

# **The European Investment Trust plc**

Report and Financial Statements  
for the half year ended 31 March 2014

## Financial Summary

	<b>31 March 2014</b>	30 September 2013	Change
<b>Capital</b>			
Net assets	<b>£360.28m</b>	£323.22m	11.5%
Net asset value per share (“NAV”)	<b>856.40p</b>	768.31p	11.5%
Share price	<b>773.00p</b>	684.50p	12.9%
Share price discount to NAV	<b>9.7%</b>	10.9%	

	<b>Six months to 31 March 2014</b>	Year to 30 September 2013
<b>Total return per ordinary share*</b>		
Capital	<b>102.87p</b>	156.05p
Revenue	<b>3.23p</b>	18.02p
Total	<b>106.10p</b>	174.07p

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

## Performance

	<b>Six months to 31 March 2014</b>	Year to 30 September 2013
NAV Total Return	<b>13.9%</b>	28.9%
FTSE All-World Europe ex UK Index Total Return*	<b>7.7%</b>	27.1%

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

# Objective and Investment Policy

## Objective

The objective of The European Investment Trust plc 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.

# Investment Manager's Review

## Results

The NAV at 31 March 2014, the Company's half-year end, was 856.40p, an increase of 11.5% on the NAV at 30 September 2013 of 768.31p. After including the special and final dividends totalling 18.0p per share which were paid in January 2014, the NAV total return for the six-month period was 13.9%. This was an outperformance when compared to the total return from the FTSE All-World Europe ex UK Index in sterling of 7.7%.

## Share price and discount

During the six months to 31 March 2014, the Company's share price increased by 12.9% from 684.50p to 773.00p. The share price total return was 15.7%. The share price discount to NAV narrowed from 10.9% to 9.7%.

## Revenue

The net revenue return per share in the six-month period to 31 March 2014 was 3.23p, a small reduction on the net revenue return per share of 3.39p received in the six months to 31 March 2013.

In the year to 30 September 2013, the net revenue return per share was 18.02p. 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.

## Economic and market overview

The key reason for the strength in European equity markets in the period under review was the improvement in prospects for many European economies. These better prospects are shared, albeit unevenly, across the majority of European countries. It does appear that the harsh medicine taken by many countries in Europe has helped unwind some, if not all, of the structural imbalances which had built up in previous years. Whilst this by no means leaves a flawless construct of a political and economic area, it does herald what should now be a period of relative stability during which moderate economic growth can be delivered and corporate earnings can recover and grow.

At the start of the period under review the risk of investing in European equities was considered to be much less marked when compared to recent years. However this risk has increased following the Russian policy towards Crimea and the subsequent civil unrest in Eastern Ukraine. Whilst rational observation would suggest a de-escalation of events, based on the mutual economic dependence of Russia and Europe, acts of aggression are rarely rational so additional caution is necessary. Notwithstanding this, unless there is a significant worsening of the crisis, the economic and therefore stock market and portfolio impacts should be minimal.

For some time the portfolio has been positioned to take advantage of an eventual normalisation of economic growth in Europe. The period under review has seen some rotation in the portfolio as the valuation gaps on some of the most undervalued stocks in the portfolio, which had persisted for some time, closed entirely.

This was most notable in the significant positions we had built up in peripheral countries. In the past six months, the following companies were sold from the portfolio: Azimut (Italian asset manager), Mediaset España (Spanish advertiser) and Banco Espirito Santo (Portuguese bank). All these companies were initially purchased as they were considered to be clear beneficiaries of a recovery in domestic economic conditions. Their share prices recovered well ahead of the actual recovery in profits and, as we considered they were fully valued, we took the opportunity to dispose of these holdings.

The additions to the portfolio to replace the above investments were also companies based in peripheral countries, although the profits of these companies are much less domestically derived. These included Portugal Telecom (the most significant proportion of their profits come from Brazil), Jeronimo Martins (a discount retail chain, based in Portugal, with most of its profits coming from Poland) and Pirelli (Italian based, with emerging markets being the key profit driver). Whilst the overall peripheral exposure has stayed relatively constant, profits are now more internationally sourced.

