

Fund manager
Sam Cosh



Manager Commentary

Markets continued their strong start to the year in March as economic data releases showed a resilient economy regardless of stickier inflation numbers. Despite this strong start, European markets have lagged their global peers this year. Investor interest in the region is picking up due to concern over concentration risk in the US market and more attractive valuations in Europe. Frustratingly, smaller companies continue to lag their large-cap counterparts; however, if economic releases continue to be positive, this should reverse. Our portfolio, which rose 3.5%, narrowly lagged a strong index performance during the month.

Our top contributor was online ticket provider and concert organiser CTS Eventim, whose shares rose +13%. Its 2023 revenue performance was very strong, as expected; however, most importantly, the outlook for 2024 remains positive, countering concerns that the post-COVID-19 entertainment boom was unsustainable. Profitability for CTS Eventim remains very attractive, and it is looking to expand its remit to also include venue management, a step that will help it to capture more of the value chain. We also saw a strong share-price performance from Bank of Ireland (+17.3%). Despite profit for the second half of 2023 being below expectations, the dividend and buyback were a positive surprise for the market. Moreover, the market's view that interest-rate cuts may not come as early as initially anticipated helped. Data at the end of the month showed strong mortgage approvals in the country, highlighting potential upside to estimates. This was also reflected in a strong move for the shares of Irish housebuilder Cairn (+9.7%).

On the negative side, Italian Asset Manager Azimut saw its shares slide -5.1% as it announced a lower-than-expected cash dividend as management wanted to retain balance-sheet flexibility with a debt payment due. In our view, the business is well-capitalised, so we were slightly surprised at this conservatism; however, we believe the strong dividend payments will resume once the debt payment is resolved. German pharmaceutical supplier Gerresheimer struggled after Novo Nordisk's announcement that it was making progress in an oral alternative for its injectable diabetes and weight-loss drugs (where Gerresheimer is involved in the packaging supply). While we continue to monitor the long-term threat to this business, we believe the medium-term opportunities are not yet priced in by markets. We also saw a sharp price decline (-15.2%) in BE Semiconductor's shares; market commentary suggested a potential delay to the adoption of its revolutionary hybrid bonding technology. The shares have performed very well since purchase and we had reduced our exposure, but we are not unduly concerned.

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. If markets fall, gearing can magnify the negative impact on performance. Where investments are made in smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment.

The mention of any specific shares or bonds should not be taken as a recommendation to deal. Past performance does not predict future returns.

Key facts as at 31.03.24

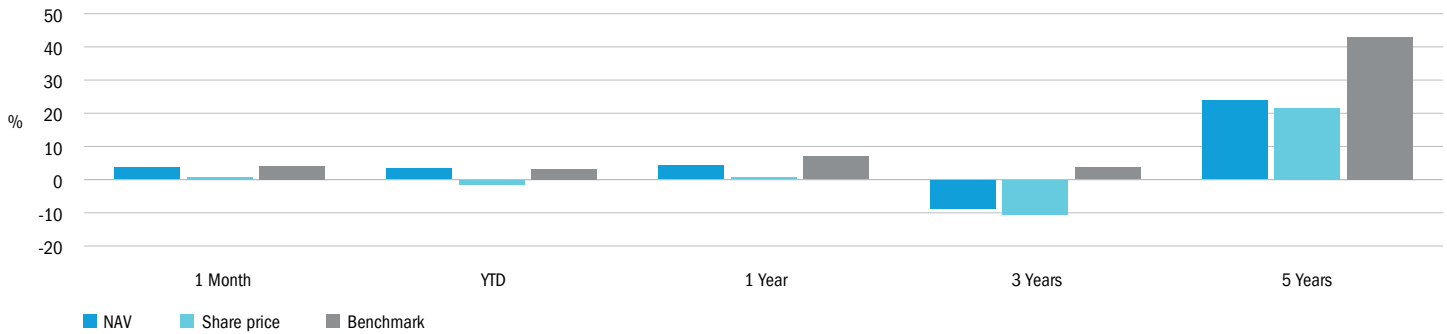
Trust aims: To achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. A high distribution policy has been adopted and dividends are paid from a mix of income and capital reserves.

Trust highlights: Diversified portfolio of small to mid-cap growth businesses across Continental Europe and Ireland. This area of the market is less well researched, allowing value to be added from stock selection.

