

# Fidelity European Values

Focus on ability to grow dividends over 3-5 years

**Fidelity European Values Plc (FEV) is an investment trust that invests primarily in mid- and large-cap continental European equities. Sectoral active weights are kept broadly within 5% of the FTSE World Europe ex-UK benchmark and the manager seeks to generate the majority of alpha from stock selection. This stock selection, within sectors, is driven by bottom-up fundamental analysis and the manager focuses on companies that have a strong ability to grow dividends over the next three to five years.**

| 12 months ending | Total share price return* (%) | Total NAV return* (%) | Total return FTSE World Euro Ex-UK* (%) | Total return MSCI Europe Index* (%) | Total return MSCI World Index* (%) |
|------------------|-------------------------------|-----------------------|---|-------------------------------------|------------------------------------|
| 30/06/10         | 7.0                           | 18.3                  | 15.9                                    | 17.0                                | 21.9                               |
| 30/06/11         | 37.0                          | 30.3                  | 29.6                                    | 27.5                                | 22.3                               |
| 30/06/12         | (12.1)                        | (12.5)                | (20.0)                                  | (13.9)                              | (2.2)                              |
| 30/06/13         | 30.5                          | 27.2                  | 27.9                                    | 23.7                                | 23.3                               |

Note: \*Twelve-month rolling discrete performance.

## Investment strategy: Continental European equities

FEV invests primarily in mid- and large-cap continental European equities. To manage benchmark risk, the manager looks to construct a portfolio that is broadly balanced, so that FEV's portfolio sector allocations are unlikely to be more than  $\pm 5\%$  those of the benchmark allocations. The portfolio typically has a low beta (currently c 0.95) and the manager looks to add value by generating alpha with the stock selection. The manager considers that in the current market environment, dividends are an important component of returns and is focused on companies with a strong ability to grow dividends over the next three to five years. There is also a strong focus on downside protection. Gearing is typically in the range of 5-15% and is currently provided through contracts for difference (CFD) exposure. FEV aims to be a core fund for European equity allocations.

## Outlook: Sentiment improving, valuations moderate

Despite very recent market volatility, European equities have provided a very positive performance over the last year. The FTSE World Europe Ex-UK has returned 27.9%, in sterling-adjusted total return terms, which compares favourably to both the MSCI World (23.7%) and the FTSE All-Share (17.9%). While there is evidence to suggest the outlook in Europe is improving, increased volatility highlights that considerable uncertainty remains. The current market P/E is in line with its 10-year average and, for the market to progress from here, the manager believes that growth and dividend growth need to improve, although austerity and deleveraging continue to act as a brake. Sectorally, the manager has used recent market strength to adjust FEV's financials exposure, reducing lower-conviction ideas and adding to stocks likely to benefit from rising interest rates.

## Valuation: Discount below longer-term averages

The current ex-income discount of 7.5% is below the three- and five-year averages of 12.5% and 11.6% respectively. FEV's 1.9% yield is in line with the sector average, as is its one-year NAV Sharpe ratio, while the one-year price Sharpe ratio is ahead of the sector average (4.2 vs 3.8).

## Investment trusts

11 July 2013

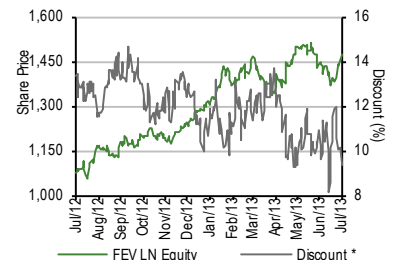
**Price** 1474.00p  
**Market cap\*** £623m  
**AUM** £768m

NAV\* 1,594.07p  
Discount to NAV 7.5%  
NAV\*\* 1,626.79p  
Discount to NAV 9.4%  
Yield 1.9%

\*Adjusted for debt at market value and excluding income, as at 9 July 2013. \*\*Adjusted for debt at market value, including income, as at 9 July 2013.

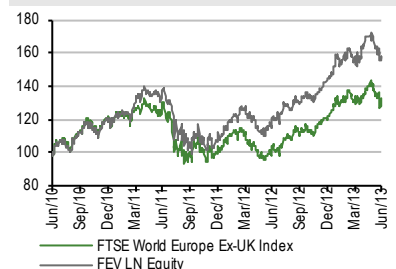
Ordinary shares in issue 42.3m  
Code FEV  
Primary exchange LSE  
AIC sector Europe

## Share price/discount performance



\*Positive values indicate a discount; negative values indicate a premium.

