

Rotterdam, 2 August 2017

Press release European Assets Trust NV

UNAUDITED INTERIM RESULTS – SIX MONTHS TO 30 JUNE 2017

Total return* performance for the six months to 30 June 2017

	Euro	Sterling
Net asset value per share	14.0%	17.3%
Share price per share	26.7%	30.3%
Euromoney Smaller European Companies (ex UK) Index	12.9%	16.2%

Annual dividend of 6% of opening net asset value per share (2017: Euro 0.822)

	Euro	Sterling
January 2017 dividend paid per share	€0.2628	£0.2279
May 2017 dividend paid per share	€0.2628	£0.2248
A further dividend of €0.2964 per share will be paid on 31 August 2017.		

*Capital performance with dividends reinvested

Investment Manager's Review

Market Review

European small cap indices delivered one of the strongest returns globally in the six-month period ended 30 June 2017. They outperformed not only their larger regional counterparts, but also finished comfortably ahead of the UK, the US, Japan and the much-heralded BRIC (Brazil, Russia, India and China) indices.

This performance reflected a powerful combination of improved company profitability, leading to relatively attractive valuations together with diminishing political risk – all resulting in strong economic growth. Economically, the region appears to be in much better shape, with Germany approaching boom territory, France emerging from its prolonged stagnation, and Spain recovering strongly. The correlation between economics and stock market returns is not always as strong as is commonly perceived. However, the particular relevance for this point in the market cycle is that this economic growth is now being felt in company profits; both the full year and first quarter results seasons have seen meaningful improvements in expectations of profit growth. This profit growth is of course potentially only the start of a recovery in the health of the listed corporate sector in the region. In aggregate company earnings are, in contrast to the US for instance, still well behind historic levels, so by this measure at least, there is plenty of potential for a further recovery. The principal beneficiaries of this recovery are smaller companies which are more likely to be domestically orientated than their larger counterparts.

Politically, Europe also navigated the period well. The Dutch elections proved ultimately uneventful while the presidential election of Emmanuel Macron in France, and his subsequent strong parliamentary majority, meant that the immediate threat to the European project diminished. Additionally, there is now potential for meaningful economic reform in one of Europe's most important economies. While political risks remain in Germany and Italy, the prospect of another political shock to the equity markets looks unlikely for now.

Portfolio Review

After a difficult 2016, we, the Managers are delighted to report much better news to shareholders; it was a good six-month period for the portfolio, which, in NAV total return terms, delivered ahead of a strong benchmark performance. It was also very satisfying to see that the Company's share price significantly outperformed its NAV as its discount closed over the period.

While stock specifics will always be the biggest determinant of the Company's portfolio performance, it is no coincidence that the Company's holdings in Italy delivered powerfully. Of note were Interpump, the Italian industrial, which rose +68.2% (GBP terms), IMA, another Italian industrial, which rose +46.6%, and Cerved, the Italian credit information business, which rose +25.3%. While all three companies delivered good operational results, their shares also benefitted from quasi-passive buying following the government's introduction of tax efficient investment funds, which are mandated to hold a certain proportion in Italian Small and Mid-Caps. The Company has taken advantage of this tail wind by paring back a number of these positions and has sold its holding in Interpump.

Other good performers were more stock specific, with good contributions from both longstanding holdings and relative new positions. CTS Eventim, the European market leader in online ticketing, rose +36.6%, following a strong results release and good support from brokers. Inwido, the Nordic window manufacturer, rose +32.0%, as it recovered from a challenging end to the previous year, buoyed by results which showed a combination of good growth and margin expansion.

The Company's recent additions Vidrala, the Spanish bottling business, and Lectra, the French information technology company, also performed strongly rising +23.9% and +39.1% respectively.

Some of the portfolio companies, did however, struggle in the rising market. Amer Sports, the Finnish sports goods company, performed poorly falling -8.4% during the six month period. The company has delivered well since its purchase in 2011 as its operations were transformed under leadership put in place prior to our initial purchase. Having made good progress, this transformation became more challenging this year. Particularly unwelcome was some significant upheaval in the US sporting retail market following the bankruptcy of a few sporting goods wholesalers. Ultimately we believe that the company has the right brands and management to transition through this difficult time, so the Company continues to hold onto the position.

