairs and business. The Board currently consists of five Directors, all of whom are non-executive.

Corporate Governance Framework

The Company is committed to high standards of corporate governance and accordingly, adheres to Dutch corporate governance requirements as determined by the prevailing Dutch Corporate Governance Code ('the Dutch Code'), insofar as they are relevant to externally managed closed-end investment companies, and the 2016 UK Corporate Governance Code ('the UK Code') of the UK Financial Reporting Council. The UK Association of Investment Companies issued its own code of Corporate Governance (the 'AIC Code') which can be found at www.theaic.co.uk.

The Company believes there are no differences of principle or inconsistencies between the Dutch Code and the UK Code.

The Company monitors developments in corporate governance codes and legislation. The Company believes its current articles of association, rules and regulations and practices are consistent with these developments.

As a matter of good practice, the Company has adopted corporate governance arrangements which follow the general principles of the UK Code and the AIC Code. Significant differences in actual practice from the UK Code and the AIC Code are detailed below.

The Dutch Code

As the Company is an externally-managed investment institution without its own organisation, it is not possible to apply the Dutch Code in full. The preamble to the Dutch Code acknowledges this. For example, many of the provisions of the Dutch Code deal with management and remuneration by and of individuals. These cannot be applied in full in the case of the Company, because its corporate and investment management have been outsourced to FCA Management and F&C respectively. In addition, the Company's Articles of Association provide indemnification for the directors by the Company. The provisions of the Dutch Code that relate to the appointment and remuneration of management are therefore not fully complied with. The remuneration for these functions is governed by contractual arrangements as described in the Report of the Management Board Director.

The contract with the Management Board Director can be terminated at the end of any calendar year with a notice period of three months. The contract with the Investment Manager can be terminated at six months' notice. In addition, these contracts do not provide for severance payments to individual Directors or Managers.

On 8 December 2016 the Dutch Corporate Governance Code Monitoring Committee published a revised Dutch Code; The most important change of the revised Dutch Code is the central role given to long-term value creation, and the introduction of 'company culture' as a component of effective corporate governance. In addition, the Dutch Code has been updated in a number of other areas. A Dutch government resolution published on 7 September 2017 has given the revised Dutch Code a legal basis and consequently the revised Dutch Code has replaced the 2008 Code.

Dutch listed companies are required to report in 2018 on compliance with the revised Dutch Code in the previous financial year. The Management and Supervisory Boards have assessed the consequences of the revised Dutch Code for the Company and have taken the appropriate measures to duly comply with it during the year ended 31 December 2017.

The Supervisory Board

The Supervisory Board ('the Board') is the Company's non-executive supervisory body. Its members are referred to as 'Supervisory Directors'. The Company has no employees.

A management contract between the Company and its Investment Manager, F&C Investment Business Limited ('the Investment Managers'), sets out the matters over which the Investment Managers have 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 and Management Board Director. With regard to these matters it is the responsibility of the Supervisory Board to provide the Management Board Director with general instruction and guidance. It is the responsibility of the Management Board Director to act and manage the Company in accordance with these general directives and to report to the Supervisory Board upon their corporate management. A contract with the Management Board Director sets out its responsibilities.

The Board currently meets at least four times a year. In order to enable them to discharge their responsibilities, all Supervisory Directors have full and timely access to relevant information. At each meeting the Board reviews the Company's management information, which includes reports on investment performance and strategic matters and financial analyses. The Management Board Director and key representatives of the Investment Managers attend each meeting. Board meetings are also held on an ad-hoc basis to consider particular issues when they arise.

The following table sets out the number of Board, Committee and Shareholder meetings held during the year ended 31 December 2017 and the number of meetings attended by each Director.

	Board meetings of Directors		Audit meeting of Directors		Shareholder meetings in The Netherlands (formal) and UK (informal)	
	Held	Attended	Held	Attended	Held	Attended
Jack Perry	6	6	2	2	2	2
Professor Robert van der Meer	6	6	2	2	2	2
Julia Bond	6	6	2	2	2	2
Martin Breuer	6	5	2	2	2	2
Laurence Jacquot	6	6	2	2	2	2

Supervisory Directors do not have service contracts but new Supervisory Directors are provided with a letter of appointment.

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 professional advice was taken by Directors during the year under review. The Board has direct access to the company secretarial advice and services provided by F&C. The proceedings at all Board meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board through the Management Board Director has the power to appoint or remove and replace the company secretary. The Company maintains appropriate Directors' and Officers' liability insurance in addition to indemnity provisions in the Company's articles of association.

In order to review the effectiveness of the Supervisory Board and the individual Supervisory Directors, the Board carries out a process of formal annual self-appraisal. This is facilitated by the completion of a questionnaire and led by the Chairman. The performance of the Chairman is evaluated by the other Supervisory Directors. The Board considers that the appraisal process is a constructive means of evaluating the contribution of Supervisory Directors and to identify ways to improve the functioning and performance of the Board. 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 that has been adopted, but the option of doing so will be kept under review.

Appointments and Succession Planning

With effect from March 2017, the Board has established a Remuneration and Nomination Committee. Previously the functions of this Committee were undertaken by the Board. This committee is responsible for the review of the re-appointment of Supervisory Directors, as they fall due for re-election and to make recommendations to the Supervisory Board.

In addition, this committee is responsible for making recommendations to the Supervisory Board regarding the nomination of additional Directors, where approproate, for approval by the General Meeting of Shareholders.

Under the requirements of the Articles of Association, Supervisory Directors retire by rotation at shareholder meetings and Supervisory Directors are appointed for a specified term of no more than four years, subject to reappointment by shareholders. The Board has agreed, however, that Supervisory Directors will seek re-election at the completion of each three years' service and annually after serving on the Board for more than nine years.

Professor Robert van der Meer will be proposed for re-appointment as a Director at the General Meeting on 18 April 2018. In addition, to facilitate board rotation Mr Jack Perry will also seek re-election at this meeting. Following the evaluation process set out above, the Board confirms that the performances of Mr Jack Perry and Professor Robert van der Meer continue to be effective and demonstrate commitment to the role. The Board therefore believes that it is in the interest of shareholders that both be re-elected.

Appointments of all new Supervisory 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 Supervisory Board Director role specification is prepared to assist with this process. Each appointment is subject to shareholder approval at a General Meeting.

In considering the appointment of additional Supervisory Directors, the Board takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Supervisory Board. The Board favours diversity and welcomes appointments that contribute to it, but its first objective is to select Supervisory Directors on merit with relevant and complementary skills.

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

The Supervisory Directors are encouraged to attend relevant training courses and seminars and receive regular updates on the industry and changes to regulation from the Management Board Director and the company secretary.

Independence of Supervisory Directors

All Supervisory Directors are considered by the Supervisory Board to be independent of the Company's Investment Managers and the Management Board Director. Professor Robert van der Meer has served on the Board for longer than nine years and seeks re-election from shareholders annually. In addition, until 26 April 2017, he was a member of the Supervisory Board of KAS Bank NV, a service provider to the Company. The Supervisory Board does not consider that a Supervisory Director's tenure or other board memberships necessarily reduces his or her ability to act independently and, following performance evaluations, believes that each Supervisory Director is independent in character and judgement and that continuity and experience add to the strength of the Board.

Board Committees

Up to and including the year ended 31 December 2016 the Board as a whole considered nomination, remuneration and management engagement matters. With effect from March 2017 the Board has established Management Engagement and Remuneration and Nomination Committees. All Supervisory Board Directors and the Management Board Director are members of each committee. Terms of reference for these committees are available on the Company's website.

Given the size and structure of the Company and taking account of Dutch Corporate Governance principles, the Board performs the duties of an Audit Committee including reviewing the Annual and Interim Accounts, the system of internal controls and risk management, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. The Board meets twice a year specifically to consider audit matters including direct representation from the external auditors. This portion of the Board meeting is chaired by Professor Robert van der Meer.

Remuneration and Nomination Committee

The duties of the Remuneration and Nomination Committee: include the periodic review and recommendation to the Board of the level of Supervisory Directors' fees; the review and recommendation of candidates to the Board for the approval by the General Meeting of Shareholders 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 Supervisory Director.

The Committee is chaired by the Senior Independent Director Julia Bond.

Management Engagement Committee

The duties of the Management Engagement Committee, which meets on an annual basis are to review the terms and conditions of the appointment and the appropriateness of the continuing appointment of the Investment Manager, the Management Board Director and other significant service providers including the depositary and custodian, corporate broker, administrator and legal counsel and to make recommendations to the Supervisory Board.

The Committee is chaired by the Chairman of the Company, Jack Perry.

The Management Board Director is excused from the meeting while its performance and remuneration is reviewed.

The Company is committed to high standards of corporate governance.

It adheres, where relevant, to:

- The Dutch Corporate Governance Code
- The UK Corporate Governance Code
- The UK Association of Investment Companies Code of Corporate Governance.

Board Report on Remuneration

Supervisory Directors' Remuneration

With effect from March 2017, the Board established a Remuneration and Nomination Committee.

The review and recommendation to the Board of the level of Director's fees is a responsibility of the Remuneration and Nomination Committee which is chaired by the Senior Independent Director, Julia Bond. All Directors are members of the Committee. Previously this duty was undertaken by the Board.

The policy is to set Supervisory 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. Time committed to the Company's business and the specific responsibilities of the Chairman, Chairman of Audit, Senior Independent Director and Directors are taken into account. The policy aims to be fair and reasonable in relation to comparable investment trusts and other similar sized financial companies. Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.

The Remuneration and Nomination Committee considers the level of Directors' fees at least annually. The Company has previously, engaged an external consultancy to undertake an extensive independent benchmarking review of the fees paid.

It is proposed that subject to shareholder approval at the forthcoming General Meeting the annual remuneration of the Chairman will be increased from €48,000 to €49,900, the Director who is also the Chair of Audit from €38,500 to €40,000, the Director who is also the Senior Independent Director from €37,500 to €39,000 and all other Supervisory Directors from €32,500 to €34,000. The change will be effective from 1 January 2018.

