EDISON

BlackRock Greater Europe Investment Trust

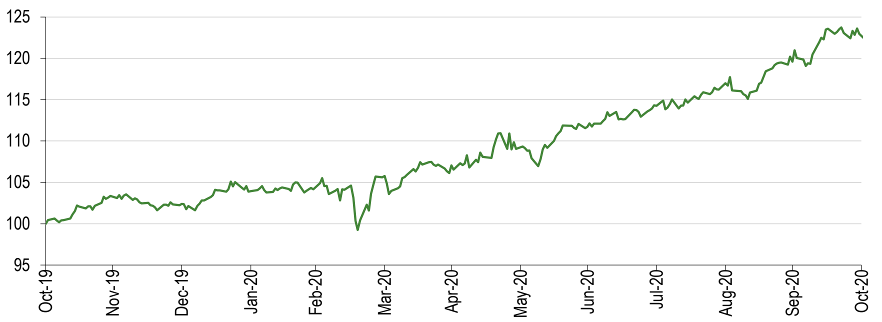
Philosophy and process shining through

Investment trusts
European equities

19 November 2020

BlackRock Greater Europe Investment Trust (BRGE) has passed an important test, with its investment philosophy and process continuing to deliver despite an unprecedented shock to markets and economic growth. Co-managers Stefan Gries (developed Europe) and Sam Vecht (emerging Europe) remain constructive on the outlook for Europe in 2021; they believe the region is dealing with the coronavirus outbreak better than some other areas and there has been an enormous fiscal and monetary response to the crisis. Although timelines have been pushed out, the managers are confident that a new economic cycle is underway in Europe, a region that is very geared into the health of the global economy. They believe that if the risk premium declines, Europe will become a more investible market, and in the meantime, they are still finding attractive, high-growth companies that are creating long-term value for shareholders.

Very strong relative NAV performance versus the European market over a volatile 12-month period to end-October 2020



Source: Refinitiv, Edison Investment Research

Why consider investing in BRGE?

- Strong performance track record – ahead of the market and tops all of its peers in the AIC Europe sector over the last three, five and 10 years.
- Concentrated portfolio of high-conviction European equities covering both developed and emerging markets, across the market cap spectrum.
- Long-term approach of investing in businesses, rather than trading in shares.
- Disciplined, repeatable investment process – co-managers are able to draw on BlackRock's well-resourced investment teams.
- Progressive dividend policy and meaningful revenue reserves.

Discount narrower than historical averages

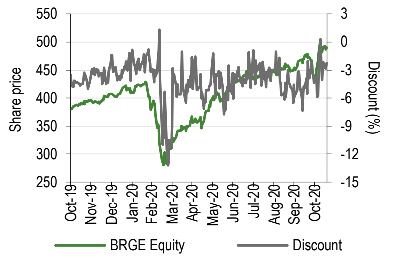
BRGE's current 2.3% discount to cum-income NAV is narrower than the 3.9% to 4.4% range of average discounts over the last one, three, five and 10 years. Despite a tough economic environment, and helped by a favourable tax ruling, BRGE was once again able to pay a higher dividend in FY20, thereby keeping its long-term dividend growth record intact. The trust currently offers a 1.3% yield.

Price	**490.0p**
Market cap	**£413m**
AUM	**£429m**
NAV*	500.8p
Discount to NAV	2.2%
NAV**	501.4p
Discount to NAV	2.3%

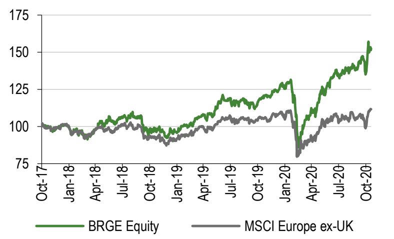
*Excluding income. **Including income. As at 17 November 2020.

Yield	1.3%
Ordinary shares in issue	84.3m
Code	BRGE
Primary exchange	LSE
AIC sector	Europe

Share price/discount performance



Three-year performance vs index



52-week high/low	505.0p	280.0p
NAV** high/low	506.7p	307.3p

**Including income.

Gearing

Net*	10.1%

*As at 31 October 2020.

Analysts

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BlackRock Greater Europe Investment Trust is a research client of Edison Investment Research

Exhibit 1: Trust at a glance

Investment objective and fund background

BlackRock Greater Europe Investment Trust's objective is to achieve capital growth, primarily through investment in a focused portfolio of large-, mid- and small-cap European companies, together with some investments in the developing markets of Europe. It aims to achieve a net asset value total return in excess of a broad index of European ex-UK equities (in sterling terms).

