



CRAIG ARMOUR

Incorporated

28 June 1972

Investment Manager

Edinburgh Partners

Lead Manager

Craig Armour

Year End

30 September

Total Assets

£377.8m

NAV per Share

938.7p

Share Price¹

824.00p

Discount to NAV

12.2%

Active Share²

82.3%

Turnover³

21%

Gearing (Net)⁴

None

Number of Holdings

38

Annual Management Fee

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

Ongoing Charges⁵

0.61%

Dividends

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

Stock Identifiers

SEDOL Code - 0329501

TIDM - EUT

ISIN - GB0003295010

Listing

London Stock Exchange

¹ Quoted is the mid-market closing price on the London Stock Exchange on 28 June 2019.

² 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

³ 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.

⁴ Net current liabilities divided by the net assets, expressed as a %

⁵ 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

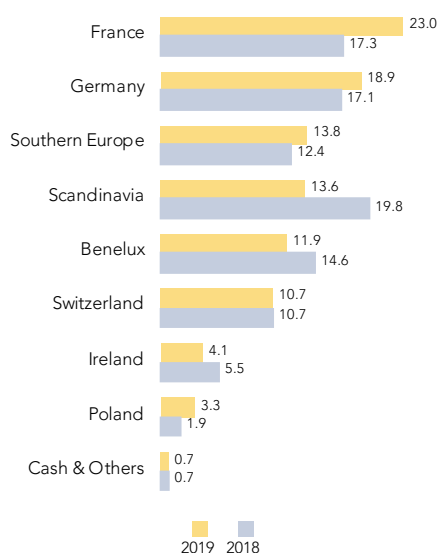
Equity markets recovered in June as investors anticipated a ceasefire in the US/China trade war. However, while compromises on trade seem likely, the arguments over technology transfer are liable to persist. The outlook for earnings growth has worsened during this period of uncertainty and Europe appears to be the next target for aggressive trade rhetoric from the US President.

Against this backdrop, central bank policy has shifted back towards stimulus. In the US, the narrative has moved from interest rate rises to rate cuts and in Europe a resumption of asset purchases is back on the ECB's agenda. The prop of artificially low interest rates is supporting the valuations of growth stocks which have outperformed value stocks in Europe by c10% in the first half of 2019. The poster child for this divergence in valuations is the Consumer Staples sector where solid businesses such as Nestle and Heineken trade on near term PE multiples above 20. We believe these valuations are expensive and do not own these stocks. We see better value and lower downside valuation risk in other parts of the market such as Health Care, Banks and Energy.

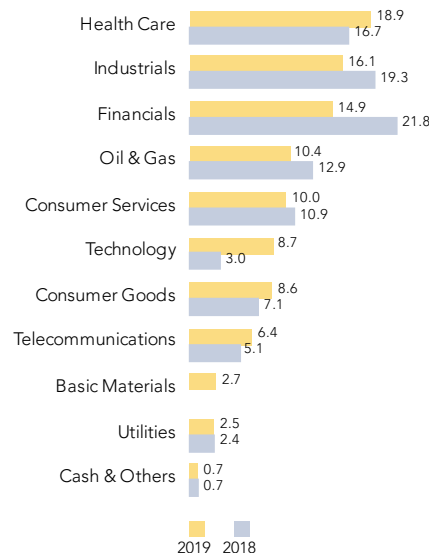
Top 10 Holdings

Company	Sector	% of Total Assets
Roche Holdings	Health Care	4.2
Sanofi	Health Care	3.9
Royal Dutch Shell A	Oil & Gas	3.6
Telefonica SA	Telecoms	3.4
Cyfrowy Polsat	Media	3.3
Novartis 'R'	Health Care	3.3
Deutsche Post	Industrial Goods & Services	3.3
Adecco	Industrial Goods & Services	3.2
Sopra Steria	Technology	3.1
Nokia	Technology	3.0
Total		34.3

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	6.2	3.5	-5.1	-3.0	12.6	3.7
Net Asset Value (NAV) per share	5.9	3.4	-4.2	-1.2	9.9	4.6
FTSE All-World Europe Index ex UK	6.4	9.1	8.6	5.8	12.9	9.0

Discrete Performance* (%)

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
Share Price	-5.1	-0.9	51.7	-19.3	4.2
Net Asset Value (NAV) per share	-4.2	1.9	36.2	-6.1	0.3
FTSE All-World Europe Index ex UK	8.6	3.0	28.7	6.3	0.4

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 Periodic Performance table for periods greater than 12 months are annualised. Discrete Performance is updated quarterly.

Dividends

	2019	2018	2017	2016	2015
Interim	9.5p	9.0p	8.0p	-	-
Final	-	18.0p	13.5p	16.0p	14.0p
Special	-	-	1.5p	6.0p	2.0p
Total		27.0p	23.0p	22.0p	16.0p

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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