Voting at General Meeting

The approval of shareholders at a general meeting is required for any changes to the remuneration of Supervisory Board Directors. No changes to fees were proposed in 2017.

Future policy table

Based on the levels of fees, Directors' remuneration for the year ending 31 December 2018 will be as follows:

Annual fees for Board responsibilities – 2018/17

	2018 €	2017 €
Jack Perry	49,900	48,000
Professor Robert van der Meer	40,000	38,500
Julia Bond	39,000	37,500
Martin Breuer	34,000	32,500
Laurence Jacquot	34,000	32,500
Total	196,900	189,000

Directors' emoluments for the year

The Directors who served during the financial year received the following emoluments in the form of fees:

	2017 €	2016 €
Jack Perry	48,000	48,000
Professor Robert van der Meer	38,500	38,500
Julia Bond	37,500	37,500
Martin Breuer	32,500	32,500
Laurence Jacquot	32,500	32,500
Total	189,000	189,000

Relative importance of spending on pay

The table below shows the actual expenditure during the year in relation to Supervisory Board remuneration, other expenses, shareholder distributions and year end net asset value:

	2017 €'000s	2016 €'000s
Aggregate Board remuneration	189	189
Management and other expenses	5,066	4,974
Dividends paid to shareholders	27,415	30,900
Year end net asset value	508,151	436,220

Board Report on Audit

The Board performs the functions of an audit committee. The Board meets twice a year specifically to consider audit matters. This section of the meeting is chaired by Professor Robert van der Meer and is attended by all Supervisory Board members and the Management Board Director. In addition representatives of the auditors, PricewaterhouseCoopers Accountants NV, senior members of the investment management team and the Company Secretary attended meetings held during the 2017.

Amongst other matters, the Board considers and reviews:

- The annual results announcement and annual and half-yearly reports and accounts;
- The principal risks faced by the Company and the effectiveness of the Company's internal control environment;
- The Company's statements on corporate governance and risk, including board evaluation, internal control and risk management systems;
- The external auditor's independence and objectivity and the effectiveness of the audit process;
- Reports from the auditor including the auditor's report to the Board;
- The requirement to make recommendations to shareholders for their approval at general meetings in relation to the appointment, re-appointment and removal of the external auditor; and
- The requirement for an internal audit function.

The Board's assessment of internal control and the 'In Control' - Statement by the Management Board Director is provided on page 31.

At the conclusion of the audit PricewaterhouseCoopers Accountants NV did not highlight any issues which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. PricewaterhouseCoopers Accountants NV issued an unqualified audit report which is included on pages 53 to 56.

In evaluating the independence and effectiveness of PricewaterhouseCoopers Accountants NV the Board has taken into consideration the skills, experience and performance of the firm and audit team. In addition, in the Netherlands, the provision of non-audit services, for example, tax and advisory services cannot be provided in combination with audit services. PricewaterhouseCoopers Accountants NV were appointed as auditor on 24 April 2014 following an audit tender process. On the basis of the assessment, the Board has proposed a resolution to be approved by shareholders at the forthcoming General Meeting to re-appoint PricewaterhouseCoopers Accountants NV as auditors to the Company.

Significant issues considered by the Board for the year ended 31 December 2017	
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 AIFM (directly) and the depositary (via the Management Board Director). The Company has adopted a manual Administrative Organisation and Internal Controls which has been approved by the Dutch financial regulator. The Board has received written assurance from its investment manager and administrator that they have operated in accordance with the manual and that no material irregularities had occurred during the year ended 31 December 2017. The Board receives an annual analysis from the investment managers reviewing the liquidity of the portfolio.
Review and appropriateness of viability assessment and statement	
The Company discloses a viability assessment and statement in accordance with the requirements of the 2016 UK Corporate Governance Code.	The Audit section of the Board meeting reviewed and discussed the contents and conclusions of the rolling five year viability assessment and statement.
Effectiveness of internal control environment	
On an annual basis the Board considers the Company's internal control environment.	The Audit section of the Board 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 2017.

Relations with shareholders

The Company welcomes the views of shareholders and places importance on communication with its shareholders. The Investment Managers hold meetings with the Company's largest shareholders and report back to the Board on these meetings. Each year, the Company holds a General Meeting of shareholders in the Netherlands and a Shareholders' and Investors' Briefing in London, which provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Supervisory and Management Board Director and Investment Manager of the Company.

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 NV, 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG.

Statement referred to in Section 3 of the Decree of 23 December 2004, Stb 747, determining the further requirements concerning the contents of annual reports

Based on Section 391 of Book 2 of the Dutch Civil Code* and the Royal Decree of 23 December 2004, limited liability companies, whose shares, are listed on a stock exchange, must include a statement in their annual reports about their compliance with the principles and best practices of the Dutch Code. European Assets Trust assumes that, with the introduction of the Dutch Act on Financial Supervision on 1 January 2007, the Dutch Code does not apply in full to externally managed investment institutions such as European Assets Trust. Nevertheless, European Assets Trust makes the following statement: *In the year under review, European Assets Trust did not comply fully with the provisions of the Code, nor does it intend to comply with these during the current financial year or the next financial year. Its grounds for doing so are explained in the corporate governance policy of European Assets Trust described on page 32.*

**Act of 9 July 2004, Stb 370, to amend Book 2, CL*

Responsibility of Institutional Investors under the Code

The principles and provisions with regard to the responsibility of institutional investors as laid down in the Dutch Code do apply to all institutional investors including European Assets Trust. The Investment Managers, in the absence of explicit instructions from the Supervisory Board in a specific case, are empowered to exercise discretion in the use of the Company's voting rights. Only when there are matters of particular concern will the Investment Managers contact the Management Board Director to explore issues. The policy of the Investment Managers is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance. The Company seeks to conduct its affairs responsibly and environmental factors are, where appropriate, taken into consideration with regard to investment decisions taken by the Investment Managers on behalf of the Company. The Company's Investment Managers consider socially responsible investment and actively engages with portfolio companies.

Annual discussion with shareholders about corporate governance framework during shareholders' meeting

Corporate governance has been an agenda item for each general meeting of the Company's shareholders since 2004. Each year, the corporate governance policy, including the remuneration policy, and the corporate governance as described in this section have been approved by the shareholders. At the General Meeting held in April 2017, shareholders once again approved the current corporate governance framework. In line with the Company's intention to do so annually, the subject is scheduled for discussion at the General Meeting of shareholders on 18 April 2018.

The Management Board Director and Board will continue to give the required attention to the subject during the current year. If preferable or required, the prevailing framework and policies and practice will be adjusted and improved. In doing this, the legal requirements of Dutch Law, as well as the principles and 'best practices' of the Dutch Code, in addition to the UK Code, as far as appropriate, will be taken into account.

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.

Income Statement

Notes	For the year ended 31 December	2017 Euro '000	2016 Euro '000
	Income from Investments		
	Dividends from securities	12,009	10,847
1		12,009	10,847
	Movements on investments – realised	31,453	(300)
	Movements on investments – unrealised	38,613	(40,600)
		70,066	(40,900)
	Total investment gain/(loss)	82,075	(30,053)
2	Investment management fee	(3,761)	(3,550)
3	Depositary and custody fees	(265)	(211)
4	Share issuance and prospectus costs	–	(81)
5	Other expenses	(1,040)	(1,132)
6	Interest charges	(107)	(154)
	Total operating expenses	(5,173)	(5,128)
	Net profit/(loss)	76,902	(35,181)
14	**Earnings per share**	2.28	(1.07)

Balance sheet

Notes	For the year ended 31 December	2017 Euro ’000	2016 Euro ’000
7	**Investments**		
	Securities	509,879	418,784
	Receivables		
8	Other receivables	1,251	761
	Other assets		
9	Cash and cash equivalents	–	16,832
	Total current assets	1,251	17,593
	Current liabilities (due within one year)		
10	Banking facility	(2,748)	–
11	Accrued liabilities	(231)	(157)
	Total current liabilities	(2,979)	(157)
	Net current (liabilities)/assets	(1,728)	17,436
	Total assets less current liabilities	508,151	436,220
	Capital and reserves		
12	Issued share capital	15,982	15,267
13	Share premium account	273,936	252,567
13	Other reserves	218,233	168,386
		508,151	436,220
14	**Net asset value per Ordinary Share – Basic (Euro)**	14.63	13.14

Statement of Cash Flows

Notes	For the year ended 31 December	2017 Euro '000	2016 Euro '000
	Cash flow from investment activities		
	Dividends received	11,518	10,585
7	Purchase of securities	(125,843)	(95,424)
7	Sales of securities	104,814	109,542
	Share issuance and prospectus costs	–	(81)
	Depositary fees, custody fees and other expenses	(1,276)	(1,291)
2	Investment management fee	(3,761)	(3,550)
	Interest charges	(127)	(134)
		(14,675)	19,647
	Cash flow from financing activities		
	Credit facility	2,748	–
13	Dividends paid	(27,055)	(30,465)
	Sale of own shares	22,150	18,317
		(2,157)	(12,148)
	Cash and cash equivalents		
	Net movement for the year	(16,832)	7,499
	Balance as at 1 January	16,832	9,333
	Balance as at 31 December	–	16,832

Accounting Policies

General

European Assets Trust N.V. (the 'Company'), registered in Amsterdam, the Netherlands, and having its offices in Rotterdam, the Netherlands, is a closed-end investment company with variable capital. F&C Investment Business Limited has been appointed as AIF Manager and KAS Trust & Depositary Services BV as depositary. For a general description of the agreements with the AIF Manager, the depositary and the Company's managing director (FCA Management B.V.) reference is made to Note 2, Note 3 and Note 18, respectively.

The Company has prepared an AO/IC Manual describing its administrative and internal control procedures.

The Annual Accounts 2017 are drawn up in accordance with the provisions of Title 9, Book 2, of the Dutch Civil Code and the Dutch Accounting Standards as published by the Dutch Accounting Standards Board ("Raad voor de Jaarverslaggeving").