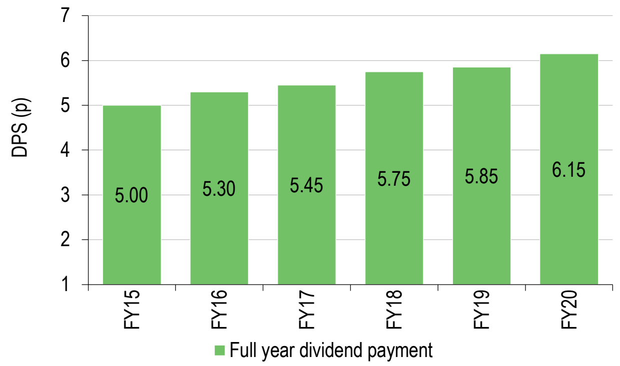
Recent developments

- 22 October 2020: annual results ending 31 August 2020. NAV TR +16.9% versus reference index TR +0.7%. Share price TR +18.0%.
- 15 September 2020: board announced its decision not to implement a semi-annual tender in November 2020.
- 11 June 2020: positive adjustment of 72bp to 10 June 2020 NAV due to a tax reclaim on foreign income.
- 27 April 2020: six-month results ending 28 February 2020. NAV TR -1.0% versus reference index TR -5.1%. Share price TR -0.5%.

Forthcoming		Capital structure		Fund details	
AGM	1 December 2020	Ongoing charges	1.01% (FY20)	Group	BlackRock Investment Mgmt (UK)
Interim results	April 2021	Net gearing	10.1%	Managers	Stefan Gries, Sam Vecht
Year end	31 August	Annual mgmt fee	0.85%	Address	12 Throgmorton Avenue, London, EC2N 2DL
Dividend paid	May, December	Performance fee	None		
Launch date	20 September 2004	Trust life	Indefinite	Phone	+44 (0) 20 7743 3000
Continuation vote	None	Loan facilities	See page 9	Website	blackrock.co.uk/brge

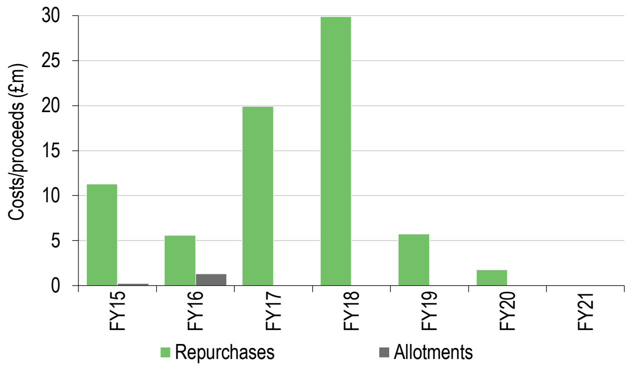
Dividend policy and history (financial years)

BRGE pays two dividends a year in May and December. Ordinary dividends have increased every year since the trust's launch.

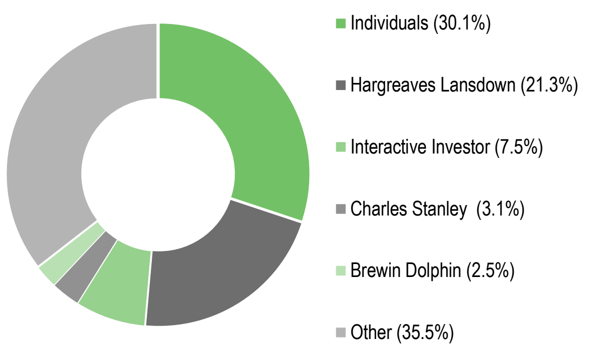


Share buyback policy and history (financial years)

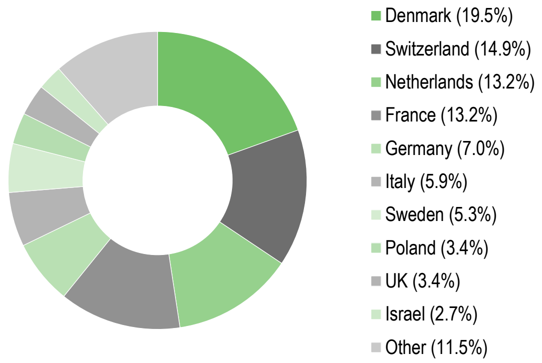
To help manage the discount, the board has the authority (alongside normal buyback powers) to implement a twice-yearly tender for up to 20% of shares outstanding, renewed annually.



