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EUROPEAN ASSETS TRUST PLC

Audited Statement of Results for the year ended 31 December 2024

LEI: 213800N61H8P3Z4I8726

3 April 2025

European Assets Trust PLC ("EAT" / "the Company") today announces its results for the year ended 31 December 2024.

Below is an abridged version of the Company's Annual Report & Accounts for the year ended 31 December 2024. The full version, together with a copy of this announcement, will shortly be available on the Company's website at www.europeanassets.co.uk, where further information can also be found, including daily NAVs, share prices and the monthly factsheets.

About European Assets Trust

The Company's Investment Objective is to achieve growth of capital through investment in quoted small and medium sized companies in Europe, excluding the United Kingdom. The Company's benchmark is the MSCI Europe Ex UK Small Mid Cap (Net Return) Index. The portfolio has a quality growth bias and typically holds 50-70 investments.

The Company has in place a high distribution policy of six per cent of the Company's net asset value at its preceding 31 December financial year end, with dividends paid out of current year revenue profits and the Distributable Reserve. The Company's portfolio is therefore managed on a total return basis.

The Company has been managed by Columbia Threadneedle Investment Business Limited and its predecessors since its creation in 1972. The Lead Investment Manager is Mine Tezgul, Head of Pan European Small Cap Equities at Columbia Threadneedle Investments. She is assisted by Philip Dicken, Head of European Equities and Head of International Equities at Columbia Threadneedle Investments.

Financial Highlights for the Year Ended 31 December 2024

	Year ended 31 December 2024	Year ended 31 December 2023
Sterling net asset value total return	(0.8%)	8.2%
Sterling share price total return	(3.6%)	4.5%
Sterling Benchmark index(1)	2.4%	9.8%
Sterling net asset value per share (NAV)	91.82p	98.31p
Sterling price per share	80.80p	89.70p
Sterling share price discount to NAV	(12.0%)	(8.8%)
Sterling dividends per share paid	5.90p (4 x 1.475p)	5.80p (4 x 1.45p)
Sterling net assets	£330.6 million	£354.0 million
Sterling market capitalisation	£290.9 million	£323.0 million
Gearing (maximum 20%)	5.0%	6.8%
Ongoing Charges	1.01%	1.04%
Shares issued	Nil	Nil
Shares bought back	Nil	Nil

(1) At 1 April 2021 the Benchmark changed from EMIX Smaller European Companies (ex UK) Index (gross) to EMIX Smaller European Companies (ex UK) Index (net). With effect from 1 June 2023 the Benchmark changed from EMIX Smaller European Companies (ex UK) Index (net) to MSCI Europe excluding United Kingdom Small Mid Cap (Net Return) Index. A time apportioned composite of each indices has therefore been calculated and disclosed.

2025 dividend 5.52p

In accordance with the Company's aim to pay dividends at an annual rate of six per cent of the closing Net Asset Value of the preceding year, the Board has declared a total dividend for 2025 of 5.52 pence per share (2024: 5.90 pence per share), which will be paid out of current year revenue profits and the Distributable Reserve. At 31 December 2024 the Distributable Reserve stood at £266.8 million, or 74.1 pence per share, equivalent to approximately 13x the 2025 dividend.

The first interim dividend of 1.38 pence per share was paid on 31 January 2025, with further dividends payable on 30 April, 31 July, and 31 October. As previously announced, the next dividend will be paid to Shareholders on 30 April 2025 to those on the register on 4 April 2025, with an ex-dividend date of 3 April 2025.

Chair's Statement

Fellow Shareholders

European Assets Trust PLC ("the Company") recorded a sterling Net Asset Value ("NAV") total return for the year ended 31 December 2024 of -0.8% (euro: +3.9%). This compares to the total return of its Benchmark, the MSCI Europe (ex UK) Small Mid Cap (Net Return) Index which rose +2.4% (euro: +7.3%) during the same period. With the discount widening from 8.8% as at 31 December 2023 to 12.0% at the year-end, the sterling share price total return for the year was -3.6% (euro: +1.0%). Stock selection was the main contributor to underperformance relative to the Benchmark, while the 5% weakening of the euro vs sterling detracted significantly from the sterling absolute returns.

The longer-term performance of the Company has also been disappointing. The sterling NAV total return for the five- and ten-year periods ended 31 December 2024 are 9.3% and 75.8% respectively. These compared to 26.3% and 137.1% for the sterling Benchmark total returns for the same periods.

Market Backdrop

Markets were turbulent during 2024. Although European equities returned positive performance, progress was less than in the US, and in both stock markets, small companies lagged large cap. Macroeconomic factors significantly impacted equity returns, particularly through fluctuating interest rate expectations. These expectations were shaped by evolving inflation forecasts which were influenced by potential trade tariffs and heightened demands on bond markets, driven by increased European government spending.

Politics also had an effect, both inside and outside Europe. Trump's Presidential re-election changed the background for many companies, particularly those which export into the US which now face the likely negative impact of tariffs. However, an end to the war in Ukraine would be welcomed, as would falling energy costs.

In Europe, we witnessed turbulence in French politics and in Germany a full Bundestag election was scheduled for February 2025 following the collapse of the ruling SDP-led coalition. When the election took place, it resulted in strong gains for right-wing parties. The largest vote share was won by the CDU, whose leader Freidrich Merz is likely to form a new coalition which he will lead as Chancellor.

