

# **The European Investment Trust plc**

Half-Yearly Report

31 March 2017

# Corporate Information

## **Directors (all non-executive)**

Michael W M R MacPhee (Chairman)  
William D Eason  
Michael B Moule  
Dr Michael T Woodward

## **Company Secretary and Registered Office**

Kenneth J Greig  
Beaufort House  
51 New North Road  
Exeter EX4 4EP

## **Alternative Investment Fund Manager**

Edinburgh Partners AIFM Limited  
27-31 Melville Street  
Edinburgh EH3 7JF

## **Investment Manager**

Edinburgh Partners Limited  
27-31 Melville Street  
Edinburgh EH3 7JF

## **Independent Auditors**

BDO LLP  
55 Baker Street  
London W1U 7EU

## **Registrar – UK**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ

## **Registrar – New Zealand**

Computershare Investor Services Limited  
Private Bag 92119, Victoria Street West  
Auckland 1142, New Zealand

Level 2, 159 Hurstmere Road, Takapuna  
Auckland 0622, New Zealand

## **Solicitors**

Dickson Minto W.S.  
16 Charlotte Square  
Edinburgh EH2 4DF

## **Depository**

Northern Trust Global Services Limited  
50 Bank Street  
Canary Wharf  
London E14 5NT

## **Custodian**

The Northern Trust Company  
50 Bank Street  
Canary Wharf  
London E14 5NT

## **Stockbroker**

J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London E14 5JP

## **Bankers**

J.P. Morgan Chase Bank, NA  
1 Chaseside  
Bournemouth BH7 7DA

*Registered in England and Wales No. 1055384*

*An investment company as defined under Section 833 of the Companies Act 2006*

*The Company is a member of the Association of Investment Companies*

# Objective and Investment Policy

## Objective

The objective of The European Investment Trust plc (the “Company”) is to achieve long-term capital growth through a diversified portfolio of Continental European securities.

## Investment Policy

The Board believes that investment in the diverse and increasingly accessible markets of this region provides opportunities for capital growth over the long term. At the same time, it considers the structure of the Company as a UK-listed investment trust, with fixed capital and an independent Board of Directors, to be well suited to investors seeking longer-term returns.

The Board recognises that investment in some European countries can be riskier than in others. Investment risks are diversified through holding a wide range of securities in different countries and industrial sectors. No more than 10% of the value of the portfolio in aggregate may be held in securities in those countries which are not included in the FTSE All-World European indices.

The Board has the authority to hedge the Company’s exposure to movements in the rate of exchange of currencies, principally the euro, in which the Company’s investments are denominated, against sterling, its reporting currency. However, it is not generally the Board’s practice to do this and the portfolio is not currently hedged.

No investments in unquoted stocks can be made without the prior approval of the Board. The level of gearing within the portfolio is agreed by the Board and should not exceed 20% in normal market conditions.

No more than 10% of the total assets of the Company may be invested in other listed investment companies (including investment trusts) except in such other investment companies which themselves have stated that they will invest no more than 15% of their total assets in other listed investment companies, in which case the limit is 15%.

The Investment Manager’s compliance with the limits set out in the investment policy is monitored by the Board and the Alternative Investment Fund Manager.

## Financial Summary

	<b>31 March 2017</b>	30 September 2016	Change
Shareholders' funds	<b>£406.3m</b>	£350.7m	15.9%
Net asset value per ordinary share ("NAV")	<b>967.2p</b>	833.8p	16.0%
Share price per ordinary share	<b>840.0p</b>	722.5p	16.3%
Share price discount to NAV	<b>13.2%</b>	13.4%	

	<b>Six months to 31 March 2017</b>	Year to 30 September 2016
Revenue return per ordinary share*	<b>8.9p</b>	19.0p
Capital return per ordinary share*	<b>146.3p</b>	88.6p
Total return per ordinary share*	<b>155.2p</b>	107.6p
Interim dividend per ordinary share	<b>8.0p</b>	–
Special dividend per ordinary share	<b>1.5p</b>	–
Total dividend per ordinary share	<b>9.5p</b>	–

\* Based on the weighted average number of shares in issue during the period.

## Performance

	<b>Six months to 31 March 2017</b>	Year to 30 September 2016
NAV Total Return	<b>18.8%</b>	14.9%
FTSE All-World Europe ex UK Index Total Return*	<b>12.8%</b>	21.8%

\* In sterling.

