



FidelityTM
INTERNATIONAL

FIDELITY EUROPEAN TRUST PLC

Half-Yearly Report for the
six months ended 30 June 2021

Investment Objective and Overview

The Company aims to achieve long term growth in both capital and income by predominantly investing in equities (and their related securities) of continental European companies.

"Fidelity European Trust PLC aims to be the cornerstone long term investment of choice for those seeking European exposure across market cycles.

The start of the reporting period continued to be challenging because of COVID-19. The Board and the Portfolio Manager remained focused on the core objective

of the Company which is to achieve long term growth in both capital and income by predominantly investing in continental European equities (and their related securities).

Europe is home to some of the most stable and resilient companies in the world and the Portfolio Manager aims to capture the diversity of Europe, across a range of

countries and sectors and looks beyond the noise of market sentiment and concentrates on the real-life progress of European businesses and selecting stocks that can grow their dividends consistently, irrespective of the economic environment."

Vivian Bazalgette, Chairman



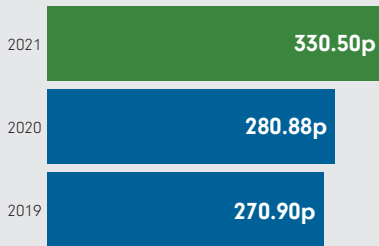
Contents



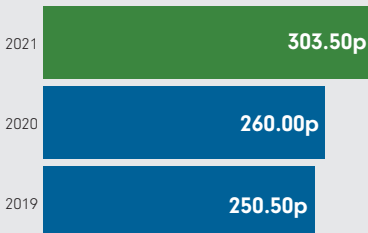
Portfolio Manager's Half-Yearly Review

Read more on pages 04 to 06

Net Asset Value per Ordinary Share as at 30 June



Ordinary Share Price as at 30 June



Directors' Reports

At a Glance	02
Financial Highlights	03
Portfolio Manager's Half-Yearly Review	04
Twenty Largest Holdings	07
Interim Management Report and Directors' Responsibility Statement	09

Financial Statements

Income Statement	12
Statement of Changes in Equity	14
Balance Sheet	16
Notes to the Financial Statements	17

Information for Shareholders

Shareholder Information	27
Directory	29
Data Protection	30
Glossary of Terms	31

At a Glance

Six months ended 30 June 2021

**Net Asset Value per
Ordinary Share
total return^{1,2}**

+12.9%

(30 June 2020: +3.0%)

**Ordinary Share Price
total return^{1,2}**

+7.6%

(30 June 2020: +1.7%)

**FTSE World Europe (ex UK)
Index total return^{1,3}**

+10.9%

(30 June 2020: -1.9%)

**Interim Dividend per
Ordinary Share**

2.65p

(30 June 2020: 2.60p)

1 Includes reinvested income.

2 Alternative Performance Measures (see Glossary of Terms on page 31).

3 The Company's Benchmark Index.

As at 30 June 2021

Shareholders' Funds

£1,359.9m

Market Capitalisation

£1,248.8m

Capital Structure Ordinary Shares of 2.5 pence held outside of Treasury

411,466,049

Summary of the key aspects of the Investment Policy

The Investment Manager will typically focus on larger companies which show good prospects for sustainable long term dividend growth. The Investment Manager is not restricted in terms of size, industry or geographical split.

The Company predominantly invests in equities but may also invest into other transferable securities, investment companies, money market instruments, cash and deposits and is also able to use derivatives for efficient portfolio management, to gain additional market exposure (gearing) and for investment purposes.

The Investment Manager must work within the guidelines set out in the Investment Policy.

Financial Highlights

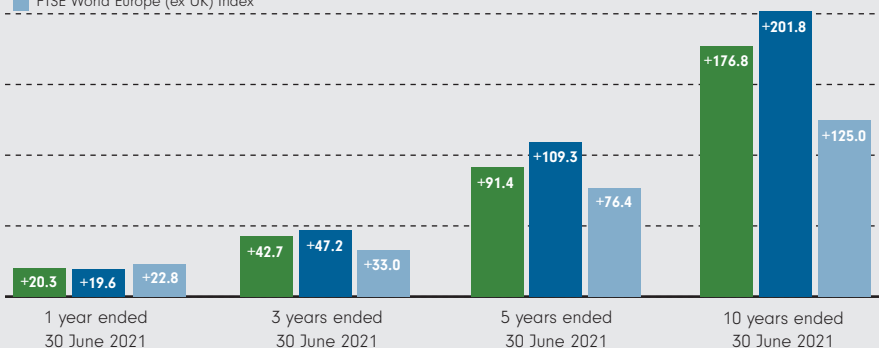
	30 June 2021	31 December 2020
Assets		
Gross Asset Exposure ¹	£1,528.5m	£1,364.3m
Gross Gearing ² (see Note 13 on page 25)	12.4%	11.8%
Net Asset Exposure	£1,517.3m	£1,336.5m
Net Gearing ² (see Note 13 on page 25)	11.6%	9.4%
Shareholders' Funds	£1,359.9m	£1,220.3m
Net Asset Value ("NAV") per Ordinary Share ²	330.50p	296.57p
Ordinary Share Price and Discount data		
Ordinary Share Price at the period end	303.50p	286.00p
Discount at the period end ²	8.2%	3.6%
Results for the six months ended 30 June – see pages 12 and 13		
	2021	2020
Revenue Return per Ordinary Share ²	5.28p	3.99p
Capital Return per Ordinary Share ²	32.55p	3.58p
Total Return per Ordinary Share ²	37.83p	7.57p
Interim Dividend per Ordinary Share	2.65p	2.60p

1 The total exposure of the investment portfolio, including exposure to the investments underlying the derivative instruments.

