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FIDELITY EUROPEAN TRUST PLC

Annual Report for the year ended 31 December 2024

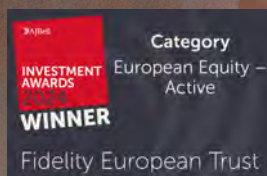
Investment Objective and Overview

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 equity exposure across market cycles.

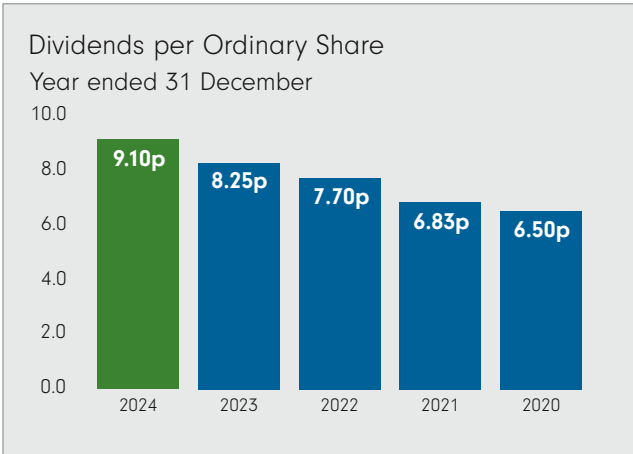
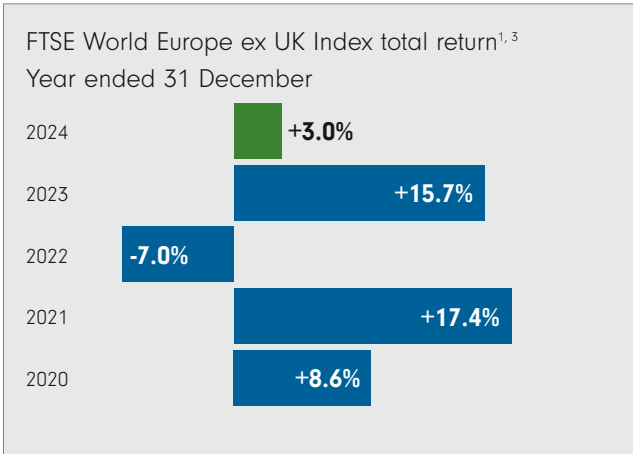
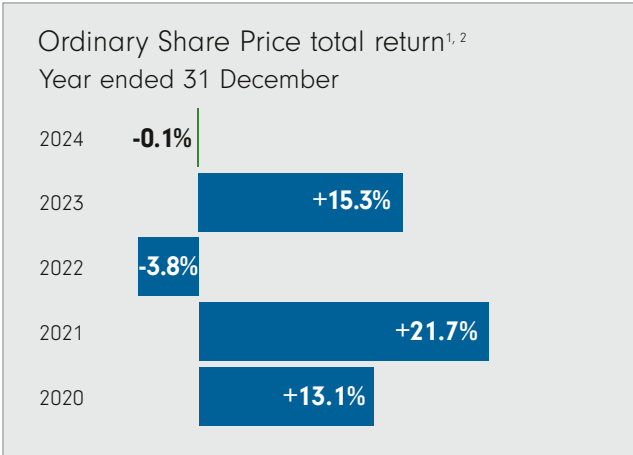
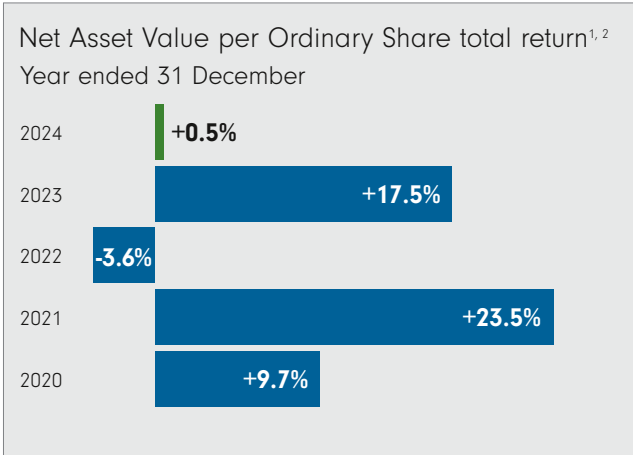
Sam Morse and Marcel Stötzel, your Portfolio Managers seek companies based on their prospects for producing dividends and dividend growth as this indicates steady structural growth. They search for companies by focusing on four key areas: (i) positive fundamentals, which includes structural growth, disciplined use of capital and proven business models; (ii) cash generation which is often a good indicator of future dividend growth; (iii) strong balance sheets which

ensure that the ability to grow dividends is not jeopardised; and (iv) attractive valuations providing good quality stocks at a reasonable price. The portfolio will generally have low turnover with a typical holding period of three to five years. The Portfolio Managers do not have a bias to any particular sector or size of company and outperformance is targeted through stock selection rather than sector or country.