The NAV Total Returns are sourced from Edinburgh Partners Limited and include dividends reinvested. The index performance figures are sourced from Thomson Reuters Datastream and include dividends reinvested.

*Past performance is not a guide to future performance.*

# Chairman's Statement

## Results

The net asset value per ordinary share ("NAV") at 31 March 2017, the Company's half-year end, was 967.2p, an increase of 16.0% on the NAV at 30 September 2016 of 833.8p. After including the special and final dividends totalling 22.0p per share which were paid in January 2017, the NAV total return for the six-month period was 18.8%. This compares to the total return from the FTSE All-World Europe ex UK Index in sterling of 12.8%. As prospects for economic growth began to improve, the positioning of the portfolio in economically sensitive stocks led to improved relative performance.

## Share price and discount

During the six months to 31 March 2017, the Company's share price increased by 16.3% from 722.5p to 840.0p. The share price total return was 19.5%. The share price discount to NAV narrowed from 13.4% to 13.2% during the period under review.

## Revenue

The net revenue return per share in the six-month period to 31 March 2017 was 8.9p, an increase on the 2.1p received in the six months to 31 March 2016. In the period, the Company benefitted from the receipt of French withholding tax suffered during the calendar years 2009 to 2012 and, including interest, this contributed 3.2p of the net revenue return per share during the period. The vast majority of the receipt from the reclaim, a total of 3.0p per share, was included as part of the 22.0p per share dividend paid to shareholders in January 2017. In the year to 30 September 2016, the net revenue return per share was 19.0p.

Shareholders should be aware that the revenue return for the half-year is not indicative of the full-year return, as many European companies pay their dividends between April and September, while the expenses of running the Company are incurred on a more even basis throughout the financial year.

## Dividend

Previously the Company has only paid an annual dividend. Following a review by the Directors, it has been decided that it would be beneficial for shareholders to receive a dividend twice a year, an interim dividend in July and, as previously, a final dividend in January.

As a consequence, the Board has decided to pay an interim dividend of 8.0p per share. Following the receipt of a further French withholding tax reclaim, a special dividend of 1.5p per share will also be paid, giving a total of 9.5p per share. These dividends will be paid on 31 July 2017 to shareholders on the register at the close of business on 7 July 2017. The ex-dividend date will be 6 July 2017.

## Chairman's Statement (continued)

### Share buybacks

During the six months to 31 March 2017 the Company bought back 46,781 shares for cancellation at a total cost of £353,000.

### Borrowing

In February 2016, the Company entered into a €30 million overdraft credit facility agreement with The Northern Trust Company for the purpose of pursuing its investment objective. The facility is available until further notice. As at 31 March 2017, a total of €12.5 million, equivalent to £10.7 million, and a borrowing level of 2.6% of the Company's net assets, had been drawn down under the facility.

### The Board

Douglas McDougall retired from the Board at the conclusion of the Annual General Meeting on 24 January 2017 and I succeeded him as Chairman of the Company. Michael Woodward was appointed Chairman of the Audit Committee. The management engagement responsibilities previously held by the Audit and Management Engagement Committee have been transferred to the Board.

### Auditor

At the Annual General Meeting of the Company held on 24 January 2017, shareholders approved the appointment of BDO LLP as Auditors to the Company. This followed the decision of PricewaterhouseCoopers LLP not to seek re-appointment, as a consequence of the EU Audit Regulation and Directive which placed restrictions on auditors providing non-audit services to the Company.

### Michael MacPhee

Chairman  
23 May 2017

*Past performance is not a guide to future performance.*

# Investment Manager's Review

## **Economic and market overview**

The UK vote to leave the European Union (“EU”) and the election of President Trump in the United States suggested that populist anger might threaten the integrity of the EU. However, in both the recent Dutch and French elections, the extremist parties did not achieve a breakthrough and there is increased confidence that the EU will continue to adapt and survive. Economic data across most of Europe continues to hold up and in some cases an improvement is being seen.

The second half of 2016 saw a shift in market sentiment with a focus on the improving prospects for economic growth and the anticipation of a transition away from ultra-low interest rates. As the fear of deflation receded, the premiums attached to stable growth businesses such as consumer staples began to fall. The corollary was that the valuations of economically sensitive stocks such as financials and industrials began to recover. We were well-placed for this shift and as a consequence performance improved significantly.

