



# European Assets Trust PLC

Report and Accounts for the half-year  
ended 30 June 2020



BMO



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# Company Overview

Our objective is to secure long-term growth of capital through investment in quoted small and medium sized companies in Europe, excluding the United Kingdom. While small and medium sized companies are typically more volatile in performance than large companies, the Board considers over the longer term, high quality small and medium sized companies have greater potential to deliver stronger shareholder returns. A high distribution policy has been adopted and dividends will be paid out of current year net profits, accumulated realised capital gains and the Distributable Reserve.

Through its aim 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.

The ordinary shares are quoted on the London Stock Exchange ([www.londonstockexchange.com](http://www.londonstockexchange.com)) and their price is published daily in The Financial Times and other newspapers. The share price is also available from the website noted below.

With an estimated Ongoing Charges ratio for the year ending 31 December 2020 of 0.98%\* 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. The Board seeks to manage liquidity in the Company's shares through its ability to issue or buyback shares dependant on the extent of any share premium or discount. This is designed to reduce the volatility of the Company's share price relative to its Net Asset Value.

The Company's shares are excluded from the UK Financial Conduct Authority's ('FCA's') restrictions which apply to non-mainstream pooled investments as the Company's portfolio is wholly made up of shares, 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 FCA rules relating to non-mainstream investment products and intends to continue to do so.

\* See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 31 December 2019.

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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.

## Forward-looking statements

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

# Financial Highlights

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Investing in European small and medium sized quality companies to deliver attractive returns over the longer term



## NAV performance in line with benchmark

The Company recorded a Sterling Net Asset Value per share total return<sup>(1)</sup> of -3.5% for the six-month period ended 30 June 2020. This was in line with the EMIX Smaller European Companies (ex UK) Index (our 'Benchmark') which also returned -3.5%. Further analysis of the performance is provided in the Chairman's Statement and Investment Manager's Review.



## Share price performance

With the discount\* widening to -10.6% at 30 June 2020 in comparison to -5.2% at 31 December 2019, the Sterling share price total return<sup>(1)</sup> for the six-month period was -8.6%.

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<sup>(1)</sup> 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 Net Asset Value in the period. The dividends are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the shares were quoted ex-dividend.

\* See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 31 December 2019.

# Summary of Performance

Investing in European small and medium sized quality companies to deliver attractive returns over the longer term

Total Return for the six months ended 30 June	2020		2019	
	Sterling	Euro	Sterling	Euro
Net asset value total return per share*	(3.5%)	(10.1%)	19.6%	19.9%
Share price total return*	(8.6%)	(14.8%)	25.5%	25.9%
EMIX Smaller European Companies (ex UK) Index	(3.5%)	(10.1%)	16.0%	16.4%

Capital Return	30 June 2020		31 December 2019	
	Sterling	Euro	Sterling	Euro
Total assets (less current liabilities) - millions	£390.5	€429.6	£418.1	€493.5
Net asset value per share*	£1.08	€1.19	£1.16	€1.37
Share price per share	£0.97	€1.07 <sup>†</sup>	£1.10	€1.30 <sup>†</sup>
EMIX Smaller European Companies (ex UK) Index	566.28	622.97	595.21	702.44

Discount*	30 June 2020		31 December 2019	
	Sterling	Euro	Sterling	Euro
Discount per share (in Sterling terms)	(10.6%)	(10.6%)	(5.2%)	(5.2%)

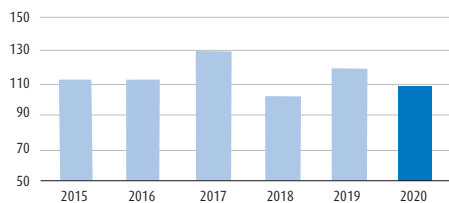
Distributions per share	2020		2019	
	Sterling	Euro	Sterling	Euro
Dividends paid per share - as at 30 June	3.510p	n/a	3.000p	€0.0372 <sup>‡</sup>
Dividends announced for the year	7.020p	n/a	5.990p	€0.0684 <sup>‡</sup>

\* See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 31 December 2019.

<sup>†</sup> London Stock Exchange prices are converted in to Euros using the relevant exchange rate at the period end.

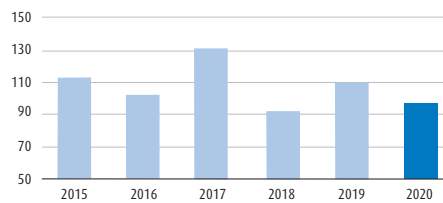
<sup>‡</sup> Prior to the migration, on 16 March 2019, dividends were paid by European Assets Trust NV and are shown net of Dutch withholding tax.

## NET ASSET VALUE PER SHARE AT 31 DECEMBER (2020: 30 JUNE) - PENCE\*<sup>†</sup>



Source: BMO Investment Business Limited

## MID-MARKET PRICE PER SHARE AT 31 DECEMBER (2020: 30 JUNE) - PENCE\*<sup>†</sup>



Source: BMO Investment Business Limited

<sup>†</sup> European Assets Trust NV prior to the migration effective 16 March 2019.

\* Prior year comparatives adjusted for the ten for one stock split effective 3 May 2018.