Other portfolio activity has been more stock specific. Kabel Deutschland and Ziggo, both cable operators, were sold following successful bid approaches. Metro, the German retailer, and A.P. Moller-Maersk, the shipping conglomerate, were sold following strong share price performance and valuation targets being reached. New additions to the portfolio included Royal Dutch Shell (Dutch/UK oil and gas group), GAM (Swiss asset manager), KPN (Dutch telecom operator), Novartis (Swiss pharmaceutical group) and Outotec (Finnish minerals and metals processing technology group).

## Investment Manager's Review (continued)

### **Outlook**

Stock markets have moved ahead in anticipation of a recovery in profits in European companies. Whilst this is normal at this stage in an economic cycle, it does mean that aggregate valuations have now run slightly ahead of events. If European stock markets continue to appreciate in value, your portfolio is likely to see more of the rotation referred to above, disposing of what are considered to be overvalued stocks and reinvesting in stocks with a lower risk profile which are considered to offer better value. Unless valuations generally reach what we would consider to be over-inflated levels, we will continue to remain fully invested.

### **Dale Robertson**

Edinburgh Partners Limited

20 May 2014

# Portfolio of Investments

as at 31 March 2014

Rank	Company	Sector	Country	Valuation £'000	% of Net Assets	
1 (26)	Valeo	Consumer Goods	France	12,035	3.3	(2.3)
2 (6)	Indra Sistemas	Technology	Spain	11,903	3.3	(2.8)
3 (2)	Orange	Telecommunications	France	11,734	3.3	(3.2)
4 (12)	Piaggio	Consumer Goods	Italy	11,061	3.1	(2.6)
5 (9)	Danske Bank	Financials	Denmark	10,870	3.0	(2.7)
6 (7)	PostNL	Industrials	Netherlands	10,718	3.0	(2.8)
7 (15)	Aryzta	Consumer Goods	Switzerland	10,489	2.9	(2.5)
8 (3)	Gerresheimer	Health Care	Germany	10,289	2.9	(3.0)
9 (4)	ENI	Oil & Gas	Italy	9,985	2.8	(2.9)
10 (13)	Vivendi	Consumer Services	France	9,828	2.7	(2.6)
11 (10)	Belgacom	Telecommunications	Belgium	9,822	2.7	(2.7)
12 (18)	Ryanair	Consumer Services	Ireland	9,689	2.7	(2.5)
13 (-)	Novartis	Health Care	Switzerland	9,173	2.6	-
14 (16)	Ahold	Consumer Services	Netherlands	9,148	2.5	(2.5)
15 (-)	GAM	Financials	Switzerland	8,967	2.5	-
16 (-)	Royal Dutch Shell*	Oil & Gas	Netherlands	8,917	2.5	-
17 (23)	BNP Paribas	Financials	France	8,699	2.4	(2.4)
18 (-)	Unipol Gruppo	Financials	Italy	8,698	2.4	-
19 (19)	BBVA	Financials	Spain	8,609	2.4	(2.5)
20 (25)	GEA	Industrials	Germany	8,431	2.3	(2.4)
21 (-)	Portugal Telecom	Telecommunications	Portugal	8,361	2.3	-
22 (11)	CAF	Industrials	Spain	8,246	2.3	(2.6)
23 (28)	Gazprom**	Oil & Gas	Russia	8,241	2.3	(2.3)
24 (14)	Prysmian	Industrials	Italy	8,153	2.3	(2.6)
25 (27)	Volkswagen***	Consumer Goods	Germany	7,995	2.2	(2.3)
26 (24)	Swatch	Consumer Goods	Switzerland	7,819	2.2	(2.4)
27 (30)	ABB	Industrials	Switzerland	7,726	2.1	(2.3)
28 (31)	Ipsos	Consumer Services	France	7,639	2.1	(2.3)
29 (-)	KPN	Telecommunications	Netherlands	7,563	2.1	-
30 (33)	Swedbank	Financials	Sweden	7,452	2.1	(2.1)
31 (-)	Pirelli	Consumer Goods	Italy	7,352	2.0	-
32 (32)	Total	Oil & Gas	France	7,343	2.0	(2.1)
33 (35)	Heineken	Consumer Goods	Netherlands	7,340	2.0	(1.9)
34 (8)	Nutreco	Consumer Goods	Netherlands	7,288	2.0	(2.7)
35 (42)	TDC	Telecommunications	Denmark	7,183	2.0	(1.2)
36 (-)	Outotec	Industrials	Finland	7,079	2.0	-
37 (34)	Fresenius Medical Care	Health Care	Germany	6,919	1.9	(2.1)
38 (-)	Jeronimo Martins	Consumer Services	Portugal	6,452	1.8	-
39 (40)	SAP	Technology	Germany	5,622	1.6	(1.6)
40 (41)	Feintool International	Industrials	Switzerland	5,151	1.4	(1.3)
41 (-)	ISS	Industrials	Denmark	4,180	1.2	-
42 (-)	BB Biotech	Health Care	Switzerland	2,077	0.6	-
Prior year investments sold during the period						(25.6)
<b>Total equity investments</b>				<b>352,246</b>	<b>97.8</b>	<b>(99.8)</b>
<b>Cash and other net assets</b>				<b>8,038</b>	<b>2.2</b>	<b>(0.2)</b>
<b>Net assets</b>				<b>360,284</b>	<b>100.0</b>	<b>(100.0)</b>