The financial year of the Company equals the calendar year. The comparative figures included in these financial statements refer to the financial year 2016.

The valuation principles and method of determining the Company's results are the same as those used in the previous year. The functional and reporting currency for the Company is the Euro.

Investments

Listed investments are valued at the closing bid price on the valuation date on the relevant stock markets. Unquoted investments are valued by the Management Board Director. As at 31 December 2017, the Company did not own any unquoted investments. All movements in value as well as profits and losses on realisation are recognised as income and are accounted for in the Income Statement.

Own shares held by the Company

The Company is allowed to purchase its own shares. Any such shares purchased are not cancelled and are available for sale by the Company. In line with the Dutch Guidelines for Annual Reporting for investment funds, own shares held by the Company are deducted in arriving at the share capital and share premium in the Balance Sheet and the difference between their cost and paid-up amount is deducted from Other reserves. On a sale of such shares, the difference between the proceeds of sale and nominal value is credited to the share premium account.

Share premium account

This distributable reserve originates from the issue of shares and from the purchase and sale of shares held in treasury.

Cash and cash equivalents and bank overdraft

Cash and cash equivalents represent bank balances and deposits with terms of less than twelve months. The bank overdraft is recognised as part of the banking facility under current liabilities. Cash at bank is valued at nominal value.

Other assets and liabilities

Receivables are valued initially at the fair value of the consideration to be received. Where considered necessary, provisions for bad debts are deducted from the carrying amount of the receivable. On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

Determination of results - general

The results on transactions are recognised in the year in which they are realised. In the determination of results, the unrealised movements in value of the investments are also taken into account.

Income

(a) Dividends are recognised on an ex-dividend date basis and interest is accrued on a daily basis.

(b) If the Company elects to receive a stock dividend in lieu of a cash dividend, an amount equal to dividends not received is included in income.

(c) When the Company receives a stock dividend when there is no cash alternative, an amount equal to the nominal value of the shares issued is included in income to the extent that such stock dividend is regarded as revenue for Dutch tax purposes.

(d) Other interest includes interest on credit bank balances and interest received from tax authorities.

(e) Movements on investments include all movements in the value of the investments during the financial year as well as profits and losses on realisation.

Expenses

Expenses are dealt with on an accruals basis. Transaction costs in respect of purchases and sales of investments are included in movements on investments. All other expenses are charged to the Income Statement.

Financial income and expenses

Interest income and expenses are recognised on an accruals basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the availability commission for the undrawn part of the banking facility is taken into consideration.

Taxation

As the Company has qualified as an investment institution ('Beleggingsinstelling') under Dutch tax law, it has been subject to corporation tax at a zero rate; so long as it qualifies that way and distributes in cash its annual distributable income as defined for tax purposes, no liability to Dutch tax arises on income or capital gains. For the calculation of the distributable income, all movements on investments and transaction costs arising on purchases and sales of investments are credited or charged to the Company's reserves. The investment management fee is charged to the Income Statement and to the Company's reserves based on the proportion between the fiscally defined capital reserve and net assets at the beginning of the year. All other expenses are fully charged to the Income Statement.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences on investments are accounted for in the Income Statement. Transactions in foreign currencies are converted into euros at the exchange rate on the transaction date.

Rates of exchange as at 31 December (with regard to euro).

	2017	2016
Danish Krone	0.13431	0.13449
Norwegian Krone	0.10181	0.11014
Pound Sterling	1.12657	1.17151
Swedish Krona	0.10171	0.10436
Swiss Franc	0.85459	0.93284

Statement of Cash Flows

The Statement of Cash Flows is prepared using the direct method. Cash and cash equivalents include cash held at banks. Receipts and payments in respect of received dividends, interest charges, sales and purchases of securities and expenses are included under "Cash flows from investment activities". Receipts and payments in respect of amounts drawn down from or redeemed to the credit facility, dividends distributed to shareholders and sale and repurchase of own shares are included under "Cash flows from financing activities".

Related parties

A related party is any entity or person which has control or significant influence over the Company, or any entity over which the Company has control or significant influence. The Management and Supervisory Board Directors, the AIF manager, and key employees of the AIF manager involved with the investment management of the Company and their close relatives are also considered related parties. Transactions with related parties are disclosed to the extent that these have not been entered into at arm's length basis. Such disclosure will contain the nature and size of the transaction and other relevant information.

Estimates

In applying the principles and policies for drawing up the Annual Accounts, estimates and judgments are made that may impact the amounts disclosed in the Annual Accounts. If and when necessary for providing the transparency as required under section 362, sub 1, Book 2 of the Dutch Civil Code the nature of these estimates and judgments, including related assumptions, is disclosed in the Notes to the relevant item in the Annual Accounts.

Notes to the Accounts

1. Dividends from securities	2017 Euro '000	2016 Euro '000
Dividends from securities, after deduction of irrecoverable taxes, are related to investments in:		
Denmark	507	387
Finland	–	345
France	355	320
Germany	2,455	1,918
Ireland	1,467	1,992
Italy	1,685	1,960
Netherlands	406	375
Norway	1,024	465
Portugal	965	955
Spain	1,748	1,649
Sweden	963	481
Switzerland	434	–
Less: irrecoverable source taxes	–	–
	12,009	10.847

2. Investment management fee	2017 Euro '000	2016 Euro '000
Remuneration of the Investment Manager	3,761	3,550

F&C Investment Business Limited (F&C) provides investment management and other services to the Company. F&C has provided these services during 2017 and 2016 in their capacity of AIF Manager for the Company. These services can be terminated by the Company at any time by giving six months notice of termination. F&C receives a quarterly fee, payable in advance, equal to 0.2 per cent of the value of funds under management, excluding the value of any funds managed by the F&C group and 50 per cent of the value of funds managed by other managers, based on the value of total assets less current liabilities (excluding borrowings from current liabilities) at the end of the preceding quarter. During 2017 the agreement was amended to reduce this quarterly fee to 0.1625 per cent for value in excess of €500 million.

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

3. Depositary and custody fees	2017 Euro '000	2016 Euro '000
Custody fees	196	154
Depositary fee	69	57
	265	211

KAS Trust & Depositary Services BV, a subsidiary of KAS BANK NV, has been appointed as depositary and custodian for the Company. The depositary and custody services can be terminated by either party by giving six months notice of termination.

The fee for depositary services, payable on a monthly basis, is equal to 0.013 per cent of the value of funds under management less the amount used under the credit facility at the end of the preceding month, divided by twelve, plus VAT. The fee for custody services, payable on a monthly basis, is equal to the sum of 0.0325 per cent of the value under custody up to €100 million plus 0.03 per cent of the value under custody from €100 million up to €150 million plus 0.0275 per cent of the value under custody above €150 million, divided by twelve. The value under custody is determined at the end of the preceding month. VAT is chargeable on 40% of the total amount of fees for depositary and custody services.

4. Share issuance and prospectus costs

During the year ended 31 December 2017, non-recurring or share issuance prospectus costs amounted to nil. Non-recurring or share issuance and prospectus costs during the year ended 31 December 2016 amounting to €81,000 comprise advisory and other costs in connection with the preparation and publication of supplementary prospectuses for the Company and issuance and supervision fees paid to the London Stock Exchange.

5. Other expenses

	2017 Euro '000	2016 Euro '000
Remuneration of the Supervisory Directors	**197**	197
Annual remuneration of the Management Director	**115**	114
Travel expenses	**39**	41
Indemnity insurance costs	**12**	10
Independent auditor's remuneration	**38**	37
Administration fee	**172**	169
Broker fees	**34**	34
Advisory costs	**52**	127
Marketing, advertising and printing costs	**187**	167
Bank administration charges	**28**	59
Other expenses	**166**	177
	1,040	1,132

Other expenses include mainly Dutch and UK listing, registration and other regulatory fees and miscellaneous costs. The independent auditor's remuneration for 2017 comprises an amount of €38,000, including VAT, in respect of the audit of these financial statements. The independent auditor did not provide any other service to the Company than the audit of these financial accounts.

6. Interest charges

	2017 Euro '000	2016 Euro '000
Interest and charges on bank facility	**107**	154

7. Investments

	2017 Euro '000	2016 Euro '000
Listed investments as at 31 December incorporated in:		
Austria	**10,489**	–
Denmark	**30,001**	18,488
Finland	**15,618**	15,727
France	**20,382**	12,406
Germany	**107,200**	84,038
Ireland	**58,122**	66,150
Italy	**32,731**	56,431
Netherlands	**27,724**	28,262
Norway	**43,987**	33,176
Portugal	**–**	13,403
Spain	**67,942**	30,061
Sweden	**52,233**	31,933
Switzerland	**43,450**	28,709
	509,879	418,784

Investments in Denmark, Norway, Sweden and Switzerland are priced in local currencies and converted to Euros. There were no unquoted investments at 31 December 2017 and 2016. All investments as at 31 December 2017 are at the free disposal of the Company.

Notes to the Accounts

7. Investments (continued)

	2017 Euro '000	2016 Euro '000
The changes in securities are shown below:		
Market value as at 1 January	**418,784**	473,801
Purchases during the year	**125,843**	95,424
Sales during the year	**(104,814)**	(109,542)
	439,813	459,683
Currency exchange losses	**(9,555)**	(1,231)
Change in value and results on realisation	**79,621**	(39,668)
Market value as at 31 December	**509,879**	418,784

Transaction costs

During the year the Company incurred transaction costs of €314,000 (2016: €265,000) on the purchase and sale of investments. Of this amount €97,000 of research commission was paid (2016: €82,000). With effect from 1 January 2018 research commission costs will not be incurred by the Company.

8. Other receivables

Other receivables at 31 December 2017 relate to amounts receivable from Dutch and other tax authorities totalling €1,251,000. The balance at 31 December 2016 related to amounts receivable from Dutch and other tax authorities totalling €761,000.

Other receivables all have a remaining term to maturity of less than one year.

9. Cash and cash equivalents

Cash and cash equivalents comprise amounts in Euros.