# Chairman's Statement

## Fellow shareholders,

With the spread of the coronavirus pandemic, recent months have been a period of tremendous uncertainty and for many, worry and concern. I and the entire Board very much hope that you, our fellow shareholders are managing through these uncertain times as well as possible.

This report is for the six-month period ended 30 June 2020. European Assets Trust PLC ('the Company') recorded a Sterling net asset value ('NAV') total return during this period of -3.5%. This is in line with the total return of our benchmark the EMIX Smaller European Companies (ex UK) Index which also fell by -3.5% during the same period. With the share price discount increasing to 10.6% at the period end in comparison to 5.2% as at 31 December 2019, the Sterling share price return for the period was -8.6%.

While this has been a challenging period, from an investment point of view it has been productive. The Investment Managers were able to act quickly during the heavy market falls of March to take advantage of attractive valuations and add some high-quality companies to the portfolio. Trading turnover was therefore higher than usual though we would expect this to diminish over the rest of the year. These new additions in aggregate have performed well for us. However, it was existing holdings that delivered the best performance with our large healthcare holdings performing particularly well as they benefited from increased demand. While falling short of the Board's aspirations, a NAV return in line with the benchmark is satisfactory. We are though encouraged by the work undertaken over the first six months of the year and believe the additions made lay a good foundation for the future. The Investment Manager's Review, which follows, discusses the Company's performance in more detail.

## The coronavirus pandemic

The impact of the spread of coronavirus on the investment and operational performance of the Company has been monitored actively by the Board. Additional board meetings have been held by video conference with representatives of the Manager ('BMO Investment Business

Limited') and advisers to the Company. It has been pleasing to note that the home working arrangements implemented by the Manager and many of the Company's suppliers have been very effective. As a consequence, there has been no noticeable impact upon service delivery and operations.

As you know we were required as a result of the United Kingdom Government's guidance on social distancing and the prohibition of public gatherings to amend the arrangements for this year's Annual General Meeting ('AGM'). This resulted in the AGM being purely functional with attendance limited to the minimum number of Directors required to form a quorum. Although the Board encouraged the participation of shareholders through proxy voting and the provision of the Manager's presentation together with some frequently asked questions on the Company's website, the Board was unable to meet the many familiar shareholders who usually attend the AGM in person. We very much look forward to a resumption of our normal AGM practices next year.

One consequence of the pandemic has been a reduction in the dividend income the Company receives from its investment holdings. Many of the companies held within the investment portfolio have reduced or even cancelled the dividends they pay to their shareholders. On 1 July 2020 this Company announced that a dividend of 1.755 pence per share would be paid on 31 July 2020. This was in addition to interim dividends of 1.755 pence per share paid in January and April 2020. The Board also intends to declare and pay a further interim dividend of 1.755 pence in October 2020 providing an annual payment to shareholders representing six per cent of the closing net asset value per share of the Company as at 31 December 2019, in line with its long term distribution policy. The Company will fund these dividends from a combination of current year profits and the Distributable Reserve. As at 30 June 2020 the Company had a Distributable Reserve of £368.6 million.

As a consequence of the pandemic this report includes additional disclosures with regard to the principal risks

and uncertainties faced by the Company, the steps taken by the Board to identify them and the controls and actions to mitigate them. We also present an updated analysis to support the continuing adoption of the principle of going concern in preparing these financial statements.

### Brexit

Following the Company's migration from the Netherlands to the United Kingdom in March 2019, the Company has ensured that it will have continuity of investment management services, governance and regulatory oversight. The Board continues to monitor the potential impact of Brexit and believes that while the ultimate impact of Brexit on financial and currency markets both in the United Kingdom and the European Union cannot be assessed, any volatility would be managed as part of our normal investment processes.

### Management fee amendment

During March 2020 the Company announced an amendment to the basis of calculation of the investment management fee payable to the Manager.

Previously, the Manager received a fee equal to 0.8 per cent per annum of the value of funds under management. Funds under management were calculated as the value of total assets less current liabilities (excluding borrowings) at the end of the preceding quarter. In cases where the value of funds under management exceeded €500 million, the applicable rate over such excess value was 0.65 per cent per annum.

Following this amendment, which was effective from 1 April 2020, the investment management fee was reduced from 0.8 to 0.75 per cent per annum of the value of funds under management. For funds under management in excess of €400 million, the applicable rate over such excess value will be 0.6 per cent per annum. The basis of calculation for funds under management remained unchanged.

### Financial reporting

In March 2020 the Board announced that with effect from the reporting period beginning on 1 January 2020, the reporting currency of the Company would change to Sterling from Euro and that all future financial statements would be presented in Sterling.

This report is therefore the first of the Company to be presented in Sterling. It is anticipated that this change will improve the clarity of the Company's financial statements for its shareholders, the overwhelming majority of whom are located in the United Kingdom.

During this reporting period, the Sterling return to shareholders has benefited from a rise in the Euro exchange rate of 7.1% from €1.00/£0.85 as at 31 December 2019 to €1.00/£0.91 at the interim period end.

### Outlook

The market recovery has been almost as dramatic as the initial falls. With economic activity recovering surprisingly quickly as the number of coronavirus cases diminishes and governments reduce social restrictions. This has of course been helped by the massive monetary and fiscal stimulus undertaken, with central banks providing seemingly unlimited support for government borrowing. We are encouraged by this but are also aware that the risks have not disappeared. Geopolitical tensions are high, the virus is not under control, and such extraordinary fiscal support cannot be indefinite. As we have said in previous commentary, predicting economic and market direction is fraught with difficulties. What we can say though is that we have used this crisis productively. Our new holdings bolster the quality of the portfolio and have been bought at attractive prices. We therefore look to the future with confidence.