At a Glance

In the reporting year, the Company's net asset value per ordinary share increased by 0.5% and the ordinary share price decreased by 0.1%, whilst the Benchmark Index increased by 3.0% (all performance data on a total return basis).



1 Includes reinvested income.
2 Alternative Performance Measures. See pages 74 and 75.
3 The Company's Benchmark Index.

As at 31 December 2024

Shareholders' Funds
£1,563.1m (2023: £1,587.5m)

Market Capitalisation
£1,438.7m (2023: £1,471.4m)

Capital Structure
Ordinary Shares of 2.5 pence held outside of Treasury
408,730,523 (2023: 408,730,523)

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. It is also able to use derivatives for efficient portfolio management in order to gain additional market exposure (gearing) and also for investment purposes.

The Investment Manager works within the guidelines set out in the Investment Policy.

Financial Highlights

	2024	2023
Assets at 31 December		
Gross Asset Exposure ¹	£1,739.2m	£1,796.0m
Gross Gearing ² (see Note 18 on pages 72 and 73)	11.3%	13.1%
Net Market Exposure	£1,739.2m	£1,770.6m
Net Gearing ² (see Note 18 on pages 72 and 73)	11.3%	11.5%
Shareholders' Funds	£1,563.1m	£1,587.5m
Net Asset Value ("NAV") per Ordinary Share ²	382.44p	388.39p
Ordinary Share Price and Discount at 31 December		
Ordinary Share Price at year end	352.00p	360.00p
Ordinary Share Price – year high	411.00p	360.00p
Ordinary Share Price – year low	340.00p	311.50p
Discount at year end ²	8.0%	7.3%
Discount – year high	10.0%	9.6%
Discount – year low	2.5%	3.3%
Results for the year ended 31 December – see page 53		
Revenue Return per Ordinary Share ²	10.41p	9.32p
Capital (Loss)/Return per Ordinary Share ²	(7.78p)	49.08p
Total Return per Ordinary Share ²	2.63p	58.40p
Final Dividend proposed per Ordinary Share	5.50p	4.99p
Interim Dividend paid per Ordinary Share	3.60p	3.26p
Total Dividends for the year	9.10p	8.25p
Ongoing Charges Ratio for the year ended 31 December ^{2, 3}	0.76%	0.77%

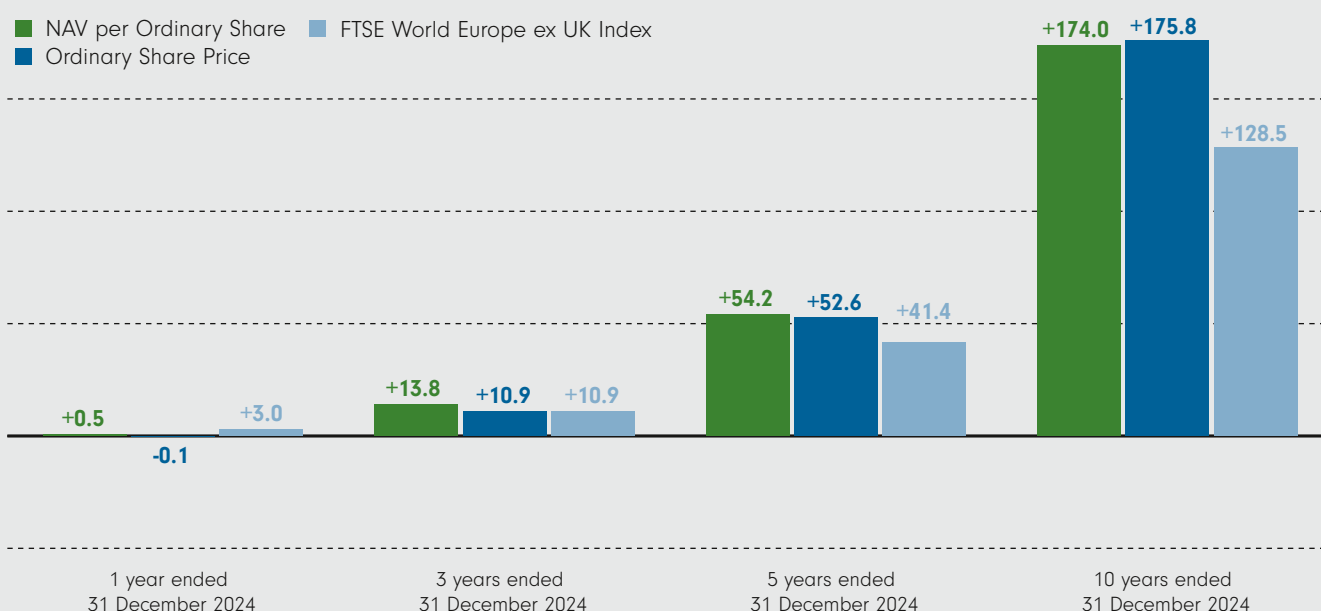
¹ The value of the portfolio exposed to market price movements.