## **Portfolio strategy and activity**

We have retained significant exposure to the financial sector, holding six banking stocks, which totalled 16.8% of net assets at the period end. During the period, we replaced Swedbank with Dutch-based ING which was trading on a much lower valuation. Our exposure to the industrial sector reduced to 19.0% of net assets, following the sale of cable manufacturer, Prysmian, and the trimming of a number of our holdings such as ball bearings manufacturer, SKF, and auto supplier, Leoni.

We increased our exposure to the healthcare sector during the period to 12.6% of net assets with the purchase of Swiss-based biotech specialist BB Biotech. We believe our healthcare holdings, including Novartis, Sanofi and Roche, are set for a period of growth from new products which will drive earnings growth.

The takeover of insurer, Delta Lloyd, was completed after the period end and this contributed to performance. The Dutch postal operator, PostNL, rejected the merger proposal from Belgian-based bpost and subsequently reinstated its dividend. PostNL is the Company's largest holding and the return to paying a dividend should underpin a valuation which remains undemanding.

After the strong performance from the Company's investments in late 2016, the valuation of the portfolio has risen to a level which is closer to fair value and hence warrants some caution. We retain a pro-cyclical bias within the portfolio, but at current valuation levels would not look to increase the overall cyclicity or to increase the use of the debt facility which we successfully deployed in early 2016.

## Investment Manager's Review (continued)

### Outlook

As the economic recovery becomes firmer, Central Banks are able to start withdrawing the monetary stimulus being applied through bond purchases and ultra-low interest rates. The US has led the way with incremental rises in interest rates and it seems likely that Europe will follow suit in due course. We believe this change in the interest rate environment, which reflects an improving economic outlook, will continue to support a normalisation of valuations across equity markets.

As ever, there remain political risks, both within Europe and from the rest of the world. The Brexit negotiations and the implementation of President Trump's promise to put America first both have the potential to increase protectionism, cause disruption and restrict economic growth. However, our central case is that Europe will continue its economic recovery and that the prospects for European equities remain solid.

### Craig Armour

Edinburgh Partners Limited

23 May 2017

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# Portfolio of Investments

as at 31 March 2017

Rank	Company	Sector	Country	Valuation €'000	% of Net Assets	
					2017	2016
1	1 PostNL	Industrials	Netherlands	19,484	4.8	5.1
2	5 BNP Paribas	Financials	France	14,312	3.5	3.6
3	9 Sanofi	Health Care	France	14,253	3.5	3.3
4	8 Novartis	Health Care	Switzerland	13,903	3.4	3.3
5	7 Bayer	Basic Materials	Germany	13,810	3.4	3.3
6	27 Telefonica	Telecommunications	Spain	13,778	3.4	2.4
7	3 Roche*	Health Care	Switzerland	13,735	3.4	3.7
8	12 Ubisoft Entertainment	Consumer Goods	France	13,411	3.3	3.2
9	4 Total	Oil & Gas	France	13,169	3.2	3.6
10	17 BBVA	Financials	Spain	13,025	3.2	2.7
11	2 Royal Dutch Shell**	Oil & Gas	Netherlands	12,766	3.1	3.9
12	10 ENI	Oil & Gas	Italy	12,535	3.1	3.3
13	22 Airbus	Industrials	France	11,637	2.9	2.5
14	11 DIA	Consumer Services	Spain	11,081	2.7	3.3
15	20 Ryanair	Consumer Services	Ireland	11,043	2.7	2.7
16	– ING	Financials	Netherlands	11,013	2.7	–
17	13 Nokia	Technology	Finland	10,929	2.7	3.2
18	16 DNB	Financials	Norway	10,595	2.6	2.8
19	33 Commerzbank	Financials	Germany	10,371	2.6	2.0
20	– Ahold Delhaize	Consumer Services	Netherlands	10,129	2.5	–
21	14 Leoni	Industrials	Germany	10,051	2.5	3.1
22	37 Petroleum Geo-Services	Oil & Gas	Norway	10,045	2.5	1.6
23	30 Outotec	Industrials	Finland	9,811	2.4	2.1
24	15 Adecco	Industrials	Switzerland	9,791	2.4	2.8
25	29 Delta Lloyd	Financials	Netherlands	9,781	2.4	2.2
26	26 E.ON	Utilities	Germany	9,773	2.4	2.4
27	24 Telecom Italia	Telecommunications	Italy	9,763	2.4	2.5
28	18 Michelin	Consumer Goods	France	9,590	2.4	2.7
29	– BB Biotech	Health Care	Switzerland	9,157	2.3	–
30	32 Danske Bank	Financials	Denmark	9,096	2.2	2.1
31	– Gemalto	Technology	Netherlands	8,938	2.2	–
32	6 Stora Enso	Basic Materials	Finland	8,107	2.0	3.4
33	25 Siemens	Industrials	Germany	8,095	2.0	2.5
34	19 SKF	Industrials	Sweden	8,046	2.0	2.7
35	21 Rocket Internet	Financials	Germany	7,483	1.8	2.6
36	23 Ipsos	Consumer Services	France	7,109	1.8	2.5
37	31 TDC	Telecommunications	Denmark	6,857	1.7	2.1
38	35 Piaggio	Consumer Goods	Italy	6,247	1.5	1.6
Prior year investments sold during the period						6.2
<b>Total equity investments</b>				<b>412,719</b>	<b>101.6</b>	<b>103.0</b>
<b>Cash and other net current assets</b>				<b>4,210</b>	<b>1.0</b>	<b>(0.1)</b>
<b>Borrowings</b>				<b>(10,657)</b>	<b>(2.6)</b>	<b>(2.9)</b>
<b>Net assets</b>				<b>406,272</b>	<b>100.0</b>	<b>100.0</b>