Within markets, leadership in the US for much of the year came from the "Magnificent Seven," whilst others lagged. Europe was little different. For most of the year, much of the performance came from a small number of large companies. In small cap, unlike large cap, value stocks outperformed growth and quality, and this was unhelpful given our focus within the Company's portfolio on stocks of high quality. This style headwind has been a feature over the last three years, since the invasion of Ukraine, and returns were further worsened by disappointing stock selection. However, looking forward, this means that the relative valuation of the stocks we own has in most cases become even more attractive.

Portfolio Manager Change

On the 2nd of May 2024, the Board announced that following the further integration of the European equities team by Columbia Threadneedle Investments ("the Manager"), Mine Tezgul would succeed Sam Cosh as the Company's Lead Investment Manager. Mine is Head of Pan European Small Cap Equities and is supported by Philip Dicken, Head of European Equities and Head of International Equities at the Manager.

The Board acknowledges that the growth of European economies has faced persistent challenges in recent times. Furthermore, the recent recovery in European stock markets has largely favoured large-cap and value companies - areas that fall outside the Company's focus on quality growth investments. Nevertheless, the Board is dissatisfied with the overall investment performance, particularly the disappointing stock selection. We are closely monitoring the new team's implementation of the investment process to assess the impact on performance relative to both the Benchmark and the Company's peer group.

Company's peer group.

Amendment to the Investment Management Fee

On the 2nd of May 2024 the Board also announced an amendment to the basis of calculation of the investment management fee payable to the Manager. Previously, the Manager received a fee equal to 0.75% per annum of the value of funds under management up to €400 million, and in cases where the value of funds under management exceeded €400 million, the applicable rate over such excess value was 0.6% per annum.

Following the amendment, which was effective from 1 January 2024, the funds under management to which the applicable rate of 0.75% is applied has been lowered from €400 million to €300 million. For funds under management in excess of €300 million, the applicable rate has been reduced from 0.60% to 0.55% per annum. The basis of calculation for funds under management remains unchanged. The impact of this change was to reduce the 2024 management fee payable from £2.8 million to £2.6 million.

Share Price Discount

As at 31 December 2024 the share price discount was 12.0%. This was in comparison to 8.8% as at 31 December 2023. The discount also widened relative to those reported by the Company's peer group and resulted in a subdued share price total return for investors for the year. The Board recognises the importance of movements in the Company's discount upon the return that investors receive and monitors closely the discount's absolute and relative levels.

At the Annual General Meeting ("AGM") to be held on 24 June 2025, the Board will seek to renew the authority from Shareholders to buy back up to 14.99% of the Company's share capital. Buybacks can only be made at a cost per share which is below the prevailing NAV. Shares bought back will be held in treasury. At the forthcoming AGM the Board will also seek authority from Shareholders to re-issue treasury shares or issue new shares, subject to limitations on the number and price. The Board seeks these authorities to allow the Company to intervene in the market for its shares when considered appropriate to do so. During the year ended 31 December 2024 the Company did not buyback nor issue any of its shares (2023:none).

Dividend

The level of dividend paid each year is determined in accordance with the Company's distribution policy. The Company has stated that, barring unforeseen circumstances, it will pay an annual dividend equivalent to six per cent of its NAV at the end of the preceding year. As the NAV per share of the Company has decreased since 31 December 2023, the dividend has also decreased from 5.90 pence per share in 2024 to 5.52 pence per share in 2025.

The Company's dividend is funded from a combination of current year revenue profits and the Distributable Reserve. As at 31 December 2024, the value of the Distributable Reserve was £266.8 million. In comparison, the cost of the 2024 dividend was £21.2 million.

The 2025 dividend of 5.52 pence per share is payable in four equal instalments of 1.38 pence on 31 January, 30 April, 31 July and 31 October 2025. As at 31 December 2024 this represented a share price yield of 6.8%.

Gearing

In March 2024, the Company entered into a multi-currency revolving loan agreement with The Royal Bank of Scotland International, London Branch ("RBSI") with a maximum potential facility of £60 million. This replaced a similar but smaller facility with The Bank of Nova Scotia, London Branch. Following the year end, the Company's loan facility with RBSI was extended until February 2026 on similar terms.

The Company had net debt at 31 December 2024 of £16.4 million (31 December 2023: (£23.9 million)). This represented gearing of 5.0% (31 December 2023: 6.8%). There was, however, a higher average level of gearing employed during 2024 in comparison to the prior year.

Directorate Change

European Assets Trust PLC ("EAT PLC") was incorporated on 12 November 2018. EAT PLC is the UK domiciled successor of the Company's Dutch predecessor, European Assets Trust NV ("EAT NV") which was dissolved on 16 March 2019. All the directors of the Supervisory Board of EAT NV were appointed to the Board of EAT PLC on the date of its incorporation. Although EAT PLC and EAT NV were separate legal entities, for governance purposes, the Board regards the date of first appointment to the Supervisory Board of EAT NV as the date of appointment to the continuing business.

The Board recognises the value in both attracting fresh talent and the maintenance of continuity and accordingly a plan has been developed to ensure an orderly succession as Directors retire. As part of this plan it is anticipated that Martin Breuer will retire from the Board at the conclusion of the Company's AGM to be held on 24 June 2025. Martin was appointed as a Director of the Supervisory Board of the Company's Dutch predecessor, European Assets Trust NV, in May 2016 and upon retirement will have served nine years between both entities. On behalf of the Board and Shareholders of the Company I thank Martin for his diligence and insight throughout his period of appointment.

