BLACKROCK GREATER EUROPE INVESTMENT TRUST PLC (LEI - 5493003R8FJ6I76ZUW55)
All information is at **31 July 2024** and unaudited.

Performance at month end with net income reinvested

	One Month	Three Months	One Year	Three Years	Launch (20 Sep 04)
Net asset value (undiluted)	-3.5%	-0.3%	9.5%	0.4%	780.6%
Share price	-0.5%	0.0%	12.3%	-4.6%	761.4%
FTSE World Europe ex UK	0.1%	2.1%	11.3%	20.2%	452.7%

Sources: BlackRock and Datastream

At month end

Net asset value (capital only):	626.96p
Net asset value (including income):	632.40p
Share price:	611.00p
Discount to NAV (including income):	3.4%
Net Gearing:	8.2%
Net yield[1]:	1.1%
Total assets (including income):	£630.0m
Ordinary shares in issue[2]:	99,615,504
Ongoing charges[3]:	0.98%

1 Based on a final dividend of 5.00p per share for the year ended 31 August 2023 and an interim dividend of 1.75p per share for the year ending 31 August 2024.
2 Excluding 18,313,434 shares held in treasury.
3 The Company's ongoing charges are calculated as a percentage of average daily net assets and using the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, write back of prior year expenses and certain non-recurring items for the year ended 31 August 2023.

Sector Analysis	Total Assets (%)
Industrials	25.7
Consumer Discretionary	22.4
Technology	20.3
Health Care	15.3
Financials	8.8
Basic Materials	6.6
Consumer Staples	0.9
Net Current Liabilities	0.0

	100.0
	=====

Country Analysis	Total Assets (%)
France	20.6
Netherlands	20.6
Switzerland	18.1
Denmark	10.4
United Kingdom	6.8
Ireland	6.1
Sweden	5.9
Italy	3.8
United States	3.8
Belgium	2.0
Germany	1.9
Net Current Liabilities	0.0

	100.0
	=====

Top 10 holdings	Country	Fund %
Novo Nordisk	Denmark	8.8
ASML	Netherlands	7.7
RELX	United Kingdom	6.8
LVMH	France	5.2
Safran	France	4.1
ASM International	Netherlands	4.0
Hermès	France	3.8
Ferrari	Italy	3.8
Schneider Electric	France	3.8
Linde	United States	3.7

Commenting on the markets, Stefan Gries and Alexandra Dangoor, representing the Investment Manager noted:

During the month, the company's NAV fell by 3.5% and the share price declined by 0.5%. For reference, the FTSE World Europe Ex UK Index returned +0.1% during the period.

Markets experienced a pick-up in volatility during July which has continued to accelerate into early August resulting in a growth scare that has driven a rotation away from cyclical assets , which have been driving markets through 2024. We see the recent market sell off as being driven by a confluence of factors including weakening US economic data, an escalation of geopolitical unrest in the Middle East, technical factors such as an unwinding of a popular carry trades following the strong movement in the Yen and mixed results from US tech companies, as well as further restrictions of US tech export restrictions to China.

Recent US data has reignited fears that the economic weakness is worse than previously thought and has brought back worries over a potential recession. We believe the US market appears sluggish rather than outright weak. A normalisation of employment markets has been key in moving on from the inflation battle over the last few years. As a result, we believe the Federal Reserve (fed) now has room to cut rates given inflation numbers are under control and can respond to a weaker US consumer, housing market and slowing job market accordingly.

In Europe, the economic landscape is showing signs of a steady yet slow growth environment, with no indications of an uptick in loan losses. The household sector remains robust, characterised by minimal leverage, low unemployment rates and real wage increases.

Whilst our outlook has not fundamentally changed, we are closely monitoring our position in the semiconductor space where concerns over capex cuts may have a more prominent impact on future growth.

The Company underperformed its reference benchmark, largely driven by its exposure to the technology sector.

In sector terms, we saw a rotation from cyclical into defensive assets which led to utilities, telecoms and real estate leading the market. The portfolio's underweight exposure to all three sectors was negative for performance. Weakness particularly came from technology as specific concerns around the strength of artificial intelligence (AI), delays in chips and capex cuts by larger US players weighed on the sector. Our overweight exposure and stock selection were negative with the top detractors during July all being semiconductor-related stocks. Elsewhere, the consumer discretionary sector struggled given pricing pressure in both luxury and autos. An overweight exposure was partially offset by positive selection from avoiding autos as well as some of the more 'aspirational' luxury brands. A higher weight to industrials as well as an underweight position in energy was positive for active returns.