The figures in brackets represent the position as at 30 September 2013.

\* The investment is in Class A ordinary shares.

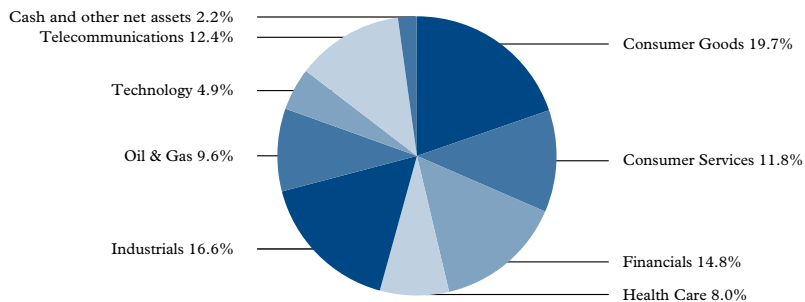
\*\* The investment is in American Depository Receipts.

\*\*\* The investment is in non-voting preference shares.

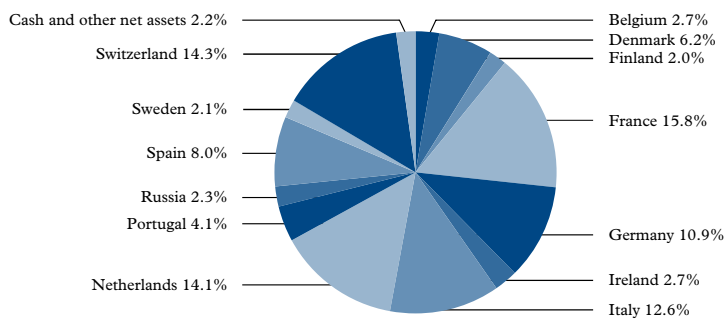
# Distribution of Investments

as at 31 March 2014 (% 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 Investment Manager's Review on pages 2 to 4. The principal factors that could impact the remaining six months of the financial year are also detailed in the Investment Manager's Review. Additional Risk Factors are set out on page 20.

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 2013. The Company's principal risks and uncertainties have not changed materially 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 the statement on Half-Yearly Financial Reports issued by the UK Accounting Standards Board and gives a true and fair view of the assets, liabilities, financial position and profit of the Company.
- This Half-Yearly Financial Report includes a fair review of the information required by:
  - a) 4.2.7R of the Disclosure 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 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 Financial Report was approved by the Board of Directors on 20 May 2014 and the above responsibility statement was signed on its behalf by Douglas McDougall, Chairman.

## Income Statement (unaudited)

for the six months to 31 March 2014

		Six months to 31 March 2014		
	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	43,547	43,547
Foreign exchange (losses)/gains		(8)	(270)	(278)
Income	2	2,779	–	2,779
Investment management fee		(869)	–	(869)
Other expenses		(194)	–	(194)
<hr/>				
<b>Net return before finance costs and taxation</b>		<b>1,708</b>	<b>43,277</b>	<b>44,985</b>
Finance costs		(63)	–	(63)
<hr/>				
<b>Net return on ordinary activities before taxation</b>		<b>1,645</b>	<b>43,277</b>	<b>44,922</b>
Taxation on ordinary activities	3	(288)	–	(288)
<hr/>				
<b>Net return after taxation</b>		<b>1,357</b>	<b>43,277</b>	<b>44,634</b>
<hr/>				
<b>Return per ordinary share*</b>		pence <b>3.23</b>	pence <b>102.87</b>	pence <b>106.10</b>