As a further part of the Board's succession plan and following a thorough selection process which included the services of a search company, Monica Tepes was appointed to the Board with effect from 7 February 2025. Monica brings 20 years of investment trust experience built in a variety of roles, buy-side and sell-side, which have given her varied insights into the sector. Monica is currently a non-executive director of Golden Prospect Precious Metals Limited. From 2017 to 2023 she was a director at finnCap Capital Markets Limited (now Cavendish Capital Markets Limited), where she cofounded and developed the Investment Companies team. Prior to this she was Head of Investment Companies Research at Cantor Fitzgerald Europe and a no.1 Extel rated alternatives funds analyst. She began her career as a funds analyst and assistant portfolio manager at Killik & Co Wealth Managers. She is a member of the AIC Statistics Committee, a CFA charterholder and has a degree in Finance, Insurance, Banks and Capital Markets from the Academy of Economic Studies Bucharest.

Annual General Meeting

The Company's AGM will be held at 3.00 pm on 24 June 2025 at the offices of Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6AG. This will be followed by a presentation by the Investment Manager on the Company and its investment portfolio.

For Shareholders who are unable to attend the meeting, any questions they may have regarding the resolutions proposed at the AGM or the performance of the Company can be directed to a dedicated email account, eatagm@columbiathreadneedle.com, by 9.00am on 17 June 2025. The Board will endeavour to ensure that questions received by such date will be addressed at the meeting. The meeting will be recorded and will be available to view on the Company's website, www.europeanassets.co.uk shortly thereafter.

In addition, the AGM and Investment Manager presentation will be broadcast live on the Investor Meet Company platform. This broadcast is open to all existing and potential Shareholders to view. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9.00am on 23 June 2025. Investors can sign up to Investor Meet Company for free and add to meet European Assets Trust plc via: www.investormeetcompany.com/european-assets-trust-plc/registerinvestor. Investors who already follow European Assets Trust plc on the Investor Meet Company platform will automatically be invited.

All Shareholders that cannot attend in person, including those viewing the live broadcast on the Investor Meet Company platform, are encouraged to complete and submit their Form of Proxy or Form of Direction in advance of the meeting to ensure that their votes will count.

Outlook

Since the start of 2025 European markets have been impacted by two primary factors: the threat of global trade tariffs from the new US administration and the attempt to negotiate a rapid peace deal in Ukraine.

Against this backdrop the "Magnificent Seven" and the technology index in the US have retraced. European equities have performed relatively much better. The European bourses have been led by large cap stocks with the small and mid-cap universe of the Company lagging.

The prospect of further interest rate cuts makes Europe more attractive as an investment destination than the US, where expansionary policies may boost inflation at least in the short term. The underperformance of Europe over the last years relative to the US does not reflect the better European macro environment. The US Federal Reserve has been cautious about interest rate cuts whilst the European Central Bank has a freer hand. Overall there is much to say about Europe which is positive. Economic growth may be low, but remains resilient, further interest rate reductions should stimulate activity, and valuations are lower than elsewhere, especially the US. As at February 2025, the MSCI Europe 12-month forward P/E traded on a 33 per cent discount to the S&P 500.

In terms of the outlook for European corporate performance, consensus expectations are for high single digit European earnings growth, which is only marginally less than the expectations for US average earnings growth. The Manager expects smaller companies' earnings in Europe to match what is expected in large cap. The market has begun to look forward to the attractive combination of lower inflation leading to Central Bank easing, resilient economic growth, and good corporate profitability. A rejuvenation in Europe, prompted by economic growth, with the German government's plans acting as a key stimulus, should boost earnings. This should be particularly helpful for smaller companies, which typically have a greater exposure to their domestic markets. Following three years of smaller company underperformance versus larger companies, valuations look attractive. History would suggest that these are good opportunities to buy into the long-term favourable characteristics of smaller growth companies.

The Board is steadfast in prioritising Shareholders' interests. We expect the Manager to clearly demonstrate that the measures taken over the past 18 months are translating into improved investment performance against the Benchmark and peers. This is coupled with the Board's recognition of the Company's longer-term underperformance. With this in mind, and given the more favourable outlook for Europe, the Board remains focused on delivering performance for Shareholders and is alert to considering all opportunities for the Company to achieve this.

Stuart Paterson
Chair
2 April 2025

Investment Manager's Review

Market Background

2024 proved a positive year for European stock markets, although the best returns were achieved by larger companies. Drivers included falling inflation, anticipation of interest rate cuts, which were duly implemented, and encouraging corporate earnings. The resilience of the US economy caused doubts over the pace of monetary easing, and geopolitics remained tense; political uncertainty within the eurozone was a key theme.

The US started reducing interest rates in September 2024, with a cut of 50 basis points in response to cooling inflation and concerns that the economy would weaken. US stocks hit highs as Donald Trump's presidential victory paved the way for tax cuts and reduced regulation. But these may be inflationary, so expectations for rate cuts in 2025 were dialled back.

Like the US Federal Reserve, the European Central Bank ("ECB") began the year calling for patience, citing concerns about services inflation and wage growth. Subsequent progress on inflation, and worries about economic softness, prompted a rate reduction in June 2024 followed by three further cuts over the year. Inflation in the eurozone fell below the target in September 2024 before ticking higher late in the year.