CTT the Portuguese post office also had a challenging six months, falling -3.6%. The poor performance came following disappointing full year results, which signalled a greater than expected decline in mail. Its investment case is built upon growth in parcels, and financial services, offsetting declines in mail, which should ultimately deliver earnings growth, while also delivering a high dividend yield. The Company continues to hold the stock, partly because the dividend yield of 8.5% is well supported by cash flows and a strong balance sheet, but we continue to monitor its operational performance.

Outlook

The backdrop for European smaller companies is encouraging. Economic growth appears embedded and this growth is now filtering through to company profits. That is not to say however that there are not challenges for investors in Europe. Valuations, particularly for quality companies do not look obviously attractive to us. For a number of reasons, quality businesses have led the market since the crisis. Consequently, it is becoming increasingly challenging for stock pickers to justify new investments in this area unless you believe valuations do not matter, which we of course do not. This is why we believe that a portfolio that balances quality and valuation makes sense to us particularly as market leadership can move to areas of the market that have lagged the recovery thus far, namely attractively valued domestically orientated businesses.

This transition can be accelerated by a change in attitude from central bankers. We do not predict the ECB's actions, but such levels of economic growth mean they are unlikely to resist the pressure to start tapering their quantitative easing programme much longer, particularly as interest rates are becoming increasingly inappropriate for Germany. The markets could look very different under this scenario.

We do however try not to get too distracted by this. We focus on finding businesses we think can deliver good levels of return on capital, which are run by managers we trust, and that are trading at attractive valuations. Investing with this philosophy should give us the best chance to deliver attractive long-term returns for the Company's shareholders.

Sam Cosh

Lead Investment Manager
F&C Investment Business Limited

Dividend Information

2017

Dividends of €0.2628 per share have been paid in January and May 2017.

A further gross dividend of €0.2964 (net rate: €0.2628) per share will be paid on 31 August 2017 to shareholders on the register on 11 August 2017, having an ex-dividend date of 10 August 2017. This will result in total gross dividends paid for the year of €0.822 (net dividends: €0.7884) per share.

The increase in the August dividend is to offset the element of Dutch withholding tax applicable and provide an annual payment to shareholders representing a full 6 per cent of closing net asset value per share of the Company at the end of the preceding year.

Shareholders may elect to receive dividends by way of further shares in the Company rather than cash; the shares will be issued at the net asset value of the Company. The shares may trade in the market at a discount or premium to net asset value. Elections for scrip dividends can be made by shareholders using the form available from the Registrar on request. Subject to personal circumstances, UK resident individual shareholders who receive a scrip dividend should not be liable to UK income tax but UK capital gains tax rules should apply. Elections for scrip dividends must be received by the Company's Registrar, Computershare Investor Services PLC, by the record date in order to apply to this payment.

Unaudited Income Statement – for the period ended

		Six months ended 30 June 2017 €000	Six months ended 30 June 2016 €000	Year ended 31 December 2016 €000
	Notes			
Income from investments				
Dividends from securities		10,110	9,343	10,847
Movements on investments - realised		17,974	(3,017)	(300)
Movements on investments - unrealised		34,862	(75,036)	(40,600)
		52,836	(78,053)	(40,900)
Total investment gain/(loss)		62,946	(68,710)	(30,053)
Operating expenses and interest	1			
Investment management fee		(1,807)	(1,879)	(3,550)
Depositary and custody fees		(112)	(116)	(211)
Share issuance and prospectus costs		-	(81)	(81)
Other expenses		(576)	(521)	(1,132)
Interest		(51)	(72)	(154)
Net income/(loss)		60,400	(71,379)	(35,181)
Distributed by dividends	2	17,222	19,500	30,466
Earnings per share		€1.82	€(2.18)	€(1.07)
Dividends per share	2	€0.53	€0.61	€0.94

Unaudited Balance Sheet – As at

		30 June 2017 €000	30 June 2016 €000	31 December 2016 €000
	Notes			
Investments				
Securities	3	478,919	390,237	418,784
Current assets and current liabilities				
Receivables		2,962	7,405	761
Cash and cash equivalents		1,584	14,827	16,832
Accrued liabilities		(1,414)	(1,481)	(157)
Total assets less current liabilities		482,051	410,988	436,220
Equity shareholders' funds		482,051	410,988	436,220
Net asset value per share		€14.44	€12.39	€13.14
Expressed in sterling		£12.68	£10.29	£11.22

The number of €0.46 shares in issue at 30 June 2017 was 33,384,996 (30 June 2016: 33,176,715; 31 December 2016: 33,188,788).