Shareholder base (as at 31 October 2020)



Portfolio exposure by geography (as at 31 October 2020)



Top 10 holdings (as at 31 October 2020)

			Portfolio weight %	
Company	**Country**	**Sector**	**31 October 2020**	**31 October 2019***
Sika	Switzerland	Construction & materials	6.0	5.8
ASML	Netherlands	Technology hardware & equipment	5.9	4.6
Kering	France	General retailers	5.1	N/A
Lonza Group	Switzerland	Pharmaceuticals & biotechnology	5.1	4.6
Novo Nordisk	Denmark	Pharmaceuticals & biotechnology	5.0	5.7
Royal Unibrew	Denmark	Beverages	4.7	5.3
DSV Panalpina	Denmark	Industrial transportation	4.5	4.4
RELX	UK	Media	3.3	4.4
Hexagon	Sweden	Software & computer services	3.3	N/A
Safran	France	Aerospace & defence	3.1	6.8
Top 10 (% of portfolio)			**46.0**	**54.4**

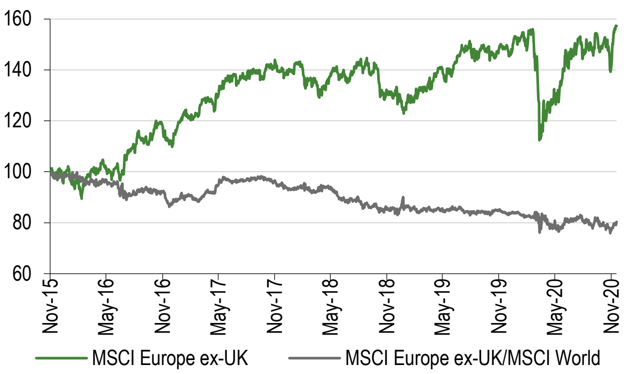
Source: BRGE, Edison Investment Research, Morningstar. Note: *N/A where not in end-October 2019 top 10.

Market outlook: Awaiting an economic upturn

European equities have made up most of the ground lost in the coronavirus-led market sell-off earlier this year (Exhibit 2, LHS). While a further round of lockdowns is pushing out the timing of an economic recovery, policy responses to the pandemic have been unprecedented, including the €750bn EU Recovery Fund, which is seen as a real sign of solidarity and evidence of more cohesion within the region. The development of a successful COVID-19 vaccine would be a significant positive step towards getting the world back on track economically. If this does happen, the European economy could be a prime beneficiary given that around 60% of its revenues are generated outside of the region. There has been a wide divergence between the performance of perceived safe-haven growth stocks and the rest of the market, suggesting there may be attractive valuation opportunities available for investors anticipating a future improvement in the economy.

Exhibit 2: Market performance and valuation

Performance of MSCI Europe ex-UK Index over five years (£)



Valuation multiples of Datastream indices

	Last	High	Low	10-year average	Last as % of average
Forward P/E (x)					
Europe ex-UK	17.5	17.5	7.3	12.6	139
UK	15.3	15.7	8.5	12.9	119
US	23.4	23.4	11.2	16.1	145
World	19.8	19.8	9.8	14.1	140
Dividend yield (%)					
Europe ex-UK	2.3	4.4	2.3	3.2	73
UK	3.1	6.4	2.7	3.5	87
US	1.5	2.7	1.5	2.1	71
World	1.9	3.4	1.9	2.5	75

Source: Refinitiv, Edison Investment Research. Note: Valuation data as at 18 November 2020.

Fund profile: Broad European equity exposure

BRGE was launched in September 2004 and is listed on the Main Market of the London Stock Exchange. The trust has two co-managers: Stefan Gries (since June 2017 – developed Europe) and Sam Vecht (since launch – emerging Europe). They aim to generate long-term capital growth from a focused portfolio of European equities, across the market cap spectrum, although the majority of the fund will be invested in companies with a market cap above €5bn. BRGE's performance is measured against a broad Europe ex-UK index. The fund typically has 30–45 high-conviction positions and there are no constraints on sector exposure. Up to 25% of the portfolio's risk allocation may be held in emerging European markets (currently towards the lower end of the 6% to 18% historical range), while up to 5% may be held in unquoted securities (none currently held); together these two exposures may not exceed 25% of the fund. Investment in developing Europe is either direct or via funds (up to a maximum 15% of the portfolio), and direct exposure to Russia is limited to 10%. BRGE may invest in debt securities (up to 20% of the portfolio – none currently held) and derivatives are permitted for efficient portfolio management. Maximum gearing of 15% of NAV at the time of drawdown is permitted (net gearing of 10.1% at end-October 2020).