### Jack Perry CBE

Chairman

# Investment Portfolio

Company	Nature of Business	Valuation £'000	% of Total Assets	Country of Incorporation
Gerresheimer	Glass and Plastic Containers	14,565	3.7%	Germany
Vidrala	Manufacturer and Supplier of Glass Containers	13,598	3.5%	Spain
Scout24	Operator of Digital Marketplace	12,859	3.3%	Germany
Ringkjøbing Landbobank	Regional Banking	12,327	3.2%	Denmark
SimCorp	Provider of Highly Specialised Software for Investment Managers	12,080	3.1%	Denmark
Wizz Air	Budget Airline	11,951	3.1%	Switzerland
IMCD	Speciality Chemical Distributer	11,269	2.9%	Netherlands
Just Eat Takeaway.com	Online Food Delivery Marketplace	10,835	2.8%	Netherlands
Karnov	Mission Critical Information Provider to the Legal Industry	10,646	2.7%	Sweden
Tecan	Automated Laboratory Instruments and Solutions	10,449	2.7%	Switzerland
<b>Ten largest investments</b>		<b>120,579</b>	<b>31.0%</b>	
Royal Unibrew	Produces, Sells and Distributes Alcoholic and non Alcoholic Beverages	10,291	2.6%	Denmark
Marel	Solutions for Poultry, Fish and Meat Processing Industries	10,102	2.6%	Iceland
Forbo	Flooring, Adhesives and Conveyor Belts	9,897	2.5%	Switzerland
Marr	Food Service Provider	9,219	2.4%	Italy
Symrise	Speciality Chemicals	9,151	2.3%	Germany
CA Immobilien Anlagen	Real Estate Company	8,936	2.3%	Austria
Coor	Provider of Integrated Facilities Management and Consulting Services	8,613	2.2%	Sweden
Amorim	Manufactures Cork	8,282	2.1%	Portugal
Cerved Information Solutions	Credit Information Provider	8,212	2.1%	Italy
Elekta	Provider of Precision Radiation Medicine Solutions	7,975	2.0%	Sweden
<b>Twenty largest investments</b>		<b>211,257</b>	<b>54.1%</b>	
ASM International	Semi-conductor Equipment	7,816	2.0%	Netherlands
Lectra	Provider to the Fashion, Automotive and Furniture Industries	7,780	2.0%	France
Diasorin	Manufactures Reagents for In Vitro Diagnostics	7,773	2.0%	Italy
Rational	Specialist in Hot Food Preparation for Professionals	7,566	1.9%	Germany
CTS Eventim	Concerts and Ticketing	7,431	1.9%	Germany
Tomra Systems	Recycling Equipment	7,266	1.9%	Norway
Rocket Internet	Invests in Internet and Technology Companies	7,241	1.9%	Germany
Hellofresh	Global Leader in Meal Kit to the Home	6,910	1.8%	Germany
Norma	Plastic and Metal Based Components	6,880	1.8%	Germany
Storebrand	Long-term Savings and Insurance	6,817	1.7%	Norway
<b>Thirty largest investments</b>		<b>284,737</b>	<b>73.0%</b>	
Nordic Semiconductor	Market leader in Low Power Bluetooth Semiconductor Design	6,797	1.7%	Norway
SIG Combibloc	Systems and Consumables Provider for Aseptic Packaging	6,698	1.7%	Switzerland
Fjordkraft	Electricity Retailer for Consumers and Businesses	6,454	1.7%	Norway
Remy Cointreau	Produces and Sells some of the Strongest Brands of Cognac	6,395	1.6%	France
Dometic	Manufacturer of Cooling Equipment	6,389	1.6%	Sweden
Cancom	Information Technology Services Provider	6,389	1.6%	Germany
Cairn Homes	House Builder	6,307	1.6%	Ireland
Azimut	Asset Management	6,028	1.5%	Italy
Interpump	Provider of Pumps and Hydraulic Applications	5,922	1.5%	Italy
MIPS	Helmet Safety Technology	5,700	1.5%	Sweden
<b>Forty largest investments</b>		<b>347,816</b>	<b>89.0%</b>	



# Investment Portfolio (continued)

Company	Nature of Business	Valuation £'000	% of Total Assets	Country of Incorporation
SpareBank	Banking	5,558	1.4%	Norway
Indutrade	Niche Industrial Conglomerate	5,557	1.4%	Sweden
Fluidra	Swimming Pool Equipment and Maintenance	5,539	1.4%	Spain
Avanza Bank	Savings and Investment	5,354	1.4%	Sweden
Irish Continental	Shipping	4,985	1.3%	Ireland
Patrizia	Real Estate Asset Manager	3,749	1.0%	Germany
Metall Zug	Appliances, Tools and Housewares	3,081	0.8%	Switzerland
Alimak	Solutions for Industry and Construction Markets	2,792	0.7%	Sweden
V Zug	Luxury Household Appliance Manufacturer and Service Provider	1,754	0.5%	Switzerland
Irish Continental	Shipping	93	0.0%	Ireland
<b>Total investments</b>		<b>386,278</b>	<b>98.9%</b>	
<b>Net current assets</b>		<b>4,231</b>	<b>1.1%</b>	
<b>Total assets less current liabilities</b>		<b>390,509</b>	<b>100.0%</b>	

The Board has committed to the payment of an annual dividend equivalent to six per cent of the net asset value of the Company at the end of the preceding year.