² Alternative Performance Measures. See pages 74 and 75.

³ Ongoing Charges Ratio (excluding finance costs and taxation) as a percentage of the average net asset values for the year (prepared in accordance with guidance issued by the Association of Investment Companies). A definition of the Ongoing Charges Ratio is in the Glossary of Terms on page 85.

Total Return Performance¹ (%)

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



¹ See Glossary of Terms on page 86.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

Contents



Chairman's Statement

Read more on pages 02 to 05



Portfolio Managers' Review

Read more on pages 06 to 09



Spotlight on the Top 10 Holdings

Read more on pages 10 and 11

Ordinary Share Price as at 31 December

2024	352.00p
2023	360.00p
2022	319.50p

Ten Year Record

Read more on page 18

Strategy

Chairman's Statement	02
Portfolio Managers' Review	06
Spotlight on the Top 10 Holdings	10
Portfolio Listing	12
Distribution of the Portfolio	14
Attribution Analysis	16
ESG Ratings	17
Ten Year Record	18
Summary of Performance Charts	19
Strategic Report	21

Governance

Board of Directors	31
Directors' Report	32
Corporate Governance Statement	36
Directors' Remuneration Report	40
Statement of Directors' Responsibilities	43
Report of the Audit Committee	44

Financial

Independent Auditor's Report	47
Income Statement	53
Statement of Changes in Equity	54
Balance Sheet	55
Notes to the Financial Statements	56
Alternative Performance Measures	74
Financial Calendar	76

Information for Shareholders

Notice of Meeting	77
Shareholder Information	81
Data Protection	83
Glossary of Terms	84
Alternative Investment Fund Manager's Disclosure	87

Chairman's Statement



I am pleased to present the Annual Report of Fidelity European Trust PLC for the year ended 31 December 2024.

Vivian Bazalgette, Chairman

£1,563.1m

(As at 31 December 2024)

Shareholders' Funds

+0.5%

(Year ended 31 December 2024)

Net Asset Value per Ordinary Share total return

-0.1%

(Year ended 31 December 2024)

Ordinary Share Price total return

+3.0%

(Year ended 31 December 2024)

Benchmark Index total return

2024 was a busy year on the political stage, with more than half the world's population going to the polls. But while UK investors' attention may primarily have been caught by the elections at home and in the US, in Europe the picture has been just as fractious, with right-wing populists agitating for change in the key economies of France and Germany, as well as making gains in the European parliament. Despite this uncertain backdrop, shares in European companies broadly advanced, underpinned by trends such as the growth in artificial intelligence, defence spending in an environment of continued geopolitical tension, and the green energy transition. With inflation moderating across the developed world, the European Central Bank cut interest rates four times between June and December, with further easing expected in the year ahead.

As I discuss below, following seven years of outperformance up to and including 2023, your Portfolio Managers, Sam Morse and Marcel Stötzel, had a trickier time in 2024. The core of their investment philosophy lies in finding attractively valued companies with strong balance sheets, business franchises and dividend growth, which are not overly at risk from external factors such as the macroeconomic or geopolitical backdrop. With the economy and geopolitics both at the front of investors' minds, the market narrative did not favour your Portfolio Managers' bottom-up stock picking approach. However, Sam and Marcel remain dedicated to well-financed, globally relevant businesses with good pricing power; these factors should stand such companies in good stead over the longer-term and offer some insulation from the vagaries of politics and the economy. You can read more about their experiences in 2024 in the Portfolio Managers' Review which follows this report.

Performance

Shareholders who attended the AGM in May 2024 may recall my observation that seven years of outperformance was unusual, cautioning that even the best fund managers underperform from time to time. These words unfortunately turned out to be prescient, as the Company did underperform its Benchmark Index (the FTSE World Europe ex UK Index) in the year under review, with a NAV total return of +0.5% compared with a total return of +3.0% for the Benchmark Index. The share price total return was -0.1%, reflecting a very slight widening in the discount to NAV from 7.3% at the start of the year to just below 8.0% at the year end. Underperformance, however inevitable it may be from time to time, is always disappointing, but perhaps some small comfort can be taken from the fact that your Company beat the average return of its peers in the Association of Investment Companies' Europe sector in both NAV and share price terms, as well as trading at a narrower discount than their average.