## Three-year cumulative perf. graph



52-week high/low 1515.00p 1057.00p  
NAV\* high/low 1,691.6p 1,180.7p

\*Adjusted for debt at market value, excluding income.

## Gearing

Gross 12.0%  
Net 6.4%

## Analysts

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[Edison profile page](#)

### Exhibit 1: Trust at a glance

#### Investment objective and fund background

FEV's investment objective is to achieve long-term capital growth from a portfolio of listed shares in continental European companies. The portfolio manager is not restricted in terms of market cap, country or sector allocation, although a minimum of 80% of gross assets will be invested in companies from countries that are included in the benchmark index (the FTSE World Europe [ex-UK] Index). A maximum of 5% of gross assets may be invested in non-European companies that have some European exposure or connection.

#### Recent developments

17 May 2013: Interim management statement for quarter ended 31 March 2013 released.  
 16 May 2013: AGM – all resolutions passed. Simon Duckworth retired as a director.  
 14 March 2013: Annual report released.

#### Forthcoming

|                     |                      |
|---------------------|----------------------|
| AGM                 | May 2014             |
| Preliminary results | March 2014           |
| Year end            | 31 December          |
| Dividend paid       | May                  |
| Launch date         | November 1991        |
| Continuation vote   | Vote every two years |

#### Capital structure

|                 |                       |
|-----------------|-----------------------|
| Ongoing charges | 0.98%                 |
| Net gearing     | 6.4%                  |
| Annual mgmt fee | 0.85% of net assets   |
| Performance fee | 15% over index + 0.5% |
| Trust life      | Indefinite            |
| Loan facilities | None – uses CFDs      |

#### Fund details

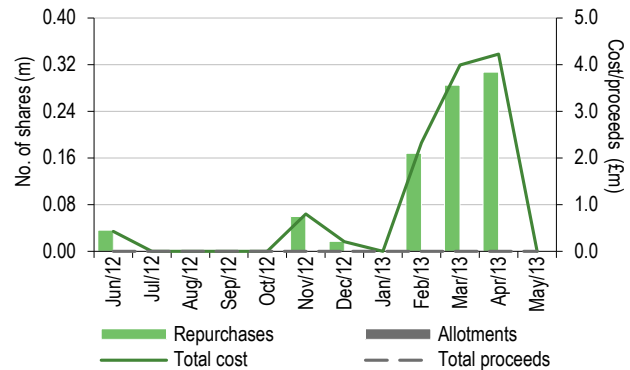
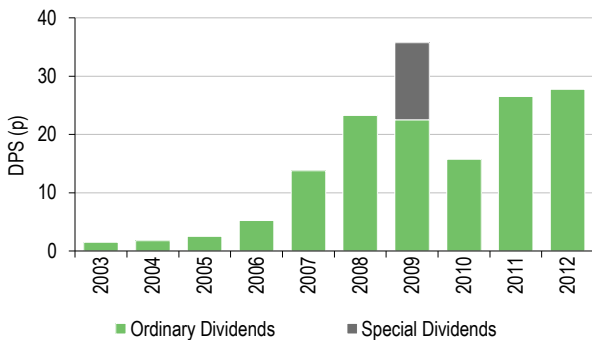
|         |  |
|---------|--|
| Group   | FIL Investments International                                  |
| Manager | Sam Morse  |
| Address | Oakhill House, 130 Tonbridge Rd, Hildenborough, Kent, TN11 9DZ |
| Phone   | +44 (0)800 414110  |
| Website | www.fidelity.co.uk/its   |

#### Dividend policy and history

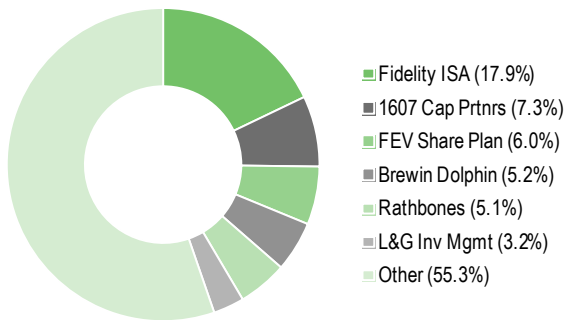
One dividend annually, paid in May. Revenue earnings are paid out in full.