BRGE's ability to invest across the whole of Europe is a differentiating feature of the trust and the managers have a long-term focus, avoiding short-term market 'noise'; they emphasise that they are 'owners of companies, not traders of shares'. The managers look to align themselves with the best management teams in the region that can generate long-term value for shareholders.

The fund managers: Stefan Gries and Sam Vecht

The manager's view: Retaining an optimistic outlook

Gries comments that 2020 has certainly not turned out as planned; going into the year he expected a European economic recovery following a period of weaker momentum. However, due to the global healthcare crisis, 'we have all had to learn about coronavirus and its implications, while the national lockdowns are unprecedented.' Despite this, the manager remains constructive on the longer-term macro outlook as pre-COVID-19 he did not see imbalances within the global economy that would have led to a recession. Gries says that while the authorities' strategies have been to place public health over the health of the economy, the easing of restrictions over the summer saw economic activity start to return to prior levels. While acknowledging heightened uncertainty due to the new round of lockdowns and very bearish headlines, he says there are 'pockets of underlying economic momentum coming through strongly'. The manager argues that consumers have been 'super-resilient'; during initial lockdowns luxury goods companies saw a shift to online shopping, but also benefited from strong sales in their stores as they reopened. A recent meeting with Kering (whose brands include Gucci) highlighted that its management team is upbeat about the company's Asian and US operations, while its European business is recovering.

While there are now further lockdowns in Europe, Gries says the difference is that this time round, healthcare systems and coronavirus treatments are more effective, and the manager is very encouraged about the recent announcements regarding the expected rollout of COVID-19 vaccines. Gries is positive on the outlook for Europe in 2021, arguing that 'although since April 2020 we have been in a politically induced economic downturn, we are now in a new economic cycle regardless of the speed of recovery.' He believes that the authorities in Europe have dealt with the healthcare crisis better than those in other regions, and he views the announcement of the €750bn EU Recovery Fund (€390bn of grants and €360bn of loans) as a 'game changer'. The manager believes that spending will be directed into the 'right' areas like climate change projects and transitioning the economy, suggesting that some of BRGE's investee companies, such as those operating in areas of biofuels, energy efficiency and electric vehicles, will be direct beneficiaries.

Gries says it is really important not to get bogged down in near-term developments, reiterating that he takes a long-term view, acting 'like an owner rather than a trader of businesses.' The manager takes a three- to five-year view on a company's end markets and potential income streams, and notes that the coronavirus outbreak has accelerated some trends such as the digitisation of businesses and the need for more computing and memory power. 'While there are always uncertainties, there are always potential rewards for those willing to take a long-term view,' he adds.

The manager believes that wealth creation is all about a firm's culture. He says that all of BRGE's portfolio companies have strong management teams that focus on cash flow generation, effectively managing costs and smart deployment of capital. Gries cites DSV Panalpina as a good example of this: its freight forwarding and logistics operations are right in the centre of global trade and it has more than 100k clients. The manager explains that Q220 was the worst quarter for global trade since World War II, but DSV's EBIT grew by more than 60% year-on-year. It was in the process of integrating acquired company Panalpina, and synergies came in ahead of expectations as costs were cut aggressively. Gries says the 'power of DSV's business model shone through'; following the acquisition, German freight volumes increased by 50% but costs remained flat, illustrating the company's scalable platform. The Panalpina deal included the acquisition of aircraft; DSV had historically purchased airfreight capacity but now has its own when the industry is capacity constrained. The manager is keen to align BRGE's capital with leaders who make the 'right decisions,' and suggests that there is no better test of a management team's capability than during a crisis like the one we are currently experiencing.

Asset allocation

Investment process: Bottom-up stock selection

BRGE's stocks are selected on a bottom-up basis. The managers can draw on the broad resources of BlackRock's Fundamental Equity division, with 19 fund managers and analysts in the European Equity team and a further six analysts in the Global Emerging Markets team focusing on emerging Europe. Between them, they conduct more than 1,500 company meetings a year.

The first step of the investment process is idea generation, which is important in ensuring there is a continuous flow of new ideas entering the proprietary research process. A research pipeline is in place to make sure that team resources are used efficiently and to take advantage of the most promising investment opportunities. Analysts undertake thorough industry and company analysis, looking at each firm's market dynamics, revenue drivers, financial statements, valuations and risks to the investment thesis. It is important to understand the factors that influence a company's share price and what the stock market is anticipating or may be missing. A proprietary research template is used to provide a consistent approach and researched stocks are assigned a rating between 1 (strong buy) and 5 (sell), while constructive debate between team members is actively encouraged.