2 Alternative Performance Measures.

Standardised Performance Total Return¹ (%)

■ NAV per Ordinary Share
■ Ordinary Share Price
■ FTSE World Europe (ex UK) Index



1 Includes reinvested income.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

Portfolio Manager's Half-Yearly Review

Performance Review

During the first six months of the year, on a UK sterling basis, the net asset value ("NAV") total return was +12.9% compared to a total return of +10.9% for the FTSE World Europe (ex UK) Index which is the Company's Benchmark Index. The share price total return was +7.6%, which is below the NAV total return because of a widening of the share price discount to NAV.

Market Review

Continental European markets were strong again in the first half of this year, extending their impressive recovery from the sell-off early last year when the Coronavirus pandemic went global.

The early running, in the first quarter of this year, was made by economy-sensitive sectors that would be expected to benefit most from an economic rebound if governments were to ease pandemic-related restrictions. It was not long, however, before the narrative shifted. During the first quarter results season, investors started to be concerned about the potential impact of input inflation on company margins. Inflation expectations have indeed been rising and a key debate is whether inflationary pressures will ultimately prove transitory as Sam Morse, your Portfolio Manager, expects, or whether the pandemic has ushered in a new inflationary era and a consequent normalisation in both bond yields and the duration of economic cycles. This debate has led to a see-sawing leadership of the market between value, growth, cyclicals and defensives. Ultimately, however, a rising tide has lifted (almost) all boats such that overall returns, even if dampened somewhat in sterling terms by the continuing appreciation of the pound, have been good.

Portfolio Manager's Report

The Company's cautious approach has often meant that it has struggled, in the past, to keep up with the Benchmark Index when equity

markets rise rapidly. It was pleasing, therefore, that the NAV outperformed over the six months. The increased gearing of the Company to a structurally higher level, as discussed in the 2020 Annual Report, is a significant contributor to the increased outperformance.

The contribution from stock-picking has been mixed during this period. ASML, which is a supplier to the microchip industry, continued to perform very strongly as a well-publicised shortage in semiconductors led to announcements of increased capital spending by many of their customers. The luxury goods companies, LVMH Moët Hennessy and Hermes International, were also strong performers as results exceeded expectations and in recognition that improved on-line offerings in response to pandemic restrictions are bringing new customers and incremental turnover, particularly in China.

Some of the Company's holdings in the health care sector were, by contrast, poor performers. Fresenius Medical Care and Grifols both issued disappointing trading updates due to challenges posed by the pandemic. Both businesses also suffered from the weaker dollar given their reliance on the US market. Enel, Italy's largest utility company, suffered along with the sector on general concerns about returns from renewables projects given growing competition from large oil companies. Enel was also hampered by political and economic concerns relating to the Latin America countries in which it does a sizeable portion of its business. Finally, Telenor, the incumbent telecoms business in Norway, performed poorly mainly due to the coup in Myanmar where it also operates – the company recently announced that it has sold that operation for a much-reduced price, compared to previous valuations by analysts.

Five Highest Contributors to NAV total return

	Sector	Country	%
ASML	Information Technology	Netherlands	+0.7
Partners Group	Financials	Switzerland	+0.5
LVMH Moët Hennessy	Consumer Discretionary	France	+0.4
Hermes International	Consumer Discretionary	France	+0.4
Novartis	Health Care	Switzerland	+0.3

Five Highest Detractors to NAV total return

	Sector	Country	%
Enel	Utilities	Italy	-0.5
Telenor	Communication Services	Norway	-0.2
Grifols	Health Care	Spain	-0.2
Prosus	Consumer Discretionary	Netherlands	-0.2
3i Group	Financials	UK	-0.2

Outlook

Following the pandemic melt-down, the global economy has recovered more quickly and more strongly than many of us expected. As a result, earnings and dividend expectations for continental European companies have continued to be upgraded. This may carry on, given pent-up savings among consumers and with many services still due to reopen fully. Of course, much is already discounted in share prices that are at elevated levels compared to history. That has been true for some time, however. It is the corollary of low bond yields. Investors should be cautious when it appears to be “as good as it gets” because the stock market is an effective, and increasingly rapid, discounting machine. Your Portfolio Manager believes, however, that it is more likely that these high levels of valuation will persist as earnings continue to rise, allowing for further increases in share prices.

The post-pandemic dynamics of supply and demand, not to mention low inventories, are

leading to shortages across many areas, such as semiconductors, as noted above. There is also a base effect in terms of input prices given the sharp rise in commodity prices year on year. Companies that do not have pricing power, which are often the strongest performers in value rallies, may suffer a margin squeeze if they are not able to pass higher input prices on to their customers. Many “steady-Eddie” companies with pricing power, such as consumer staples companies, like Nestlé, have lagged the steep recovery in the market on a one-year view, but may be better placed to weather this new challenge.

Longer term concerns remain regarding continental Europe’s demographics, lack of productivity, high levels of government debt and fiscal imbalances. Progress has been made on some fronts: for example, the Euro 750 billion “recovery” fund is in train and spending should boost countries such as Italy and Spain in coming years. Politics, as always, simmers in the background with investors

Portfolio Manager's Half-Yearly Review continued

reading the runes of regional ballots to try to determine the likely results of important national elections to come in 2022. It appears, at this stage, that incumbents will retain pole position leading into next year's races but fragmentation continues: the far-right Fratelli is gaining ground in Italy, the conservative Xavier Bertrand is strengthening his leadership credentials in French polls, while the Greens have surged, then faded somewhat in Germany – it is no coincidence that the “E” of ESG (environmental, social and governance) is growing in prominence in politics as it is in investment circles.

Your Company will continue, as always, to focus on cash generative companies with strong balance sheets which have the potential to grow their dividends consistently over the next three to five years. While many of these companies looked relatively expensive a year ago, on through-cycle multiples, that is less so now.