# Investment Manager's Review

This has been an historic six months and it is no surprise that coronavirus has dominated investment commentary. The scale of the shock to markets in March was almost unprecedented as the investment industry tried to digest the implications of coronavirus and the measures being taken to contain it. The recovery has been nearly as dramatic as economies have started to reopen and economic data has begun to rebound. Overall our returns were in line with the benchmark which showed a small negative return in the context of the large intra-period market moves.

Whilst this has clearly been an unsettling period, from an investment standpoint it has been productive, leading to unusually high trading activity. Ahead of the crisis we had taken some risk out of the portfolio, reducing economically cyclical and financial holdings and entered March with no portfolio gearing. At the outset of the crisis we went further, increasing our cash position. However, the speed and depth of the sell-off gave us a chance to reassess market opportunities. The influence of low interest rates and abundant liquidity on good quality growth stocks has, in recent years, led to challenging valuations and we have shied away from some stocks which would naturally fit within our philosophy. The market fall provided a rare opportunity to invest in some great businesses at exceptionally attractive prices. We therefore quickly deployed our cash and started buying some high-quality companies from our watchlist.

In aggregate these holdings have contributed well to performance. For example, following a dramatic collapse in their share price, we bought Nordic Semiconductor, the leading designer of low power Bluetooth microchips who are building a position in low power radio microchip design. Growth comes from the increasing prevalence of connected devices linked to the emergence of "the internet of things" whilst the nascent radio unit has the potential to become a material contributor to profits. The shares have performed superbly since purchase.

Other new positions that have performed well include MIPs, the Swedish designer of their patented Brain Protection

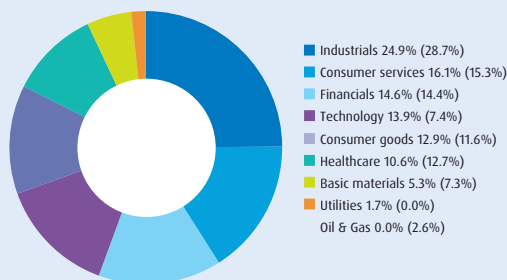
System that is integrated into helmets, Avanza, the Swedish online broker, Hellofresh, the world's leading home meal kit provider, and Remy Cointreau, the French owner of some of the highest quality cognac brands and inventory in the market. The latter was bought when the value of the company was accounted for simply by what we believed was the valuation of their inventory of cognac, a stock that increases in value as it ages. The shares now stand at a material premium to this.

The strongest contributors over the period were however some of our largest existing holdings and sit within the healthcare sector. They have benefitted from their defensive characteristics during the sell-off but have also re-rated as they are likely to see better demand due to the pandemic. For example, Tecan and Diasorin, who both operate in the diagnostics industry, were the leading performers. Diasorin is an Italian listed provider of speciality diagnostic tests, which has introduced a coronavirus serology test. While this will increase revenues and profits, we believe that this may ultimately be only temporary, and have used the higher valuation to take some profits and reduce our holding. Swiss listed Tecan helps automate diagnostic testing. We have also taken some profit in this holding, however the position remains large as we believe that the increase in demand for fast, reliable testing, could provide a more permanent boost to the company's operations.

Other companies whose business models appeared to thrive in this challenging environment and therefore perform well over the entirety of the six-month period ended 30 June 2020 were Scout24, the German housing portal, Just Eat Takeaway, the food delivery marketplace, and ASM International the Dutch semiconductor equipment business.

Our worst performers were a combination of more economically sensitive companies and those that were exposed to sectors particularly hit by the coronavirus related lockdown. This can be summarised by the fact that our two worst performing sectors were financials and consumer staples.

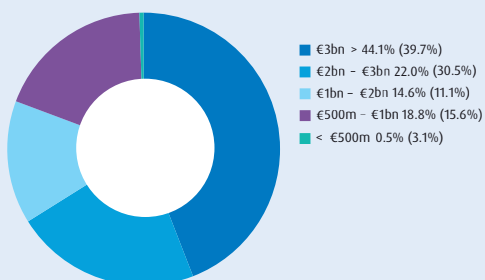
**Portfolio Split by Sector as at 30 June 2020**



Comparatives in brackets as at 31 December 2019.

Source: BMO Investment Business Limited

**Portfolio Split by Market Capitalisation as at 30 June 2020**



Source: BMO Investment Business Limited

In an environment where interest rates now appear likely to stay lower for even longer and the impact of the shutdown has hurt businesses, it is perhaps no surprise that the financial sector had such a poor time. We had reduced our exposure to the sector ahead of the crisis, and believe we hold high quality assets in this area that should prosper regardless of the liquidity environment. However, it has been disappointing to see our stocks struggle. We have also continued to re-evaluate our exposure here, adding Avanza, the Swedish online broker, and selling Aareal, the German real estate lender following concerns that its competitive position was being eroded.