The figures for 2017 represent the position as at 31 March 2017 and the figures for 2016 represent the position as at 30 September 2016.

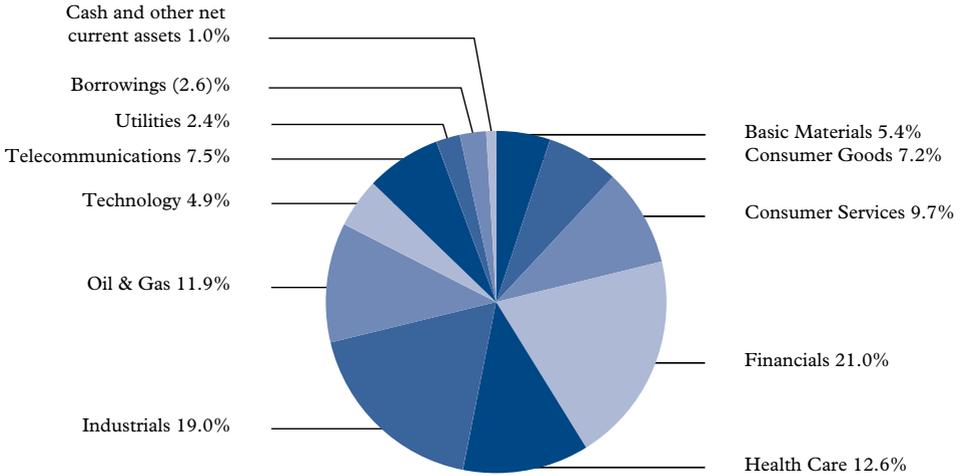
\* The investment is in non-voting shares.

\*\* The investment is in A shares.

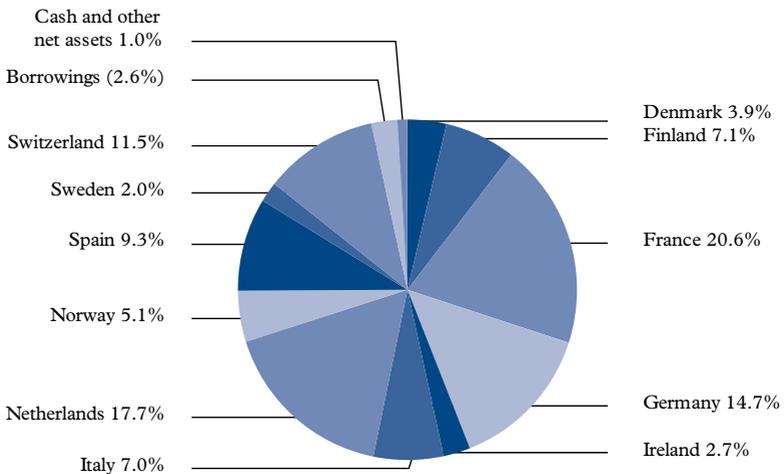
# Distribution of Investments

as at 31 March 2017 (% of net assets)

## Sector distribution



## Geographical distribution



## Directors' Statement of Principal Risks and Uncertainties

The important events that have occurred during the period under review and the key factors influencing the Financial Statements are set out in the Chairman's Statement and the Investment Manager's Review on pages 3 to 6. The principal factors that could impact the remaining six months of the financial year are also detailed in the Investment Manager's Review.

