

BlackRock Greater Europe Investment Trust plc July 2014 Factsheet

Performance (as at 31.07.2014)

Sterling:	1 M %	3 M %	1 Y %	3 Y %	Launch %
Net Asset Value – undiluted	-5.2	-5.6	-1.2	21.8	181.8
Net Asset Value – diluted	-5.1	-4.5	-0.3	24.5	182.0
Share Price	-6.1	-7.6	1.2	24.7	170.2
FTSE World Europe ex UK	-3.7	-4.0	4.1	23.6	130.6

Annual Performance to the Last Quarter End*

	30/06/13	30/06/12	30/06/11	30/06/10	30/06/09
	30/06/14	30/06/13	30/06/12	30/06/11	30/06/10
NAV Performance	11.5%	31.1%	-18.2%	37.0%	30.2%
Share Price Performance	15.4%	29.2%	-16.0%	37.9%	30.9%

Performance statistics sources: BlackRock and Datastream. Performance figures are calculated on a mid market basis in sterling terms with income reinvested on the ex-dividend date.

* Performance is based on cum-income undiluted NAVs with income reinvested.

- ▶ Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.
- ▶ The latest performance data can be found on the BlackRock Investment Management (UK) Limited website at www.blackrock.co.uk/brge.

The performance of the Company's portfolio, or Net Asset Value ("NAV") performance, is not the same as share price performance and shareholders may not realise returns which are the same as NAV performance.

NAV ("Net Asset Value") Undiluted / Diluted

A company's undiluted NAV is its available shareholders' funds divided by the number of shares in issue (excluding treasury shares), before making any adjustment for any potentially dilutive securities which the Company may have in issue, such as subscription shares, convertible bonds or treasury shares. A diluted NAV is calculated on the assumption that holders of any convertibles have converted, subscription shares have been exercised and treasury shares are re-issued at the mid-market price, to the extent that the NAV per share is higher than the price of each of these shares or securities and that they are 'in the money'. The aim is to ensure that shareholders have a full understanding of the potential impact on the Company's NAV if these instruments had been exercised on a particular date.

Gearing

- ▶ Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.
- ▶ Gearing works by magnifying the company's performance. If a company 'gears up' and then markets rise and the returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

Company Objective

To achieve capital growth, through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe.

Key Risk Factors

All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed.

Overseas investments will be affected by currency exchange rate fluctuations.

The Company's investments may be subject to liquidity constraints, which means that shares may trade less frequently and in small volumes, for instance smaller companies. As a result, changes in the value of investments may be more unpredictable. In certain cases, it may not be possible to sell the security at the last market price quoted or at a value considered to be fairest.

The Company invests in economies and markets which may be less developed. Compared to more established economies, the value of investments may be subject to greater volatility due to increased uncertainty as to how these markets operate.

The Company may from time to time utilise gearing. Gearing works by magnifying the company's performance. If a company 'gears up' and then markets rise and the returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

NMPI Status

The Company currently conducts its affairs so that its securities can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The securities are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Comments from the Fund Managers

- During the month, the Company's NAV returned -5.2% and the share price returned -6.1%. For reference, the FTSE World Europe ex UK Index returned -3.7% during the same period.
- European markets fell during July, with small caps continuing to underperform large caps (Stoxx 200 Small Cap Index was down -2.8%). Volatility also prevailed as the market twice fell -3% intra-month. A number of factors contributed to this, including more severe sanctions being placed on Russia, a rise in US 10 year yields and profit warnings in selected cyclical business in Europe during the second quarter earnings season. That said, forward earnings expectations for European equities were broadly flat during the month. The Euro weakened in July, falling 2.3% against the dollar which is generally positive for European corporate earnings on the whole. The market also exhibited a high degree of dispersion at a sector level, with oil & gas falling more than 5% in the month and technology rising more than 2% (both Euro terms).
- Stock selection drove the underperformance during July, while sector allocation contributed to returns. A lower weight to the energy sector contributed to relative returns as the sector fell during July after being the strongest performing sector in June. A lower weight in consumer goods also contributed to returns while a higher weight in industrials detracted.
- At the stock level a position in Sberbank of Russia was the Company's largest stock detractor after the share price fell sharply during the month. The continued conflict between Russia and the Ukraine has led to the bank facing sanctions and thus hindering the investment case of the bank. A position in Portuguese retailer Jeronimo Martins also fell during July after announcing weak Q2 results. The like-for-like results in their key Polish discount retail business, Biedronka, were weaker than expected. They have now started to see deflationary pressures in Poland as well as falling margins. This has led to the stock facing earnings downgrades on their full year guidance. Similarly the share price of French construction and material company Saint-Gobain reacted poorly on the back of weak European macroeconomic and construction data surveys. However, the investment case remains intact with Saint-Gobain's valuation already factoring in the weak activity in Q2, and reporting recently an increase in its first half earnings on rebounding demand in Europe and in emerging markets.
- On a more positive note, a position in Portuguese postal service CTT Correios de Portugal performed well during July as the share price rose after several broker upgrades and then releasing solid Q2 results in which they saw easing mail volume pressure and strong cost savings come through. A position in ASML performed well; their Q2 results were ahead on EBIT and in line with consensus on the top line but investors were initially tentative due to a cautious guidance from the management team. However, at the end of the month the stock rallied as the company confirmed that plans for its next-generation wafer technology, Extreme Ultra Violet, were ahead of their previous guidance.
- At the end of the month, the Company was positioned with higher weightings in Industrials, Financials, Consumer Services, Technology & Health Care and with lower weightings in Consumer Goods, Oil & Gas, Basic Materials, Telecoms & Utilities.