#### Share buyback policy and history

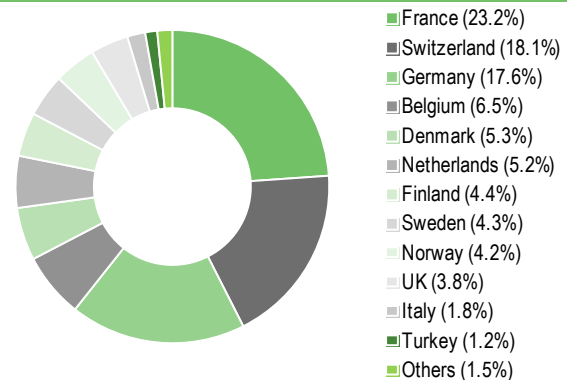
Renewed annually, the trust has authority to purchase up to 14.99% and allot up to 5% of issued share capital.



#### Shareholder base (as at 31 May 2013)



#### Distribution of portfolio (as at 31 May 2013)



#### Top 10 holdings (as at 31 May 2013)

| Company              | Country     | Sector           | Portfolio weight % |                  | Active weight % |
|----------------------|-------------|------------------|--------------------|------------------|-----------------|
|                      |             |                  | 31 May 2013        | 30 November 2012 | 31 May 2013     |
| Nestle               | Switzerland | Consumer staples | 6.4                | 6.6              | 2.3             |
| Sanofi               | France      | Healthcare       | 5.2                | 4.7              | 3.0             |
| UBS                  | Switzerland | Financials       | 4.2                | 3.9              | 2.9             |
| Novo-Nordisk         | Denmark     | Healthcare       | 4.0                | 4.2              | 2.8             |
| SAP                  | Germany     | Technology       | 3.8                | 4.1              | 2.6             |
| Schneider Electric   | France      | Industrials      | 3.7                | 3.3              | 2.9             |
| Anheuser-Bosch Inbev | Belgium     | Consumer staples | 3.0                | 2.6              | 1.6             |
| Royal Dutch Shell    | UK/Holland  | Energy           | 3.0                | 2.7              | 3.0             |
| Sampo                | Finland     | Financials       | 2.8                | N/A              | 2.4             |
| BNP Paribas          | France      | Financials       | 2.7                | 2.8              | 1.6             |
| <b>Top 10</b>        |             |                  | <b>38.8</b>        | <b>37.8</b>      | <b>25.1</b>     |

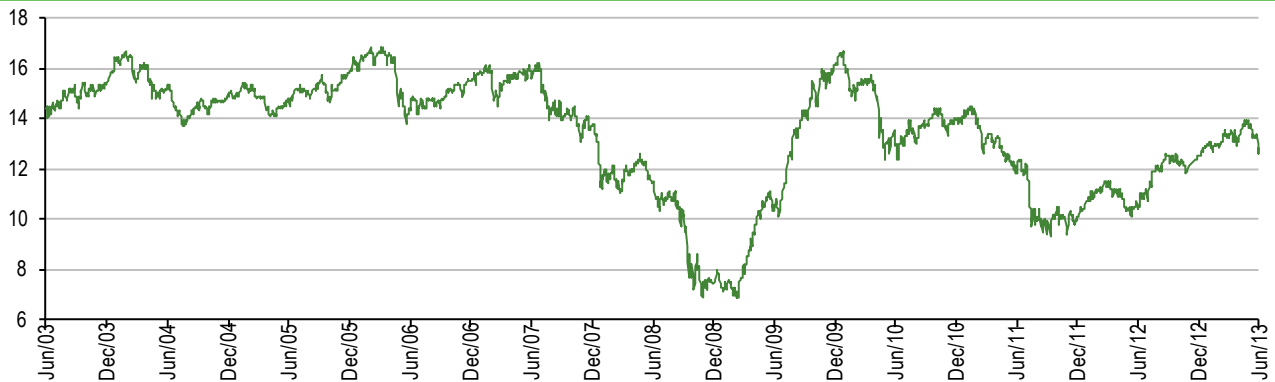
Source: Fidelity European Values, Edison Investment Research

## Outlook: Sentiment improving? Valuations moderate

Despite recent market volatility, European equities have provided a positive performance over the last year, with the trust's benchmark, the FTSE World Europe Ex-UK, up by 5.0%, 18.8% and 43.3% over three months, six months and 12 months respectively. While there is evidence to suggest the outlook in Europe is improving, considerable uncertainty remains, raising the question of whether markets have become prematurely optimistic. More bearish investors can point to low growth in European economies and the prospect of inflation from quantitative easing, and equity markets have wobbled recently, particularly following Bernanke's comments regarding the tapering of QE.

