



**CRAIG ARMOUR**

**Incorporated**

28 June 1972

**Investment Manager**

Edinburgh Partners

**Lead Manager**

Craig Armour

**Year End**

30 September

**Total Assets**

£360.0m

**NAV per Share**

879.6p

**Share Price**<sup>1</sup>

796.00p

**Discount to NAV**

9.5%

**Active Share**<sup>2</sup>

80.7%

**Turnover**<sup>3</sup>

25%

**Gearing (Net)**<sup>4</sup>

3.0%

**Number of Holdings**

38

**Annual Management Fee**

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

**Ongoing Charges**<sup>5</sup>

0.61%

**Dividends**

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

**Stock Identifiers**

SEDOL Code - 0329501

TIDM - EUT

ISIN - GB0003295010

**Listing**

London Stock Exchange

<sup>1</sup> Quoted is the mid-market closing price on the London Stock Exchange on 31 Jan 2019.

<sup>2</sup> The Active Share is calculated by taking 100% less Coverage. Coverage is the total of the portfolio of investments that overlaps with the benchmark index

<sup>3</sup> Turnover is calculated by dividing the total of purchases and sales of investments in a year by two, then dividing by the average monthly net assets of the Company in a year.

<sup>4</sup> Net current liabilities divided by the net assets, expressed as a %

<sup>5</sup> Based on total expenses for the year to 30 September 2018 and average monthly net asset value

**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.

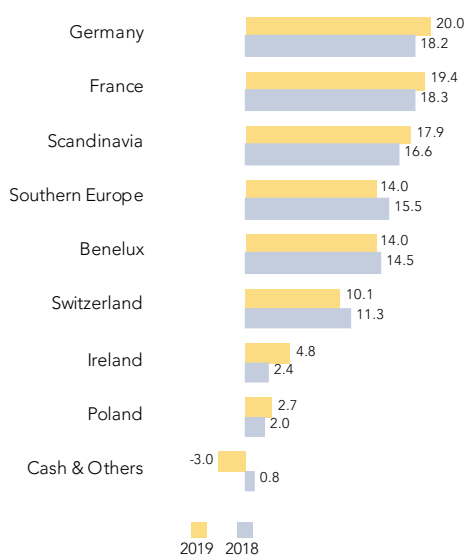
**Manager's Commentary**

After the sharp falls of late 2018 markets recovered their poise in January. However, the outcome of the US/China negotiations over trade and technology transfer remains unclear and this uncertainty continues to cast a shadow over the global economy. Any form of truce would be helpful to sentiment although it seems likely that, in the longer term, tensions will persist - particularly over technology transfer. Over the shorter term, slowing Chinese growth and the wearing off of the effects of the US tax cut stimulus increase optimism that a compromise will be politically desirable for both sides. Economic data in Europe remains weak, particularly for those industrial sectors exposed to Chinese demand. With protests in France, Italian budget negotiations, bottlenecks from a new auto-emissions testing regime, and Brexit uncertainty, it is easy to see why confidence has been dented; nevertheless we expect that the current slowdown is unlikely to evolve into a recession and that central bank policy will remain flexible in supporting economic growth. The fall in the markets in December reduced the long term valuation of the portfolio and presented the opportunity to add to several positions, utilising part of our gearing facility.