Outlook

- Recent months have been challenging for portfolio performance and indeed active managers more broadly. We have witnessed a vicious rotation but it is all too easy to chase the market and to be whipsawed on the way. Market volatility remains benign and valuations of European equities are broadly supportive relative to other asset classes and to US equities. Earnings momentum is the laggard relative to the US but we believe that current European earnings expectations of 8% growth in 2014 should be achievable from here: the weakening Euro is supportive of this.
- Uncertainties are building up for investors, both in terms of geopolitical risk increasing in Ukraine and the Middle East, and in terms of some monetary policies starting to move towards tightening as far as the US and UK are concerned. The shift in interest rate regime by the Federal Reserve is unlikely to be smooth for financial markets and we are likely to see increased volatility. However, history has shown that equity markets tend to perform well in the early stages of a tightening interest rate cycle. In Europe, the dovish stance by the European Central Bank ("ECB") will in itself be an important point to watch. We believe that the ECB actions will be positive for the Eurozone economy in the coming months and has notable benefits for a banking sector that is already in a strong capital position relative to five years ago. Nonetheless, it will take time for the benefits of cheaper lending to filter through to the real economy in the form of lending to SMEs and households but there is plenty of pent up demand which should support the European economic recovery and be positive for the market as a whole.

Sources: BlackRock, Factset and Datastream

Reference to the names of each company mentioned in this communication are merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies.

Fund Information (as at 31.07.2014)

Net Asset Value (capital only)	232.29p
Net Asset Value (including income)	235.50p
Net Asset Value (capital only)*	232.29p
Net Asset Value (including income)*	235.50p
Share price	224.50p
Subscription Share price	15.50p
Net gearing	1.4%
Net yield**	2.7%
Discount to NAV (including income)	4.7%
Discount to NAV (including income)*	4.7%
Total Assets (including income)	£259.6m
Issued capital – Ordinary Shares***	108,815,767
Subscription Shares	20,660,139

*diluted for subscription shares and treasury shares

**based on a final dividend of 4.5p per share for the year ended 31 August 2013 (excluding special dividend) and an interim dividend of 1.5p per share for the year ending 31 August 2014

***excluding 5,429,676 shares held in treasury

The Company's ongoing charges, calculated as a percentage of average net assets (for the year ended 31 August 2013) and using expenses, excluding performance fees and interest costs, after relief for any taxation were:

0.9%

Country Analysis (as at 31.07.2014)

	% of Total Assets
France	18.8
Switzerland	17.6
Germany	11.1
Italy	10.6
Netherlands	8.2
Sweden	7.3
Denmark	6.0
Russia	5.1
Ireland	3.0
Turkey	2.8
Portugal	2.6
Belgium	2.3
Spain	1.9
Finland	1.7
Hungary	1.1
Net current liabilities	(0.1)
TOTAL	100.0

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Sector Analysis (as at 31.07.2014)

	% of Total Assets
Financials	31.5
Industrials	19.1
Health Care	10.7
Consumer Services	9.1
Consumer Goods	8.8
Basic Materials	7.8
Technology	5.5
Oil & Gas	4.5
Utilities	3.1
Net current liabilities	(0.1)
TOTAL	100.0

Ten Largest Investments (in alphabetical order as at 31.07.2014)

Company	Country of Risk
Bayer	Germany
Compagnie de Saint-Gobain	France
Continental	Germany
Eni	Italy
GDF Suez	France
Novo Nordisk	Denmark
Roche	Switzerland
Schneider Electric	France
Unicredit	Italy
Zurich Insurance	Switzerland

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether this product is suitable, please read the Key Features document and the current Annual and Half Yearly Financial Reports which provide more information about the risk profile of the investment.

If after reading this factsheet you have any questions or would like any additional information, please contact your financial adviser or speak to our Investor Services Team.

The purpose of this factsheet is to provide summary information concerning the Company and does not constitute a recommendation to buy or sell its shares. If you are in any doubt as to the suitability of any of our funds for your investment needs, please contact your Financial Adviser. Issued by BlackRock Investment Management (UK) Limited (authorised and regulated by the Financial Conduct Authority). Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Registered in England No. 2020394. Tel: 020 7743 3000. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited.

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Financial Calendar

Year end:	31 August
Results announced:	April (half yearly) October (final)
AGM:	December
Dividends paid:	December (final) May (interim)

Key Company Details

Fund Characteristics:

Alternative Investment Fund Manager (with effect from 2 July 2014):	BlackRock Fund Managers Limited
Fund Managers	Vincent Devlin Sam Vecht
Launch Date	20 September 2004
Dealing Currencies	Sterling
AIC Sector	Europe
Reference Index	FTSE World Europe ex UK
Traded	London Stock Exchange
Savings plan and stocks and shares ISA:	Available via BlackRock. Please see the Investment Trust brochure and Key Features document for more information.

Fund Codes:

Ordinary Share Codes:

ISIN	GB00B01RDH75
Sedol	B01RDH7
Bloomberg	BRGE:LN
Reuters	BRGE.L
Ticker	BRGE/LON

Subscription Share Codes:

ISIN	GB00B99HJ527
Sedol	B99HJ52
Bloomberg	BRGS:LN
Reuters	BRGS.L
Ticker	BRGS/LON

- BlackRock Greater Europe Investment Trust plc will not invest more than 15% of its gross assets in other listed investment trusts.
- BlackRock Greater Europe Investment Trust plc is traded on the London Stock Exchange and dealing may only be through a member of the Exchange.

Contact us

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