10. Banking facility

The Company has a banking facility with KAS BANK NV. The total amount of the banking facility available to the Company may vary from time to time depending on the value of the Company's investments, and currently will not exceed €45 million (31 December 2016: €45 million). The credit facility arrangement is part of an overall custody agreement between the Company and KAS BANK NV. The agreement is entered into for an indefinite period of time and can be terminated by either party with due observance of a notice period of 60 days. For amounts drawn under the facility, an interest rate equal to the one month Euribor plus 1.53% per annum applies; for the undrawn part of the facility an availability commission of 0.18% per annum is paid. As at 31 December 2017, an amount of €2,748,000 was drawn down under the facility (31 December 2016: undrawn). As part of the custody agreement, the Company has granted to KAS BANK NV a first right of pledge over its investments as a continuing security for due payments of all liabilities to KAS BANK NV including the amounts drawn under the banking facility.

11. Accrued liabilities

This item includes accrued expenses and creditors, all due within 12 months.

12. Issued share capital

The Company is an investment company with variable capital. The number of authorised ordinary shares of €0.46 each as at 31 December 2017 amounts to 50,000,000 (31 December 2016: 50,000,000).

	2017 Shares issued and outstanding	2016 Shares issued and outstanding
Balance as at 1 January	**33,188,899**	31,837,460
Stock dividend	**25,345**	31,439
Shares newly issued (see Note 14)	**1,530,000**	1,320,000
Balance as at 31 December	**34,744,244**	33,188,899

As at 31 December 2017, no shares were held in treasury (31 December 2016: no shares held in treasury).

13. Capital and reserves

	Issued share capital Euro '000	**Share premium reserve Euro '000**	**Other reserves Euro '000**	**Total capital and reserves Euro '000**
Balance as at 1 January 2016	14,645	235,177	234,032	483,854
New shares issued	607	17,405	–	18,012
Interim dividends distributed in 2016	15	(15)	(30,465)	(30,465)
Net result for the year 2016	–	–	(35,181)	(35,181)
Balance as at 31 December 2016	**15,267**	**252,567**	**168,386**	**436,220**
New shares issued in 2017	**703**	**21,381**	**–**	**22,084**
Interim dividends distributed in 2017	**12**	**(12)**	**(27,055)**	**(27,055)**
Net result for the year 2017	**–**	**–**	**76,902**	**76,902**
Balance as at 31 December 2017	**15,982**	**273,936**	**218,233**	**508,151**

The share premium reserve and other reserves are freely distributable to shareholders.

The total net proceeds from the sale of newly issued shares in 2017, net of brokerage commissions, amounted to €22,084,000 equal to €14.43 per share (2016, newly issued shares: €18,012,000 equal to €13.65 per share). There were no unsettled or unpaid transactions as at 31 December 2017. The total amount in respect of brokerage commissions paid to the Company's independent broker in 2017 was €110,000, which amount has been charged to the share premium account.

Notes to the accounts

14. Net asset value/net income

Comparative figures for movement in capital and income:

	2017 Euro '000	2016 Euro '000	2015 Euro '000	2014 Euro '000	2013 Euro '000
Net asset value	**508,151**	436,200	483,854	273,127	209,077
Number of shares	**34,744**	33,189	31,837	21,618	17,959
Net asset value per share	**14.63**	13.14	15.20	12.63	11.64
Dividend income	**12,009**	10,847	7,567	5,092	3,754
Movements on investments	**70,066**	(40,900)	77,052	33,190	48,866
Total investment gain/(loss)	**82,075**	(30,053)	84,619	38,282	52,620
Depositary fees, custody fees and other expenses	**(1,305)**	(1,343)	(1,357)	(1,219)	(1,039)
Investment management fee	**(3,761)**	(3,550)	(2,983)	(2,003)	(1,365)
Share issuance and prospectus costs	**–**	(81)	(593)	–	–
Interest charges	**(107)**	(154)	(160)	(269)	(198)
Net profit/(loss)	**76,902**	(35,181)	79,526	34,791	50,018
Dividend and interest income per share*	**0.36**	0.33	0.28	0.25	0.23
Gains/(losses) on investments per share*	**2.08**	(1.24)	2.85	1.64	3.00
Expenses per share**	**(0.16)**	(0.16)	(0.19)	(0.17)	(0.16)
Net profit/(loss) per share*	**2.28**	(1.07)	2.94	1.72	3.07
Dividends paid per share	**0.8220**	0.9429	0.7743	0.7221	0.5757
Ongoing charges*** (UK method)	**1.06%**	1.12%	1.10%	1.33%	1.41%
Ongoing charges*** (Dutch method)	**1.06%**	1.14%	1.25%	1.33%	1.41%

*Returns per share based on the weighted average number of shares in circulation during the year.

** Expenses per share: Total of investment management fee, share issuance and prospectus costs, depositary fee, custody fee and other expenses and interest charges divided by weighted average number of shares in circulation during the year.

*** For the definition of ongoing charges reference is made to Note 17.

15. Financial instruments

In the normal course of its business, the Company holds a portfolio of equities, and manages investment activities with on-balance sheet risk. Equities are valued at fair value. A description of the basis of valuation of investments is included within Accounting Polices. These financial instruments are subject to the risks described below.

Market and interest rate risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, caused by factors that exclusively apply to the individual instrument or its issuer or by factors that affect all instruments traded in the market. Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in interest rates.

The Company minimises the risks by making a balanced selection of companies with regard to distribution across European countries, sectors and individual stocks.

Any changes in market conditions will directly affect the profit or loss reported through the Income Statement. A 25 per cent increase, for example, in the value of the securities portfolio as at 31 December 2017 would have increased net assets and net profit for the year by €127.5 million (2016: €104.7 million). A decrease of 25 per cent would have had an equal but opposite effect. The calculations above are based on investment valuations at the respective balance sheet dates and are not representative of the year as a whole, nor reflective of future market conditions.

Credit risk

Credit risk is the risk that the counterparty of a financial instrument will no longer meet its obligations, as a result of which the Company will suffer a financial loss. To reduce exposure to credit risk relating to financial instruments, the creditworthiness of the counterparties and the

15. Financial instruments (continued)

transactions' size and maturity are assessed by service providers to the Company. Wherever it is customary in the market, collateral will be demanded and obtained. The Company and its service providers monitor and control its risks to exposures frequently and, accordingly, Management believes that it has in place effective procedures for evaluating and limiting the credit risks to which it is subject.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates. The Company reports its results and financial position in Euros. The Company will have exposure to European currencies other than the Euro (see Note 7).

Any changes to foreign exchange rates against the Euro will directly affect the profit or loss reported through the Income Statement. A 5 per cent increase, for example, in the value of the Euro against those currencies which investments are denominated would reduce net assets and net profits for the year by €8.9 million (2016: €5.9 million). A decrease of 5 per cent would increase net assets and net profits for the year by €8.1 million (2016: €5.3 million).

Liquidity risk

Liquidity risk is the risk that the Company is not able to obtain the financial means required to meet its obligations. The Company minimises this risk by mainly investing in equities that are traded on a regular basis. The Company may use borrowings to seek to enhance returns for shareholders. This may include the use of financial instruments; such financial instruments are valued at fair value. Cash balances may be held from time to time and these will be held with reputable banks. Liquidity risk of the Company is mitigated by the fact that the Company is a closed-end investment company.

Insight into actual risks

The Report of the Management Board Director, the overview of the Investment Portfolio, which includes the geographic distribution of the investments, and the Notes to the Annual Accounts give an insight into the actual risks at the Balance Sheet date.

Risk management of financial instruments

Managing risk is a part of the investment process as a whole and, with the help of systems, the risks outlined above are limited, measured and monitored on the basis of fixed risk measures.

Policy regarding the use of financial instruments

Investing exposes the investor to market risks. The Company does not currently invest through derivative products to increase or decrease market risks.

The Company presently has banking facilities to gear the portfolio within the 20 per cent of assets level as permitted under the Articles and under the Company's tax status as a Fiscal Investment Institution.

16. Turnover ratio

Dutch method

This shows the turnover of the investments against the average net assets value of the Company. The turnover ratio ('Portefeuille Omloop factor') is determined by expressing the amount of turnover as a percentage of the average net asset value of the Company. In the calculation method used, the amount of turnover is determined by the sum of purchases and sales of investments less the sum of sale and repurchase of own shares. The turnover ratio (Dutch method) for 2017 is 43.5% (2016: 42.8%).

UK method

The turnover ratio (UK method) for the year ended 31 December 2017 was 24.1% (2016: 23%). This is expressed as ((purchases + sales) ÷ 2) as a percentage of the average net asset value of the Company.

17. Ongoing charges

UK method

The Ongoing Charges figure (UK method) for the year ended 31 December 2017 was 1.06% (2016: 1.12%) and is calculated in accordance with the methodology for the calculation of an Ongoing Charges figure as recommended by the Association of Investment Companies (AIC), which defines the Ongoing Charges figures as the ratio of total ongoing costs to the average net asset value. Share issuance and prospectus costs, interest on borrowing and transaction costs are not considered as ongoing charges and are excluded from the calculation of the Ongoing Charges figure (UK method).

Notes to the accounts

17. Ongoing charges (continued)

Dutch method

The Ongoing Charges figure (Dutch method) which, within the scope of the Dutch Act on Financial Supervision ('Wft'), should be reported by investment institutions in the Netherlands in order to provide clear and comparable information on the level of costs, amounts to 1.06% for the financial year (2016: 1.14%). In the Nadere regeling gedragstoezicht beleggingsinstellingen Wft (further regulation supervision investment institutions) for the definition of the Ongoing Charges figure (Dutch method) reference is made to the EU Directive 2009/65/EC. The Ongoing Charges figure (Dutch method) is defined as the ratio of total ongoing charges, i.e. total ongoing costs, to the average net asset value. Performance related fees, interest on borrowing and transaction costs are not considered as ongoing charges and should be excluded from the calculation of the Ongoing Charges figure (Dutch method), whereas share issuance and prospectus costs are included.