Unaudited Summary of Changes in Shareholders' Funds

		Six months Ended 30 June 2017 €000	Six months Ended 30 June 2016 €000	Year Ended 31 December 2016 €000
At beginning of period		436,220	483,854	483,854
Sale of own shares and new shares issued	4	2,653	18,013	18,013
Net income for the period		60,400	(71,379)	(35,181)
Dividends distributed		(17,222)	(19,500)	(30,466)
At end of period		482,051	410,988	436,220

Unaudited Statement of Cash Flows – for the period ended

	30 June 2017 €000	30 June 2016 €000	31 December 2016 €000
Cash flows from investment activities			
Dividend income	8,916	8,104	10,585
Purchases of securities	(54,625)	(60,814)	(95,424)
Sales of securities	47,560	62,050	109,542
Share issuance and prospectus costs	-	(81)	(81)
Depository fees, custody fees and other expenses	(647)	(637)	(1,291)
Investment management fees	(1,807)	(1,879)	(3,550)
Interest charges	(76)	(67)	(134)
	(679)	6,676	19,647
Cash flows from financial activities			
Dividends paid	(17,222)	(19,500)	(30,466)
Sales of own shares	2,653	18,318	18,318
	(14,569)	(1,182)	(12,148)
Cash at bank			
Net movement for the period	(15,248)	5,494	7,499
Opening balance	16,832	9,333	9,333
Closing balance	1,584	14,827	16,832

Representation concerning financial statements and Investment Manager's Review

The Management Board confirms that, to the best of its knowledge, the condensed financial statements, together with comparative figures, have been prepared in accordance with applicable Dutch generally accepted accounting principles for interim reporting. These condensed financial statements give a true and fair view of the state of affairs of the Company at 30 June 2017 and of the net result for the period then ended.

The Investment Manager's Review in the Interim Report gives a true and fair view of the situation on the balance sheet date and of developments during the six month period, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

In the normal course of its business, the Company holds a portfolio of equities and manages investment activities with on-balance sheet risk. Risk management is described in the Notes to the Accounts for the year ended 31 December 2016 and the principal risks have not changed materially since the date of that report.

Notes

1. The ongoing charges figure, based on average shareholders' funds for the first half of the year and calculated with reference to the basis recommended by the AIC, amounted to 1.07 per cent annualised (first half year 2016, 1.13 per cent annualised). The ongoing charges figure for the year ended 31 December 2016 was 1.12%.
2. Two dividends totalling €0.5256 per share have been paid in January and May 2017. A further dividend of €0.2964 per share will be paid on 31 August 2017.
3. Securities comprise only listed investments. Listed investments are valued at the bid price on the valuation date on the relevant stock markets.
4. During the six month period ended 30 June 2017, the Company issued and sold 180,000 new shares. In addition, 16,097 shares were issued during the period via the scrip dividend option. During the six month period ended 30 June 2016, the Company issued and sold 1,320,000 new shares and issued 19,255 shares via the scrip dividend option. During the year ended 31 December 2016, the Company issued and sold 1,320,000 new shares and issued 31,439 shares via the scrip dividend option. The proceeds of the sale of own shares and new shares issued are stated net of related brokerage fees.
5. As at 30 June 2017, the Company had a banking facility available amounting to €45,000,000 (30 June and 31 December 2016: €45,000,000). As at 30 June 2017 this was unutilised. It was also undrawn at 30 June and 31 December 2016.
6. The accounting policies applied in preparing the half-year figures at 30 June 2017 are consistent with those underlying the 2016 annual accounts.
7. Copies of the interim report will be mailed to shareholders and will be available from the registered office of the Company and the website www.europeanassets.eu.

This announcement contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

For further information, please contact:

Sam Cosh	
F&C Investment Business Limited, Investment Managers	0207 628 8000

Scott McEllen	
F&C Investment Business Limited, Company Secretary	0207 628 8000

Wilbert van Twuijver, Managing Director	
FCA Management BV, Rotterdam	+31 (0)10 201 36 25

European Assets Trust N.V. is een closed-end beleggingsmaatschappij met veranderlijk kapitaal. European Assets Trust N.V. heeft een officiële notering aan de effectenbeurs van Euronext Amsterdam en aan de London Stock Exchange in Londen, Groot-Brittannië.