Eurozone economic data remained mixed. The composite Purchasing Managers' Index ("PMI") escaped contraction territory in March 2024, driven by growth in services. The gauge continued to indicate growth until it slipped in September; expansion in services contrasted with a decline in manufacturing. Soft economic data hurt sentiment but raised hopes of monetary easing, and the ECB continued to strike a dovish tone.

Politics caused bouts of volatility. President Macron called a French parliamentary election, and a far-right victory was avoided, but Prime Minister Barnier was ousted following a no-confidence vote. The German government broke apart, and elections were held in February 2025 which will probably result in a coalition headed by Friedrich Merz, of the CDU. Trump's presidential victory and the threat of US tariffs dampened sentiment toward European exporters.

Despite this confused backdrop, European markets ended the year posting gains overall. However, due to limited risk appetite from investors and the uncertain path of politics, economic growth and interest rates, smaller companies lagged, as did growth-oriented stocks. This trend was disappointing, as it was a continuation of the trends over 2022 and 2023 and contrasted with the strong historic performance from smaller companies over longer time periods.

Performance

For the year ended 31 December 2024 the Company recorded a sterling NAV total return of -0.8% (euro: +3.9%). This compares to the total return of its Benchmark, which rose +2.4% (euro: +7.3%) during the same period. The sterling return to Shareholders for the year was impacted negatively by the euro's weakness relative to sterling.

At the start of May, the management of the portfolio was transferred to me, assisted by Philip Dicken. The combination of headwinds meant that the Company's total return lagged the Benchmark. The Company's quality- and growth-biased portfolio faced another year of value style outperforming, though to a lesser extent than in the previous two years. Stock decisions delivered some successes, whilst some positions were more problematic. I will explain this in more detail later in my Review.

Macroeconomic factors continued to affect stock returns. This meant that strong secular trends which provided a tailwind for smaller companies and growth stocks have been less clear. The most important example of this has been the long-term decline in interest rates. In sectoral terms the portfolio was underweight financials and overweight technology relative to decline in interest rates. In sectoral terms the portfolio was underweight financials and overweight technology, relative to the Benchmark. Both positions hindered relative returns, although stock selection was the main driver of the underperformance.

Strong performers of note included our holdings in Cairn Homes (+74.8%), Smurfit Westrock (+42.4%) Karnov (+67.0%) and CTS Eventim (+26.7%). An overview of these holdings is provided below:

Cairn Homes, Consumer Discretionary, Ireland, £1.2 billion market cap, 4.0% of net assets at year end
The shortage of housing stock in Ireland continues, and this gives Cairn Homes, as one of the largest suppliers, a source of demand stretching out for the foreseeable future. This is increasingly reflected in the company's published guidance regarding future profitability. The change in government in Ireland did not bring any change in the key policy which is termed 'Housing for All - a New Housing Plan for Ireland' and which provides a supportive framework for the sector, and therefore for Cairn Homes' business, until 2030.

Smurfit Westrock, Basic Materials, Ireland, £22.3 billion market cap, 3.6% of net assets at year end
Smurfit Westrock was a notable positive contributor over the year. Towards the end of the year the paper and packaging firm released its first quarterly results as a combined entity and expressed optimism regarding its future prospects in sustainable packaging. The company now has a large footprint in Europe and the US and stands to benefit from merger efficiencies. This is a business and a sector which was attractive even before the merger: when we bought the stock it was called Smurfit Kappa, but the combination of Smurfit Kappa with Westrock in the US gives the business a global footprint. This brings synergy benefits, and the company is also now attracting wider shareholder interest due to it is global operations and brand recognition.

Karnov, Industrials, Sweden, £646 million market cap, 1.7% of net assets at year end
Karnov is a Swedish provider of online legal information services. The company received a bid at a 28% premium to the prevailing share price from two private equity groups, although it was rejected by larger shareholders and the private equity groups retreated. The share price has held its position at the higher levels, as even though the bid failed, it did so as shareholders believed the premium was not high enough. This has led to a reappraisal of the value of the company by the market. We sold some of the Company's position profitably at these higher levels.

CTS Eventim, Consumer Discretionary, Germany, £6.5 billion market cap, 3.0% of net assets at year end
CTS Eventim performed well for us - it is a German business providing an online platform for ticketing for concerts and events. It also manages some major venues which provides a further boost to this business. The company produced strong Q2 results, better than the market expected, following a strong first quarter. At the same time, management are merging two of their promotion businesses, Peter Rigeer Konzertagentur and Dreamhaus, which will increase efficiency and impact. They have now consolidated See Tickets, another acquisition, reaffirming their successful M&A strategy. Success at the Paris Olympics and Paralympics, where they were one of the lead ticketing providers, has been followed up by signing the Los Angeles Olympics in 2028. The recent Adele tour has also provided a useful fillip. Q3 2024 results were less strong, partly as the equivalent period last year was boosted by revenues from the Taylor Swift tour, but we expect growth to pick up later.

Some portfolio holdings turned in more disappointing performances over the year. Gerresheimer, the German manufacturer of syringes for administering prescription drugs, warned that inventory problems would depress profitability. This is likely to keep the shares under a cloud for the foreseeable future, especially as competitors are voicing concerns about the market too. The company had experienced a boom during the pandemic as a consequence of demand for injectable vaccines. This phase is now past. We carefully reassessed this holding and decided to exit the investment.