By order of the Board

FIL Investments International

2 August 2021

Twenty Largest Holdings

as at 30 June 2021

The Gross Asset Exposures shown below and on the next page measure exposure to market price movements as a result of owning shares and derivative instruments. The Balance Sheet Value is the actual value of the portfolio. Where a contract for difference ("CFD") is held, the Balance Sheet Value reflects the profit or loss on the contract since it was opened and is based on how much the share price of the underlying share has moved.

	Gross Asset Exposure		Balance Sheet Value
	£'000	% ¹	£'000
Long Exposures – shares unless otherwise stated			
Nestlé			
Food Producers	92,256	6.8	92,256
ASML			
Technology Hardware & Equipment	80,940	6.0	80,940
LVMH Moët Hennessy			
Personal Goods	71,744	5.3	71,744
Roche			
Pharmaceuticals & Biotechnology	69,015	5.1	69,015
L'Oréal			
Personal Goods	56,669	4.2	56,669
SAP			
Software & Computer Services	49,115	3.6	49,115
Enel			
Electricity	48,054	3.5	48,054
Sanofi (long CFD)			
Pharmaceuticals & Biotechnology	47,149	3.5	395
EssilorLuxottica			
Medical Equipment & Services	46,440	3.4	46,440
Novo Nordisk			
Pharmaceuticals & Biotechnology	46,161	3.4	46,161
Deutsche Börse Group			
Investment Banking & Brokerage Services	45,836	3.4	45,836
Legrand (long CFD)			
Electronic & Electrical Equipment	43,635	3.2	635
Partners Group			
Investment Banking & Brokerage Services	41,985	3.1	41,985
Linde (long CFD)			
Chemicals	41,338	3.0	704

Twenty Largest Holdings continued

	Gross Asset Exposure		Balance Sheet Value
	£'000	% ¹	£'000
Long Exposures – shares unless otherwise stated			
Swedish Match			
Tobacco	40,737	3.0	40,737
TotalEnergies			
Oil, Gas & Coal	40,346	3.0	40,346
Schindler Holding			
Industrial Engineering	35,991	2.5	35,991
3i Group			
Investment Banking & Brokerage Services	33,834	2.5	33,834
Hermes International			
Personal Goods	32,738	2.4	32,738
Symrise			
Chemicals	31,413	2.3	31,413
Twenty largest long exposures	995,396	73.2	865,008
Other long exposures	467,855	34.4	459,686
Total long exposures before long futures^{2,3}	1,463,251	107.6	1,324,694
Long Futures			
Euro Stoxx 50 Future September 2020 ³	59,631	4.4	(962)
Total long exposures after long futures³	1,522,882	112.0	1,323,732
Short Exposures			
Short CFD (1 holding) ³	5,603	0.4	764
Gross Asset Exposure^{3,4}	1,528,485	112.4	
Portfolio Fair Value⁵			1,324,496
Net current assets (excluding derivative assets and liabilities)			35,418
Shareholders' Funds (per Balance Sheet on page 16)			1,359,914

1 Gross Asset Exposure is expressed as a percentage of Shareholders' Funds.

2 Total long exposures before long futures comprises investments of £1,322,774,000 and long CFDs of £140,477,000.

3 See Note 13 on page 25.

4 Gross Asset Exposure comprises market exposure to investments of £1,322,774,000 plus market exposure to all derivative instruments of £205,711,000. Derivative instruments comprise long CFDs of £140,477,000, long futures of £59,631,000 and short CFDs of £5,603,000.

5 Portfolio Fair Value comprises investments of £1,322,774,000 plus derivative assets of £2,684,000 less derivative liabilities of £962,000 (per the Balance Sheet, on page 16).

Interim Management Report and Directors' Responsibility Statement

Revised Management Fee

As reported in the Annual Report for the year ended 31 December 2020, the Board agreed a revised fee with the Manager, FIL Investment Services (UK) Limited, with effect from 1 April 2021. The first tier of the previous fee structure, which is an annual rate of 0.85 per cent on the first £400 million of the Company's net assets remained unchanged. However, the previous rate of 0.75 per cent on net assets in excess of £400 million reduced to 0.65 per cent, thus achieving a saving on overall percentage costs for shareholders. Details of the total fee paid to the Manager for the provision of investment management services for the six months ended 30 June 2021 is in Note 5 on page 19.

Interim Dividend

The Board does not influence the Portfolio Manager by imposing any income objective in any particular period and the investment focus on companies capable of growing their dividends remains. The Board acknowledges that both capital and income growth are components of performance, as reflected in the investment objective of the Company. It therefore has a policy whereby it seeks to pay a progressive dividend in normal circumstances and to pay dividends twice yearly in order to smooth dividend payments for the reporting year. Investment trusts have an income advantage which is particularly important during difficult times, when the dividends of many companies in the portfolio are under pressure. Unlike open-ended funds, investment trusts can hold back some of the income they receive in good years, thereby building up revenue reserves, which can then be used to supplement dividends to shareholders at a time when companies in the portfolio may be cutting or cancelling their dividends. This pattern may continue while variants of the COVID-19 virus still remains in broad circulation. The Board has over the past few

years augmented revenue reserves and it also has the authority to pay dividends from capital reserves if required. Accordingly, the Board's intention in the medium term is to pay nominal increases in total annual dividends, utilising reserves if necessary, as it did for the payment of the final dividend for the year ended 31 December 2020.

The Company's revenue return for the six months to 30 June 2021 was 5.28 pence per share (30 June 2020: 3.99 pence). The Board has declared an interim dividend of 2.65 pence per share which is a modest increase of 1.9% on the 2.60 pence per share paid as the interim dividend in 2020. This will be paid on 29 October 2021 to shareholders on the register at close of business on 24 September 2021 (ex-dividend date 23 September 2021).