The most disappointing aspect of the first half of the year was the poor performance of our consumer staple holdings which you would normally expect to hold firm in periods of both economic and market volatility. This was typified by our worst performer, the leading Italian food distributor Marr. Marr is multiple times bigger than its competitors, has consistently taken market share, and has historically generated stable and increasing returns. Given that their end clients, who principally work in the hospitality sector, have had to close their businesses, it should be no surprise that Marr's revenues have all but

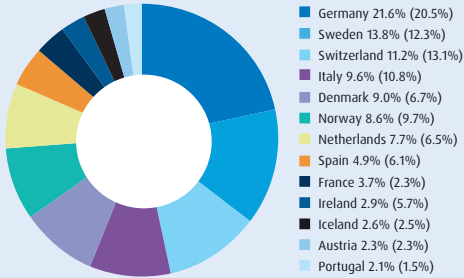
disappeared during much of March and April. While the outlook has improved since then, the shares have yet to recover. We believe this is an opportunity and have added to the position in the belief that their market position will be improved when they eventually exit this crisis as their competition would have had a far more challenging time.

**Outlook**

As was discussed during the introduction to this review the recovery has been surprisingly strong and as we write, almost the entirety of the sell-off losses have been recovered. Central banks and governments have provided enormous amounts of stimulus; coronavirus has begun to diminish in many areas and economies have started to reopen. Economic data is also reflecting this sharp rebound and central banks have made it clear that they are willing to do whatever it takes to keep government and corporate borrowing costs affordable.

Quality assets have led the rebound, but towards the end of the second quarter market leadership transitioned to value, perhaps indicating optimism towards a more sustained economic recovery. This of course remains to be seen but risks remain high. Firstly, the virus has not

### Portfolio Split by Country as at 30 June 2020



Source: BMO Investment Business Limited

been entirely contained and a vaccine has not yet been approved. Even in places where infections had fallen to low levels, such as continental Europe, concerns of a second wave have surfaced while in the US and several emerging markets, the virus is not currently under control.

Political tensions also remain high, with US and China's diplomatic relationship challenging whilst the upcoming US elections provides a further level of uncertainty. Finally, we are reaching a stage where the massive fiscal support is now diminishing at the same time as economies are far from fully recovering.

We are not however trying to build a portfolio with any economic prediction in mind. We have worked hard in the last six months, taking advantage of rare opportunities, to bolster the quality of the portfolio at attractive prices. This is what should dictate positive returns over the coming years.

### Sam Cosh

Lead Investment Manager  
BMO Investment Business Limited

## Condensed Statement of Comprehensive Income

Notes	Half-year ended 30 June 2020 (Unaudited)		
	Revenue £'000s	Capital £'000s	Total £'000s
(Losses)/gains on investments held at fair value through profit or loss	-	(42,402)	(42,402)
Foreign exchange (losses)/gains	(2)	(1,303)	(1,305)
Income	2,751	-	2,751
Management fees	(284)	(1,136)	(1,420)
Other expenses	(532)	(67)	(599)
<b>Profit/(loss) before finance costs and taxation</b>	<b>1,933</b>	<b>(44,908)</b>	<b>(42,975)</b>
Finance costs	(6)	(23)	(29)
<b>Profit/(loss) before taxation</b>	<b>1,927</b>	<b>(44,931)</b>	<b>(43,004)</b>
Taxation	(257)	-	(257)
<b>Profit/(loss) for the period</b>	<b>1,670</b>	<b>(44,931)</b>	<b>(43,261)</b>
<b>2 Earnings per share – pence</b>	<b>0.46</b>	<b>(12.48)</b>	<b>(12.02)</b>

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

All income is attributable to the equity holders of European Assets Trust PLC.

Half-year ended 30 June 2019 (Unaudited)			Year ended 31 December 2019 (Audited)		
Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
-	67,469	67,469	-	87,466	87,466
-	-	-	-	239	239
9,155	-	9,155	9,757	-	9,757
(321)	(1,284)	(1,605)	(634)	(2,534)	(3,168)
(551)	(97)	(648)	(1,168)	(284)	(1,452)
8,283	66,088	74,371	7,955	84,887	92,842
(20)	(78)	(98)	(34)	(136)	(170)
8,263	66,010	74,273	7,921	84,751	92,672
(1,384)	-	(1,384)	(1,523)	-	(1,523)
6,879	66,010	72,889	6,398	84,751	91,149
1.91	18.35	20.26	1.78	23.54	25.32

