

# The European Investment Trust plc

End October 2018

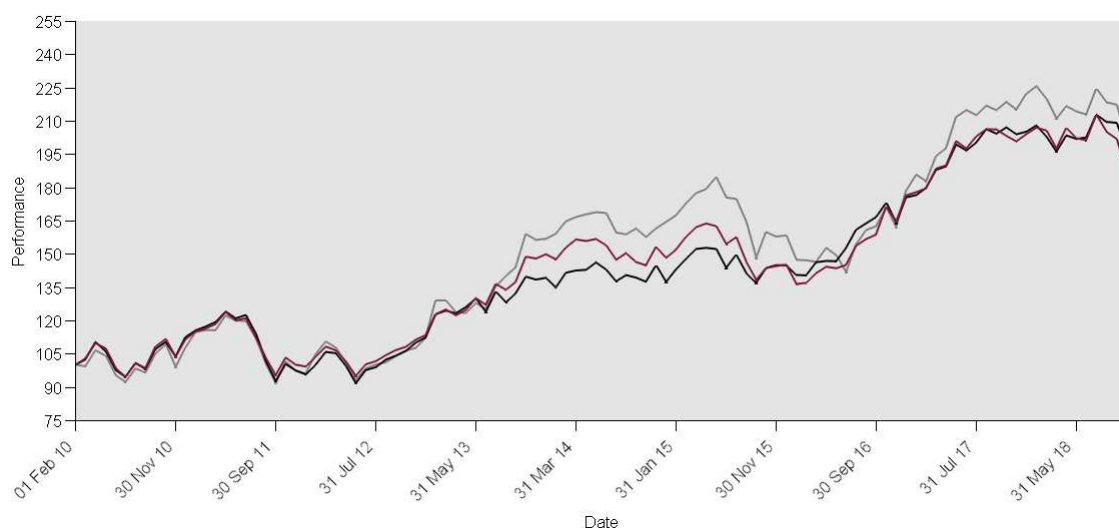
## Investment Objective

The objective of The European Investment Trust plc is to achieve attractive investment returns over the long term from a diversified portfolio of European securities.

## Philosophy

Edinburgh Partners has a simple and clear investment philosophy. Through disciplined and intensive research we identify stocks which we consider are clearly undervalued. It is our belief that such undervaluation arises because the stock market's investment horizon is too short. We aim to provide our clients with an absolute return and stocks are therefore not included in our portfolio by reference to an index weighting. We believe that a stock price is driven by the company's future profits and so for every potential holding we forecast profits, cash flow and balance sheet over the next five years. We then apply our own valuation basis to these forecasts to produce an estimate of what the price should be. Only if this intrinsic price is well above the current share price would we consider buying the stock. As we are long-term investors we stress the need for patience in investing.

## Performance



NAV ■ Index ■ Share Price ■

## Periodic Performance\* (%)

|                       | 1<br>Mth | 3<br>Mths | 12<br>Mths | 2<br>Yrs * | 3<br>Yrs * | 5<br>Yrs * | Since<br>Inception * |
|-----------------------|----------|-----------|------------|------------|------------|------------|----------------------|
| Share Price           | -7.7     | -10.7     | -8.2       | 8.3        | 7.9        | 4.8        | 8.3                  |
| Net Asset Value (NAV) | -7.7     | -12.3     | -8.3       | 4.4        | 9.1        | 4.6        | 7.4                  |
| Index                 | -6.0     | -7.7      | -5.1       | 6.5        | 11.0       | 7.1        | 8.0                  |

## Discrete Performance (%)

|                       | 30 Sep 17-<br>30 Sep 18 | 30 Sep 16-<br>30 Sep 17 | 30 Sep 15-<br>30 Sep 16 | 30 Sep 14-<br>30 Sep 15 | 30 Sep 13-<br>30 Sep 14 |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Share Price           | 1.2                     | 32.2                    | 9.8                     | -8.3                    | 12.1                    |
| Net Asset Value (NAV) | -2.1                    | 29.9                    | 14.9                    | -5.5                    | 6.4                     |
| Index                 | 2.4                     | 22.6                    | 21.8                    | -1.8                    | 5.3                     |

## Past performance is no guide to future performance

\*Past performance is shown from February 1st 2010, the date Edinburgh Partners was appointed as investment manager of the Trust. NAV returns are sourced from Edinburgh Partners and include dividends reinvested and current period income. Prior to February 2010 the investment manager was F&C Management Limited. Share price and index performance figures are calculated using total return figures sourced from Thomson Reuters Datastream. Share price returns are calculated on a closing mid price basis. The index is the **FTSE All World Europe ex UK**. Returns shown in the table above for periods greater than 12 months are annualised.