The Board considers that the following are the principal risks associated with investing in the Company: investment and strategy risk, discount volatility risk, market risk (comprising interest rate risk, currency risk and price risk), liquidity risk, credit risk, gearing risk, regulatory risk, operational risk and other financial risk. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and uncertainties" within the Strategic Report in the Company's Annual Report and Financial Statements for the year ended 30 September 2016. The Company's principal risks and uncertainties are unchanged since the date of that report.

## Directors' Statement of Responsibilities in respect of the Financial Statements

The Directors confirm that to the best of their knowledge:

- The condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104: "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and profit of the Company.
- This Half-Yearly Report includes a fair review of the information required by:
  - a) 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Half-Yearly Report was approved by the Board of Directors on 23 May 2017 and the above responsibility statement was signed on its behalf by Michael MacPhee, Chairman.

## Income Statement (unaudited)

for the six months to 31 March 2017

		Six months to 31 March 2017		
	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value		–	61,729	61,729
Foreign exchange (losses)/gains		(11)	(266)	(277)
Income	2	4,289	–	4,289
Management fee		(904)	–	(904)
Other expenses		(231)	–	(231)
<b>Net return before finance costs and taxation</b>		<b>3,143</b>	<b>61,463</b>	<b>64,606</b>
Finance costs		(38)	–	(38)
<b>Net return on ordinary activities before taxation</b>		<b>3,105</b>	<b>61,463</b>	<b>64,568</b>
Taxation on ordinary activities	3	639	–	639
<b>Net return after taxation</b>		<b>3,744</b>	<b>61,463</b>	<b>65,207</b>
<b>Return per ordinary share*</b>		pence <b>8.9</b>	pence <b>146.3</b>	pence <b>155.2</b>

The total column of this statement is the Profit and Loss Account of the Company. The revenue and capital columns are prepared under guidance published by the Association of Investment Companies (“AIC”).

All revenue and capital items in the above statement derive from continuing operations.

A separate Statement of Recognised Gains and Losses has not been prepared as all such gains and losses are included in the Income Statement.

\*The return per ordinary share for the six months to 31 March 2017 is based on the net revenue return after taxation of £3,744,000 (six months to 31 March 2016: £876,000; year to 30 September 2016: £8,003,000) and the net capital return after taxation of £61,463,000 (six months to 31 March 2016: £5,870,000; year to 30 September 2016: £37,261,000) and on 42,015,349 (six months to 31 March 2016: 42,069,371; year to 30 September 2016: 42,067,630) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

## Income Statement (unaudited) (continued)

for the six months to 31 March 2017

Revenue	Six months to		Revenue	Year to	
	31 March 2016			30 September 2016	
£'000	Capital £'000	Total £'000	£'000	Capital £'000	Total £'000
–	5,430	5,430	–	37,740	37,740
70	440	510	240	(479)	(239)
1,985	–	1,985	10,357	–	10,357
(796)	–	(796)	(1,586)	–	(1,586)
(223)	–	(223)	(434)	–	(434)
<hr/>					
1,036	5,870	6,906	8,577	37,261	45,838
(18)	–	(18)	(51)	–	(51)
<hr/>					
1,018	5,870	6,888	8,526	37,261	45,787
(142)	–	(142)	(523)	–	(523)
<hr/>					
876	5,870	6,746	8,003	37,261	45,264
<hr/>					
pence	pence	pence	pence	pence	pence
2.1	13.9	16.0	19.0	88.6	107.6
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# Balance Sheet (unaudited)