More bullish investors can point to progress being made in the US economy, signs that Japan may be moving away from its deflationary past, China moving to a more sustainable growth rate, and the ECB's ongoing commitment to support the eurozone, as supportive of European equities. Moreover a falling gold price also suggests that confidence in the global economy is improving and that inflationary concerns may also be abating. In historical terms, average P/E valuations for Europe do not look overstretched (see Exhibit 2). Currently at 12.8x, the average P/E ratio over the last 10 years for the Datastream Europe Market Index is 13.3x.

**Exhibit 2: Datastream Europe Market Index P/E over 10 years**



Source: Thomson Datastream

## Fund profile: Moderate turnover, medium- to long-term value play

Managed by Fidelity since its launch in November 1991, FEV is a UK-registered investment trust focused primarily on medium to large cap continental European companies. Sam Morse has managed European equities for Fidelity since January 2010 and has led the management of FEV since January 2011. His style is consistent with that of his predecessors, who have all followed Fidelity's bottom-up, value-oriented investment approach. The portfolio is managed using a three- to five-year time horizon (portfolio turnover is typically in the range of 25-30% per annum) and exposure to the UK has been kept below 5% throughout FEV's life.

## The fund manager: Sam Morse

### The manager's view: Ability to grow dividends remains key

Reflecting an improvement in sentiment towards Europe, since Mario Draghi's pledge to do "whatever it takes", European equities have performed well during the last 12 months. Share prices have risen while earnings have not so European equities are no longer as cheap as they were, but

the manager believes they are not yet overly expensive either. As recent volatility shows, significant risks remain for the eurozone and its partners, but the prospect of a eurozone breakup continues to recede. Looking to the longer term, the manager believes that stability will require a loss of sovereignty that may be politically unpalatable and is expecting further periods of volatility.

While it can be argued that some long-term growth stock valuations have become more demanding recently, the manager is not unduly concerned and his focus remains on selecting those companies that have the ability to grow earnings and dividends over the longer term. This is in contrast to some managers who, taking a more value-orientated approach, are looking to time investments based on cyclical valuation anomalies.

Reflecting the focus on dividends and dividend growth, FEV has exposure to bond-like equities, such as Nestle and Royal Dutch Shell, as well as certain financials stocks, such as life companies, which are sensitive to interest rates. Reflecting low bond yields, stocks such as Nestle had become more expensive, but the manager did not consider them to be in bubble territory. Nestle is trading on a P/E of 17x, but provides a 3% yield in Swiss francs, and in the manager's view has strong prospects for long-term dividend growth. Bond-like equities have sold off recently as the market has factored in the prospect of a tapering of QE and the potential for rising interest rates, but the manager thinks they remain selectively attractive. Against this backdrop, the financial stocks have held up reasonably well although they have less of a long-term secure growth profile, and the manager has used recent market strength as an opportunity to adjust FEV's financial exposure. He has reduced those he considers to be more fully valued and has been adding to companies he believes can benefit from rising interest rates.

For the market to progress from here, the manager believes that growth and dividend growth need to improve although austerity and deleveraging continue to act as a brake. In this environment, the manager sees dividend income as an important component of returns and is focused on companies with strong cash flows that are well positioned to grow dividends over the next three to five years.

## Asset allocation

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### Investment process: Bottom-up fundamental analysis

The manager looks to construct a portfolio that is broadly balanced with respect to the benchmark, so that risk is managed at the sectoral level. As such, FEV's portfolio allocations are broadly kept within  $\pm 5\%$  those of the benchmark allocations. In terms of stock selection, within the broad sectoral allocations, the process is driven by bottom-up fundamental research. Fidelity has an in-house pan-European research team of c 40 analysts and the manager draws heavily on their expertise. When evaluating stocks for inclusion in the portfolio, the manager looks for companies with a strong ability to grow dividends over the next three to five years. These typically:

- Have positive fundamentals – companies that are operating in structural growth areas, disciplined in their use of capital and with proven business models (the manager avoids blue-sky investments).
- Are cash generative – companies with good free cash flows to support dividend growth.
- Have strong balance sheets – conservative commitments that do not pose a threat to the dividend.
- Have an attractive valuation – while unlikely to be the cheapest stocks in their sectors, FEV holds companies considered to be attractively valued, given their growth prospects.

The portfolio typically has a low beta (currently c 0.95) and the manager looks to add value by generating alpha with the stock selection. There is a strong focus on downside protection. FEV's tracking error during the last 12 months has been 5.0%. FEV has an ex-UK benchmark and since launch it has always had less than 5% in the UK. The manager has an extensive watch list, but is conservative with regard to adding new names to the portfolio and is waiting for suitable entry points.