The total column of the statement is the Profit and Loss Account of the Company. The revenue return and capital return columns are supplementary to this and are prepared in accordance with guidance issued 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 share for the six months to 31 March 2014 is based on the net revenue return after taxation of £1,357,000 (six months to 31 March 2013: £1,425,000; year to 30 September 2013: £7,581,000) and the net capital return after taxation of £43,277,000 (six months to 31 March 2013: £36,266,000; year to 30 September 2013: £65,648,000) and on 42,069,371 (six months to 31 March 2013: 42,069,371; year to 30 September 2013: 42,069,371) shares, being the weighted average number of shares in issue during the period.

Six months to 31 March 2013			Year to 30 September 2013		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	36,206	36,206	–	65,516	65,516
42	60	102	12	132	144
2,450	–	2,450	10,413	–	10,413
(644)	–	(644)	(1,387)	–	(1,387)
(202)	–	(202)	(429)	–	(429)
1,646	36,266	37,912	8,609	65,648	74,257
(63)	–	(63)	(127)	–	(127)
1,583	36,266	37,849	8,482	65,648	74,130
(158)	–	(158)	(901)	–	(901)
1,425	36,266	37,691	7,581	65,648	73,229
pence	pence	pence	pence	pence	pence
3.39	86.21	89.60	18.02	156.05	174.07

# Balance Sheet (unaudited)

as at 31 March 2014

	31 March 2014	31 March 2013	30 September 2013
Note	£'000	£'000	£'000
<b>Fixed asset investments</b>			
Investments at fair value through profit or loss	352,246	277,118	322,601
<b>Current assets</b>			
Debtors	748	343	249
Taxation recoverable	783	492	723
Cash at bank	10,920	10,196	2,545
	<u>12,451</u>	<u>11,031</u>	<u>3,517</u>
<b>Creditors: amounts falling due within one year</b>	<u>4,413</u>	<u>465</u>	<u>2,896</u>
<b>Net current assets</b>	<u>8,038</u>	<u>10,566</u>	<u>621</u>
<b>Net assets</b>	<u>360,284</u>	<u>287,684</u>	<u>323,222</u>
<b>Capital and reserves</b>			
Called-up share capital	4 10,517	10,517	10,517
Share premium account	123,749	123,749	123,749
Capital redemption reserve	8,294	8,294	8,294
Capital reserve	212,022	139,363	168,745
Revenue reserve	5,702	5,761	11,917
	<u>360,284</u>	<u>287,684</u>	<u>323,222</u>
<b>Total equity shareholders' funds</b>	<u>360,284</u>	<u>287,684</u>	<u>323,222</u>
	pence	pence	pence
<b>Net asset value per ordinary share</b> 6	<u>856.40</u>	<u>683.83</u>	<u>768.31</u>

## Cash Flow Statement (unaudited)

for the six months to 31 March 2014

	<b>Six months to 31 March 2014</b>	Six months to 31 March 2013	Year to 30 September 2013
Note	£'000	£'000	£'000
<b>Operating activities</b>			
Investment income received	2,634	2,492	10,426
Other income received	3	–	–
Investment management fees paid	(832)	(602)	(1,283)
Other cash payments	(218)	(299)	(476)
	<hr/>	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	7 <b>1,587</b>	1,591	8,667
	<hr/>	<hr/>	<hr/>
<b>Servicing of finance</b>			
Bank charges	(63)	(31)	(127)
	<hr/>	<hr/>	<hr/>
<b>Taxation</b>	(347)	(81)	(1,055)
	<hr/>	<hr/>	<hr/>
<b>Capital expenditure and financial investment</b>			
Purchases of investments	(83,037)	(61,787)	(130,066)
Sales of investments	98,077	64,524	119,074
Exchange gains/(losses) on settlement	9	26	(48)
	<hr/>	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>	15,049	2,763	(11,040)
	<hr/>	<hr/>	<hr/>
<b>Equity dividends paid</b>	5 (7,572)	(6,731)	(6,731)
	<hr/>	<hr/>	<hr/>
<b>Net cash inflow/(outflow) before financing</b>	8,654	(2,489)	(10,286)
	<hr/>	<hr/>	<hr/>
<b>Financing</b>			
Own shares purchased and cancelled	–	–	–
	<hr/>	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from financing</b>	–	–	–
	<hr/>	<hr/>	<hr/>
<b>Increase/(decrease) in cash</b>	8 <b>8,654</b>	(2,489)	(10,286)
	<hr/>	<hr/>	<hr/>