Discount Management and Treasury Shares

The Board has an active discount management policy, the primary purpose of which is to reduce discount volatility. It seeks to maintain the discount in single digits in normal market conditions. Buying shares at a discount also results in an enhancement to the NAV per share.

In order to assist in managing the discount, the Board has shareholder approval to hold ordinary shares repurchased by the Company in Treasury, rather than cancelling them. Shares in Treasury are then available to be re-issued at NAV per share or at a premium to NAV per share, facilitating the management of and enhancing liquidity in the Company's shares.

In the reporting period and up to the date of this report, the Company has not repurchased any ordinary shares into Treasury or for cancellation.

Interim Management Report and Directors' Responsibility Statement continued

Principal Risks and Uncertainties

The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/the "Manager"), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties faced by the Company.

The Board considers that the principal risks and uncertainties faced by the Company comprise of market risk; performance risk; key person risk; economic and political risk; environmental, social and governance risk; discount control risk; gearing and derivatives risk; operational risk from cybercrime; pandemic risk; tax and regulatory risks; and third party service providers operational risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2020. A copy of the Annual Report can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/europe.

These principal risks and uncertainties have not materially changed during the six months to 30 June 2021 and are equally applicable to the remaining six months of the Company's financial year. Risks from emerging new variants of COVID-19 continue, including the availability of suitable vaccines to tackle the new variants.

Coronavirus (COVID-19)

With the pandemic continuing and new variants of the virus appearing, it is evident that the arrival of vaccines does not necessarily mean an end of COVID-19. It is, potentially, difficult for the formulations of the various vaccines to keep up with variants of the disease.

Despite the Government's easing of lockdown measures, risks remain and these are being kept under constant review by the Board and the Manager. Investors should be prepared for

market fluctuations and remember that holding shares in the Company should be considered to be a long term investment. These risks are somewhat mitigated by the investment trust structure of the Company which means that no forced sales need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon.

The Manager carries on reviewing its business continuity plans and operational resilience strategies on an ongoing basis and continues to take all reasonable steps in meeting its regulatory obligations and to assess operational risks, the ability to continue operating and the steps it needs to take to serve and support its clients, including the Board. The Manager continues to look after the safety of employees, and allows employees to work from home and had until recently, split team working for those staff whose work was deemed necessary to be carried out in an office. Return to the office is on a reduced occupancy and follows social distancing guidelines. The Manager will continue to follow Government recommendations and guidance for COVID-19 restriction and self-isolation rules.

Investment team key activities, including those of portfolio managers, analysts and trading/support functions, have continued to perform well despite the operational challenges posed by working from home or when split team arrangements have been in place.

The Company's other third party service providers have also implemented similar measures to ensure business disruption can be kept to a minimum.

Transactions with the Manager and Related Parties

The Manager has delegated the Company's portfolio management and the role of

Company Secretary to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 14 to the Financial Statements on page 26.

Going Concern Statement

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections. They have considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure. The Directors are satisfied that the Company is financially sound and has sufficient resources to meet all of its liabilities and ongoing expenses and can continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

This conclusion also takes into account the Board's assessment of the ongoing risks from COVID-19 and evolving variants as set out on the previous page.

Continuation votes are held every two years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2023.

By Order of the Board
FIL Investments International
 2 August 2021

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard FRS 104: Interim Financial Reporting; and
- b) the Portfolio Manager's Half-Yearly Review on pages 4 to 6 and the Interim Management Report on pages 9 to 11 include a fair review of the information required by DTR 4.2.7R and 4.2.8R.

In line with previous years, the Half-Yearly Report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly Report was approved by the Board on 2 August 2021 and the above responsibility statement was signed on its behalf by Vivian Bazalgette, Chairman.

Income Statement

for the six months ended 30 June 2021

		Six months ended 30 June 2021 unaudited		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	116,714	116,714
Gains on derivative instruments		-	21,176	21,176
Income	4	26,335	-	26,335
Investment management fees	5	(1,171)	(3,513)	(4,684)
Other expenses		(426)	-	(426)
Foreign exchange losses		-	(258)	(258)
Net return on ordinary activities before finance costs and taxation		24,738	134,119	158,857
Finance costs	6	(59)	(179)	(238)
Net return on ordinary activities before taxation		24,679	133,940	158,619
Taxation on return on ordinary activities	7	(2,943)	-	(2,943)
Net return on ordinary activities after taxation for the period		21,736	133,940	155,676
Return per ordinary share	8	5.28p	32.55p	37.83p

The Company does not have any other comprehensive income. Accordingly the net return on ordinary activities after taxation for the period is also the total comprehensive income for the period and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

No operations were acquired or discontinued in the period and all items in the above statement derive from continuing operations.

Six months ended 30 June 2020 unaudited			Year ended 31 December 2020 audited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	12,987	12,987	-	89,664	89,664
-	5,215	5,215	-	2,768	2,768
18,950	-	18,950	25,552	-	25,552
(1,061)	(3,182)	(4,243)	(2,225)	(6,674)	(8,899)
(428)	-	(428)	(845)	-	(845)
-	(129)	(129)	-	(175)	(175)
17,461	14,891	32,352	22,482	85,583	108,065
(57)	(173)	(230)	(89)	(265)	(354)
17,404	14,718	32,122	22,393	85,318	107,711
(986)	-	(986)	(1,325)	-	(1,325)
16,418	14,718	31,136	21,068	85,318	106,386
3.99p	3.58p	7.57p	5.12p	20.74p	25.86p