## Overview: Focused European equity portfolio

| <b>Exhibit 3: Sector allocations as at 31 May 2013</b> |                      |                      |                         |                               |
|--|----------------------|----------------------|-------------------------|-------------------------------|
|  | Portfolio weight (%) | Benchmark weight (%) | Trust active weight (%) | Trust weight/benchmark weight |
| Technology   | 8.0                  | 3.8                  | 4.2                     | 2.11                          |
| Financials   | 25.9                 | 22.3                 | 3.6                     | 1.16                          |
| Consumer goods   | 22.6                 | 19.1                 | 3.5                     | 1.18                          |
| Consumer services                                      | 8.8                  | 5.4                  | 3.4                     | 1.63                          |
| Healthcare   | 13.3                 | 12.8                 | 0.5                     | 1.04                          |
| Utilities  | 3.8                  | 3.8                  | 0.0                     | 1.00                          |
| Industrials  | 13.6                 | 14.6                 | (1.0)                   | 0.93                          |
| Telecommunications                                     | 1.4                  | 3.8                  | (2.4)                   | 0.37                          |
| Oil & gas  | 3.2                  | 5.8                  | (2.6)                   | 0.55                          |
| Basic materials  | 5.8                  | 8.7                  | (2.9)                   | 0.67                          |
| Net cash   | (6.4)                | 0.0                  | (6.4)                   | N/A                           |
|  | <b>100.0</b>         | <b>100.0</b>         | <b>0.0</b>              |                               |

Source: Fidelity European Values, Bloomberg, Edison Investment Research

As at 31 May 2013, FEV had 51 equity investments and four CFD positions. The top 10 equity holdings, including CFD exposures, accounted for 38.8% of the portfolio, cash -6.4% and the remaining equity investments 67.6% of the portfolio. As shown in Exhibit 3, FEV's sector allocations have moderate differentials from those of the benchmark index, reflecting the actively managed nature of the trust, but broadly remain within the 5% active weight boundaries used to manage benchmark risk.

| <b>Exhibit 4: Geographic allocations as at 31 May 2013</b> |                      |                      |                         |                               |
|--|----------------------|----------------------|-------------------------|-------------------------------|
|  | Portfolio weight (%) | Benchmark weight (%) | Trust active weight (%) | Trust weight/benchmark weight |
| Belgium  | 6.9                  | 2.5                  | 4.4                     | 2.8                           |
| UK   | 4.0                  | 0.0                  | 4.0                     | N/A                           |
| France   | 24.7                 | 21.7                 | 3.0                     | 1.1                           |
| Finland  | 4.7                  | 1.7                  | 3.0                     | 2.8                           |
| Denmark  | 5.6                  | 2.7                  | 2.9                     | 2.1                           |
| Norway   | 4.5                  | 1.9                  | 2.6                     | 2.4                           |
| Netherlands  | 5.5                  | 5.7                  | -0.2                    | 1.0                           |
| Turkey   | 1.3                  | 1.5                  | -0.2                    | 0.9                           |
| Germany  | 18.7                 | 19.7                 | -1.0                    | 1.0                           |
| Switzerland  | 19.3                 | 20.6                 | -1.3                    | 0.9                           |
| Sweden   | 4.6                  | 7.2                  | -2.6                    | 0.6                           |
| Italy  | 1.9                  | 5.1                  | -3.2                    | 0.4                           |
| Spain  | 3.0                  | 6.5                  | -3.5                    | 0.5                           |
| Other Europe   | 1.6                  | 3.1                  | -1.5                    | 0.5                           |
| Cash   | (6.4)                | 0.0                  | (6.4)                   | N/A                           |
|  | <b>100.0</b>         | <b>100.0</b>         | <b>0.0</b>              |                               |