## Trust Features

### Inception Date

28 Jun 72

### Lead Manager

Craig Armour

### Year End

30 September

### Total Assets

£382.4m

### NAV per share

927.5p

### Share Price<sup>1</sup>

838.00p

### Discount to NAV

9.7%

### Gearing (Net)<sup>2</sup>

None

### Annual Management Fee

0.55% to £500m, 0.50% above (based on market cap)

### Ongoing Charges<sup>3</sup>

0.59%

### Dividends

Paid twice yearly-January(final) and July(interim)

### SEDOL Code

329501

### Listing

London Stock Exchange

<sup>1</sup> Quoted is the mid-market closing price on the London Stock Exchange on 31 Oct 2018. GBP to EUR exchange rate 1.13

<sup>2</sup> The Company has no net gearing

<sup>3</sup> Based on total expenses for the year to 30 September 2017 and average monthly net asset value



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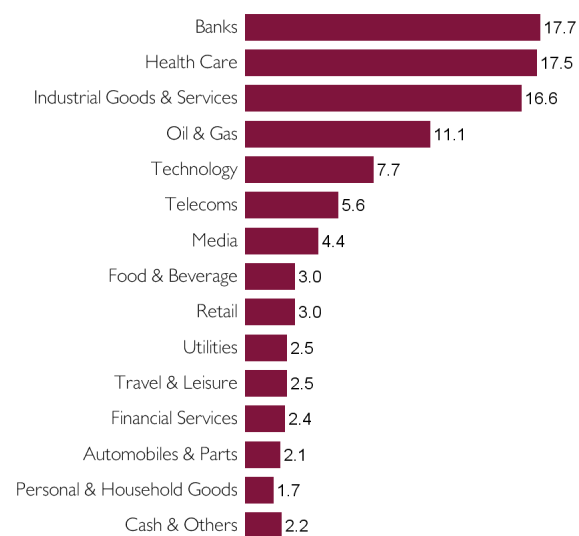
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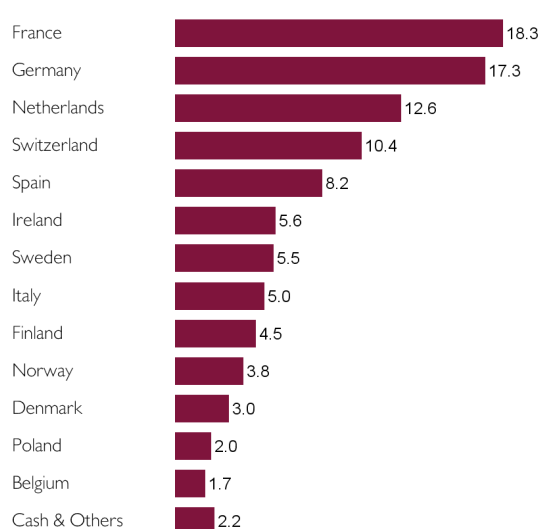
## Top 10 Holdings

| Company             | Sector                      | %   |
|---------------------|-----------------------------|-----|
| Roche Holdings      | Health Care                 | 4.4 |
| Sanofi              | Health Care                 | 4.0 |
| Novartis 'R'        | Health Care                 | 3.8 |
| Royal Dutch Shell A | Oil & Gas                   | 3.5 |
| Nokia               | Technology                  | 3.4 |
| Telefonica SA       | Telecoms                    | 3.3 |
| PostNL              | Industrial Goods & Services | 3.1 |
| ENI                 | Oil & Gas                   | 3.1 |
| Glanbia             | Food & Beverage             | 3.0 |
| Ahold Delhaize      | Retail                      | 3.0 |

## Industrial Analysis (%)\*



## Geographic Analysis (%)\*



\*% of total assets

## Risk Warnings

- The Trust is listed on the London Stock Exchange. As a result the value of the shares and any income derived from them can fall as well as rise, and investors may not get back the full value of their investment
- As the Trust invests in overseas securities, fluctuations in exchange rates may also cause the value of the shares (and any income from them) to fall as well as rise
- The Trust can borrow money to make further investments. This is known as 'gearing'. The effect of gearing can enhance returns in a rising market, but if the value of the investments falls, any borrowing will increase the amount of the loss
- The Trust can buy back and cancel its own shares. The risks from borrowing referred to above, are increased when a Trust buys back and cancels its shares
- The Trust portfolio is likely to be more concentrated than that of other similar trusts or funds and the share price and NAV are therefore likely to be more volatile than other more diversified portfolios
- The Trust charges two-thirds of management fees and finance costs to capital and one-third to income. With the exception of costs that are incidental to the acquisition or disposal of investments, which are charged to capital, all other expenses are charged to income. Where income is low, expenses may exceed the total income received and the Trust would not pay a dividend and capital value would be reduced

## Investment Enquiries

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Further details of the risks associated with investment in the Trust and information about how charges are applied can be obtained by contacting the number or email address above.

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