Tecan, a Swiss-based laboratory automation business, was initially affected by poor sector sentiment after a peer issued a profit warning. Later the company themselves said they had seen market weakness and order delays, and this prompted downgrades from analysts. Whilst results early in the year were behind expectations, with demand proving weaker than expected, we believe the second half is likely to have been better. The comparable period last year saw weak Chinese demand, giving the company a lower hurdle to beat. We are maintaining a holding in Tecan but have reduced its size to reflect our lower level of optimism about prospects for the company.

Stabilus, the German manufacturer of gas springs, dampers and electromechanical drives cut its financial guidance owing to weakness in the automotive and commercial vehicle markets, particularly in premium cars which are heavy users of its products. We have sold the position. Whilst the shares have been a poor performer, we fear that the election of President Trump and rising tariffs, may cast a shadow over the European automotive sector, to which Stabilus is inextricably linked, for some time. Similarly we have sold the position in Melexis, which provides integrated semiconductors for use in the automotive industry. Weak trends in that industry will affect Melexis too.

Portfolio Activity

The change in portfolio manager has brought the Company's access to the full resources of Columbia Threadneedle Investments to a higher level. The previous managers had already begun a process of alignment of portfolio holdings with some of the idea generation produced by this team. So while there was no wholesale revamp of the portfolio during 2024, notable changes have been made which are outlined below.

For some years the Company has held a position in Azimut, a specialist Italian fund management business which has been developing a global reach. The market in Italy has become more competitive requiring greater digital investment, and Azimut is, in our view, not well placed to benefit from these changes. Even though its reach is global, and it is the largest independent operator in Italy, it lacks the scale to compete effectively on the world stage. For this reason we sold the Company's position and have instead invested in Finecobank. Finecobank is a larger business and offers not only a fund distribution platform, but access to banking and other financial services online. Finecobank has cost advantages over traditional Italian financial services firms which have labour intensive client servicing offerings paid for by higher fees. More cost sensitive clients perceive that they can access a cheaper service from Finecobank, who are able, via their scale and reach, to negotiate good fees with third party fund providers. Because of this, they have been gaining market share rapidly, and their model is capital-light, enabling high returns on capital.

Also in Italy, we have invested in cables business Prysmian. There are two major elements to this business, and both have exciting prospects. Firstly, the move to alternative energy entails a huge reinforcement and expansion of the electricity supply grid. Windfarms, for example, are often situated offshore or in relatively inaccessible places and need extensive cabling to link them to the grid. This is a major specialisation for Prysmian, who have a particular expertise in the most difficult installations, where competition is less evident and margins higher. The second part of Prysmian's business is in data transmission cables; this area is also growing faster with the spread of data centres and new demand as digitisation, including AI, expands.

We bought a holding in Konecranes, the Finnish crane manufacturer, which has since reported strong results, driven by good performance across all business segments. Konecranes is involved not only in cranes, but also in the wider business of port installation, where it has gained market share as many western clients are unwilling to use their Chinese competitors. Konecranes does have a major western competitor, Cargotec, but Cargotec is undergoing a major restructuring which potentially places them at a disadvantage owing to the distractions involved.

During the year we sold Dalata Hotels. Whilst a well-managed business, the VAT rise in Ireland and cost inflation due to higher wages are likely to result in pressure on margins, EBITDA and customer demand. The recently announced strategic review may bring some benefits, but we believe investors' patience has worn thin.

Outlook

After a long period of low inflation and interest rates, markets have been dominated by macroeconomic factors.

Central banks underestimated the inflation problem and had to raise interest rates. Tighter monetary policy took effect and inflation fell. After these falls in inflation, the interest-rate environment in Europe looks benign, more so than in the United States. The ECB and the Federal Reserve have started easing monetary policy and further interest-rate cuts are anticipated so a recession can be avoided. Bond yields have risen; but in Europe this is more because of domestic politics rather than inflation worries. Global geopolitical conflicts and tensions are a concern, as is political uncertainty in France and Germany.

In the United States, President Trump's majority in Congress should enable him to push through policies on immigration, taxation, energy prices, trade tariffs and global conflicts. All of these have an element of unpredictability as we expect President Trump to make deals with countries and sectors to cement his legacy. In European equities, there are reasons to remain optimistic. Company valuations have been reset due to higher interest rates and, over the longer term, share prices tend to follow earnings. As a result, good companies can continue to grow, and their lower valuations have created opportunities in the current climate. The impact of tariffs may be more muted than expected on both European businesses and on inflation.

In managing the Company, our focus is on stock selection, informed by economic and thematic views. However, the backdrop has been unhelpful, and we will continue to carefully adjust the portfolio to reflect the economic environment.

The portfolio is positioned for sustainable, secular growth and, following underperformance, is more attractively valued in both absolute terms and relative to the index.

We prefer companies that have a competitive advantage and pricing power generated by brands, patented processes, regulatory barriers to entry and strong market positions. All of this applies to European companies and is in line with our philosophy and approach but is perhaps even more apparent in small and mid-sized quality growth companies which, have been out of favour for some years.

have been out of favour for some years.

Mine Tezgul

Lead Investment Manager

2 April 2025

Principal Risks and Changes in the Year

The principal risks together with their mitigations are set out below. The Board's processes for monitoring them and identifying emerging risks are set out on pages 32 to 33 and in note 23 of the Report and Accounts 2024.

Most of the Company's principal risks are market-related and no different to those of other investment trusts investing in listed markets.