Source: Fidelity European Values, Bloomberg, Edison Investment Research

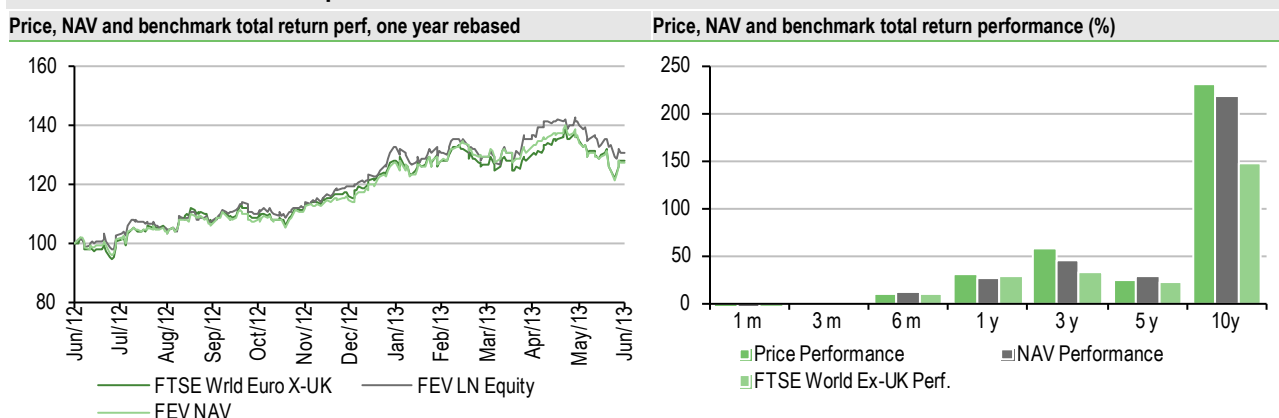
## Recent activity and current portfolio positioning

The sectoral active weights largely reflect the strength of individual ideas rather than any strategic allocation across sectors, although the financials overweight to some extent remains an exception. Previously, this reflected the manager's ongoing view that the strong de-rating of the sector post financial crisis had created selective opportunities and, while his view has not changed significantly in this regard, he has sold lower-conviction ideas into recent market strength. Specifically, ING has been sold. It is not paying a dividend and the manager cannot see a catalyst for these to commence. In addition he is also concerned about the mortgage market in Holland. In contrast, the manager has been adding to KBC, UBS and BNP Paribas, where he has higher conviction. Within Technology, currently FEV's largest sectoral active weight, FEV's position in Iliad has been reduced. The stock, which has 23% of the French broadband market, has performed extremely well following its launch into the French mobile market. While its offering has been much more successful than anticipated, the manager believes the current price now factors in a high expectation of growth. Within consumer services, the manager has reduced Schibsted. The business has performed well but has been

investing heavily in its Brazilian operation, to try and outgrow a local competitor, and has stopped growing its dividend to fund this development. While this strategy may be successful, this is not guaranteed, and the manager has reduced to reflect the increased risk now associated with the business. Within industrials, Volkswagen, long on the manager's watch list, has experienced share price weakness because of concerns over Europe, a high-margin area for VW. However, its balance sheet is strong, the new MQB common platform approach is expected to deliver significant savings, it has strong market positions in both China and Brazil and, in the manager's view, is well positioned to increase the payout ratio and provide very strong dividend growth over the next three to five years. The manager has used share price weakness to build FEV's position. KONE (an elevator manufacturer) has been added as the manager believes it will gain market share in China and will be able to provide good growth despite the Chinese slow down, and is well positioned to increase its maintenance contract revenues. Despite these changes, the portfolio continues to have a beta of c 0.95 and remains more defensively positioned than its benchmark.

## Performance: Strong 10-year performance record

**Exhibit 5: Investment trust performance**



Source: Fidelity European Values, Thomson Datastream, Edison Investment Research

**Exhibit 6: Share price and NAV total return performance, relative to benchmarks (%), to 30 June 2013**

|   | One month | Three months | Six months | One year | Three years | Five years | 10 years |
|---|-----------|--------------|------------|----------|-------------|------------|----------|
| Price relative to FTSE World Europe ex-UK | (1.4)     | (0.1)        | (0.7)      | 2.7      | 24.7        | 2.1        | 83.4     |
| NAV relative to FTSE World Europe ex-UK   | (1.0)     | (2.6)        | 1.0        | (0.6)    | 12.5        | 5.2        | 70.7     |
| Price relative to MSCI Europe             | (1.4)     | 0.7          | 0.1        | 6.8      | 21.4        | (1.8)      | 92.7     |
| NAV relative to MSCI Europe               | (0.9)     | (1.8)        | 1.8        | 3.6      | 9.3         | 1.2        | 80.1     |
| Price relative to MSCI World              | (4.0)     | (0.2)        | (7.3)      | 7.2      | 9.6         | (29.6)     | 98.9     |
| NAV relative to MSCI World                | (3.5)     | (2.8)        | (5.7)      | 3.9      | (2.5)       | (26.5)     | 86.3     |

