Rotterdam, 8 August 2016

Press release
European Assets Trust NV

UNAUDITED INTERIM RESULTS – SIX MONTHS TO 30 JUNE 2016

Total return* performance for the six months to 30 June 2016

	Euro	Sterling
Net asset value per share	-14.8%	-4.0%
Share price per share	-21.0%	-10.9%
Euromoney Smaller European Companies (ex UK) Index	-6.5%	5.5%

Annual dividend of 6% of opening net asset value per share (2016: Euro 0.9429)

	Euro	Sterling
January 2016 dividend paid per share	€0.304	£0.2335
May 2016 dividend paid per share	€0.304	£0.2345

A further dividend of €0.3349 per share will be paid on 31 August 2016.

*Capital performance with dividends reinvested

Investment Manager's Review

Market Review

The first half of 2016 can be characterised as economic progress for the region amid political risk, with the latter ultimately dominating market direction with the British decision to exit the European Union. In this challenging environment, our portfolio had a torrid time, with our NAV falling in Sterling total return terms by -4.0% against the index return of +5.5%. The depreciation of Sterling against the Euro, however, flatters these returns, with our NAV in Euro terms falling -14.8% against a benchmark return of -6.5%.

While the full ramifications of the decision of the British electorate to leave the European Union will take some time to be felt the market reaction has been swift and clearly the dominating factor behind European equity market performance this half. The encouraging economic performance of the region at the beginning of the year, with growth ahead of both the US and the UK, looks more uncertain now with political risk likely to dominate the short term investment horizon. The market's initial dramatic response to this has been characterised by a rapid repositioning away from domestically-exposed European stocks to globally exposed equities particularly those with US Dollar earnings.

Since the period end both the NAV and share price have experienced a partial recovery. For the month ended 31 July the NAV Sterling total return was +6.5% in comparison to +7.3% for the benchmark. The Sterling share price total return for this period was +7.6%. This helps to illustrate the volatility of the period and the danger in reacting to short term events. Indeed economic indicators are still pointing towards a tentative economic recovery in the region. Anecdotally, the companies that we meet are seeing no changes in trends in Europe, though some weakness is appearing in the UK. However, we know that economic forecasting is notoriously challenging. This uncertainty is precisely the reason why we have a clear investment philosophy and disciplined investment process. We will continue to make investments on this basis with the belief that this is in the best interests of our shareholders over the long term. While the recent performance has put a dent in our track record, the long term returns would still support such an approach.

Performance Review

For conviction portfolios, stock selection is usually the dominant factor explaining relative performance, however, other factors have been as significant over the period in review. While our Irish holdings have in aggregate been a very positive contributor to performance over the long term, the impact of 'Brexit' has been dramatic. This is both because of the close trading links that Ireland has with the UK, but also because a number of our Irish holdings have significant business exposure in the UK. A number of our companies have therefore been impacted by both economic uncertainty in the UK and the depreciation of Sterling against the Euro. Of particular note in this regard are the builders' merchant, Grafton Group, the agronomist, Origin Enterprises, and the ferry and freight business, Irish Continental Group.

Taking each in turn, Grafton Group has substantial Sterling based earnings and is also exposed to the UK construction market, which appears to be heading for a more difficult time. While we are currently reviewing the stock, we believe that the company is differentiated in its sector, both from a business model perspective in the UK, but also through its exposure to Ireland where trends remain good while the market should continue to benefit from the positive effect of consolidation.

For Origin Enterprises, Brexit compounded a difficult year in which weather conditions and low farmer incomes have put pressure on profits. With almost three quarters of the profits derived from the UK, the Sterling devaluation is unwelcome. Negotiations regarding Britain's exit from the EU and probably the Common Agricultural Policy will also continue to provide uncertainty. However the strength of the company's market position, potential outside the UK in Eastern Europe, and valuation maintain our belief in the investment over the long term.