as at 31 March 2017

	31 March 2017 £'000	31 March 2016 £'000	30 September 2016 £'000
	Note		
<b>Fixed asset investments</b>			
Investments at fair value through profit or loss	412,719	320,186	361,065
<b>Current assets</b>			
Debtors	4,462	1,166	1,538
Cash at bank and short-term deposits	62	60	105
	<u>4,524</u>	<u>1,226</u>	<u>1,643</u>
<b>Current liabilities</b>			
Creditors	314	381	1,833
Bank overdraft	4 10,657	8,777	10,216
	<u>10,971</u>	<u>9,158</u>	<u>12,049</u>
<b>Net current liabilities</b>	<u>(6,447)</u>	<u>(7,932)</u>	<u>(10,406)</u>
<b>Net assets</b>	<u>406,272</u>	<u>312,254</u>	<u>350,659</u>
<b>Capital and reserves</b>			
Called-up share capital	5 10,502	10,517	10,513
Share premium account	123,749	123,749	123,749
Capital redemption reserve	8,309	8,294	8,298
Capital reserve	256,948	164,560	195,838
Revenue reserve	6,764	5,134	12,261
	<u>406,272</u>	<u>312,254</u>	<u>350,659</u>
	pence	pence	pence
<b>Net asset value per ordinary share</b>	7 <u>967.2</u>	<u>742.2</u>	<u>833.8</u>

## Reconciliation of Movements in Shareholders' Funds (unaudited)

for the six months to 31 March 2017

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Six months to 31 March 2017</b>						
At 1 October 2016	10,513	123,749	8,298	195,838	12,261	350,659
Net return after taxation	-	-	-	61,463	3,744	65,207
Dividends paid	-	-	-	-	(9,241)	(9,241)
Shares purchased for cancellation	(11)	-	11	(353)	-	(353)
<b>At 31 March 2017</b>	<b>10,502</b>	<b>123,749</b>	<b>8,309</b>	<b>256,948</b>	<b>6,764</b>	<b>406,272</b>
<b>Six months to 31 March 2016</b>						
At 1 October 2015	10,517	123,749	8,294	158,690	10,989	312,239
Net return after taxation	-	-	-	5,870	876	6,746
Dividends paid	-	-	-	-	(6,731)	(6,731)
<b>At 31 March 2016</b>	<b>10,517</b>	<b>123,749</b>	<b>8,294</b>	<b>164,560</b>	<b>5,134</b>	<b>312,254</b>
<b>Year ended 30 September 2016</b>						
At 1 October 2015	10,517	123,749	8,294	158,690	10,989	312,239
Net return after taxation	-	-	-	37,261	8,003	45,264
Dividends paid	-	-	-	-	(6,731)	(6,731)
Shares purchased for cancellation	(4)	-	4	(113)	-	(113)
<b>At 30 September 2016</b>	<b>10,513</b>	<b>123,749</b>	<b>8,298</b>	<b>195,838</b>	<b>12,261</b>	<b>350,659</b>

# Notes to the Financial Statements (unaudited)

for the six months to 31 March 2017

## 1 Accounting policies

### **Basis of accounting**

The Company applies Financial Reporting Standard (“FRS”) 102: “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Statement of Recommended Practice as issued by the AIC.

The Company has prepared the Financial Statements for the six months to 31 March 2017 in accordance with FRS 104: “Interim Financial Reporting” and in line with the same accounting policies as set out in the Company’s Annual Report and Financial Statements for the year ended 30 September 2016. As permitted by FRS 102, the Company has elected to remove the Cash Flow Statement from the Half-Yearly Report.

### **Investments**

The valuation techniques used by the Company remain unchanged from those disclosed in the Company’s Annual Report and Financial Statements for the year ended 30 September 2016.

All of the Company’s financial instruments are considered to be Level 1, being valued at quoted prices in active markets. Further details can be found in note 9 of the Company’s Annual Report and Financial Statements for the year ended 30 September 2016.

### **Segmental reporting**

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in listed companies.

## Notes to the Financial Statements (unaudited) (continued)

for the six months to 31 March 2017

### 2 Income

	<b>Six months to 31 March 2017 £'000</b>	Six months to 31 March 2016 £'000	Year to 30 September 2016 £'000
<b>Income from investments</b>			
Overseas dividends	<b>4,010</b>	1,985	10,357
Interest on withholding tax reclaim	<b>279</b>	–	–
<b>Total income</b>	<b>4,289</b>	1,985	10,357

### 3 Taxation

	<b>Six months to 31 March 2017 £'000</b>	Six months to 31 March 2016 £'000	Year to 30 September 2016 £'000
UK corporation tax	–	–	–
Overseas withholding tax	<b>416</b>	142	523
Overseas withholding tax reclaim	<b>(1,055)</b>	–	–
<b>Net taxation (reclaimed)/charged</b>	<b>(639)</b>	142	523

In October 2016, the Company received an overseas withholding tax refund of £1,055,000 in relation to a successful reclaim of French withholding tax suffered during the calendar years 2009 to 2012. The interest received on the reclaim is detailed in note 2, with the total reclaim, including interest, amounting to £1,334,000.