# Condensed Statement of Changes in Equity

Notes	Share capital £'000s
<b>Half-year ended 30 June 2020 (Unaudited)</b>	
<b>Balance at 31 December 2019</b>	<b>35,988</b>
<b>Movement during the half- year ended 30 June 2020</b>	
5 Interim dividends distributed	7
Total comprehensive income	-
Cumulative translation adjustment	2,619
<b>Balance as at 30 June 2020</b>	<b>38,614</b>
<b>Half-year ended 30 June 2019 (Unaudited)</b>	
<b>Balance at 31 December 2018</b>	-
Transferred from European Assets Trust NV on 1 January 2019 <sup>(1)</sup>	32,292
Total comprehensive income for the period from 1 January 2019 to 16 March 2019 <sup>(2)</sup>	-
5 Interim dividends distributed for the period from 1 January 2019 to 16 March 2019	6
Cancelled on 16 March 2019 <sup>(2)</sup>	(32,298)
Issued on 16 March 2019 <sup>(2)</sup>	37,858
Cancelled by court process	-
Arising from cancellation of the Share Premium	-
Total comprehensive income for the period from 16 March 2019 to 30 June 2019	-
Cumulative translation adjustment	(118)
<b>Balance as at 30 June 2019</b>	<b>37,740</b>
<b>For the year ended 31 December 2019 (Audited)</b>	
<b>Balance at 31 December 2018</b>	-
Transferred from European Assets Trust NV on 1 January 2019 <sup>(1)</sup>	32,292
Total comprehensive income for the period from 1 January 2019 to 16 March 2019 <sup>(2)</sup>	-
5 Interim dividends distributed for the period from 1 January 2019 to 16 March 2019	6
Cancelled on 16 March 2019 <sup>(2)</sup>	(32,298)
Issued on 16 March 2019 <sup>(2)</sup>	37,858
Cancelled by court process	-
Arising from cancellation of the Share Premium	-
Total comprehensive income for the period from 16 March 2019 to 31 December 2019	-
5 Interim dividends distributed for the period from 16 March 2019 to 31 December 2019	10
Issuance cost of scrip dividend shares	-
Foreign exchange movement on Sterling denominated share capital	239
Cumulative translation adjustment	(2,119)
<b>Balance as at 31 December 2019</b>	<b>35,988</b>

<sup>(1)</sup> 1 January 2019 - accounting effective date of migration. <sup>(2)</sup> 16 March - date of migration



Share premium account £'000s	Other reserves £'000s	Distributable reserve £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
-	-	354,374	27,781	-	418,143
-	-	(10,890)	61	(1,670)	(12,492)
-	-	-	(44,931)	1,670	(43,261)
-	-	25,066	434	-	28,119
-	-	368,550	(16,655)	-	390,509
-	-	-	-	-	-
243,554	93,595	-	-	-	369,441
-	53,023	-	-	-	53,023
(6)	(11,553)	-	-	-	(11,553)
(243,548)	(137,405)	-	-	-	(413,251)
375,393	-	-	-	-	413,251
(358,561)	-	-	-	-	(358,561)
-	-	358,561	-	-	358,561
-	19,866	-	-	-	19,866
(16,832)	(299)	15,663	-	-	(1,586)
-	17,227	374,224	-	-	429,191
-	-	-	-	-	-
243,554	93,595	-	-	-	369,441
-	53,023	-	-	-	53,023
(6)	(11,553)	-	-	-	(11,553)
(243,548)	(137,405)	-	-	-	(413,251)
375,393	-	-	-	-	413,251
(358,561)	-	-	-	-	(358,561)
-	-	358,561	-	-	358,561
-	-	-	30,058	8,068	38,126
-	-	-	(2,734)	(8,068)	(10,792)
-	-	-	(26)	-	(26)
-	-	-	(239)	-	-
(16,832)	2,340	(4,187)	722	-	(20,076)
-	-	354,374	27,781	-	418,143

## Condensed Statement of Financial Position

NOTES	30 June 2020 (Unaudited) £'000s	30 June 2019 (Unaudited) £'000s	31 December 2019 (Audited) £'000s	
	<b>Non-current assets</b>			
	Investments at fair value through profit or loss	386,278	428,107	404,590
	<b>Current assets</b>			
	Other receivables	2,407	2,857	2,112
	Cash and cash equivalents	2,918	18,860	11,516
	<b>Total current assets</b>	<b>5,325</b>	<b>21,717</b>	<b>13,628</b>
	<b>Current liabilities</b>			
	Other payables	(95)	(160)	(75)
	Derivative financial instruments held at fair value through profit or loss	(999)	-	-
3	Bank Loan	-	(20,473)	-
	<b>Total current liabilities</b>	<b>(1,094)</b>	<b>(20,633)</b>	<b>(75)</b>
	<b>Net current assets</b>	<b>4,231</b>	<b>1,084</b>	<b>13,553</b>
	<b>Net assets</b>	<b>390,509</b>	<b>429,191</b>	<b>418,143</b>
	<b>Capital and reserves</b>			
	Share capital	38,614	37,740	35,988
	Distributable reserve	368,550	374,224	354,374
	Other reserves	-	17,227	-
	Capital reserve	(16,655)	-	27,781
	<b>Total shareholders' funds</b>	<b>390,509</b>	<b>429,191</b>	<b>418,143</b>
4	<b>Net asset value per ordinary share – pence</b>	<b>108.47</b>	<b>119.28</b>	<b>116.17</b>

# Condensed Statement of Cash Flows

Notes	Half-year ended 30 June 2020 (Unaudited) £'000s	Half-year ended 30 June 2019 (Unaudited) £'000s	Year ended 31 December 2019 (Audited) £'000s
<b>Operation activities</b>			
	107,277	28,214	115,260
	(103,858)	(17,716)	(80,987)
	-	51	-
	2,346	6,143	7,103
	(1,420)	(1,605)	(3,167)
	-	(598)	(598)
	(578)	(741)	(1,297)
	(29)	(110)	(186)
	<b>3,738</b>	<b>13,638</b>	<b>36,128</b>
<b>Financing activities</b>			
5	(12,491)	(11,533)	(22,345)
3	-	20,473	-
	<b>(12,491)</b>	<b>8,920</b>	<b>(22,345)</b>
	<b>(8,753)</b>	<b>22,558</b>	<b>13,783</b>
	<b>11,516</b>	<b>(3,273)</b>	<b>(3,273)</b>
	<b>155</b>	<b>(425)</b>	<b>1,006</b>
	<b>2,918</b>	<b>18,860</b>	<b>11,516</b>
<b>Represented by:</b>			
	755	18,860	11,516
	2,163	-	-
	<b>2,918</b>	<b>18,860</b>	<b>11,516</b>

# Notes to the Condensed Financial Statements

## 1. Basis of preparation

These condensed financial statements, which are unaudited, have been prepared on a going concern basis in accordance with the Companies Act 2006, International Financial Reporting Standards (IFRS) and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the AIC in October 2019.