18. Remuneration of the Supervisory and Management Board

The annual remuneration of the members of the Supervisory Board comprises fixed amounts as determined by the General Meeting of shareholders. The remuneration of the Chairman of the Supervisory Board amounted to €48,000 (2016: €48,000) while the remuneration of the Supervisory Director who is also Deputy Chairman and Chair of the Audit amounted to €38,500 (2016: €38,500) and the remuneration of the Supervisory Director who is also the Senior Independent Director amounted to €37,500 (2016: €37,500), whereas the other members of the Supervisory Board each received €32,500 (2016: €32,500). The remuneration of the Managing Director, FCA Management BV, is also fixed on annual basis and amounted to €115,000, including VAT (2016: €114,000).

The policy on Supervisory Director's fees is that remuneration should reflect the experience of the Board as a whole, time committed and responsibilities of Directors and be fair and consistent to other comparable investment companies. Further details including the proposed increase in Supervisory Directors' fees for 2018 are provided on page 35. An increase in fee levels requires approval of shareholders at a general meeting.

FCA Management BV provides management and legal compliance services to the Company. These services can be terminated by either party by giving three months' notice of termination. Any termination will take effect as of the end of the calendar year in which the notice is given. FCA Management BV receives a fixed fee paid on a quarterly basis.

19. Outsourcing

The Company has drawn up service level agreements for the outsourced duties with the following external parties, which, among others, deal with requirements regarding mutual transfer of information, terms of notice, compliance with regulation and fees.

Main duty:	Outsourced to:
Accounting and Reporting	KAS BANK NV
Management Board Director	FCA Management BV
AIF Manager (including investment management)	F&C Investment Business Limited
Custodian and Depositary	KAS Trust & Depositary Services B.V.

The liability of the Investment Managers (F&C Investment Business Limited) towards the Company is stipulated in the investment management agreement and can be summarised as follows. The Investment Managers will act in good faith, with due skill, care and diligence in the best interests of the Company and in accordance with the standard of care that could be reasonably expected of a professional manager of an investment trust with a similar investment policy to the Company's investment guidelines in the performance of its services. The Investment Managers will be liable for losses only to the extent that such losses arise under the law of agreement and where such losses are directly caused by the negligence, fraud, wilful default, intent or material breach of the terms of the investment management agreement committed by the Investment Managers or any associates or delegates of the Investment Managers and its or their employees, directors and officers. The Investment Managers shall not be liable for any direct or consequential loss, claim, damage, expense or liability suffered by the Company or for any failure or delay in performing any of its obligations which has been caused by force majeure. The Investment Managers will not be liable for any direct or indirect, special or consequential loss, claim, damage, expense or liability suffered by the Company and caused by any investment decision made in accordance with the provisions of the investment management agreement, or any depreciation in the value of the Company's portfolio or any income arising therefrom.

The liability of the custodian and depositary (KAS Trust & Depositary Services BV) towards the Company is stipulated in the custodian and depositary agreement and can be summarised as follows. The custodian and depositary ('the depositary') shall be liable to the Company for any loss suffered as a result of the depositary's unjustifiable failure to perform its obligations or its improper performance of them. Any claims the shareholders of the Company and the Company may have towards the depositary can only be initiated by the Company and not by the Company's shareholders directly to the depositary. In no circumstances shall the depositary be liable to the Company for any loss resulting from force majeure.

20. Transactions with related parties

If funds have been placed at, or transactions have been carried out with KAS BANK NV, FCA Management BV or F&C Investment Business Limited, these placements or transactions took place at arm's length. During the year 2017 there were no fund or investment transactions between these related parties and the Company. During the year, the Company did not invest in any funds managed by the F&C Group.

21. Employees

The Company does not have any employees.

22. Subsequent event

With regard to the distribution policy, the Company announced a dividend of €0.22 per share on 5 January 2018. This dividend was paid from the other reserves on 31 January 2018. During the year 2018, the total distributions are expected to be €0.88 per share, payable in four equal instalments on 31 January, 30 April, 31 July and 31 October.

23. Statutory Income Allocation

According to Article 21 of the Articles of Association the Company's profit shall be at the disposal of the general meeting of shareholders. Distribution of profit can only be made in so far as the net asset value of the Company shall exceed the aggregate of the amounts paid upon the issued share capital and the reserves of the Company, which are to be maintained by statute. The Management Board may, on a proposal of the Supervisory Board, decide to grant an interim distribution of profit and/or grant a distribution out of reserves. In view of the interim dividends already distributed amounting to €0.8820 per share, the final dividend for 2017 is proposed to be nil. It is further proposed to allocate the remaining amount as undistributed income to other reserves.

Proposed income allocation	**2017 Euro '000**	2016 Euro '000
Net profit/(loss)	**76,902**	(35,181)
Dividends	**(27,415)**	(30,900)
Dividends distributed in shares	**360**	435
Undistributed profit/(loss) carried forward	**49,847**	(65,646)
Earnings per share	**2.28**	(1.07)
Dividends per share	**0.8220**	0.9429

Earnings per share are based on the net profit for the year divided by 33,672,367 (2016: 32,959,896) shares, being the weighted average number of shares in circulation during the year.

The Management Board Director
FCA Management BV

The Supervisory Board
Jack Perry, Chairman
Professor Robert van der Meer, Deputy Chairman
Julia Bond, Senior Independent Director
Martin Breuer
Laurence Jacquot

Rotterdam
2 March 2018

Other Information

Major Shareholders

Dutch Act on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (Wet melding zeggenschap en kapitaalbelang in effectenuitgevende instellingen (Wmz 2006))

In the register of major holdings maintained by Autoriteit Financiele Markten no major holdings in the Company by third parties are disclosed. As at 31 December 2017 and as at the date of this Annual Report, the Company held none of its own shares in treasury [1].

[1] In the register of major holdings maintained by Autoriteit Financiele Markten no major holdings in the Company are disclosed, except for a holding of 2.98% in the name of European Assets Trust N.V. This, however, concerns the percentage registered as at 25 March 2015, following a sale of own shares where the threshold value of 3.0% was passed.

Interests of the Supervisory and Management Board Directors

The Supervisory Board Directors and the Management Board Director collectively had no interests in securities held in the Company's portfolio at 31 December 2017, with the exception of Ms Laurence Jacquot who held 300 shares in Lenzing AG.

Professor Robert van der Meer was, until 26 April 2017, a Supervisory Board director of KAS BANK NV which acts as custodian, provides administrative services for the Company and has granted a credit facility to the Company. No Supervisory Director of the Company has any material interest in any contract to which the Company is a party. No Supervisory Director of the Company has a contract of service with the Company.

As at 31 December 2017, Mr Jack Perry, Mr Martin Breuer and Ms Julia Bond had beneficial interests of 4,097 shares, 5,500 shares and 6,503 shares respectively in European Assets Trust NV. The other Supervisory Board Directors and the Management Board Director did not hold any shares in the Company as at 31 December 2017.

Alternative Investment Fund Managers Directive

In accordance with the Alternative Investment Fund Managers Directive ('the AIFMD'), information in relation to the Company's leverage and the remuneration of its AIF manager, F&C Investment Business Limited, is required to be made available to investors.

The Company qualifies as a Dutch fiscal investment institution ('fiscale beleggingінstelling'). Investments can therefore be funded by borrowings up to a maximum of 20 per cent of the book value of the securities portfolio of the Company. A similar restriction is also included within the Company's Articles of Association which state that the Company can only exceed this level of borrowing with the prior approval of shareholders at a general meeting.

Therefore, the maximum gross leverage, calculated in accordance with the requirements of the AIFMD, is 125% under the Gross Method and 125% under the Commitment Method (equivalent to 20% of the book value of the Company securities portfolio).

The Company's maximum and actual leverage levels at 31 December 2017 are shown below:

Leverage exposure as at 31 December 2017	Gross Method	Commitment method
Maximum limit	125%	125%
Actual	101%	101%

For the purposes of the AIFMD, 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 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.

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

An Investor Disclosure Document for the Company is available on the Company's website www.europeanassets.eu.

Independent Auditors' Report

To: the general meeting and Supervisory Board of European Assets Trust N.V.

Report on the financial statements 2017

Our opinion

In our opinion European Assets Trust N.V.'s financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of European Assets Trust N.V., Rotterdam ('the Company').

The financial statements comprise:

- the balance sheet as at 31 December 2017;
- the income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' 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 are independent of European Assets Trust N.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountants-organisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

The Company's main activity is a closed-end investment company with variable capital incorporated in the Netherlands and its shares are listed on the London Stock Exchange and Euronext Amsterdam Stock Market. The investment objective of the Company is to secure long-term growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. The Company has a two-tier structure comprising the supervisory board and the management board, whereby FCA Management B.V. is the management board director. The management board has outsourced the investment management, depositary, custodian and administration function. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In the accounting policies in the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the existence and valuation of investments, we considered this to be a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the completeness and accuracy of direct and indirect income from investments as a key audit matter because this is a main driver for the performance and net asset value of the Company together with the aforementioned valuation of investments.

Another area of focus, that was not considered to be a key audit matter was the issue of new share capital and related share premium. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the management board that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of the Company. We therefore used computer assisted audit techniques and included specialists in the area of financial instruments in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €5,082,000.

Audit scope

- The Company is managed by FCA Management B.V., which is the management board director. The Company's administration has been delegated by the management board to KAS BANK N.V. and KAS Trust & Depositary Services B.V. is the depositary and custodian of the Company.
- We place reliance on the KAS BANK N.V.'s service provider ISAE 3402 type II report on the operating effectiveness of internal controls on outsourced processes for those internal controls, including IT general controls, that are relevant to our audit of the financial statements.