### 4 Borrowings

	<b>31 March 2017 £'000</b>	31 March 2016 £'000	30 September 2016 £'000
Bank overdraft	<b>10,657</b>	8,776	10,216

In February 2016, the Company entered into a €30,000,000 overdraft credit facility agreement with The Northern Trust Company for the purpose of pursuing its investment objective. As at 31 March 2017, €12,459,000, equivalent to £10,657,000 (31 March 2016: €11,069,000, equivalent to £8,776,000; 30 September 2016: €11,809,000, equivalent to £10,216,000) had been drawn down under the facility. The facility is uncommitted.

# Notes to the Financial Statements (unaudited) (continued)

for the six months to 31 March 2017

## 5 Share capital

	Number of shares	Allotted, called-up and fully paid £'000
<b>Equity share capital</b>		
Ordinary shares of 25p each		
Balance at 30 September 2016	42,053,550	10,513
Shares issued	–	–
Shares cancelled	(46,781)	(11)
<b>Balance at 31 March 2017</b>	<b><u>42,006,769</u></b>	<b><u>10,502</u></b>

During the six months to 31 March 2017, 46,781 ordinary shares were purchased and cancelled at a total cost of £353,000 (six months to 31 March 2016: no ordinary shares were issued or purchased and cancelled; year to 30 September 2016: 15,821 ordinary shares were purchased and cancelled at a total cost of £113,000).

## 6 Dividends

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year to 30 September 2016 £'000
Final dividend for the year ended 30 September 2016 31 January of 16.0p 2017	<b>6,721</b>	–	–
Special dividend for the year ended 30 September 2016 31 January of 6.0p 2017	<b>2,520</b>	–	–
Final dividend for the year ended 30 September 2015 29 January of 14.0p 2016	–	5,890	5,890
Special dividend for the year ended 30 September 2015 29 January of 2.0p 2016	–	841	841
	<b><u>9,241</u></b>	<b><u>6,731</u></b>	<b><u>6,731</u></b>

## Notes to the Financial Statements (unaudited) (continued)

for the six months to 31 March 2017

### 7 Net asset value per ordinary share

	31 March 2017	31 March 2016	30 September 2016
Net assets attributable at the period end	<b>£406,272,000</b>	£312,254,000	£350,659,000
Number of ordinary shares in issue at the period end	<b>42,006,769</b>	42,069,371	42,053,550
Net asset value per ordinary share	<b>967.2p</b>	742.2p	833.8p

### 8 Exchange rates

Detailed below are the exchange rates against sterling used in the preparation of the Financial Statements.

	31 March 2017	31 March 2016	30 September 2016
Euro	<b>1.1691</b>	1.2613	1.1559
Swiss franc	<b>1.2516</b>	1.3764	1.2593
Swedish krona	<b>11.1644</b>	11.6518	11.1290
Norwegian krone	<b>10.7400</b>	11.8883	10.3820
Danish krone	<b>8.6941</b>	9.3970	8.6072
NZ dollar	<b>1.7888</b>	2.0702	1.7863

### 9 Financial information

The financial information for the six months to 31 March 2017 and for the six months to 31 March 2016 has not been audited or reviewed by the Company's Auditors pursuant to the Auditing Practices Board guidance on such reviews. The financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The latest published audited Financial Statements which have been delivered to the Registrar of Companies are the Annual Report and Financial Statements for the year ended 30 September 2016; the report of the independent Auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The information for the year ended 30 September 2016 is an extract from that Annual Report and Financial Statements.

## Notes to the Financial Statements (unaudited) (continued)

for the six months to 31 March 2017

### 10 Status of the Company

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as an investment trust company as set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

### 11 Going concern

The Company's business activities, together with factors likely to affect its future development, performance and financial performance, are set out in the Investment Manager's Review and Directors' Statement of Responsibilities. The Company's principal risks are listed on page 9. Its assets consist principally of a diversified portfolio of listed European equity shares, which in most circumstances are realisable within a short period of time and exceed its current liabilities by a significant amount. The Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date this Half-Yearly Report is approved. For this reason, they have adopted the going concern basis in preparing the Financial Statements.

### 12 Related party transactions

There were no related party transactions during the period.