Statement of Changes in Equity

for the six months ended 30 June 2021

	Note	Share capital £'000
Six months ended 30 June 2021 (unaudited)		
Total shareholders' funds at 31 December 2020		10,411
Net return on ordinary activities after taxation for the period		-
Dividend paid to shareholders	9	-
Total shareholders' funds at 30 June 2021		10,411
Six months ended 30 June 2020 (unaudited)		
Total shareholders' funds at 31 December 2019		10,411
Net return on ordinary activities after taxation for the period		-
Dividend paid to shareholders	9	-
Total shareholders' funds at 30 June 2020		10,411
Year ended 31 December 2020 (audited)		
Total shareholders' funds at 31 December 2019		10,411
Net return on ordinary activities after taxation for the year		-
Dividends paid to shareholders	9	-
Total shareholders' funds at 31 December 2020		10,411

Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
58,615	5,414	1,122,325	23,520	1,220,285
-	-	133,940	21,736	155,676
-	-	-	(16,047)	(16,047)
58,615	5,414	1,256,265	29,209	1,359,914
58,615	5,414	1,037,007	29,115	1,140,562
-	-	14,718	16,418	31,136
-	-	-	(15,965)	(15,965)
58,615	5,414	1,051,725	29,568	1,155,733
58,615	5,414	1,037,007	29,115	1,140,562
-	-	85,318	21,068	106,386
-	-	-	(26,663)	(26,663)
58,615	5,414	1,122,325	23,520	1,220,285

Balance Sheet

as at 30 June 2021

Company Number 2638812

	Notes	30 June 2021 unaudited £'000	31 December 2020 audited £'000	30 June 2020 unaudited £'000
Fixed assets				
Investments	10	1,322,774	1,200,663	1,125,786
Current assets				
Derivative instruments	10	2,684	2,119	10,034
Debtors		9,183	5,814	11,490
Amounts held at futures clearing houses and brokers		4,724	5,977	6,113
Cash and cash equivalents		22,484	7,070	6,682
		39,075	20,980	34,319
Current liabilities				
Derivative instruments	10	(962)	(403)	-
Other creditors		(973)	(955)	(4,372)
		(1,935)	(1,358)	(4,372)
Net current assets				
		37,140	19,622	29,947
Net assets				
		1,359,914	1,220,285	1,155,733
Capital and reserves				
Share capital	11	10,411	10,411	10,411
Share premium account		58,615	58,615	58,615
Capital redemption reserve		5,414	5,414	5,414
Capital reserve		1,256,265	1,122,325	1,051,725
Revenue reserve		29,209	23,520	29,568
Total shareholders' funds		1,359,914	1,220,285	1,155,733
Net asset value per ordinary share	12	330.50p	296.57p	280.88p

Notes to the Financial Statements

1 Principal Activity

Fidelity European Trust PLC is an Investment Company incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company's registration number is 2638812, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 Publication of Non-statutory Accounts

The Financial Statements in this Half-Yearly Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act"). The financial information for the year ended 31 December 2020 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

3 Accounting Policies

(i) Basis of Preparation

The Company prepares its Financial Statements on a going concern basis and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The Financial Statements are also prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in October 2019. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2020.

(ii) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements. This conclusion also takes into account the Board's assessment of the continuing risks arising from COVID-19 and evolving variants.

Notes to the Financial Statements continued

4 Income

	Six months ended 30.06.21 unaudited £'000	Six months ended 30.06.20 unaudited £'000	Year ended 31.12.20 audited £'000
Investment income			
Overseas dividends	21,029	15,705	20,179
Overseas scrip dividends	512	219	936
UK dividends	750	673	748
UK scrip dividends	-	-	509
	22,291	16,597	22,372
Derivative income			
Income recognised from futures contracts	1,299	675	1,040
Dividends received on long CFDs	2,408	1,615	1,894
Interest received on long CFDs ¹	337	36	206
	4,044	2,326	3,140
Investment and derivative income	26,335	18,923	25,512
Other interest			
Interest received on collateral, bank deposits and money market funds	-	27	31
Interest received on tax reclaims	-	-	9
	-	27	40
Total income	26,335	18,950	25,552

¹ Due to negative interest rates during the reporting period, the Company received interest on its long CFDs.

Special dividends of £82,000 have been recognised in capital during the period (six months ended 30 June 2020 and year ended 31 December 2020: £nil).

5 Investment Management Fees

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2021 (unaudited)			
Investment management fees	1,171	3,513	4,684
Six months ended 30 June 2020 (unaudited)			
Investment management fees	1,061	3,182	4,243
Year ended 31 December 2020 (audited)			
Investment management fees	2,225	6,674	8,899

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International ("FIL"). Both companies are Fidelity group companies.

From 1 April 2021, FIL charges investment management fees at an annual rate of 0.85% of net assets up to £400 million and 0.65% of net assets in excess of £400 million. Prior to this date, the investment management fees were charged at an annual rate of 0.85% of net assets up to £400 million and 0.75% of net assets in excess of £400 million. Fees are payable monthly in arrears and are calculated on a daily basis.

Investment management fees have been allocated 75% to capital reserve in accordance with the Company's accounting policies.

Notes to the Financial Statements continued

6 Finance Costs

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2021 (unaudited)			
Interest paid on collateral and bank deposits ¹	13	41	54
Interest paid on CFDs ¹	46	138	184
	59	179	238
Six months ended 30 June 2020 (unaudited)			
Interest paid on collateral and bank deposits ¹	18	54	72
Interest paid on CFDs ¹	7	21	28
Dividends paid on short CFDs	32	98	130
	57	173	230
Year ended 31 December 2020 (audited)			
Interest paid on collateral and bank deposits ¹	30	91	121
Interest paid on CFDs ¹	26	77	103
Dividends paid on short CFDs	33	97	130
	89	265	354

¹ Due to negative interest rates during the reporting period, the Company paid interest on its short CFDs and deposits.

Finance costs have been allocated 75% to capital reserve in accordance with the Company's accounting policies.