Source: Fidelity European Values, Thomson Datastream, Edison Investment Research

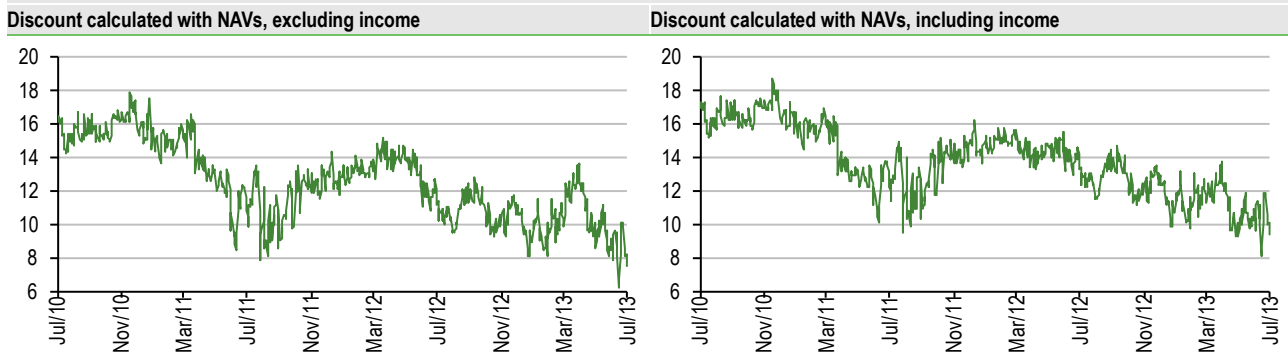
FEV has outperformed its benchmark in terms of price and NAV total return performance over three, five and 10 years. 10-year performance is especially strong. The trust was defensively positioned during the financial crisis and lagged in the market rally from March 2009 as a result, although the lost performance has subsequently been regained. More recently, the trust has mildly underperformed the benchmark, in terms of NAV total return over one year, while outperforming in terms of price, which reflects a broad tightening of the discount over this period. In terms of attribution, a key detractor has been Saipem, which released a major profits warning. The company has invested heavily in new pipe laying vessels and was expected to be well positioned to secure new contracts. However, in reality cash flows were weaker than expected. Other detractors were Swedish Match (tobacco), which has lost market share, and Umicore, whose performance has been affected by weak precious metal prices.



## Discount: Broadly narrowed during the last three years

FEV has a share repurchase policy aimed at reducing share price volatility, although the board has not set a formal discount target. Exhibit 7 illustrates the discount – the first graph is produced using NAVs excluding income, while the second graph includes income. Under both measures, FEV's discount reached its five-year high in October 2010 and the overall trend has been narrowing since this time, albeit with considerable volatility, arguably reflecting the uncertainties within the underlying markets in which it invests. As Exhibit 1 illustrates, repurchase activity during H212 was limited but increased appreciably between February and April. The current ex-income discount of 7.5% is below its three- and five-year averages of 12.5% and 11.6% respectively. The current cum-income discount of 9.4% is also below its three- and five-year averages of 13.7% and 12.9%.

**Exhibit 7: Discount over three years**



Source: Thomson Datastream, Edison Investment Research.

## Capital structure: Conventional, moderate gearing

FEV is a conventional trust, having only one class of share in issue – 25p ords. It is permitted to have an aggregate equity exposure of up to 130% of total net assets, which can be achieved by using bank borrowing as well as through CFDs. As at 31 May 2013, FEV had gross gearing of 12.0% and net gearing of 6.4% all achieved through CFDs. The management fee is calculated and paid quarterly in arrears, at 0.2125% of the company's net assets (excluding the value of any investments in funds managed by the manager or an associate), which is equivalent to 0.85% per year. There is also a performance fee, subject to a high-water mark, of 15% of any outperformance of the company's net assets over the FTSE World Europe ex-UK Index, plus 0.5% in total return terms. The maximum performance fee that can be paid in any one year is limited to 1.0% of net assets. If the performance fee for any year exceeds this cap, any excess outperformance is carried forward and can be used to offset future underperformance. No performance fee was accrued or paid for the years ended 31 December 2010, 2011 or 2012. The management contract can be terminated at six months' notice by either side. FEV's ongoing charges were 0.98% for the year ended 31 December 2012 (2011: 0.94%). FEV has an indefinite life, but a continuation vote is put to shareholders every two years. The next vote will be at the 2013 AGM.