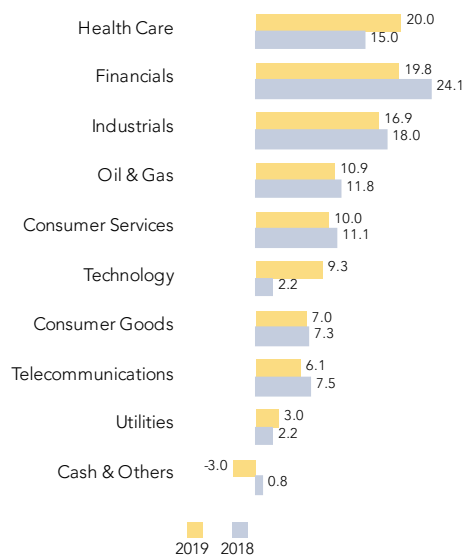
**Top 10 Holdings**

| Company             | Sector      | % of Total Assets |
|---------------------|-------------|-------------------|
| Roche Holdings      | Health Care | 4.0               |
| Sanofi              | Health Care | 4.0               |
| Nokia               | Technology  | 3.8               |
| Telefonica SA       | Telecoms    | 3.6               |
| Getinge             | Health Care | 3.5               |
| Royal Dutch Shell A | Oil & Gas   | 3.5               |
| Novartis 'R'        | Health Care | 3.4               |
| ING Groep Certs.    | Banks       | 3.1               |
| ENI                 | Oil & Gas   | 3.0               |
| E.ON                | Utilities   | 3.0               |
| <b>Total</b>        |             | <b>34.9</b>       |

**Geographical Analysis (%)**



**Industrial Analysis (%)**



## Philosophy

Edinburgh Partners has a simple and clear investment philosophy. Through disciplined and intensive research they identify stocks which they consider are clearly undervalued. It is their belief that such undervaluation arises because the stock market's investment horizon is too short. They aim to provide an absolute return and therefore stocks are not held by reference to an index weighting. As long-term investors, they stress the need for patience in investing.

## Periodic Performance (%)

|                                   | 1 Mth | 3 Mths | 12 Mths | 2 Yrs* | 3 Yrs* | 5 Yrs* |
|-----------------------------------|-------|--------|---------|--------|--------|--------|
| Share Price                       | 3.6   | -2.7   | -13.5   | 2.5    | 9.8    | 4.2    |
| Net Asset Value (NAV) per share   | 3.9   | -3.2   | -12.7   | 0.8    | 9.8    | 4.1    |
| FTSE All-World Europe Index ex UK | 3.4   | -1.9   | -7.3    | 4.5    | 11.1   | 7.4    |

**Past performance is no guide to future performance.**

\*NAV returns are sourced from Edinburgh Partners and include dividends reinvested and current period income. Share price and index performance figures are calculated using total return figures sourced from Datastream from Refinitiv. Share price returns are calculated on a closing mid-price basis. Returns shown in the table alongside for periods greater than 12 months are annualised.

## Discrete Performance\* (%)

|                                   | 31 Dec 17 -<br>31 Dec 18 | 31 Dec 16 -<br>31 Dec 17 | 31 Dec 15 -<br>31 Dec 16 | 31 Dec 14 -<br>31 Dec 15 | 31 Dec 13 -<br>31 Dec 14 |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Share Price                       | -15.2                    | 24.5                     | 12.8                     | -3.7                     | 4.9                      |
| Net Asset Value (NAV) per share   | -14.8                    | 15.7                     | 21.6                     | -2.1                     | -1.0                     |
| FTSE All-World Europe Index ex UK | -9.1                     | 16.9                     | 21.2                     | 5.5                      | -1.4                     |

## Dividends

|              | 2018         | 2017         | 2016         | 2015         | 2014         |
|--------------|--------------|--------------|--------------|--------------|--------------|
| Interim      | 9.0p         | 8.0p         | -            | -            | -            |
| Final        | 18.0p        | 13.5p        | 16.0p        | 14.0p        | 14.0p        |
| Special      | -            | 1.5p         | 6.0p         | 2.0p         | 1.0p         |
| <b>Total</b> | <b>27.0p</b> | <b>23.0p</b> | <b>22.0p</b> | <b>16.0p</b> | <b>15.0p</b> |

Dividends are shown in this table once announced.

The final and any special final dividend require shareholder approval at the AGM.

## Risk Warnings

- 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 Company 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 Company 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 Company can buy back and cancel its own shares. The risks from borrowing referred to above, are increased when a Company buys back and cancels its shares
- The portfolio is likely to be more concentrated than that of other similar companies and the share price and NAV are therefore likely to be more volatile than other more diversified portfolios
- The Company charges two-thirds of management fees and finance costs to capital and one-third to income. Where income is low, expenses may exceed the total income received and the capital value would be reduced

## ENQUIRIES

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