There are four primary investment criteria when assessing a potential addition to the fund: a unique aspect – such as a product, brand or contract structure – which allows sustainable returns; options to deploy cash in areas of high and sustainable returns; a high and predictable return on capital and strong free cash flow conversion; and a quality management team with a clearly defined strategy and a strong track record of value creation.

The portfolio currently has 39 holdings selected from an investible universe of more than 2,000 companies. Stocks may be sold if there is a fundamental change in the investment case that will negatively affect a company's earnings and cash flow, if it has reached its estimated valuation target, or if a better investment opportunity is identified.

While BRGE's portfolio is concentrated, the managers and their teams are risk aware and work closely with BlackRock's independent Risk and Quantitative Analysis group to ensure the trust's portfolio risk is closely monitored and understood.

Current portfolio positioning

At end-October 2020, BRGE's top 10 holdings made up 46.0% of the fund, which was a lower concentration than 54.4% a year earlier; eight positions were common to both periods. Looking at the trust's sector exposure (Exhibit 3) over the 12 months to the end of October, the largest increases were higher weightings in technology (+5.8pp) and oil & gas (+2.8pp), with lower allocations to the consumer goods (-5.3pp) and financials (-2.0pp) sectors. While all stocks are selected on a bottom-up basis, Exhibit 3 highlights that Gries particularly favours technology companies (15.1pp overweight versus the reference index), while the largest underweights are consumer goods (-8.7pp), financials (-8.1pp) and utilities (-5.1pp).

The manager highlights one of BRGE's energy holdings, Neste, the global leader in renewable diesel. He says that in a greener world, this market is booming, and industry capacity is constrained so the company is in a 'sweet spot'. While the current focus is on road transportation, Gries says that Neste has also been in discussions with airlines, which he considers is an enormous opportunity for the company given the expectation that over time air travel will resume.

Although the trust continues to have an underweight position in financials, exposure has increased. The manager explains that for banks, the rules have changed since the global financial crisis, as all provisions need to be taken upfront on conservative assumptions. In retrospect, these assumptions have proved to be too conservative, so results are coming in ahead of expectations as credit losses are lower than predicted and capital positions are stronger. In terms of dividends (where payments have largely been halted by regulators) there is a European Central Bank review in December; an announcement is likely early next year as to whether dividend payments can resume.

Exhibit 3: Portfolio sector exposure vs reference index (% unless stated)

	Portfolio end-October 2020	Portfolio end-October 2019	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/ index weight (x)
Technology	23.9	18.0	5.8	8.8	15.1	2.7
Industrials	21.7	23.2	(1.5)	17.1	4.6	1.3
Healthcare	18.2	19.6	(1.4)	17.0	1.3	1.1
Consumer goods	11.1	16.4	(5.3)	19.8	(8.7)	0.6
Consumer services	8.4	7.5	0.9	4.5	3.9	1.9
Financials	7.8	9.9	(2.0)	15.9	(8.1)	0.5
Basic materials	3.9	3.2	0.6	5.5	(1.6)	0.7
Oil & gas	3.4	0.6	2.8	3.5	(0.1)	1.0
Telecommunications	1.7	1.6	0.1	3.0	(1.3)	0.6
Utilities	0.0	0.0	0.0	5.1	(5.1)	0.0
Total	**100.0**	**100.0**		**100.0**		

Source: BlackRock Greater Europe Investment Trust, Edison Investment Research. Note: Rebased for net current assets/liabilities.

Discussing some of the changes in BRGE's portfolio in recent months, Gries says the holding in Russian mobile telecom operator Veon was sold, as was the position in Italian industrial firm IMA. This was a relatively new addition to the fund but received a takeover bid from its major shareholder. The long-term holding in German diagnostics company Stratec Biomedical Systems was divested as its share price had rallied by 120% year-to-date at the time of sale. It provides equipment and consumables used in COVID-19 testing and has therefore been experiencing 'supernormal demand'. The manager explains that the company had already beaten earnings estimates and raised guidance twice, and he believes that this is less likely going forward, while Stratec's shares were unattractively valued.

There are a couple of new holdings in the fund, ALD Automotive and Netcompany Group. ALD Automotive is a small-cap French leasing company and was considered a suitable investment for BRGE's closed-end structure. Gries says ALD is a well-positioned car leasing firm offering fleet management services to corporates and individuals, generating a 15% return on equity but trading on a very modest current year P/E multiple of c 8x. The manager had followed this company for a number of years, waiting patiently for an attractive buying opportunity. He says that ALD's business has proved to be resilient during the coronavirus crisis in terms of both growth and earnings, and there is potential for its shares to rerate. Investor concerns about the company having to write down the value of its diesel cars at the end of their leases has proven to be unfounded. Meanwhile, 20% of the fleet is green (electric or hybrid vehicles) and signing up for these allows companies to illustrate their own green credentials.