Key audit matters

- Existence and valuation of investments
- Completeness and accuracy of direct and indirect income from investments

Independent Auditors' Report (continued)

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion:

Overall materiality	€5,082,000 (2016: €4,300,000).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 1% of the net asset value.
Rationale for benchmark applied	We used the net asset value as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that the net asset value is an important metric for the financial performance of the Company.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €254,000 (2016: €215,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The Company is managed by FCA Management B.V. ('management board') as the management board director. F&C Investment Business Limited is engaged as investment manager, which is a subsidiary of the Bank of Montreal. KAS Trust & Depositary Services B.V. is the depositary and custodian of the Company, which is a subsidiary of KAS BANK N.V. The Company's administration has been delegated by the management board to KAS BANK N.V.

We tailored our audit approach to ensure that we obtained enough audit evidence to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of FCA Management B.V., F&C Investment Business Limited, KAS Trust & Depositary Services B.V. and KAS BANK N.V., the accounting processes and internal controls and the industry in which the Company operates.

The Company's administration is delegated to KAS BANK N.V., which maintains its own accounting records and internal controls that the Company, in part, relies on. As part of our risk assessment we therefore assessed the operating, accounting and control structure procedures relevant for our audit of the financial statements of Company in place at KAS BANK N.V., by obtaining and assessing the service provider's ISAE 3402 Type II report, to determine which internal controls are relevant and we can rely upon for the purpose of our audit and to define the nature, timing and extent of our substantive procedures. We applied professional judgement to determine whether we could rely on the relevant internal controls of KAS BANK N.V., by assessing the work performed by the external auditor of the service provider and the outcome of these procedures. Following this assessment we determined that we can rely on the internal controls of KAS BANK N.V. relevant to the audit of European Assets Trust N.V.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Due to the nature of the Company's business we recognise that key audit matters which we reported in our independent auditor's report on the financial statements 2016 may be long-standing and therefore may not change significantly year over year. As compared to last year, there have been no changes in key audit matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the matter
Existence and valuation of investments	
See accounting policies – paragraph Investments and note 1 to the financial statements for the management board's disclosures of the related accounting policies, judgements and estimates for further information. The investment portfolio at year-end comprised European listed equity investments valued at €509,879,000. We focused on the existence and valuation of investments because investments represent the principal element of the net asset value as disclosed on the balance sheet of the financial statements.	We tested the existence of the entire investment portfolio by agreeing the investments in the portfolio to the independent custodian confirmation we received from KAS BANK N.V. who acts as custodian on behalf of KAS Trust & Depository Services B.V. . We tested the valuation of the entire portfolio of listed equity investments by agreeing the prices used in the valuation as at 31 December 2017 to market quotes from independent third party sources (i.e. Bloomberg). In the course of performing the procedures as described above, we found no material differences.

Key audit matter	How our audit addressed the matter
Completeness and accuracy of direct and indirect income from investments *See accounting policies – paragraph Investments and paragraph Income and note 1 and note 7 to the financial statements for the management board's disclosures of the related accounting policies, judgements and estimates for further information.* We focused on the completeness and accuracy of the direct and indirect income from investments because direct and indirect income are the main drivers for the performance and the net asset value of the Company. The total revenue of the Company consist of €12,009,000 direct and of €70,066,000 indirect income from investments. The direct income consist of dividend income and the indirect income consist of realised and unrealised income from changes in the valuation of the investments held at fair value.	We evaluated management's process and controls over the income process and based on our understanding noted that management is primarily relying on the processes at KAS BANK N.V. Therefore, we obtained the ISAE 3402 Type II report for the period from 1 January 2017 to 31 December 2017, which, amongst others, comprised of an assurance report provided by the independent auditor of KAS BANK N.V. We read this report and determined that the internal controls relevant to our audit and related to the completeness and accuracy of revenue recognition are suitably designed and operated effectively during the period of the audit. We obtained from independent third party sources the corporate action data for the securities European Assets Trust N.V. invested in during or at the end of 2017. By selecting a number of dividend announcements from this corporate action data and by reconciling the selected dividend announcements with the recognized direct income from investments we sampled the direct income for completeness. These procedures are also performed to test the accuracy of the direct income, but for this purpose the sample is selected from the recognized direct income from investments. The indirect income on investments held at fair value comprise realised and unrealised gains/losses: • for unrealised gains/losses, we tested the valuation as at 31 December 2017 by agreeing the prices used in the valuation as at 31 December 2017 to independent third party sources, and determined that the related gains/losses were appropriately calculated; and • for realised gains/losses, we tested disposal proceeds by agreeing the proceeds to bank statements and sale agreements and we reperformed the calculation of a sample of realised gains/losses. In the course of performing the procedures described above, we found no material differences.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the overview;
- the strategic report;
- the governance report;
- the general meeting; and
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of European Assets Trust N.V. on 24 April 2014 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 24 April 2014 and the appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 4 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 5 to the financial statements.

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- tthe preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report (continued)

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 2 March 2018

PricewaterhouseCoopers Accountants N.V.

Original has been signed by

F.J. van Groenestein RA

Appendix to our auditor's report on the financial statements 2017 of European Assets Trust N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Notice of General Meeting

Notice is hereby given that the General Meeting of Shareholders of European Assets Trust NV, will be held at the Company's Office, Weena 210-212, Rotterdam, at 12 noon on 18 April 2018.

The agenda to be considered is as follows:

1 Opening.

2. Management Board Director's report for the financial year to 31 December 2017.

3. Adoption of the financial statements for the year ended 31 December 2017.

4. Appropriation of the result for the year ended 31 December 2017.

5. To approve the 2018 dividend of €0.88 per share to be paid in four equal instalments of €0.22 per share.

6. Discharge of the Management Board Director for the management over the last financial year.

7. Discharge of the Supervisory Board Directors for their supervision over the last financial year.

8. To re-appoint PricewaterhouseCoopers Accountants NV as auditors to the Company.

9. Re-appointment of Jack Perry to the Supervisory Board.

10. Re-appointment of Professor Robert van der Meer to the Supervisory Board.

11. Approval of the corporate governance policy of the Company as set out in this annual report.

12. Increase the remuneration of the Chairman from €48,000 to €49,900, the Director who is also Chair of Audit from €38,500 to €40,000, the Director who is also the Senior Independent Director from €37,500 to €39,000 and all other Directors from €32,500 to €34,000 and with effect from 1 January 2018.

13. To approve the amendments to the articles of association to facilitate a ten for one stock split effective 3 May 2018 with a nominal value of €0.10 each.

14. To approve the amendments to the articles of association to increase the authorised share capital of the Company, with effect from 3 May 2018, to €60,000,000 composed of 600,000,000 shares of €0.10 each.

15. Any other business.

16. Closing.

An explanation of the agenda, the annual report for 2017 and the data prescribed by mandatory Dutch law with respect to Mr Jack Perry and Professor Robert van der Meer and with respect to the proposed amendments to the articles of association are deposited at the offices of FCA Management BV and are available to all shareholders.

To be passed, resolutions numbers 3 to 12 require a simple majority of votes cast. Resolutions 13 and 14 require a majority of at least 75 per cent of votes cast.

FCA Management BV

Rotterdam

2 March 2018

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. Such a proxy need not also be a member of the Company.

A Form of Proxy for use by Ordinary shareholders is enclosed with this Report. Completion of the Form of Proxy will not prevent a shareholder from attending the meeting and voting in person.

Holders of Bearer Shares may obtain a letter of entitlement from KAS BANK NV on deposit of their share certificates or upon receipt of a deposit advice from a bank certifying that the stated number of share certificates is in its possession and will remain so until the conclusion of the meeting. Registered shareholders do not need to apply for such a letter of entitlement.

Shareholder Information

Shares and Distribution Policy

The shares of the Company, which form one class and rank pari passu in all respects as regards dividend and capital, may be held in either registered or bearer form. They are listed on the London Stock Exchange and Euronext Amsterdam Stock Market. Holders of bearer shares may request the Company to convert their shares into registered shares and holders of registered shares may convert such shares into bearer shares. The share certificates are signed by the Management Board Director.

The Company also has a facility to allow CREST participating shareholders to hold and transfer interests in the shares of the Company within the CREST UK electronic settlement system. The facility is in the form of Depository Interests which is operated by Computershare Investor Services PLC pursuant to a Deed Poll executed under English law. Shareholders that wish to continue to hold their shares in the Company in certificated form on the UK register can continue to do so and their rights are unaffected by the issue of the Depository Interests.

The Board intends, barring unforeseen circumstances, setting an annual dividend yield level of 6 per cent on the net asset value per share at the end of the preceding year. A scrip alternative is available.

Dividends are declared in Euros and paid in sterling (registered shares) or in Euros (bearer shares). Those registered shareholders who wish to receive their dividends in Euros should contact the Company's UK Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

Distributions on bearer shares are announced in the Official Price List of Euronext Amsterdam NV. The holders of registered shares receive their payment from the Company's Registrars.

Scrip Dividend

Shareholders may elect to receive dividends by way of further shares in the Company. Where shareholders elect for scrip dividends, they will receive shares at net asset value either from the Company's holding of shares in treasury or through an issue of new shares; the net asset value for this purpose will be that announced for the end of the month immediately preceding the record date for the relevant dividend. Roundings will be retained by the Company. Application will be made for any new shares issued to be listed on the London Stock Exchange and Euronext Amsterdam Stock Market.

Computershare Investor Services PLC acts as administrator for the purposes of the Company's scrip dividend payments for holders of registered shares. The Administrator's address for correspondence is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

Elections for scrip dividends may be made by registered shareholders by notice to the Administrator using the form available from the Administrator on request. Such elections for scrip dividends must be received by the record date for a particular dividend in order to apply to the payment in respect of that month. Elections for scrip dividends apply to all future dividends until revoked. Unless otherwise agreed by the Administrator, instructions by registered shareholders to revoke an election to receive scrip dividends must be received by the record date for a particular dividend in order for that month's dividend to be paid in cash. If a registered shareholder who has elected for scrip dividends sells part of their holding, their election will remain valid in respect of the reduced holding.

Holders of bearer shares can elect for scrip dividends in the manner customary in the Dutch market through the bank at which those shareholders have their securities account.