Irish Continental Group, is of course exposed to any weakness in trade relations between Ireland and the UK. The shares have performed exceptionally well for us since inception in the portfolio and while we had been reducing the position since the beginning of the year the recent share price weakness in response to Brexit has caused underperformance. We have spoken to the company and remain confident trade and leisure links between the UK and Ireland will endure. There are potential offsetting factors such as the reintroduction of duty free which historically was a strong contributor to profits.

The other principle area of weakness in the portfolio lies amongst our financials. We have held quite large positions in this sector for some time as we believed that it offered an attractive combination of quality and value. While we still believe this to be true in selected cases, we have sold a number of positions that have negatively impacted the portfolio following reviews. Of note are EFG, the Swiss private bank, which we sold after they undertook an ambitious acquisition that compromised their business model. We have also sold Permanent TSB, the Irish bank following the referendum as we believe the management of the UK buy to let mortgage book would continue to weigh on the company's ability to improve its returns.

The other negative performer of note was Betsson the Swedish internet gambling business. The company issued a series of profit warnings relating to their Turkish activities. On review we have sold the shares.

Stock specifics have driven our positive contributors over the first six months of the year. It is gratifying to see two of our relatively new holdings IMA, the Italian packaging machinery company, and IMCD, the Dutch speciality chemical distribution business, do particularly well rising +35.9% and +22.4% respectively. Other strong performance came from the Spanish free to air TV company Mediaset Espana, the Norwegian bank Sparebank, and Indutrade, the Swedish manufacturing and distribution group.

Portfolio Activity

Stocks sold out of the portfolio are driven by our review process. Financials are however prominent amongst our sells with Permanent TSB, the Irish bank, Banca Generali, the Italian wealth manager, and EFG, the Swiss private bank, all sold following reviews. We have also sold Paddy Power due to a valuation that appeared to us to be full, and Betsson following disappointing operational performance and question marks over the company management.

Our new additions to the portfolio have similarities in that they are all owner-operator models, are strong market positions and are taking market share. They have all contributed well to performance since we initiated positions in them, which was during the market turmoil at the beginning of the year. More details are below.

IMCD is a market leading Dutch listed speciality chemical distributor. The founders, and significant shareholders, still manage the company, which is taking share from their competitors as their geographic range and breadth of products in an increasingly regulated market attract increasing distribution deals with speciality chemical companies who are looking to outsource sales and distribution.

Marr is a family owned Italian food distributor. They are six times bigger than their nearest competitor and are gradually increasing their market share as their competitive advantages in geographic reach, product breadth and superior service are brought to bear. Long term growth should be steady but ahead of the market, while profits should grow ahead of sales as they leverage their distribution network.

IMA is also a family owned Italian business. They produce packaging machinery for the food, pharmaceutical and cosmetic industries and enjoy high and growing market shares. The company have generated a lot of value through smart acquisitions and we would expect this to continue.

Investment Outlook

It is too soon to assess the effect of 'Brexit' on business confidence across the region, but inevitably we must be more cautious on the outlook for profit growth in Europe. However, we will not be making wholesale changes to the portfolio based on this assessment, but will trust our philosophy and process to pick the right stocks and portfolio that will deliver good performance over the long term. At the margin, we have reduced our exposure to domestic European cyclical businesses, taking profit in stocks such as Mediaset Espana, and also reduced our exposure to financials through the reviews we have undertaken. Our focus must be on investing in quality businesses that can thrive through the market cycle. These businesses need to be run by managers that have proven capital allocation skills and who are aligned with us through either equity ownership or sensible variable remuneration. We need to buy these businesses with a margin of safety approach. It has been a difficult period for our shareholders, but we believe this approach will deliver good long term performance.

Sam Cosh
Lead Investment Manager
F&C Investment Business Limited

Dividend Information

2016

Dividends of €0.304 per share have been paid in January and May 2016.