The global economy continues to suffer considerable disruption due to the effects of the war in Ukraine, events in the Middle East, and the threat of US trade tariffs. The Directors have reviewed the risk register, which identifies the risks that the Company is exposed to, the controls in place and the actions being taken to mitigate them. A description of the principal ongoing risks and uncertainties currently faced by the Company, and the controls and actions to mitigate those risks, follows.

In addition a detailed review of the risks of the Company's investment portfolio including market, credit, foreign currency and liquidity is provided in note 22 of the Report & Accounts beginning on page 76. Details of actions taken to reduce the potential impact of these risks is also provided.

- ***Risk description**: Poor absolute and/or relative performance*

  Inappropriate stock selection, asset allocation and gearing levels result in poor NAV and share price performance against Benchmark and/or peer group. Poor performance results in reduced demand for the Company's shares and a widening share price discount.

  No change in overall risk in year.

  Mitigation: At each Board meeting the Directors monitor performance against Benchmark and peer group. The Manager attends each regular board meeting and will discuss the reasons for any over or underperformance.

  The Company's broker, Panmure Liberum, will provide market intelligence at each meeting noting underlying demand for the Company's shares.

  The Company has received the necessary authority from Shareholders to regulate the premium or discount that the Company's shares may trade at by purchasing or issuing shares.

  Action: An annual strategy meeting of the Board is held to consider longer term issues and opportunities for the Company. Representatives of the Company's broker attended most Board meetings and updated Directors with regard to changes in the demand for the Company's shares. During the year the Board sought and received from Shareholders at the Annual General Meeting held in May 2024 the powers to issue and buyback shares. On 2 May 2024, the Board announced that Mine Tezgul would succeed Sam Cosh as the Company's Lead Investment Manager. Mine is supported by Philip Dicken. Their biographies are provided on page 13 of the Report and Accounts 2024. Following this, a number of changes were made to the composition of the Company's investment portfolio. The Board is closely monitoring the new team's implementation of the investment process to assess the impact on performance relative to both the Benchmark and the Company's peer group.

- ***Risk description**: Relevance/attractiveness of the investment strategy and policy*

  An unattractive investment strategy, loss of cost competitiveness and/or a changing investment product environment, including competition from other investment vehicles, leads to a fall in demand for the Company's shares resulting in an increasing share price discount, share buybacks and a shrinking number of shares in issue.

  Increase in overall risk in year.

  Mitigation: Investment policy and performance are reviewed by the Board at each meeting. Rigorous individual stock reviews are regularly performed by the Manager and action taken to either hold, accumulate or sell. Cash, borrowing and gearing limits are set and monitored regularly.

  The Board closely monitors the level of discount and cost competitiveness.

  Action: At each meeting of the Board, the Directors consider and discuss the investment performance of the Company with the Company's investment managers. The Board held its annual strategy meeting in October 2024. The Board reviews at each meeting the level of and movements in the discount and the cost competitiveness of the Company. With the increase in the Company's discount during the year, the level of this risk has been raised by the Board.

- ***Risk description: The Manager***

  Failure of the Manager or loss of senior staff could cause reputational damage and/or place the business in jeopardy.

Reduction in overall risk in year.

Mitigation: The Board meets regularly with the management of Columbia Threadneedle Investments and receives an annual Audit Assurance Faculty Report on its procedures. The Manager's appointment can be terminated at six months' notice. Key man risk is limited by the team approach adopted by the investment teams at Columbia Threadneedle Investments. In prior years, this also included execution risk arising from the post-acquisition integration of BMO GAM EMEA and Columbia Threadneedle Investments. This process is now complete.

Action: The Board reviewed the level of execution risk during the year. It was lowered to reflect the successful completion of the integration process.

- ***Risk description: Service provider failure***

Errors, fraud or control failures at service providers or loss of data through increasing cyber threats or business continuity failure could damage reputation or investors' interests or result in losses.
No change in overall risk in year.

Mitigation: The Board receives regular control reports from the Manager covering risk and compliance including oversight of third-party service providers. The Board has access to the Manager's Risk Manager and requires any significant issues directly relevant to the Company to be reported immediately. The Depositary is specifically liable for loss of any of the Company's securities and cash held in custody.

Action: The Manager continues to strengthen and develop its Risk, Compliance and Internal Control functions including IT security. Supervision of third-party service providers has been maintained by the Manager and includes assurances regarding IT security and cyber threat. The Depositary oversees custody of investments and cash and reports to the Company in accordance with the Alternative Investment Fund Managers Directive. During the year the Audit and Risk Committee met with members of the Manager's internal audit function todiscuss the outcome of their recent reviews and planned activities.

- ***Risk description: Dividend Policy***

The Company's high distribution policy becomes unsustainable.
No change in overall risk in year.

Mitigation: The annual dividend is calculated as six per cent of the closing Net Asset Value of the Company as at 31 December of the preceding year. As at 31 December 2024 the Distributable reserves of the Company was £266.8 million in comparison to a 2024 dividend cost of £21.2 million.

Action: On 8 January 2025 the Board declared an annual dividend for 2025 of 5.52 pence per share. This was calculated as six per cent of the 31 December 2024 NAV of the Company. At each Board meeting during the year the Directors monitor the dividend yield of the Company. The Directors also monitor the Company's distributable reserves, and the Net Asset Value five years previously.

- ***Risk description: Geopolitical issues and their impact***

Geopolitical issues including the impact of the war in Ukraine, conflict in the Middle East and the threat of US trade tariffs.
No change in overall risk in year.