The Company's functional currency is the Euro and reporting currency Sterling. The condensed financial statements and notes to the financial statements are translated to the reporting currency using the relevant exchange rates on the applicable balance sheet date.

The accounting policies applied in the condensed set of financial statements are set out in the Company's annual report for the year ended 31 December 2019.

## 2. Earnings per share

Earnings per ordinary share attributable to Shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not necessarily indicative of the total likely to be received in the full accounting year.

	Half-year ended 30 June 2020 £'000s	Half-year ended 30 June 2019 £'000s	Year ended 31 December 2019 £'000s
Revenue return	1,670	6,879	6,398
Capital return	(44,931)	66,010	84,751
<b>Total return</b>	<b>(43,261)</b>	72,889	91,149
	Number	Number	Number
Weighted average ordinary shares in issue	359,991,264	359,828,307	359,844,520
<b>Earnings per share - pence</b>	<b>(12.02)</b>	20.26	25.32

There have been no diluting factors to earnings per share during these reporting periods.

## 3. Borrowings

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

As at 30 June 2020 the facility was undrawn. Since the period end €15 million has been drawn down.

#### 4. Net Asset Value per ordinary share

	<b>30 June 2020</b>	30 June 2019	31 December 2019
Net asset value per share – pence	<b>108.47</b>	119.28	116.17
Net assets attributable at the period end – (£'000s)	<b>390,509</b>	429,191	418,143
Number of ordinary shares in issue at the period end	<b>360,004,731</b>	359,828,307	359,934,706

#### 5. Dividends

The level of dividend paid by the Company each year is determined in accordance with the Company's distribution policy. The Company has stated that, barring unforeseen circumstances, it will pay an annual dividend equivalent to 6 per cent of the net asset value at the end of the preceding year. The dividend is funded from a combination of current year net profits, accumulated realised capital gains and the Distributable Reserve.

The Directors have confirmed their intention to pay the full six per cent dividend in four equal installments in 2020.

With effect from 1 January 2020, the Company has declared its dividends in Sterling. Previously, dividends were declared in Euros.

The Company distributed the following interim dividends to shareholders:

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
First of four interims for the year ended 31 December 2019 of 1.970* cents per share	-	6,182	6,182
Second of four interims for the year ended 31 December 2019 of 1.750* cents per share	-	5,371	5,371
Third of four interims for the year ended 31 December 2019 of 1.710 cents per share	-	-	5,541
Fourth of four interims for the year ended 31 December 2019 of 1.710 cents per share	-	-	5,251
First of four interims for the year ended 31 December 2020 of 1.755 pence per share	<b>6,269</b>	-	-
Second of four interims for the year ended 31 December 2020 of 1.755 pence per share	<b>6,291</b>	-	-
	<b>12,560</b>	11,553	22,345

\* Gross of Dutch withholding tax

#### 6. Going concern

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

At present the global economy is suffering considerable disruption due to the effects of the coronavirus pandemic and the Directors have given serious consideration to the consequences for this Company. The Company has a €45 million multi-currency loan facility with RBSI. Throughout this six-month period and as at 30 June 2020 this facility was undrawn. Following the period end €15 million has been drawdown.

The Company has a number of banking covenants and at present the Company's financial position does not suggest that any of these are close to being breached. The primary risk is that there is a very substantial decrease in the net asset value of the Company in the short to medium term. The Directors note that the Company has operated without recourse to the loan facility throughout this reporting period. In addition, in accordance with its investment objective the Company is invested in quoted, realisable securities.

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

The Company's annual dividend, which is declared in Sterling, is determined by reference to the year-end net asset value. The Company manages any Sterling/Euro exchange rate exposure which may arise from the declaration of a Sterling denominated dividend by entering into specific matched forward currency hedging contracts. As at 30 June 2020 the Company had a Distributable Reserve of £368.6 million.

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

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

## **7. Related party transactions**

During the six-month period to 30 June 2020, no transactions with related parties have taken place which have materially affected the financial position or performance of the Company.

## **8. Results**

The results for the half-year ended 30 June 2020 and 30 June 2019, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 - 436 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 31 December 2019; the report of the independent auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 31 December 2019 are an extract from those accounts.

By order of the Board  
BMO Investment Business Limited, Secretary  
Exchange House  
Primrose Street  
London EC2A 2NY  
7 August 2020

# Directors' Statement of Principal Risks and Uncertainties

Most of the Company's principal risks and uncertainties are market related and no different from those of other investment trusts investing in listed equities. They are described in more detail under the heading "Principal Risks and Changes in the Year" within the Strategic Report in the Company's Report and Accounts for the period ended 31 December 2019.