7 Taxation on Return on Ordinary Activities

	Six months ended 30.06.21 unaudited £'000	Six months ended 30.06.20 unaudited £'000	Year ended 31.12.20 audited £'000
Overseas taxation	2,943	986	1,325

8 Return per Ordinary Share

	Six months ended 30.06.21 unaudited	Six months ended 30.06.20 unaudited	Year ended 31.12.20 audited
Revenue return per ordinary share	5.28p	3.99p	5.12p
Capital return per ordinary share	32.55p	3.58p	20.74p
Total return per ordinary share	37.83p	7.57p	25.86p

The return per ordinary share is based on the net return on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares held outside Treasury during the period, as shown below:

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation	21,736	16,418	21,068
Net capital return on ordinary activities after taxation	133,940	14,718	85,318
Net total return on ordinary activities after taxation	155,676	31,136	106,386

	Number	Number	Number
Weighted average number of ordinary shares held outside Treasury during the period	411,466,049	411,466,049	411,466,049

Notes to the Financial Statements continued

9 Dividends Paid to Shareholders

	Six months ended 30.06.21 unaudited £'000	Six months ended 30.06.20 unaudited £'000	Year ended 31.12.20 audited £'000
Final dividend of 3.90 pence per ordinary share for the year ended 31 December 2020	16,047	-	-
Interim dividend of 2.60 pence per ordinary share for the year ended 31 December 2020	-	-	10,698
Final dividend of 3.88 pence per ordinary share for the year ended 31 December 2019	-	15,965	15,965
	16,047	15,965	26,663

The Company has declared an interim dividend for the six month period to 30 June 2021 of 2.65 pence per ordinary share (2020: 2.60 pence). The interim dividend will be paid on 29 October 2021 to shareholders on the register on 24 September 2021 (ex-dividend date 23 September 2021). The total cost of this interim dividend, which has not been included as a liability in these Financial Statements, is £10,904,000 (2020: £10,698,000). This amount is based on the number of ordinary shares held outside Treasury at the date of this report.

10 Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

10 Fair Value Hierarchy continued

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The table below sets out the Company's fair value hierarchy:

30 June 2021 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	1,322,774	-	-	1,322,774
Derivative instrument assets	-	2,684	-	2,684
	1,322,774	2,684	-	1,325,458
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(962)	-	-	(962)

31 December 2020 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	1,200,663	-	-	1,200,663
Derivative instrument assets	481	1,638	-	2,119
	1,201,144	1,638	-	1,202,782

Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	-	(403)	-	(403)

30 June 2020 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	1,125,786	-	-	1,125,786
Derivative instrument assets	1,051	8,983	-	10,034
	1,126,837	8,983	-	1,135,820
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	-	-	-	-

Notes to the Financial Statements continued

11 Share Capital

	30 June 2021 unaudited		31 December 2020 audited		30 June 2020 unaudited	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 2.5 pence each held outside Treasury						
Beginning and end of the period	411,466,049	10,286	411,466,049	10,286	411,466,049	10,286
Ordinary shares of 25 pence each held in Treasury ¹						
Beginning and end of the period	4,981,861	125	4,981,861	125	4,981,861	125
Total share capital		10,411		10,411		10,411

1 Ordinary shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

There were no ordinary shares repurchased into Treasury during the current or prior periods.

12 Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share is based on the following:

	30.06.21 unaudited	31.12.20 audited	30.06.20 unaudited
Total shareholders' funds	£1,359,914,000	£1,220,285,000	£1,155,733,000
Ordinary shares held outside Treasury at period end	411,466,049	411,466,049	411,466,049
Net asset value per ordinary share	330.50p	296.57p	280.88p

It is the Company's policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

13 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed on the Balance Sheet above, and any gearing, which is achieved through the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective.

The Company's gearing at the end of the period is shown below:

	Gross asset exposure		Net asset exposure	
	£'000	% ¹	£'000	% ¹
30 June 2021 (unaudited)				
Investments	1,322,774	97.3	1,322,774	97.3
Long CFDs	140,477	10.3	140,477	10.3
Long futures	59,631	4.4	59,631	4.4
Total long exposures	1,522,882	112.0	1,522,882	112.0
Short CFDs	5,603	0.4	(5,603)	(0.4)
Gross/net asset exposure	1,528,485	112.4	1,517,279	111.6
Shareholders' funds	1,359,914		1,359,914	
Gearing²		12.4		11.6
31 December 2020 (audited)				
Investments	1,200,663	98.4	1,200,663	98.4
Long CFDs	99,355	8.1	99,355	8.1
Long futures	50,359	4.1	50,359	4.1
Total long exposures	1,350,377	110.6	1,350,377	110.6
Short CFDs	13,922	1.2	(13,922)	(1.2)
Gross/net asset exposure	1,364,299	111.8	1,336,455	109.4
Shareholders' funds	1,220,285		1,220,285	
Gearing²		11.8		9.4

1 Exposure to the market expressed as a percentage of shareholders' funds.

2 Gearing is the amount by which the gross/net asset exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

Notes to the Financial Statements continued

13 Capital Resources and Gearing continued

	Gross asset exposure		Net asset exposure	
	£'000	% ¹	£'000	% ¹
30 June 2020 (unaudited)				
Investments	1,125,786	97.4	1,125,786	97.4
Long CFDs	79,665	6.9	79,665	6.9
Long futures	40,438	3.5	40,438	3.5
Total long exposures	1,245,889	107.8	1,245,889	107.8
Short CFDs	-	-	-	-
Gross/net asset exposure	1,245,889	107.8	1,245,889	107.8
Shareholders' funds	1,155,733		1,155,733	
Gearing²		7.8		7.8

1 Exposure to the market expressed as a percentage of shareholders' funds.

2 Gearing is the amount by which the gross/net asset exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

14 Transactions with the Manager and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management services and the role of company secretary to FIL Investments International ("FIL"), the Investment Manager. Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5 above.