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

for the six months to 31 March 2014

	<b>Six months to 31 March 2014 £'000</b>	Six months to 31 March 2013 £'000	Year to 30 September 2013 £'000
Opening equity shareholders' funds	<b>323,222</b>	256,724	256,724
Net return after taxation for the period	<b>44,634</b>	37,691	73,229
Dividends paid	<b>(7,572)</b>	(6,731)	(6,731)
<b>Closing equity shareholders' funds</b>	<b><u>360,284</u></b>	<u>287,684</u>	<u>323,222</u>

# Notes to the Financial Statements (unaudited)

for the six months to 31 March 2014

## 1 Accounting policies

These Financial Statements have been prepared on the basis of the accounting policies set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2013. These accounting policies are expected to be followed throughout the year ending 30 September 2014.

## 2 Income

	Six months to 31 March 2014 £'000	Six months to 31 March 2013 £'000	Year to 30 September 2013 £'000
<b>Income from investments</b>			
Overseas dividends	2,776	2,450	10,413
<b>Other income</b>	<u>3</u>	<u>–</u>	<u>–</u>
<b>Total income</b>	<u>2,779</u>	<u>2,450</u>	<u>10,413</u>

## 3 Taxation

The taxation charge for the six months to 31 March 2014 is £288,000 (six months to 31 March 2013: £158,000; year to 30 September 2013: £901,000).

The taxation charge comprises a corporation tax charge for the six months to 31 March 2014 of £nil (six months to 31 March 2013: £nil; year to 30 September 2013: £nil) and irrecoverable withholding tax suffered of £288,000 (six months to 31 March 2013: £158,000; year to 30 September 2013: £901,000).

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

for the six months to 31 March 2014

## 4 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 2013	42,069,371	10,517
Shares issued	–	–
Shares cancelled	–	–
	<hr/>	<hr/>
<b>Balance at 31 March 2014</b>	<b>42,069,371</b>	<b>10,517</b>
	<hr/>	<hr/>

During the six months to 31 March 2014, no ordinary shares were issued or purchased and cancelled (six months to 31 March 2013 and year to 30 September 2013: no ordinary shares were issued or purchased and cancelled).

## 5 Dividends

	Payment date	Six months to 31 March 2014 £'000	Six months to 31 March 2013 £'000	Year to 30 September 2013 £'000
Final dividend for the year ended 30 September 2013 of 14.0p	31 January 2014	<b>5,889</b>	–	–
Special dividend for the year ended 30 September 2013 of 4.0p	31 January 2014	<b>1,683</b>	–	–
Final dividend for the year ended 30 September 2012 of 12.0p	31 January 2013	–	5,048	5,048
Special dividend for the year ended 30 September 2012 of 4.0p	31 January 2013	–	1,683	1,683
		<hr/>	<hr/>	<hr/>
		<b>7,572</b>	<b>6,731</b>	<b>6,731</b>
		<hr/>	<hr/>	<hr/>



## 6 Net asset value per ordinary share

	31 March 2014	31 March 2013	30 September 2013
Net assets attributable at the period end	£360,284,000	£287,684,000	£323,222,000
Number of ordinary shares in issue at the period end	42,069,371	42,069,371	42,069,371
Net asset value per ordinary share	856.40p	683.83p	768.31p

## 7 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	Six months to 31 March 2014 £'000	Six months to 31 March 2013 £'000	Year to 30 September 2013 £'000
Net return before finance costs and taxation	44,985	37,912	74,257
Adjustment for returns from non-operating activities:			
– Gains on investments	(43,547)	(36,206)	(65,516)
– Foreign exchange losses/(gains) of a capital nature	270	(60)	(132)
Return from operating activities	1,708	1,646	8,609
Adjustment for non-cash flow items:			
– Increase in debtors and accrued income	(127)	(6)	(7)
– Increase/(decrease) in creditors	6	(49)	65
Net cash inflow from operating activities	1,587	1,591	8,667