Mitigation: The Company has a clearly defined and approved strategy. The Board can hold additional board meetings at short notice to discuss the impact of significant changes in the macroeconomic and geopolitical environment. The Company maintains a portfolio of diversified stocks. Forward looking stress tests ranging from moderate to extreme scenarios are provided by the Manager to the Board to support the Viability and Going Concern Statements.

Action: At each meeting of the Board, the Directors consider and discuss the investment performance of the Company with the Company's investment managers. The Board held its annual strategy meeting in October 2024. During its annual strategy meeting, the Board received a presentation from a strategist from a major German bank on the prospects for the German and wider Eurozone economies. At the March 2025 Audit and Risk Committee meeting, the Directors reviewed updated forward looking stress tests prepared by the Manager providing support for the Viability and Going Concern Statements disclosed on page 38 of the Report and Accounts 2024.As this remains highly elevated it is an area of focus for Board review.

- ***Cyber risk***

The risk of financial loss, disruption or damage to the reputation of the Company due to the failure of information technology systems (including those of a third party). The risk includes intentional damage to systems and the theft of assets or data.
Increase in overall risk in year.

Mitigation: Performance of service providers is reviewed annually. The Board receives an annual Audit Assurance Faculty Report from Columbia Threadneedle Investments and other key service providers.
Columbia Threadneedle Investments operate extensive testing of cyber controls including simulated attacks.

Action: The Board has raised the risk level due to the increased potential for attacks and fraud. During the year members of the Information Security team at Columbia Threadneedle Investments presentedto the Board on its 2024 development and testing programmes.

- ***Regulatory and compliance (including ESG reporting)***

To maintain its investment trust status, the Company is required to comply with Section 1158 of the UK Corporation Tax Act 2010. The Company is also required to comply with UK company law, is subject to the requirements of the AIFMD and the relevant regulations of the London Stock Exchange and the Financial Conduct Authority.
No change in overall risk in year.

Mitigation: At each Board meeting the Company receives an update from the Secretary on legal, regulatory and accounting developments. The Company is a member of the Association of Investment Companies which provides guidance on regulatory developments. The Company has appointed EY LLP as its tax advisor and Shepherd and Wedderburn as its legal counsel. The Manager has a long established and highly regarded Responsible Investment team which presents to the Board annually.

Action: The Manager continues to strengthen and develop its Risk, Compliance and Internal Control functions. The Depositary oversees custody of investments and cash and reports to the Company in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

Five Year Horizon

The UK Corporate Governance Code requires a board to assess the future prospects for a company, and report on the assessment within the annual report.

Through a series of connected stress tests ranging from moderate to extreme scenarios and based on historical information, but forward looking over the five years commencing 1 January 2025, the Board assessed the risks of:

- the liquidity of the Company's portfolio;
- the existence of a borrowing facility;
- the effects of any significant future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings;
- the maintenance of dividend payments and the retention of investors;
- the potential need for more share issuance capacity in the event of unexpected market demand; and
- minimising the discount between the Company's share price and Net Asset Value.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to April 2030. For this reason, the Board also considers it appropriate to continue adopting the going concern basis in preparing the Report and Accounts.

Statement of Directors' Responsibilities in Respect of the Financial Statement

Each of the Directors, whose names and functions are listed on pages 34 and 35 of the Report & Accounts, confirm that, to the best of their knowledge:

- the Company financial statements, have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Stuart Paterson
Chair
2 April 2025

Statement of Comprehensive Income

		For the year ended 31 December 2024			For the year ended 31 December 2023	
	Revenue £'000s	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Gains on investments held at fair value through profit or loss	**-**	**9,515**	**9,515**	-	32,185	32,185
Foreign exchange (losses)/gains	**(41)**	**150**	**109**	2	(17)	(15)
Income	**9,029**	**554**	**9,583**	7,874	-	7,874
Management fees	**(521)**	**(2,085)**	**(2,606)**	(550)	(2,200)	(2,750)
Other expenses	**(1,098)**	**(47)**	**(1,145)**	(969)	(60)	(1,029)
Profit before finance costs and taxation	**7,369**	**8,087**	**15,456**	6,357	29,908	36,265
Finance costs	**(276)**	**(1,102)**	**(1,378)**	(141)	(564)	(705)
Profit before taxation	**7,093**	**6,985**	**14,078**	6,216	29,344	35,560
Taxation	**(666)**	**-**	**(666)**	(672)	-	(672)
Profit for the year and total comprehensive income	**6,427**	**6,985**	**13,412**	5,544	29,344	34,888

Earnings per Ordinary Share (basic and diluted) - pence	**1.78**	**1.94**	**3.72**	1.54	8.15	9.69

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

Statement of Changes in Equity

for the year ended 31 December 2024

	Share capital £'000s	Distributable reserve £'000s	Capital Reserves £'000s	Revenue reserve £'000s	Cumulative translation reserve £'000s	Total Shareholders' funds £'000s
Balance as at 31 December 2023	**37,506**	**281,605**	**38,015**	**-**	**(3,130)**	**353,996**
Movements during the year ended 31 December 2024						
Interim dividends distributed	**-**	**(14,817)**	**-**	**(6,427)**	**-**	**(21,244)**
Total comprehensive income	**-**	**-**	**6,985**	**6,427**	**-**	**13,412**
Cumulative translation adjustment	**-**	**-**	**-**	**-**	**(15,555)**	**(15,555)**
Balance as at 31 December 2024	**37,506**	**266,788**	**45,000**	**-**	**(18,685)**	**330,609**