Netcompany Group is a Danish IT services company that is majority owned and run by its founder. Its wide customer base includes the Danish government. Gries explains that digitisation of documents provides very large business opportunities for Netcompany. As an example, there are billions of euros in outstanding tax payments due to inefficient systems based on decades-old computer code, underlining the significant need to update the IT infrastructure. Again, this is a company that Gries has followed for a long time. Its organic sales growth estimate for 2020 is approaching 20%.

Performance: Building on successful record

Exhibit 4: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	MSCI Europe ex-UK (%)	CBOE UK All Companies (%)	MSCI World (%)
31/10/16	18.9	20.2	18.4	12.8	28.8
31/10/17	21.1	19.9	19.0	13.6	13.5
31/10/18	(1.7)	1.1	(6.0)	(1.6)	5.7
31/10/19	18.4	15.5	10.7	6.9	11.9
31/10/20	15.9	16.9	(4.9)	(20.2)	5.0

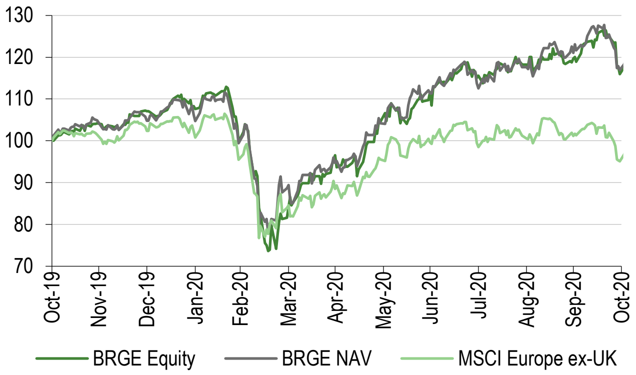
Source: Refinitiv. Note: All % on a total return basis in pounds sterling.

In FY20, BRGE's NAV and share price total returns of +16.9% and +18.0% respectively were significantly ahead of the reference index's +0.7% total return. Gries explains that over the period he would categorise the trust's holdings in three broad buckets:

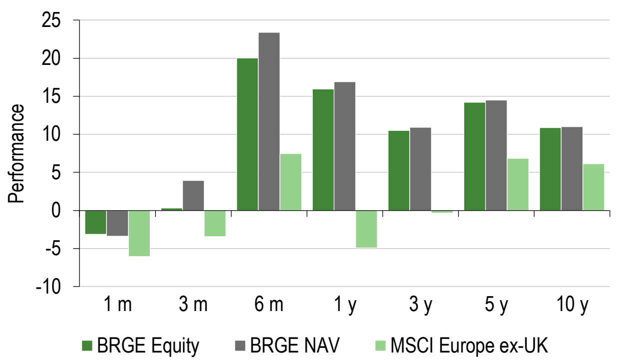
- Those with resilient business models and strong management teams, including DSV Panalpina (freight forwarding and logistics), Royal Unibrew (brewing and beverages), Sika (speciality chemicals), ASML (semiconductor equipment) and Netcompany Group (technology solutions and consultancy services).
- Companies that have become direct beneficiaries of the pandemic, including Lonza Group (contract drug manufacturing) and DiaSorin (in vitro diagnostics).
- Firms most negatively affected by lockdowns and travel restrictions, including Safran (aerospace), Amadeus IT Group (travel technology) and emerging market banks Bank Pekao and Alpha Bank. The managers have re-evaluated these positions and are confident they continue to deserve places in the portfolio.

Exhibit 5: Investment trust performance to 31 October 2020

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

Gries emphasises that BRGE has a concentrated portfolio of high-conviction ideas, meaning the majority of outperformance should come from stock selection. In the 12 months to the end of September 2020, three quarters of the c 20pp outperformance was from stock selection, with the balance due to sector allocation. The highest contributing sectors were healthcare (+5.2pp), industrials (+4.7pp) and technology (+4.6pp), while the largest detractor was holding cash (-1.3pp). The manager wants to tap into as many positive end markets as possible in order to generate a diversified stream of alpha. This diversification was in evidence in the 12 months ending 30 September, with the largest positive contributors being Sika (+2.7pp), Lonza (+2.6pp) and DSV Panalpina (+2.1pp), while the worst-performing holding was Safran (-2.1pp). Although the timing of the recovery in air travel has been pushed out, Gries believes that the company's strong management team will ensure that Safran emerges from the downturn stronger than before.

