

Manager Commentary Sam Cosh



economic environment in the Nordic region. Engineering and equipment business Indutrade rose 20.8% as the company reported a strong quarter comprising good levels of organic growth, improved margins and earnings ahead of expectations. This marked a turnaround from the previous six months when the business had been experiencing temporary weakness in some regions and industries. Shares in wooden window manufacturer Inwido increased 15.1% as sales and profitability improved and order bookings for the following quarter were substantial. On the whole the reporting season for the first quarter of 2017 for European stocks delivered ahead of expectations which not only boosts share prices but also the attractiveness of the region.

Detractors during the month primarily comprised of those that did not keep pace with the strong market rally. Our holding in German pharmaceutical manufacturer Gerresheimer fell 3.1% as the healthcare uncertainty in the US resulted in some

caution from customers which alongside some timing issues resulted in weaker growth. Having spoken with the company we remain confident in the prospects for the business. Finnish sporting goods manufacturer Amer Sports fell 5.3% as although their results highlighted increased sales they disappointed in terms of profitability. We are undertaking a full review of the business to ensure the long term thesis remains on track.

Whilst the rally in April suggests a number of investors consider that Europe has gone past peak levels of political risk we are cognisant that it still remains. The addition of a UK election adds an additional twist to the Article 50 negotiations whilst the German federal elections remain on the horizon. We believe that predicting the outcomes or investing on this basis is prone to error and instead focus on identifying high quality, attractively valued businesses that can deliver operational improvement regardless of the outside environment.

April marked another positive month for European Equities, and in particular smaller companies. The combination of perceived reduced political risk following the first round of the French presidential election and a very strong earnings season reinforced investor's confidence in the region. During the month the fund delivered performance significantly ahead of a strong benchmark.

Our top two contributors for the month were both Swedish industrials highlighting the improving

Key facts

Trust aims: 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 are paid from a mix of income and capital reserves.

Trust highlights: Diversified portfolio of small to mid-cap growth businesses across Continental Europe. This area of the market is less well researched, allowing value to be added from stock selection.

Benchmark: Euromoney Smaller European Companies (ex UK) Index[†]

Fund type: Investment Trust

Launch date: 1972

Total assets: £414.6 million

Share price: 1203.00p

NAV: 1248.97p

NAV €: 14.84

Discount/premium(-/+): -3.68%

Dividend payment dates: Jan, May, Aug

Yield^{††}: 5.52%

Net gearing/Net cash*: 0.00%/0.29%

Management fee rate:** 0.80%

Ongoing charges:** 1.10%

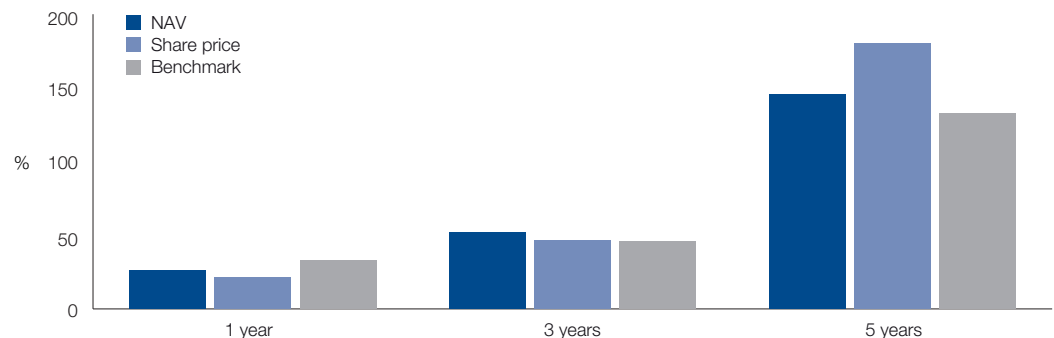
Year end: 31 December

Sector: European Smaller Companies

Currency: Euros

Website: www.europeanassets.eu

Fund performance



Cumulative performance (%) as at 30.04.2017

	1 Month	YTD	1 Year	3 Years	5 Years
NAV	3.98	13.58	26.16	51.75	145.61
Share price	4.34	20.25	21.15	46.19	180.02
Benchmark	2.34	10.27	32.64	45.57	132.50

Discrete performance (%) as at 30.04.2017

	2017/2016	2016/2015	2015/2014	2014/2013	2013/2012
NAV	26.16	0.73	19.40	21.73	32.96
Share price	21.15	1.31	19.11	25.51	52.61
Benchmark	32.64	5.76	3.77	29.23	23.60

Source: Lipper and F&C. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. Basis in accordance with the regulations of the Financial Conduct Authority. Past performance is not a guide to future performance. Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Smaller companies carry a higher degree of risk and their value can be more sensitive to market movement; their shares may be less liquid and performance may be more volatile. Fund charges may be applied in whole or in part to capital, which may result in capital erosion. If markets fall, gearing can magnify the negative impact on performance.