Benchmark:	MSCI Europe ex UK SMID Cap Index [†]
Fund type:	Investment Trust
Launch date:	1972
Total assets:	£390.1 million
Share price:	87.00p
NAV:	100.01p
NAV:	€1.17
Discount/premium(-/+):	-13.01%
Dividend payment dates:	Jan, Apr, Jul, Oct
Yield ^{††} :	6.78%
Net gearing/Net cash [‡] :	3.80%/0.00%
Management fee rate ^{‡‡} :	0.75%
Ongoing charges ^{***} :	1.04%
Year end:	31 December
Sector:	European Smaller Companies
Currency:	Euros
Website:	www.europeanassets.co.uk

^{***}Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.

Fund performance as at 31.03.24



Cumulative performance as at 31.03.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	3.49	3.29	4.16	-8.59	23.76
Share price	0.69	-1.33	0.51	-10.28	21.46
Benchmark	3.92	3.06	6.86	3.49	42.81

Discrete annual performance as at 31.03.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	4.16	-7.35	-5.28	61.61	-16.23
Share price	0.51	-13.52	3.21	73.14	-21.81
Benchmark	6.86	-4.07	0.95	57.05	-12.14

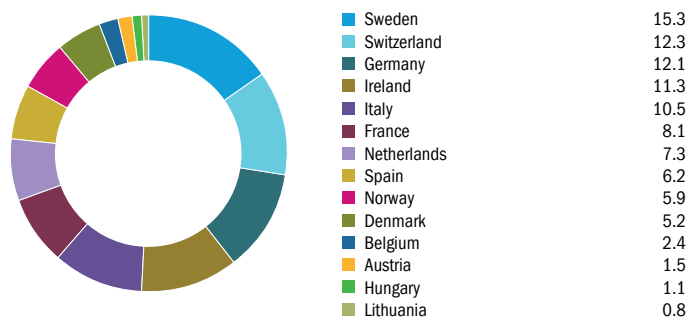
Past performance is not a guide to future performance. Source: Columbia Threadneedle Investments and LIPPER. Basis: Percentage growth, total return, bid to bid price with net income reinvested in Sterling. The discrete performance table refers to 12 month periods, ending at the date shown.

Trust codes	
Stock exchange code	Sedol
EAT	BD0BSY3

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
Ringkjoebing Landbobank	3.1	0.2	2.9	Financials
CTS Eventim	3.0	0.2	2.8	Consumer Discretionary
Smurfit Kappa	2.7	0.5	2.2	Industrials
Interpump	2.6	0.2	2.4	Industrials
Vidrala	2.5	0.1	2.4	Industrials
Gerresheimer	2.4	0.2	2.2	Health Care
Cairn Homes	2.4	0.0	2.4	Consumer Discretionary
Rational	2.4	0.2	2.2	Industrials
Siegfried	2.4	0.2	2.2	Health Care
Tecan	2.3	0.2	2.1	Health Care

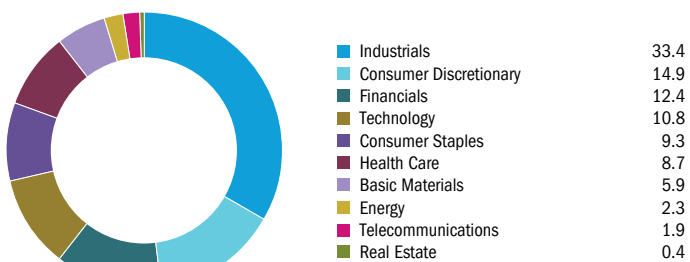
All figures are subject to rounding.

Geographical breakdown (%)



All figures are subject to rounding.

Sector breakdown (%)



Net dividend distributions per share (£)

	2024
January	0.01475
March	0.01475
July	0.01475
October	0.01475
Total	0.05900

The 2023 dividend was paid in four instalments on 31 January, 28 April, 31 July and 31 October. The annual dividend is equivalent to 6% of the net asset value as at 31 December each year.

Glossary

Bid price	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
Dividend	Income paid to shareholders by the company they invest in.
Net asset value	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

To find out more visit columbiathreadneedle.com



All data as at 31.03.2024 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. All percentages are based on gross assets. [†]With effect from 1 June 2023. Previously EMIX Smaller European Companies (ex UK) Index. ^{**}The yield is calculated using the dividends declared for the company's current financial year and the closing share price and exchange rate as at the end of the relevant month. ^{*}Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. ^{**}A reduced management fee of 0.60% per annum is charged on funds under management in excess of €400 million. ^{***}Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) to the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product.

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English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6A. Email: inv.trusts@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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