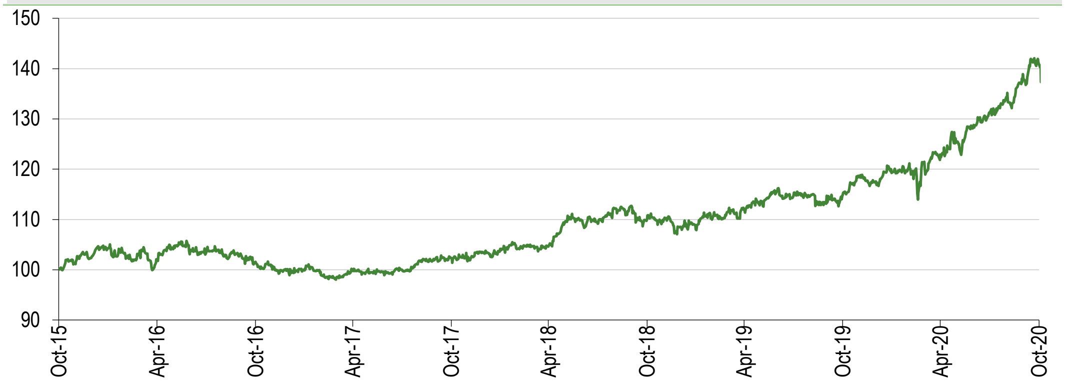
Exhibit 6: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI Europe ex-UK	3.1	3.9	11.7	21.9	36.5	39.5	55.3
NAV relative to MSCI Europe ex-UK	2.8	7.6	14.9	23.0	38.0	41.2	57.0
Price relative to CBOE UK All Companies	1.0	4.6	23.8	45.3	60.8	80.7	84.5
NAV relative to CBOE UK All Companies	0.8	8.3	27.3	46.6	62.6	82.9	86.5
Price relative to MSCI World	(0.1)	(1.1)	9.0	10.4	8.7	7.1	(6.0)
NAV relative to MSCI World	(0.3)	2.4	12.1	11.4	9.9	8.4	(5.0)

Source: Refinitiv, Edison Investment Research. Note: Data to end-October 2020. Geometric calculation.

BRGE has a very commendable record of outperformance, having outpaced the continental European market in both NAV and share price terms over all periods shown in Exhibit 6. Performance versus the broad UK market is even more notable. BRGE's NAV outperformance versus the MSCI Europe ex-UK index over the last five years is shown below in Exhibit 7; as a reminder, Gries became the trust's co-manager on 22 June 2017.

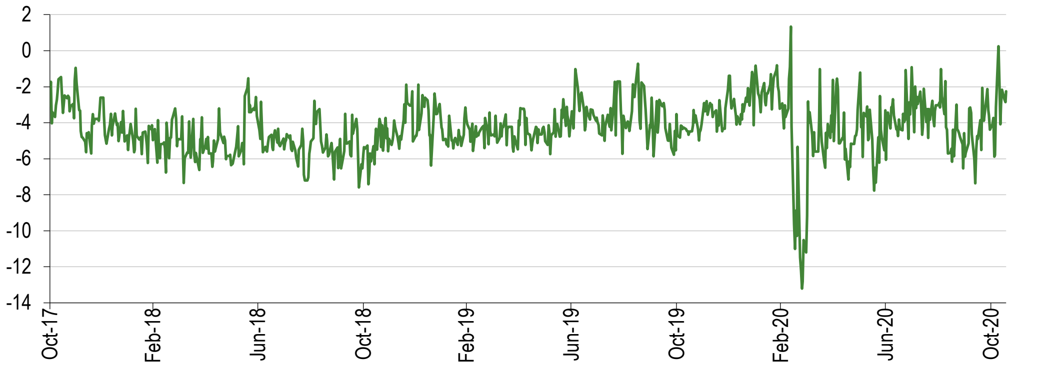
Exhibit 7: NAV total return performance relative to MSCI Europe ex-UK over five years



Source: Refinitiv, Edison Investment Research

Valuation: Generally in a regular range

Exhibit 8: Share price premium/discount to NAV (including income) over three years (%)



Source: Refinitiv, Edison Investment Research

Outside of the volatile period during the coronavirus market sell-off earlier in 2020, BRGE generally trades in a regular c 2% to c 8% range of discounts. It is currently trading at a 2.3% discount to cum-income NAV, which compares with a range of a 1.3% premium to a decade-wide 13.2% discount over the last 12 months. It is narrower than the average discounts of 4.1%, 4.3%, 4.4% and 3.9% over the last one, three, five and 10 years respectively. BRGE's board actively manages the discount via periodic share repurchases; during FY20, a modest 0.4m shares were repurchased at a cost of £1.5m and an average discount of 4.3%. There is also a facility for discretionary semi-annual tender offers for up to 20% of shares outstanding, although none have been undertaken since November 2018.