By far the most significant negative contribution came from the technology sector during July. Our semiconductor stocks ASML, ASMi, Besi and STMicro were all amongst the bottom performers during the month. The tech weakness was driven by rhetoric around trade restrictions and softness in Alphabet and Intel results as well as rising concerns over ongoing AI-spend and its economic return. However, commentary from Meta and Microsoft continued to support ongoing spend in AI and capex to sustain their competitive advantage. We are monitoring the events very closely, re-underwriting investment cases and identifying where there are fundamental changes. We continue to see better sequential orders coming out of some of the semi cap names, although the recovery for the likes of Besi has been pushed to the right given slower recovery in the smartphone and PC sectors. Similarly, STMicro's end demand remains very weak with exposure to weakening trend in the auto industry as well as the Chinese industrials sector.

With regards to export restrictions in semiconductors, at this stage we clearly don't know what type of restrictions, if any, may be considered by the US government. The US government first implemented such export restrictions to China in October 2019 and then added more stringent controls in October 2022 and October 2023 to slow down the pace of chip development in China, and also block Chinese companies from having access to advanced IP developed in the US. We anticipate the release of this year's restrictions in the coming months. We believe that a ban on all immersion tools seems unlikely, given that the developed world is still reliant on China to produce legacy chips. Thus should it require an increasing focus from Developed Markets governments on domestic capacity this should result a further demand for European WFE companies.

Weak performance also came from the luxury sector with positions in LVMH and Hermes being amongst the largest detractors. The sector is currently undergoing a period of normalisation, and the downward trend may not have reached its end yet. However, our mid to long-term outlook remains unchanged, and we intend to maintain our investments, poised to capitalise when the market rebounds.

Performance was mixed within healthcare. Not owning Roche detracted as shares rallied following the positive response to their Phase I obesity drug trial and a strong H1 2024 earnings report. Shares in Novo Nordisk were weak due to concerns over potential rising competition.

A position in Lonza was the top performer over the month. Lonza's first half results confirmed the acceleration in sales momentum which was guided in its Q1 update, as well as beating expectations on profitability. The combination led to upgrades to its full year earnings forecasts, as well as helping to rebuild confidence in leadership and communication.

Shares in Chemometec rose by 24% in the month, as the market welcomed encouraging preliminary revenue figures released for the 2023/24 financial year. The new CEO has been showing solid execution. We remain encouraged by the pivot in Chemometec's strategy to one we believe is quite promising from a commercial perspective.

Finally, Belimo outperformed in July following a very strong H1 2024 result. Group organic sales came in at 10% versus consensus expectations of 7%, with the beat driven by data centers and industrial markets in the US. EBIT margins also improved more than the market expected. The company guided for H2 2024 organic growth to improve sequentially, a material upgrade to prior full-year guidance and market expectation. The market was also encouraged by Belimo's assessment of the mid-term opportunity from data centers, expecting the market for HVAC systems in data centers to grow at 20-25% for the foreseeable future, allowing this high-value segment to keep growing in the earnings mix.

Outlook

As economic momentum gathers pace and company guidance strikes a more optimistic tone, Europe has come into the spotlight. The European Central Bank's decision to cut rates was taken positively, although the jury remains out on the speed rates fall from here. Whilst this rate change is positive for asset class sentiment, operationally we see limited impact on companies.

Rising political discontent, however, has been a thorn in the region's side. Geopolitical tensions around tariffs and elections as well as weaker macro data in the US and China have added a degree of uncertainty. We take confidence in the changed regulatory landscape for banks in helping manage perceived contagion risk that could arise from potentially weaker fiscal positions; and believe the negative impact of tariffs would only be meaningful for a small group of companies. Whilst uncertainty on policy outcomes remains, we believe the growth impact is likely limited in the near-term and economics should continue their positive inflection.

Long-term structural trends and large amounts of fiscal spending via the Recovery fund, Green Deal and the REPowerEU plan in Europe can also drive demand for years to come, for example in areas such as infrastructure, automation, innovation in medicines, the shift to electric vehicles, digitisation or decarbonisation.

ENDS

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23 August 2024