The discrete performance table refers to 12 month periods, ending at the date shown.

[†] The date the current investment strategy was adopted by the fund.



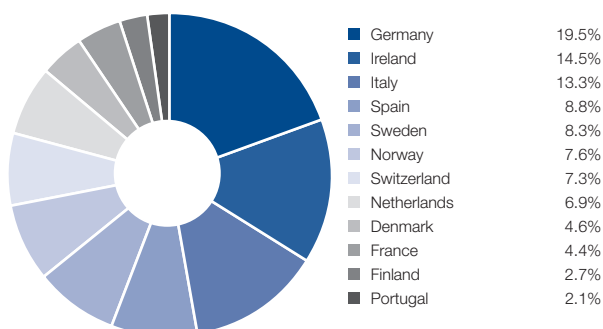
Trust codes

Stock exchange code	Sedol
EAT	322566

Top 10 holdings (%)

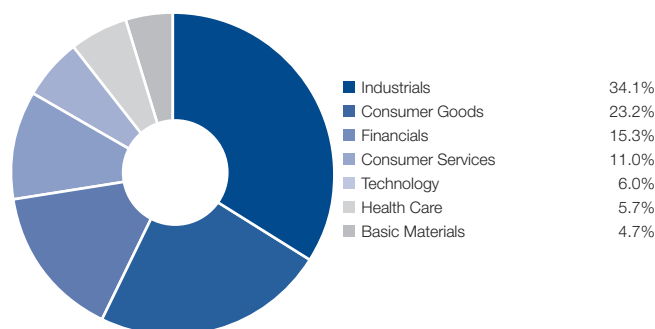
	Portfolio Weight	Benchmark Weight	Difference	Sector
Cerved Information Solutions Spa	4.4	0.1	4.3	Industrials
Origin Enterprises	4.0	0.1	3.9	Consumer Goods
Forbo Holding	3.8	0.2	3.6	Industrials
Gerresheimer	3.8	0.2	3.6	Health Care
IMCD Group Nv	3.5	0.2	3.3	Basic Materials
ASM International	3.5	0.3	3.2	Technology
Inwido Ab	3.4	0.1	3.3	Industrials
Irish Continental Group	3.3	0.1	3.2	Consumer Services
CTS Eventim	3.2	0.3	2.9	Industrials
Glanbia	3.2	--	3.2	Consumer Goods

Geographical breakdown



All figures are subject to rounding.

Sector breakdown



Net dividend distributions per share

	2012	2013	2014	2015	2016	2017
January €	0.147	0.183	0.233	0.253	0.304	0.2628
January £	0.122	0.153	0.192	0.193	0.234	0.2279
May €	0.147	0.183	0.233	0.253	0.304	0.2628
May £	0.118	0.155	0.189	0.182	0.234	-
August €	0.147	0.183	0.233	0.253	0.304	0.2628
August £	0.115	0.156	0.186	0.180	0.263	-
Total €	0.441	0.550	0.699	0.758	0.912	0.7884
Total £	0.355	0.464	0.567	0.555	0.731	-

Dividends are declared in euros (€) and paid in sterling (£) to UK registered shareholders. The sterling equivalent figures are rounded and determined close to the payment date. The annual dividend is equivalent to 6% of the net asset value as at 31 December each year.

Suitability for Retail Distribution

The Financial Conduct Authority has issued rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes, which came into effect on 1 January 2014. The Company notes the changes to the Financial Conduct Authority's rules and is pleased to confirm that European Assets Trust can be recommended by Financial Advisers to ordinary retail investors. The shares are excluded from the Financial Conduct Authority's restrictions, which apply to non-mainstream products as the Company's portfolio is wholly or predominantly made up of shares, debentures or government and public securities, which are not themselves issued by other investment funds.

All data as at 30.04.2017 in sterling (£) unless otherwise stated. All information is sourced from F&C, unless otherwise stated. All percentages are based on gross assets. † Formerly known as HSBC Europe (ex UK) Smaller Companies Index. † † The yield is calculated using the dividends declared for the company's current financial year and the closing share price and exchange rate as at the end of the relevant month. * Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. ** Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) to the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Features document for the relevant product. The fact sheet is issued and approved by F&C Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895 CM11103 (05/17)