Costs of the Company

The Company incurs the following costs on an annual basis: advertising fees, audit and accounting fees, bank charges, broker and distribution fees, custody fees, D&O insurance, administration fees, investment management fees, legal fees, marketing and retail plan, printing costs, registration fees, UK and Dutch regulatory fees, tax advice and travel expenses as well as remuneration of the Managing Board Director and Supervisory Directors.

Company Taxation

The Company is a tax resident of the Netherlands and qualifies as a fiscal investment institution ('fiscale beleggingsinstelling').

Companies with fiscal investment institution status in the Netherlands are subject to tax on both income and capital gains in the Netherlands at a zero rate. The conditions which have to be satisfied in order for a company to have fiscal investment institution status under Dutch tax law are summarised below:

(a) The company must be exclusively or almost exclusively engaged in investment in securities or in real estate or in loans secured by mortgage on real estate.

(b) Investment may be funded by borrowing only as follows:

(i) loans of up to 20 per cent of the book value of the securities portfolio of the company and its subsidiaries; and

(ii) loans of up to 60 per cent of the book value of the real property of the company and its subsidiaries, where the moneys borrowed are secured by mortgage on that property.

For purposes of this test, real property is not limited to immovable property, but includes also real estate companies (i.e. companies whose assets, on a consolidated basis, consist for at least 90% of immovable property).

(c) Distributable profit must be distributed within eight months following the end of the related financial year. Distributable profit includes all fiscal profits but does not include:

(i) net realised or unrealised capital gains provided that these are added to a fiscal reinvestment reserve; and

(ii) amounts set aside to an accumulation reserve which amounts may be set aside at the Company's option, subject to the reserve not exceeding a balance equal to 1 per cent of the Company's paid in capital (the aggregate of the share capital and the share premium account).

(d) One quarter or more than one quarter of the interest in the entity is not held by one individual.

(e) Both the total number of shares or participation certificates or of the shares or participation certificates that share in the reserves of the entity on its dissolution 45 percent or more are not held by one entity – not being a fiscal investment institution or an undertaking for collective investments as meant in article 4, paragraph 4 of the Dutch General Tax Act – that is subject to any form of income tax or whose profits are subject to such tax at the level of the beneficiaries of the assets or profits of the entity, or else of two or more such entities that are affiliated with each other, also taking into account the shares or participation certificates on which basis the aforementioned entities, whether or not pursuant to an agreement with others, can exercise their right to vote in the general shareholders' meeting.

Professional advice should be sought in respect of any question relating to taxation.

A summary of taxation is set out below. It represents a general description only and should not be construed or read as advice on shareholders' own tax positions, as individual circumstances may affect the general tax consequences as described in the summary. Shareholders should consult their own tax advisers with regard to their individual tax position.

Withholding Tax

The Dutch dividend withholding tax is 15 per cent. Therefore, where withholding tax is applicable to dividends paid by the Company, these dividends are subject to a Dutch dividend withholding tax rate of 15 per cent. The Dutch dividend withholding tax rate can be reduced under a tax treaty.

The double taxation agreement between the Netherlands and the United Kingdom currently allows a general dividend withholding tax of 15 per cent. This withholding tax is available as a credit against any United Kingdom tax payable by a United Kingdom resident shareholder in respect of dividends. The withholding tax is also available as a credit against Dutch income or corporate income tax payable by a Dutch resident shareholder or will be refunded if there is no tax due, as in the case of a Dutch resident tax exempt entity. Subject to certain ordering rules, which deem income to be distributed first, a distribution from the reinvestment reserve with effect from 1 January 2001 is exempt from withholding tax.

Dividend Taxation

Netherlands Taxation

The information below, is of a general nature only and relates to Dutch law. If you are in any doubt as to your tax position you should contact your own professional adviser.

Dividend withholding tax

The existing fiscal reinvestment reserve (roughly equalling the balance of realised and unrealised capital gains) is treated as paid in capital for dividend withholding tax purposes. This also applies to additions to this reserve in later years. Distributions which are made out of paid in

Shareholder Information (continued)

capital in principle can be made free of withholding tax. In determining whether these payments can be made free of withholding tax out of paid in capital, certain mandatory ordering rules apply. In general these ordering rules deem a dividend to come out of earnings (income on an accruals basis) before coming out of paid in capital. For payments coming out, or deemed to come out, of earnings withholding tax at a rate of 15 per cent is due. This withholding tax is available as a credit against any United Kingdom tax payable by a United Kingdom resident shareholder in respect of dividends.

Of the dividends paid in 2017, an amount of €7,431,595 has been paid in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax. The remainder of €19,623,766 is charged against the fiscal reinvestment reserve, without dividend withholding tax.

Scrip dividends that are booked against paid in capital for dividend withholding tax purposes are not subject to dividend withholding tax.

Dutch resident shareholders who are taxed in the Netherlands on their worldwide income generally are able to credit the withholding tax against their overall Dutch income tax liability.

Tax on income and capital gains

An individual shareholder who is considered a UK resident under the terms of the Netherlands/UK double taxation treaty, will not be subject to any Dutch taxes on income or capital gains in respect of dividends distributed by the Company or in respect of capital gains realised on the disposition of shares in the Company (other than the dividend withholding tax described above), provided that:

- such UK resident shareholder is not an individual who has been resident or is deemed to have been resident in the Netherlands during a period of five years preceding an alienation of the shares in the Company;
- such UK resident shareholder does not have a business or an interest in a business that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which business or part of a business, as the case may be, the shares in the Company are attributable; and
- the shares in the Company owned by such UK resident shareholder, whom is an individual, do not form part of a substantial interest or a deemed substantial interest, as defined, in the share capital of the Company.
- the shares in the Company owned by such UK resident shareholder, whom is a legal entity do not form part of a substantial interest or deemed substantial interest, as defined, in the share capital of the Company or if such shares do form part of such a substantial interest, the shares are not held with the main or one of the main purposes to avoid income tax or dividend withholding tax to be borne by someone else and additionally the shares cannot be attributed to the assets of an enterprise.

An individual shareholder who is resident in the Netherlands for tax purposes and whose shares do not:

- form part of a substantial interest or a deemed substantial interest, as defined, in the share capital of the Company; or
- form part of a business, or deemed to be income from labour,

will be taxed at a rate of 30 per cent tax rate on a notional return, of which notional return is dependent on the total net value of the tax payers assets and varied from 2.87% to 5.39% in 2017. The notional return is taxed regardless of the actual income or gains on the shares.

A corporate shareholder who is not a resident of the Netherlands and who is not considered a resident of the UK under the terms of the Netherlands/UK double taxation treaty, will not be subject to any Dutch taxes on income or capital gains in respect of distributions made by the Company or in respect of capital gains realised on the disposition of shares in the Company (other than the dividend withholding tax described above), provided that:

- such shareholder does not have a business or an interest in a business that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which business or part of a business, as the case may be, the shares in the Company are attributable; and

- the shares in the Company owned by such UK resident shareholder, whom is a legal entity do not form part of a substantial interest or deemed substantial interest, as defined, in the share capital of the Company or if such shares do form part of such a substantial interest, the shares are not held with the main or one of the main purposes to avoid income tax or dividend withholding tax to be borne by someone else and additionally the shares cannot be attributed to the assets of an enterprise.

Generally, a shareholder will not have a substantial interest in the Company if he, his spouse, certain other relatives (including foster children) or certain persons sharing his household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5 per cent or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company, or rights to acquire shares, whether or not already issued, that represent at any time (and from time to time) 5 per cent or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company or the ownership of certain profit participating certificates that relate to 5 per cent or more of the annual profit of the Company and/or to 5 per cent or more of the liquidation proceeds of the Company. A deemed substantial interest generally exists if (part of) a substantial interest has been disposed of or is deemed to have been disposed of without recognition of gain.

UK Resident Shareholders

The information below, which is of a general nature only and does not constitute tax advice, and which relates only to Netherlands and UK taxation, is applicable to persons who are resident or ordinarily resident in the UK and who hold Ordinary shares as an investment. The provisions set out below may not apply to certain classes of shareholders, such as dealers in securities, or to shareholders who are not absolute beneficial owners of their shares. Any shareholder or prospective investor in shares who is in any doubt as to their tax position, or who is subject to tax in a jurisdiction other than the UK is strongly recommended to consult their professional adviser as soon as possible. Special provisions apply to certain kinds of shareholder who are also strongly recommended to seek their own professional advice. If you are in any doubt as to your tax position you should consult your own professional adviser.

Individual Shareholders

UK resident individual shareholders will be liable to UK income tax on dividends received from the Company. From 6 April 2016 the 10% tax credit was abolished and an annual tax free dividend allowance of £5,000 introduced. The Finance (No. 2) Act 2017 reduced this annual tax free allowance to £2,000 for the fiscal year 2018/19 and subsequent tax years. Dividends above this level will be taxed at 7.5% (basic rate taxpayers), 32.5% (higher rate taxpayers) and 38.1% (additional rate taxpayers). Dividend income will be treated as the top band of income. Dividends received in ISAs and pension funds will continue to be tax free.

UK resident individual shareholders who receive a scrip dividend will not, to the extent that it is paid up out of the tax exempt share premium reserve, be liable to UK income tax on such a dividend. Instead, for the purposes of UK capital gains tax, such a scrip dividend will be treated as a bonus issue of shares derived from the shareholders' existing shareholding.

Subject to certain ordering rules, which deem income to be distributed first, a distribution from the reinvestment reserve with effect from 1 January 2001 is exempt from Netherlands dividend withholding tax.