A further gross dividend of €0.3349 (net rate - €0.304) per share will be paid on 31 August 2016 to shareholders on the register on 12 August 2016, having an ex-dividend date of 11 August 2016. This will result in total gross dividends paid for the year of €0.9429 (net dividends - €0.912) 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 Profit and Loss Account – for the six months ended 30 June

	Notes	**2016 €000**	2015 €000
Income from investments			
Dividends from securities		**9,343**	5,727
Movements on investments - realised		**(3,017)**	15,453
Movements on investments - unrealised		**(75,036)**	47,277
		(78,053)	62,730
Total investment gain		**(68,710)**	68,457
Operating expenses and interest	1		
Investment management fee		**(1,879)**	(1,340)
Depositary and custody fees		**(116)**	(76)
Share issuance and prospectus costs	2	**-**	(522)
Other expenses		**(602)**	(547)
Interest		**(72)**	(91)
Net income		**(71,379)**	65,881
Distributed by dividends	3	**19,500**	11,735
Earnings per share		**€(2.18)**	€2.75
Dividends per share	3	**€0.61**	€0.51

Unaudited Balance Sheet – As at	Notes	**30 June 2016 €000**	31 December 2015 €000
Investments			
Securities	4	**390,237**	473,801
Current assets and current liabilities			
Receivables		**7,405**	805
Cash and cash equivalents		**14,827**	9,333
Banking facility	5	**-**	-
Accrued liabilities		**(1,481)**	(85)
Total assets less current liabilities		**410,988**	483,854
Equity shareholders' funds		**410,988**	483,854
Net asset value per share		**€12.39**	€15.20
Expressed in sterling		**£10.29**	£11.20

The number of €0.46 shares in issue at 30 June 2016 was 33,176,715 (31 December 2015 – 31,837,460).

Unaudited Summary of Changes in Shareholders' Funds - for the six months ended 30 June

	Notes	**2016**	2015
		€000	€000
Total as at 1 January		**483,854**	273,127
Sale of own shares and new shares issued	6	**18,013**	75,270
Net income for the period		**(71,379)**	65,881
Dividends distributed		**(19,500)**	(11,735)
Total as at 30 June		**410,988**	402,543

Unaudited Statement of Cash Flows – for the six months ended 30 June

	2016	2015
	€000	€000
Cash flows from investment activities		
Dividend income	**8,104**	4,947
Purchases of securities	**(60,814)**	(85,449)
Sales of securities	**62,050**	33,495
Prospectus and share issuance costs	**-**	(164)
Depositary fees, custody fees and other expenses	**(718)**	(616)
Investment management fees	**(1,879)**	(1,340)
Interest charges	**(67)**	(129)
	6,676	(49,256)
Cash flows from financial activities		
Dividends paid	**(19,500)**	(11,735)
Sales of own shares	**18,318**	74,773
Banking facility	**-**	(13,782)
	(1,182)	49,256
Cash at bank		
Net movement for the period	**5,494**	-
Balance as at 31 December	**9,333**	-
Balance as at 30 June	**14,827**	-

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 2016 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 2015 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 1.16 per cent annualised (first half year 2015, 1.12 per cent annualised).

2. These comprise regulatory and other costs in connection with the issue and listing of new shares. During the six month period ended 30 June 2015, it also comprised the advisory and other costs in connection with the Company's prospectus that was published on 6 July 2015.

3. Two dividends totalling €0.608 per share have been paid in January and May 2016. A further dividend of €0.3349 per share will be paid on 31 August 2016.

4. Securities comprise only listed investments. Listed investments are valued at the bid price on the valuation date on the relevant stock markets.

5. As at 30 June 2016, the Company had a banking facility available amounting to €45,000,000 (31 December 2015: €45,000,000).

6. During the six month period ended 30 June 2016 the Company issued and sold 1,320,000 new shares. In addition, 19,255 shares were issued during the period via the scrip dividend option. The proceeds of the sale of own shares and new shares issued are stated net of related brokerage fees.

7. The accounting policies applied in preparing the half-year figures at 30 June 2016 are consistent with those underlying the 2015 annual accounts.

8. 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:

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