During the period, fees for portfolio management services of £4,684,000 (six months ended 30 June 2020: £4,243,000 and year ended 31 December 2020: £8,899,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management services of £790,000 (31 December 2020: £806,000 and 30 June 2020: £733,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the period was £56,000 (six months ended 30 June 2020: £80,000 and year ended 31 December 2020: £140,000). At the Balance Sheet date, fees for marketing services of £13,000 (31 December 2020: £6,000 and 30 June 2020: £16,000) were accrued and included in other creditors.

As at 30 June 2021, the Board consisted of five non-executive Directors (shown in the Directory on page 29), all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £41,500, the Audit Committee Chairman an annual fee of £32,500, the Senior Independent Director an annual fee of £29,500 and each other Director an annual fee of £27,000. The following members of the Board hold ordinary shares in the Company: Vivian Bazalgette 30,000 shares, Fleur Meijs 28,970 shares, Sir Ivan Rogers nil shares, Marion Sears 25,475 shares and Paul Yates 32,000 shares.

Shareholder Information

Investing in Fidelity European Trust PLC

Fidelity European Trust PLC is a company listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in a way that is best for you. Details of how to invest and the latest Key Information Document can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/europe.

CONTACT INFORMATION

Shareholders and Fidelity Platform Investors should contact the appropriate administrator using the contact details given below and on the next page. Links to the websites of major platforms can be found at www.fidelityinvestmenttrusts.com.

Shareholders on the main share register

Contact Link Group, Registrar to Fidelity European Trust PLC, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: enquiries@linkgroup.co.uk

Telephone: **0371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Details of individual shareholdings and other information can also be obtained from the Registrar's Share Portal at www.signalshares.com. Shareholders are able to manage their shareholding online by registering for the Share Portal, a free and secure online access service. Facilities include:

Account Enquiry – Shareholders can access their personal shareholding, including share transaction history, dividend payment history and obtain an up-to-date shareholding valuation.

Amendment of Standing Data – Shareholders can change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download forms such as change of address, stock transfer and dividend mandates as well as buy and sell shares in the Company.

Should you have any queries in respect of the Link Share Portal, contact the helpline on **0371 664 0391** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth, Surrey KT20 9FU.

Website: www.fidelity.co.uk/its

Private investors: call free on **0800 41 41 10**, 9:00 – 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 8:00 – 18:00, Monday to Friday.

Shareholder Information continued

General Enquiries

General enquiries should be made to the Secretary at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Telephone: **01737 834798**

Email: **investmenttrusts@fil.com**

Website: **www.fidelityinvestmenttrusts.com**

If you hold Fidelity European Trust PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

Financial Calendar 2021/2022	
30 June 2021	Half-Year End
August 2021	Announcement of the Half-Yearly Results
August 2021	Publication of the Half-Yearly Report
23 September 2021	Ex-dividend Date
24 September 2021	Record Date
29 October 2021	Payment of the Interim Dividend
31 December 2021	Financial Year End
March 2022	Announcement of the Annual Results
March 2022	Publication of the Annual Report
May 2022	Annual General Meeting
May 2022	Payment of the Final Dividend

Directory

Board of Directors

Vivian Bazalgette (Chairman)
Fleur Meijs (Chair of the Audit Committee)
Sir Ivan Rogers
Marion Sears (Senior Independent Director)
Paul Yates

Alternative Investment Fund Manager (AIFM/the Manager)

FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP

Investment Manager, Secretary and Registered Office

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP
Email: investmenttrusts@fil.com

Banker and Custodian

JPMorgan Chase Bank (London Branch)
125 London Wall
London
EC2Y 5AJ

Depository

J.P. Morgan Europe Limited
25 Bank Street
London
E14 5JP

Financial Adviser and Stockbrokers

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London
EC4R 2GA

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

General Data Protection Regulation (“GDPR”)

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders’ personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity’s Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company’s Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company’s website at <https://fidelity.co.uk/privacy-policy/>

The Company’s agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders’ personal data across national borders to Fidelity Group entities operating in the European Economic Area (“EEA”). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity Group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

How long will personal data be kept for?

We will keep the personal data for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

Requesting access, making changes to your personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity’s UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Glossary of Terms

AIF

Alternative Investment Fund (“AIF”). The Company is an AIF.

AIFM

Alternative Investment Fund Manager (“AIFM”). The Board has appointed FIL Investment Services (UK) Limited to act as the Company’s AIFM (the [Manager](#)).

AIFMD

The Alternative Investment Fund Managers Directive (“AIFMD”) is a European Union Directive implemented on 22 July 2014.

Alternative Performance Measures

The Company uses the following [Alternative Performance Measures](#) which are all defined in this Glossary of Terms:

- Discount/Premium;
- Gearing;
- Net Asset Value (NAV) per Ordinary Share;
- Ongoing Charges;
- Return (Revenue, Capital and Total Returns); and
- Total Return Performance (Net Asset Value Total Return or Share Price Total Return).

Benchmark Index

FTSE World Europe (ex UK) Index against which the performance of the Company is measured.

Contract For Difference (CFD)

A [contract for difference](#) is a [derivative](#). It is a contract between the Company and an investment bank at the end of which the parties exchange the difference between the opening price and the closing price of the underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A [contract for difference](#) allows the Company to

gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying (“long” position) or fall, by selling (“short” position). If the Company trades long, dividends are received. If the Company trades short, dividends are paid.

Custodian

An entity that holds (as intermediary) the Company’s assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company’s [Custodian](#) is JPMorgan Chase Bank.