On 17 September 2015, the European Court of Justice ruled in the joined cases Miljoen, X, and Société Générale (C-10/14, C-14/14 and C-17/14) that the Dutch withholding tax incurred by non-Dutch resident individual shareholders on Dutch portfolio shares could lead to a discrimination of EU law. Both Dutch and non-Dutch resident shareholders are subject to Dutch withholding tax, meaning that the withholding in itself is in accordance with EU law. However, where Dutch resident shareholders can benefit from a credit or refund in their Dutch personal income tax return, the withholding tax is a final Dutch levy for non-resident shareholders. The European Court of Justice ruled that non-resident individual shareholders may however in principle not be subject to a higher effective Dutch tax burden for their Dutch dividends than the tax burden incurred by Dutch resident individuals for that same dividend. If Dutch withholding tax incurred in a calendar year by a non-Dutch resident individual shareholder on its Dutch portfolio shareholdings results in a higher effective burden than that of a Dutch resident individual shareholder in the same situation, and the withholding tax incurred cannot be fully credited in the country of residence based on an applicable Double Tax Treaty, a refund claim of that withholding tax could be filed by the shareholder with the Dutch tax authorities based on a breach of EU law. In case you cannot fully credit the withholding tax incurred on your shareholding in the Company, you should consult with your own professional advisor on the steps that can be taken. For corporate shareholders, opportunities based on this ruling are limited. For a full analysis of your withholding tax position and EU law possibilities you should consult with your own professional advisor.

Corporate Shareholders

With effect from 1 July 2009 UK companies will generally be exempt from corporation tax on dividends received from the Company.

Shareholder Information (continued)

Taxation of Share Buy-backs and Resale of Shares Held in Treasury

UK taxation

The information below is of a general nature only, does not constitute tax advice and shareholders should consult their professional advisers with regard to their individual tax position.

Capital gains tax

Shareholders who are resident or ordinarily resident in the UK for taxation purposes who sell their shares through the market (other than shares held through an ISA) may, depending upon their own personal circumstances be subject to capital gains tax (or, in the case of a UK resident corporate shareholder, corporation tax on capital gains) in respect of any gain arising on such sale unless the shareholder is taxed as a dealer in securities, in which case any gain will be treated as income and taxed as such.

Shareholders who are individuals will, to the extent that a gain on a disposal of shares, together with other gains less allowable losses in a fiscal year, exceeds the annual exempt amount which, for the fiscal year 2017/18 is £11,300 (2016/17: £11,100) be liable to capital gains tax. Disposals by higher and additional rate taxpayers will be liable to capital gains tax at the rate of 20 per cent for the fiscal year 2017/18 (2016/17: 20 per cent). Basic rate taxpayers will be taxed at the rate of 10 per cent for the fiscal year 2017/18 (2016/17: 10 per cent).

Shareholders within the charge to UK corporation tax may benefit from indexation allowance in respect of their period of ownership, which in general terms, increases the tax base cost of an asset in accordance with changes in the Retail Prices Index. The Autumn Budget 2017 included a proposal which, if enacted, will restrict the indexation allowance calculation for disposals on and after 1 January 2018 to the Retail Prices Index at December 2017.

Stamp taxes

- Buy back

  Where the shares are bought back into treasury a charge to stamp duty will arise if the document of transfer is executed in the UK or there is a matter to be done in the UK, which will include an update to the UK share register. Stamp duty will be chargeable at 0.5 per cent of the consideration given (and will be rounded up to the nearest £5). This will normally be paid by the purchaser, in this case the Company.

- Resale of shares held in treasury

  A resale of the shares held in treasury will only be within the charge to stamp duty if the document of transfer is executed in the UK or there is a matter to be done in the UK, which will include an update or change to the UK share register where the shares are resold to a UK resident. This transfer would be stampable with £5 fixed duty which is normally payable by the purchaser. No charge to Stamp Duty Reserve Tax (SDRT) should arise.

Netherlands taxation

Netherlands withholding tax

The information below, which is of a general nature only and which relates to certain Dutch dividend withholding tax consequences of the repurchase of shares of the Company, does not represent a comprehensive description of all Dutch tax considerations that may be relevant to holding or disposition of the shares.

This summary is based on the present tax laws of the Netherlands, as well as present regulations, rulings and decisions of the Netherlands tax and other authorities available and now in effect. All of the foregoing is subject to change, which change could apply retroactively and could affect the continued validity of this summary.

A buy back of shares will not be subject to Dutch withholding tax as long as the price at which the shares are repurchased does not exceed the average paid in capital on those shares. For this purpose, paid in capital comprises for Dutch tax purposes recognised paid in capital and share premium, as well as the fiscal reinvestment reserve (as defined under Dutch law).

To the extent the repurchase price exceeds the average paid in capital made on those shares, Dutch withholding tax at a 15 per cent rate applies. Where applicable, a tax treaty may provide for a lower rate.

Notwithstanding the above, no withholding tax applies if the repurchase can be regarded as a temporary investment. Under a special deeming provision applicable to Dutch investment companies such as the Company, a repurchase of shares is considered a temporary investment by operation of law, unless the company elects otherwise.

If by the end of the year a company repurchased more shares as temporary investment than it issued to the market in the same year, the difference is deemed to be a repurchase of shares subject to withholding tax to the extent that the average fair market value of all shares repurchased during the year exceeds the average paid in capital. An exemption from withholding tax may nevertheless apply if and to the extent this excess is debited from the share premium reserve or the fiscal reinvestment reserve (as defined under Dutch law).

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 from **www.fca.org.uk** to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ('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 NV is through one of the savings plans run by F&C Investments.

F&C Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2017/18 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

F&C Junior ISA (JISA)*

You can invest up to £4,128 for the tax year 2017/18 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 F&C or another provider) to an F&C JISA

F&C Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £4,128 for the 2017/18 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 an F&C CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

F&C Private Investor Plan (PIP)

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.

F&C Children's Investment Plan (CIP)

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.

Charges

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

Annual account charge

ISA: £60+VAT
PIP: £40+VAT
JISA/CIP/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%
PIP/CIP/JISA: postal instructions £12, online instructions £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 PIP, CIP 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.

For full details of our savings plans and charges, please read the Key Features and Terms and Conditions of the plan – available on our website **fandc.co.uk**.

How to Invest

To open a new F&C savings plan, apply online at **fandc.com/apply**

Note, this is not available if you are transferring an existing plan with another provider to F&C, 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@fandc.com**

Existing Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: **investor.enquiries@fandc.com**
By post: F&C Plan 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: **Alliance Trust Savings, Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

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 read our Key Features Document before you invest and this can be found on our website **fandc.co.uk**. F&C cannot give advice on the suitability of investing in our investment trust or savings plans. If you have any doubt as to the suitability of an investment, please contact a professional financial adviser.

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F&C Management Limited

Historical Record

The performance of the Company since 2001 is shown in the table below.

						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	% Annual total return net asset value per share	% Annual total return benchmark	% Annual total return net asset value per share	% Annual total return benchmark
2001*	531	8.25	569.12	9.35	1.56	(23.2)	(17.3)	(25.1)	(19.5)
2002	304	4.67	392.13	6.03	0.90	(27.5)	(22.1)	(22.5)	(17.0)
2003	482	6.85	548.19	7.78	0.37	37.1	40.0	48.5	51.2
2004	553	7.80	619.58	8.75	0.465	19.3	25.0	19.9	25.6
2005	721	10.49	782.52	11.39	0.555	37.7	39.6	33.7	35.5
2006	970	14.40	1,000.61	14.85	0.7325	38.2	33.8	35.9	31.2
2007	893	12.17	978.02	13.32	0.912	(4.8)	(3.0)	3.7	5.8
2008	479	4.95	519.97	5.38	0.8535	(56.4)	(49.5)	(42.1)	(33.4)
2009	582	6.55	642.10	7.23	0.3551	42.5	55.2	31.0	42.5
2010	628	7.33	727.44	8.49	0.4613	25.2	21.7	20.8	17.4
2011	544	6.51	614.78	7.36	0.5337	(7.6)	(21.8)	(9.9)	(23.8)
2012	692	8.54	743.39	9.17	0.4698	32.0	20.4	28.2	17.0
2013	964	11.59	968.61	11.64	0.5757	34.4	34.0	37.8	37.5
2014	987	12.72	980.50	12.63	0.7221	15.3	5.2	7.7	(1.9)
2015	1,127	15.29	1,120.10	15.20	0.7743	26.9	23.4	20.5	17.2
2016	1,022	11.97	1,121.89	13.14	0.9429	(7.3)	6.4	7.4	23.3
2017	1,308	14.74	1,298.51	14.63	0.8220	18.0	18.6	22.6	23.3

*High distribution policy adopted from 2001.

For the purpose of the table, the Net Asset Value of the Company at the relevant date is based on the Balance Sheet as at 31 December of each year. Rates in the London spot market on the relevant dates have been applied to convert the Euro figures into Sterling.

Alternative Performance Measures

Discount (or Premium) – If the share price of the Company is less than its Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium.

Net Asset Value ('NAV') per Ordinary Share – This is calculated as the net assets of the Company divided by the number of shares in issue, excluding those shares held in treasury.

Ongoing Charges – This is a measure of the level of expenses incurred by the Company during a reporting period. It is calculated as the sum of the investment management fee and other expenses divided by the average net assets during the period.

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, F&C 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 KAS Trust & Depositary Services BV.

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 KAS Trust & Depositary Services BV.

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. A scrip alternative is available.

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.

Management Board – The Management Board in the Netherlands, FCA Management, is entrusted with the corporate management of the Company and is obliged to act in accordance with the general directives of the Supervisory Board concerning the financial and investment policy of the Company.

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 – Shareholders can 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. Subject to personal circumstances, UK resident individual shareholders who receive a scrip dividend should not be liable to UK income tax but UK capital gains tax rules should apply.

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 Amsterdam and London stock exchanges

Supervisory Board – The Supervisory Board is responsible for supervising the policy of the Management Board and the general course of the Company's affairs and business. The Board currently consists of five Directors, all of whom are non-executive.

Total Return – The 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. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

Important dates

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

First Dividend Paid	31 January 2018
Announcement of Annual Results	7 March 2018
General meeting of Shareholders (Rotterdam)	18 April 2018
Second Dividend Paid	30 April 2018
10 for 1 Stock Split Effective (subject to shareholder approval)	3 May 2018
Shareholders and Investors' Briefing (London)	9 May 2018
Third Dividend Paid	31 July 2018
Announcement of Interim Results	July 2018
Fourth Dividend Paid	31 October 2018

European Assets Trust NV

REPORT AND ACCOUNTS 2017

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