Capital structure and fees

BRGE is a conventional investment trust, with one class of share. There are currently 84.3m ordinary shares in issue, with a further 26.0m held in treasury. At end-FY20, the trust had an available overdraft facility of the lower of £45.15m or 15% of NAV, which is the maximum permitted at the time of drawdown. Gearing is employed actively with the aim of enhancing returns; it was increased in April following the market sell-off as the manager focused on ‘great companies that had gotten cheaper.’ At end-October 2020, net gearing was 10.1%; this compares with a historical range of c 15% geared to c 10% net cash.

BlackRock is paid an annual management fee of 0.85% of NAV and no performance fee is payable. In FY20, ongoing charges were 1.01%, which was 7bp lower than 1.08% in FY19.

Dividend policy and record

Since 2014, BRGE has paid dividends twice a year in May and December, rather than a single annual distribution. The board employs a progressive dividend policy, and the annual dividend has increased each year since the trust was launched in 2004. In FY20, BRGE’s revenue return of 6.85p per share was 40.7% higher than 4.87p per share in FY19; however, this requires some explanation given that dividend payments have been under pressure due to coronavirus-led economic uncertainty. The trust’s revenue return from dividend income was actually 25.5% lower year-on-year, but it also received a 3.22p per share tax reclaim on foreign income. BRGE’s total dividend in respect of FY20 is 6.15p per share (5.1% higher than 5.85p per share in FY19). At the end of the financial year, the trust had revenue reserves of £10.9m, which is c 2x the latest annual dividend. Based on its current share price, BRGE offers a dividend yield of 1.3%.

Peer group comparison

Exhibit 9: AIC Europe peer group as at 18 November 2020*

% unless stated	Market cap (£m)	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
BlackRock Greater Europe	413.2	24.1	52.4	115.5	218.6	(2.5)	1.0	No	110	1.3
Baillie Gifford European Growth	478.1	42.8	38.1	97.1	157.5	2.2	0.6	No	104	2.3
European Opportunities Trust	785.3	(6.1)	8.5	45.3	206.1	(9.3)	1.0	No	101	0.5
Fidelity European Trust	1,121.2	9.2	27.8	84.3	176.7	(6.4)	0.9	No	108	2.4
Henderson European Focus Trust	287.6	8.6	20.0	67.8	202.2	(11.1)	0.8	No	100	2.3
Henderson EuroTrust	280.7	15.5	29.6	88.9	212.3	(9.7)	0.8	No	104	1.9
JPMorgan European Growth Pool	212.4	1.4	3.9	48.6	117.2	(14.2)	1.0	No	101	3.1
JPMorgan European Income Pool	111.5	(13.2)	(2.6)	39.0	119.3	(14.2)	1.0	No	103	5.4
Average	**461.3**	**10.3**	**22.2**	**73.3**	**176.2**	**(8.1)**	**0.9**		**104**	**2.4**
BRGE rank in sector (8 trusts)	**4**	**2**	**1**	**1**	**1**	**2**	**1=**		**1**	**7**

Source: Morningstar, Edison Investment Research. Note: *Performance to 17 November 2020 based on ex-par NAV. TR: total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

BRGE is one of eight funds in the AIC Europe sector. It has a commendable track record, with its NAV total returns (net of fees) ranking first or second over all periods shown, and performance has improved considerably since Gries was appointed co-manager in June 2017. Over the last 12 months the top-performing fund is Baillie Gifford European Growth, whose exposure to highly valued technology stocks has been well suited to market conditions over this period (although it may fare less well if market leadership broadens out, or investors turn their attention to more cyclical stocks). BRGE is the top-performing fund over three, five and 10 years. It currently has the second-highest valuation, the joint-highest ongoing charge, and the highest level of gearing. Unsurprisingly given its focus on capital growth rather than income, BRGE's dividend yield is the second lowest in the sector.

The board

BRGE's board has four directors, all of whom are non-executive and independent of the manager. Chairman Eric Sanderson was appointed in April 2013 and assumed his current role in November 2016. Davina Curling joined the board in December 2011, Peter Baxter in April 2015 and Paola Subacchi in July 2017. The directors have backgrounds in banking, investment management and economics.

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