## Dividend policy: Revenue earnings paid out in full

Dividend policy is to pay out revenue earnings in full and a single payment is made in May of each year. One consequence is that the level of dividends may fluctuate, as illustrated in Exhibit 1. Since its launch in 1991, FEV has maintained or increased its dividend every year except between 2009 and 2010 and between 2001 and 2002. For the year ended 31 December 2012, FEV paid a dividend of 27.75p, an increase of 4.7% over the 2011 dividend of 26.5p, and during the last five

years has increased its dividend by 101% (an average increase of 21.8% per year, or 15.1% per year annualised). The revenue return for the year ended 31 December 2012 was 27.78p per weighted average share (2011: 26.94p). Revenue reserves were 43.24p per share as at 31 December 2012 (2011: 41.02p), or 15.49p after payment of the 2012 dividend (2011: 14.52p).

## Peer group comparison

The AIC Europe sector is a modest peer group with eight constituents. The inclusion of Jupiter European Opportunities (JEO) partially distorts the comparison as it includes a significant weighting to the UK market, which has outperformed continental Europe over three and five years. Within this group, FEV ranks fourth over one year (third excluding JEO), third over three years (second excluding JEO) and sixth over five years (fifth excluding JEO) in terms of share price total return. For dividend yield and five-year dividend growth, FEV ranks sixth and fourth respectively. In terms of risk-adjusted returns, FEV has the second-highest one-year Sharpe ratio for price and the fourth-highest Sharpe ratio NAV in its peer group.

### Exhibit 8: Europe sector, as at 10 July 2013

| Company                         | Share price total return on £100 |              |              | Ongoing charges (%) | (Disc)/ prem. | Net gearing (100=no gearing) | Five-year dividend growth (%) | Div. yield | Sharpe ratio NAV one year | Sharpe ratio price one year |
|---------------------------------|----------------------------------|--------------|--------------|---------------------|---------------|------------------------------|-------------------------------|------------|---------------------------|-----------------------------|
|                                 | One year                         | Three years  | Five years   |                     |               |                              |                               |            |                           |                             |
| <b>Sector average</b>           | <b>140.3</b>                     | <b>160.2</b> | <b>160.0</b> | <b>1.0</b>          | <b>(8.8)</b>  | <b>106.6</b>                 | <b>4.9</b>                    | <b>1.9</b> | <b>3.7</b>                | <b>3.8</b>                  |
| <b>Fidelity European Values</b> | <b>138.1</b>                     | <b>159.4</b> | <b>137.6</b> | <b>1.0</b>          | <b>(10.5)</b> | <b>106.0</b>                 | <b>3.6</b>                    | <b>1.9</b> | <b>3.8</b>                | <b>4.2</b>                  |
| BlackRock Greater Europe        | 134.4                            | 149.1        | 167.9        | 0.9                 | (6.4)         | 105.0                        | 7.0                           | 1.9        | 3.4                       | 3.4                         |
| European Investment Trust       | 135.9                            | 135.3        | 113.4        | 0.6                 | (15.4)        | 95.0                         | 0.0                           | 1.9        | 2.9                       | 2.1                         |
| Henderson European Focus        | 155.3                            | 161.2        | 166.6        | 1.2                 | (7.8)         | 112.0                        | 8.7                           | 2.4        | 4.8                       | 6.6                         |
| Henderson Eurotrust             | 144.9                            | 156.6        | 175.4        | 1.0                 | (9.1)         | 106.0                        | 15.6                          | 2.4        | 4.3                       | 4.1                         |
| JPMorgan European Growth        | 137.7                            | 141.9        | 125.2        | 0.8                 | (12.8)        | 109.0                        | (3.2)                         | 3.0        | 3.8                       | 3.1                         |
| JPMorgan European Income        | 136.6                            | 144.3        | 152.4        | 1.1                 | (11.4)        | 112.0                        | 1.2                           | 4.1        | 4.3                       | 3.4                         |
| Jupiter European Opportunities  | 146.2                            | 201.3        | 239.5        | 1.2                 | (0.2)         | 113.0                        | 0.0                           | 0.5        | 3.6                       | 3.8                         |

Source: Morningstar

## The board

All directors are non-executive and, with the exception of Simon Fraser, all are independent of the investment manager. They are Humphrey Van Der Klugt (chairman), Simon Fraser, Robin Niblett, James Robinson and Marion Sears. Simon Fraser retired from Fidelity in 2008 after spending 27 years with the company. He was chief investment officer for Fidelity International from 1999 to 2005. The average length of board member service is 5.2 years.

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