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

for the six months to 31 March 2014

### 8 Reconciliation of net cash flow to net cash

	<b>Six months to 31 March 2014 £'000</b>	Six months to 31 March 2013 £'000	Year to 30 September 2013 £'000
Movement in net cash resulting from cash flows	<b>8,654</b>	(2,489)	(10,286)
Foreign exchange movement	<b>(279)</b>	34	180
	<hr/>	<hr/>	<hr/>
Movement in net cash	<b>8,375</b>	(2,455)	(10,106)
Net cash brought forward	<b>2,545</b>	12,651	12,651
	<hr/>	<hr/>	<hr/>
Net cash carried forward	<b>10,920</b>	10,196	2,545
	<hr/>	<hr/>	<hr/>

### 9 Exchange rates

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

	<b>31 March 2014</b>	31 March 2013	30 September 2013
Euro	<b>1.2096</b>	1.1825	1.1963
Swiss franc	<b>1.4727</b>	1.4379	1.4644
Swedish krona	<b>10.8091</b>	9.8730	10.4016
Danish krone	<b>9.031</b>	8.8154	8.9220
US dollar	<b>1.6672</b>	1.5185	1.6194
Norwegian krone	<b>9.9813</b>	8.8563	9.7395
NZ dollar	<b>1.9213</b>	1.8120	1.9443

## **10 Financial information**

The financial information for the six months to 31 March 2014 and for the six months to 31 March 2013 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 for the year ended 30 September 2013; 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 2013 is an extract from those Financial Statements.

## **11 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.

## **12 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 contained in the Half-Yearly Financial Report. The Company's principal risks are 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. The Company's 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. For this reason they have adopted the going concern basis in preparing the Financial Statements.

## **13 Related party transactions**

There were no related party transactions during the period. Under the AIC Statement of Recommended Practice issued in January 2009, the Investment Manager is not considered to be a related party of the Company.

## Shareholder Information

### **Investing in the Company**

The Company's ordinary shares are traded on the London Stock Exchange and the New Zealand Stock Exchange. The Company's ordinary shares can be bought or sold through a stockbroker or financial adviser. The ordinary shares are eligible for inclusion in ISAs, Junior ISAs and SIPPs. These are available through Alliance Trust Savings, who also offer the opportunity to invest in the Company through a Dealing Account. The Company's shares are also available on other share trading platforms.

From 1 July 2014, ISAs will be replaced by a new product, New ISA. The subscription limit, which is currently £11,880 for an ISA, will increase to £15,000 for a New ISA.

### **Frequency of NAV publication**

The Company's ordinary share 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 Edinburgh Partners' website at [www.edinburghpartners.com](http://www.edinburghpartners.com).

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

The Company's ordinary 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 Edinburgh Partners' website at [www.edinburghpartners.com](http://www.edinburghpartners.com). Other useful information on investment trusts, such as prices, net asset values 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).

### **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 0870 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 back cover. You can check your shareholding and update your details at [www.computershare.co.uk](http://www.computershare.co.uk).

### **Key dates**

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

### **Interim Management Statements**

In accordance with the Disclosure and Transparency Rules, the Company will be releasing Interim Management Statements for the quarters ending 30 June and 31 December. These will be released to the London Stock Exchange and the New Zealand Stock Exchange and may be viewed on the Company's website at [www.theeuropeaninvestmenttrust.com](http://www.theeuropeaninvestmenttrust.com).

### **Association of Investment Companies**

The European Investment Trust plc 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).

# aic

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 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 Financial 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 Financial 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 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.

# Directors, Investment Manager and Advisers

<b>Directors (all non-executive)</b>	Douglas C P McDougall OBE (Chairman) William D Eason Michael B Moule Dr Michael T Woodward
<b>Secretary and Registered Office</b>	Kenneth J Greig Beaufort House 51 New North Road Exeter EX4 4EP
<b>Investment Manager</b>	Edinburgh Partners Limited 27–31 Melville Street Edinburgh EH3 7JF
<b>Auditors</b>	PricewaterhouseCoopers LLP Erskine House 68–73 Queen Street Edinburgh EH2 4NH
<b>Registrar – UK</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
<b>Registrar – New Zealand</b>	Computershare Investor Services Limited Private Bag 92119, Victoria Street West Auckland 1142, New Zealand  Level 2, 159 Hurstmere Road, Takapuna Auckland 0622, New Zealand
<b>Solicitors</b>	Dickson Minto W.S. 16 Charlotte Square Edinburgh EH2 4DF
<b>Bankers and Custodian</b>	JPMorgan Chase Bank, NA 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*