### 13 Post balance sheet events

Subsequent to the half-year end, in May 2017, the Company received €747,000, including interest, equivalent to £631,000, in relation to a successful reclaim for French withholding tax suffered during the calendar years 2013 and 2014, which was not anticipated at the period end.

## Shareholder Information

### **Investing in the Company**

The Company's ordinary shares are traded on the London Stock Exchange and the New Zealand Stock Exchange and can be bought or sold through a stockbroker or financial adviser. The ordinary shares are eligible for inclusion in ISAs and SIPPs. The Company's shares are also available on various share trading platforms.

### **Frequency of NAV publication**

The Company's NAV is released daily to the London Stock Exchange and the New Zealand Stock Exchange and published on the Company's website at [www.theeuropeaninvestmenttrust.com](http://www.theeuropeaninvestmenttrust.com) and on the website of Edinburgh Partners Limited at [www.edinburghpartners.com](http://www.edinburghpartners.com).

### **Portfolio holdings**

The Company's portfolio holdings report, detailing a list of all investments, including sectoral and geographical analyses, is released on a monthly basis to the London Stock Exchange and the New Zealand Stock Exchange. It is also published on the Company's website at [www.theeuropeaninvestmenttrust.com](http://www.theeuropeaninvestmenttrust.com) and on the website of Edinburgh Partners Limited at [www.edinburghpartners.com](http://www.edinburghpartners.com).

### **Share price and sources of other information**

The Company's share price is quoted daily in the Financial Times, the Daily Telegraph and The Times under "Investment Companies". Investors in New Zealand can obtain share prices from leading newspapers in that country. Previous day closing price, daily NAV and other portfolio information is published on the Company's website at [www.theeuropeaninvestmenttrust.com](http://www.theeuropeaninvestmenttrust.com) and on the website of Edinburgh Partners Limited at [www.edinburghpartners.com](http://www.edinburghpartners.com). Other useful information on investment trusts, such as prices, NAVs and company announcements, can be found on the websites of the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com) and the AIC at [www.theaic.co.uk](http://www.theaic.co.uk).

## Shareholder Information (continued)

### Share register enquiries

The register for the ordinary shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0370 889 4086 or email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk). Changes of name and/or address must be notified in writing to the Registrar, at the relevant address detailed on the inside front cover. You can check your shareholding and find practical help on transferring shares or updating your details at [www.investorcentre.co.uk](http://www.investorcentre.co.uk).

### Key dates

Company's year end	30 September
Annual results announced	November
Annual General Meeting	January
Final dividend paid	January
Company's half-year end	31 March
Half-yearly results announced	May
Interim dividend paid	July

### Association of Investment Companies

The Company is a member of the AIC, which publishes monthly statistical information in respect of member companies. For further details, please contact the AIC on 020 7282 5555, [enquiries@theaic.co.uk](mailto:enquiries@theaic.co.uk) or visit the website: [www.theaic.co.uk](http://www.theaic.co.uk).

The logo for the Association of Investment Companies (AIC) consists of the lowercase letters 'aic' in a bold, sans-serif font. The letter 'i' has a dot above it.

The Association of  
Investment Companies

## Risk Factors

This document is not a recommendation, offer or invitation to buy, sell or hold shares of the Company. If you wish to deal in shares of the Company, you may wish to contact an authorised professional investment adviser.

An investment in the Company should be regarded as long term and is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.

The market value of, and the income derived from, the ordinary shares can fluctuate. The Company's ordinary share price may go down as well as up. Past performance is not a guide to future performance. There is no guarantee that the market price of the ordinary shares will fully reflect their underlying net asset value. Fluctuations in exchange rates will affect the value of overseas investments (and any income received) held by the Company. Investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be met. The levels of, and reliefs from, taxation may change.

This Half-Yearly Report contains "forward-looking statements" with respect to the Company's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events that are beyond the Company's control. As a result, the Company's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. The Company undertakes no obligation to update the forward-looking statements contained within this Half-Yearly Report or any other forward-looking statements it makes.

The Company is a public company. It is registered in England and Wales and its shares are traded on the London Stock Exchange and the New Zealand Stock Exchange. The Company is not regulated or authorised by the Financial Conduct Authority.

The Directors of the Company, the directors of Edinburgh Partners AIFM Limited and the directors and employees of Edinburgh Partners Limited may (subject to applicable laws and regulations) hold shares in the Company and may buy, sell or offer to deal in the Company's shares from time to time.