for the year ended 31 December 2023

	Share capital £'000s	Distributable reserve £'000s	Capital Reserves £'000s	Revenue reserve £'000s	Cumulative translation reserve £'000s	Total Shareholders' Funds £'000s
Balance as at 31 December 2022	**37,506**	**296,945**	**8,671**	**-**	**4,505**	**347,627**
Movements during the year ended 31 December 2023						
Interim dividends distributed	**-**	**(15,340)**	**-**	**(5,544)**	**-**	**(20,884)**
Total comprehensive income	**-**	**-**	**29,344**	**5,544**	**-**	**34,888**
Cumulative translation adjustment	**-**	**-**	**-**	**-**	**(7,635)**	**(7,635)**
Balance as at 31 December 2023	**37,506**	**281,605**	**38,015**	**-**	**(3,130)**	**353,996**

Statement of Financial Position

at 31 December	**2024 £'000s**	2023 £'000s
Non-current assets		
Investments at fair value through profit or loss	**344,724**	375,066
Current assets		
Other receivables	**2,502**	3,063
Cash and cash equivalents	**12,544**	2,089
Total current assets	**15,046**	5,152
Current liabilities		
Other payables	**(223)**	(226)
Bank Loan	**(28,938)**	(25,996)
Total current liabilities	**(29,161)**	(26,222)
Net current liabilities	**(14,115)**	(21,070)
Net assets	**330,609**	353,996
Capital and reserves		
Share capital	**37,506**	37,506
Distributable reserve	**266,788**	281,605
Capital reserves	**45,000**	38,015
Revenue reserve	**-**	-
Cumulative translation reserve	**(18,685)**	(3,130)

Total Shareholders' funds	**330,609**	353,996
Net Asset Value per Ordinary Share - pence	**91.82**	98.31

Statement of Cash Flows

for the year ended 31 December	**2024** **£'000s**	2023 £'000s
Cash flows from operating activities before interest and dividends received and interest paid	**(3,174)**	(4,328)
Dividends received	**9,783**	7,388
Interest received	**240**	321
Interest paid	**(1,387)**	(654)
Cash flows from operating activities	**5,462**	2,727
Investing activities		
Purchase of investments	**(123,311)**	(138,453)
Sale of investments	**145,945**	128,176
Other capital expenses	**(47)**	(60)
Cash flows from investing activities	**22,587**	(10,337)
Cash flows before financing activities	**28,049**	(7,610)
Financing activities		
Equity dividends distributed	**(21,244)**	(20,884)
Drawdown of bank loan	**4,301**	26,293
Repayment of bank loan	**-**	(8,589)
Cash flows from financing activities	**(16,943)**	(3,180)
Net movement in cash and cash equivalents	**11,106**	(10,790)
Cash and cash equivalents at the beginning of the year	**2,089**	13,317
Effect of movement in foreign exchange	**109**	(15)
Translation adjustment	**(760)**	(423)
Cash and cash equivalents at the end of the year	**12,544**	2,089
Represented by:		
Cash at bank	**26**	18
Short term deposits	**12,518**	2,071
	12,544	2,089

Notes

1 Basis of preparation

The functional currency of the Company is the euro and presentational currency is pound sterling as the Board believe this will provide clarity of the Company's financial statements for its Shareholders, the overwhelming majority of whom are located in the United Kingdom.

2 Earnings per ordinary share

Revenue return

The revenue return per share of 1.78p (2023: 1.54p) is based on the revenue return attributable to Shareholders of £6,427,000 profit (2023: £5,544,000 profit).

Capital return

The capital return per share of 1.94p (2023: 8.15p) is based on the capital return attributable to Shareholders of £6,985,000 profit (2023: £29,344,000 profit).

Total return

The total return per share of 3.72p (2023: 9.69p) is based on the total return attributable to Shareholders of £13,412,000 profit (2023: £34,888,000 profit).

Weighted average ordinary shares in issue

The returns per share are based on a weighted average of 360,069,279 (2023: 360,069,279) ordinary shares in issue during the year.

3 Dividends

The Board has declared a total dividend for 2025 of 5.52 (2024: 5.90) pence per share in accordance with its aim of paying at a rate of six per cent of the closing Net Asset Value of the preceding year.

4 Financial risk management

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the United Kingdom ("UK") as an investment trust under the provisions of section 1158 of the CTA. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of investments.

The Company invests in equities in order to achieve its investment objective, which is to achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the United Kingdom. In pursuing this objective, the Company is exposed to financial risks which could result in a reduction in the Company's value of the net assets and profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit. The Board, together with the Manager, is responsible for the Company's risk management. The full details of financial risks are contained in note 22 of the Report and Accounts.

5 Annual general meeting

The 2025 AGM will be held on 24 June 2025 at 3.00pm at Cannon Place, 78 Cannon Street, London EC4N 6AG. The Notice of the AGM is set out on pages 83 to 86 of the annual report.

6 Report and accounts

The report and accounts for the year ended 31 December 2024 will be posted to Shareholders and made available on the website www.europeanassets.co.uk shortly. Copies may also be obtained by mailing the Company's registered office, Cannon Place, 78 Cannon Street, London EC4N 6AG.

By order of the Board

Columbia Threadneedle Investment Business Limited, Secretary

2 April 2025

- **ENDS** -

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Alex Collins and Tom Scrivens

Panmure Liberum Limited - Corporate Broker and

Financial Adviser Tel: 020 3100 2000

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