The principal risks identified in the Report and Accounts for the period ended 31 December 2019 were:

- Poor absolute and/or relative performance;
- Failure to comply with regulations;
- Investment strategy and objective;
- Failure of the Manager or the loss of senior staff; and
- Service provider failure.

Since the beginning of 2020 the global economy has suffered considerable disruption due to the effects of the coronavirus pandemic. The Directors have reviewed and amended, where appropriate, the key risk matrix for the Company which identifies the risks that the Company is exposed to, the controls in place and the actions being taken to mitigate them.

It is also noted that:

- An analysis of the performance of the Company since 1 January 2020 including the period since the spread of the coronavirus pandemic is included within the Chairman's Statement and the Investment Manager's Review beginning on pages 6 and 11 respectively.

- Within the Chairman's Statement commencing on page 6, it is noted that additional board meetings have been held by video conference with representatives of the Manager and advisers to the Company. It is anticipated that these additional meetings will continue to be held throughout the pandemic.
- In addition, the Board has noted that home working arrangements have been implemented at the Manager and many of the Company's key suppliers without any noticeable impact upon service delivery and operations.
- The Company has a €45 million multi-currency loan facility with RBSI. Since the beginning of the pandemic until the end of this reporting period this facility has been undrawn. Following the period end €15 Million has been drawdown.
- Note 6 to the financial statements on page 21 details the Board's consideration for the continued applicability of the principle of Going Concern when preparing this report.

## On behalf of the Board

**Jack Perry CBE**

Chairman

7 August 2020

# Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report

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In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable International Financial Reporting Standards on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the development and performance of the Company and important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties on page 23 is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

**On behalf of the Board**

**Jack Perry CBE**

Chairman

7 August 2020



# How to Invest

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

## BMO Investment Trust ISA

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

## BMO Junior ISA (JISA)\*

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

## BMO Child Trust Fund (CTF)\*

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

## BMO General Investment Account (GIA)

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

## BMO Junior Investment Account (JIA)

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

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

## Charges

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

## Annual account charge

**ISA:** £60+VAT

**GIA:** £40+VAT

**JISA/JIA/CTF:** £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

## Dealing charges

**ISA:** 0.2%

**GIA/JIA/JISA:** postal instructions £12, online 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 GIA, JIA and JISA.

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

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

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

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

## How to Invest

To open a new BMO plan, apply online at [bmogam.com/apply](https://bmogam.com/apply)

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

## New Customers

Call: **0800 136 420\*\*** (8.30am – 5.30pm, weekdays)

Email: [info@bmogam.com](mailto:info@bmogam.com)

## Existing Plan Holders

Call: **0345 600 3030\*\*** (9.00am – 5.00pm, weekdays)

Email: [investor.enquiries@bmogam.com](mailto:investor.enquiries@bmogam.com)

By post:  
BMO Administration Centre  
PO Box 11114  
Chelmsford  
CM99 2DG

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



## BMO Asset Management Limited

0345 600 3030, 9.00am - 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. 737510\_G19-1804\_L56\_04/20\_UK

## Information for Shareholders

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### Net asset value and share price

The Company's Net Asset Value per share is released daily, on the working day following the calculation date, to the London Stock Exchange. The current share price of European Assets Trust PLC is shown in the investment trust section of the stock market page in most leading newspapers, and from the website [www.europeanassets.co.uk](http://www.europeanassets.co.uk)

### Performance information

Information on the Company's performance is provided in the half-yearly and final reports which are sent to Shareholders in August and March respectively. More up-to-date performance information is available on the Internet at [www.europeanassets.co.uk](http://www.europeanassets.co.uk). This website also provides a monthly update on the Company's geographic spread and largest holdings, along with comments from the Fund Manager.

### AIC

European Assets Trust PLC is a member of the AIC, which publishes a monthly statistical information service in respect of member companies. The publication also has details of ISA and other investment plans available. For further details, please contact the AIC on 020 7282 5555, or visit the website: [theaic.co.uk](http://theaic.co.uk)

### Common reporting standards

Tax legislation requires investment fund companies to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated Shareholders and corporate entities who have purchased shares in investment trusts. All new Shareholders, excluding those whose shares are held in CREST, who are entered onto the share register are sent a certification form for the purpose of collecting this information. For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders [gov.uk/government/publications/exchange-of-information-account-holders](http://gov.uk/government/publications/exchange-of-information-account-holders).

### Availability of report and accounts

The Company's report and accounts are available on the Internet at [www.europeanassets.co.uk](http://www.europeanassets.co.uk)  
Printed copies may be obtained from the Company's registered office,  
Exchange House, Primrose Street, London EC2A 2NY

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0345 600 3030<sup>\*\*</sup>.

### 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 [fca.org.uk](http://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 [fca.org.uk/scams](http://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 [fca.org.uk/scams](http://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**.

<sup>\*\*</sup> Calls may be recorded or monitored for training and quality purposes.

# European Assets Trust PLC

## Interim Report 2020

### Registered office:

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-  [www.europeanassets.co.uk](http://www.europeanassets.co.uk)
-  [info@bmogam.com](mailto:info@bmogam.com)

### Registrars:

-  Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZZ
-  0370 889 4094 Fax: 0870 703 6143
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