Depository

An entity that oversees the custody, cash arrangements and other [AIFM](#) responsibilities of the Company. J.P. Morgan Europe Limited act as the Company’s [Depository](#).

Derivatives

Financial instruments (such as [futures](#), [options](#) and [contracts for difference](#)) whose value is derived from the value of an underlying asset.

Discount

If the share price of the Company is lower than the [net asset value](#) per ordinary share, the Company’s shares are said to be trading at a [discount](#). It is shown as a percentage of the [net asset value](#) per ordinary share.

Fair Value

The [fair value](#) is the best estimate of the value of the investments, including [derivatives](#), at a point in time and this is measured as:

- **Listed investments** – valued at bid prices, or last market prices, where available otherwise at published price quotations;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market;

Glossary of Terms continued

- **Futures and options** – valued at the quoted trade price for the contract; and
- **Contracts for difference** – valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses).

Futures

An agreement to buy or sell a fixed amount of an asset at a fixed future date and at a fixed price.

Gearing

Gearing is the amount of exposure the Company uses to invest in the market. The Company uses two key measures of **gearing**:

- **Gross gearing** which is the amount by which **gross asset exposure** exceeds **shareholders' funds** expressed as a percentage of **shareholders' funds**.
- **Net gearing** which is the amount by which **net asset exposure** exceeds **shareholders' funds** expressed as a percentage of **shareholders' funds**.

Gross Asset Exposure

A measure of the Company's total equity exposure. It is calculated as the sum of all long exposures, plus short exposures and less exposures **hedging** the portfolio.

Hedging

A strategy aimed at minimising or eliminating the risk or loss through adverse movements, normally involving taking a position in a **derivative** such as a **future** or an **option**.

Investment Manager

FIL Investments International acts as the Company's **Investment Manager** under delegation from FIL Investment Services (UK) Limited (the **AIMF**).

Manager

FIL Investments Services (UK) Limited is the appointed **Manager** under the **AIMFD**, and has delegated the investment management of the Company to the **Investment Manager**.

Net Asset Exposure

A measure of the Company's net equity exposure. It is calculated as the sum of all long exposures, less short exposures and less exposures **hedging** the portfolio.

Net Asset Value (NAV)

Net asset value is sometimes also described as "shareholders' funds" and is the total value of the Company's assets less the total value of its liabilities. For valuation purposes, it is common to express the **net asset value** on a per ordinary share basis.

Ongoing Charges

Total operating expenses (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily **net asset values** for the reporting year.

Options

An **option** is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. **Options** may be calls (buy) or puts (sell) and are used to gain or reduce exposure to the underlying asset on a conditional basis, for example, the purchase of a call **option** provides exposure to the upside potential of an underlying stock, with the downside risk being limited to the premium paid.

Portfolio Manager

Sam Morse is the appointed **Portfolio Manager** of the Company and is responsible for managing the Company's assets.

Premium

If the share price of the Company is higher than the **net asset value** per ordinary share, the Company's shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value** per ordinary share.

Registrar

An entity that manages the Company's shareholder register. The Company's **Registrar** is Link Group.

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares has exceeded the cost of those ordinary shares. It is not distributable by way of dividend and it cannot be used to fund share repurchases.
- **Capital redemption reserve** maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend and it cannot be used to fund share repurchases.
- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund share repurchases and issuance of shares from Treasury and it is distributable by way of dividend.
- **Revenue reserve** represents retained revenue surpluses recognised in the revenue column of the Income Statement. It is distributable by way of dividend.

Return

The **return** generated in a given period from investments:

- **Revenue return** reflects the dividends and interest from investments and other income, net of expenses, finance costs and taxation;
- **Capital return** reflects the return on capital, excluding any revenue return; and
- **Total return** reflects the aggregate of revenue and capital returns.

Shareholders' Funds

Shareholders' funds are also described as "**net asset value**" and represent the total value of the Company's assets less the total value of its liabilities.

Total Return Performance

The return on the ordinary share price or **net asset value** per ordinary share taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested for additional shares (for share price total return) or the Company's assets (for **net asset value** total return).

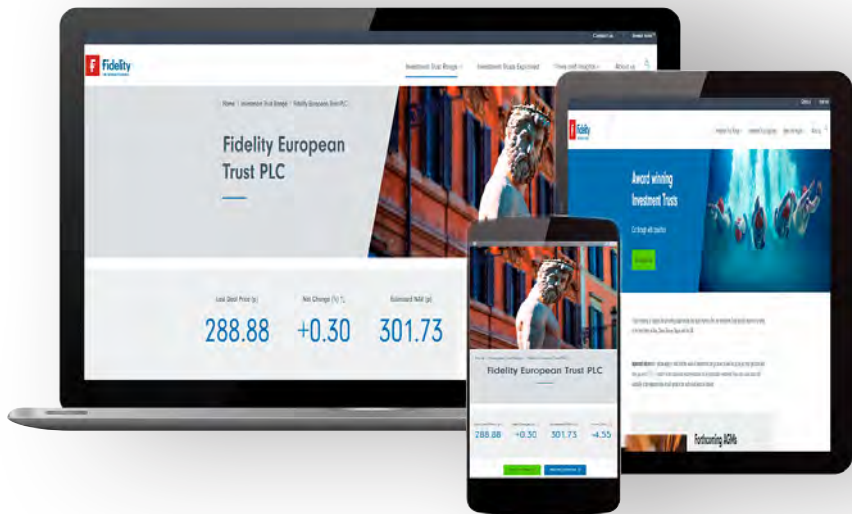
Treasury Shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not pay dividends, have no voting rights and are excluded from the **net asset value** per ordinary share calculation.

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To find out more about Fidelity European Trust PLC, visit our website at www.fidelity.co.uk/europe where you can read articles and watch videos on the Company.



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