The longer-term performance record remains solid despite the underperformance in 2024. Your Company has outperformed the Benchmark Index and the peer group over three, five and 10 years, as well as since Sam Morse's appointment as your Portfolio Manager in 2011, generating annualised NAV and share price total returns of 10.0% and 11.1% respectively over Sam's tenure to date, compared with 7.8% for the Benchmark Index. I am delighted to report that the Company's longer-term performance was also recognised externally in the year under review, winning the AJ Bell Investment Award in the European Equity – Active category (which assesses open-ended funds as well as investment trusts), the Citywire Investment Trust Award for best European trust and the Investment Company of the Year Award from Investment Week in the Europe category.

Dividends

As part of their investment process, your Portfolio Managers focus on companies that are capable of growing their dividends over time. The Board does not impose any income objective in any particular year, recognising that both capital and income growth are components of performance, as reflected in the investment objective of the Company. We do, however, have a policy whereby we seek to deliver a progressive dividend in normal circumstances, paid twice yearly in order to smooth dividend payments for the reporting year. Unlike open-ended funds such as OEICs, investment trusts can hold back some of the income they receive in good years, thereby building up revenue reserves that can then be used to supplement dividends during challenging times.

The Company's revenue return for the year to 31 December 2024 was 10.41 pence per ordinary share (2023: 9.32 pence), and an interim dividend of 3.60 pence per share was paid on 25 October 2024 (2023: 3.26 pence). The Board is pleased to recommend a final dividend of 5.50 pence for the year ended 31 December 2024 (2023: 4.99 pence) for approval by shareholders at the Annual General Meeting ("AGM") on 8 May 2025. The interim and final dividends (total of 9.10 pence) represent an increase of 0.85 pence (10.3%) over the 8.25 pence paid for the year ended 31 December 2023, and a 13th consecutive annual increase in the full year dividend.

The final dividend will be paid on 13 May 2025 to shareholders on the register at close of business on 28 March 2025 (ex-dividend date 27 March 2025). Shareholders may choose to reinvest their dividends for additional shares in the Company.

Outlook

Core Europe, particularly France and Germany, has well recognised political and economic problems, but the leading companies of the region are global in nature. This is why the returns from continental European equities have consistently defied the sceptics over the years. While the economic performance of peripheral European countries has been stronger in recent times, your Portfolio Managers continue to believe that the soundest long-term investment prospects are to be found in those companies that typically originate from the core of Europe (France, Switzerland and Germany) and trade globally. Nevertheless, your Company's exposure in peripheral Europe does include Ryanair Holdings in Ireland, Novo Nordisk in Denmark, Kone in Finland and Assa Abloy in Sweden – all companies with leading franchises well beyond their own shores. In addition, select smaller companies have excellent growth potential, and a number of these feature in the portfolio alongside the core of global market leaders.

At the time of writing, it appears that negotiations to end the Russia-Ukraine war may involve a number of changes in the geopolitical framework of Europe. A more isolationist United States looks to be retreating behind its North American carapace, while President Trump appears determined to follow through on significant import tariffs. This naturally threatens European security as well as prosperity, not least given knock-on effects on agriculture and raw materials, both in terms of supply and inflation.

One might be forgiven for thinking that the implications were negative for European equities, and yet so far this year they have outperformed those in the United States, with investors encouraged by the prospects for peace – at least in the short-term – and valuations that compare favourably. In addition, heavy potential defence spending could help to lift the European economy out of the doldrums, with the fiscal framework possibly more broadly loosened. The European Central Bank is furthermore in the process of reducing interest rates.

If all this makes for a volatile outlook, your Portfolio Managers' continued focus on finding attractively valued companies with good long-term capital and income growth prospects should provide the opportunity for positive performance in any event.

Fees

As mentioned in last year's Annual Report, it is the practice of the Board to review fees paid to the Manager every third year. We did this in 2024, and the Directors believe that the fees continue to represent good value for shareholders.

Chairman's Statement continued

OTHER MATTERS

Discount Management and Treasury Shares

The Board has an active discount management policy, the primary purpose of which is to reduce discount volatility. The Board also closely monitors the liquidity of the Company's shares as the recent lack of natural buyers in the investment trust sector has put added pressure on discount levels. The policy seeks to maintain the discount to NAV in single digits in normal market circumstances. Buying back shares at a discount also results in an increase in the NAV per ordinary share.

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 reissued at NAV per ordinary share or at a premium to NAV per ordinary share, facilitating the management of and enhancing liquidity in the Company's shares. The Board is seeking shareholder approval to renew this authority at the AGM on 8 May 2025.

Despite an environment of wider discounts across the investment trust universe, your Company's discount to NAV remained broadly in single digits throughout the year under review, and no shares were repurchased.

Gearing

The Company continues to gear through the use of derivative instruments, primarily contracts for difference ("CFDs"), and the Portfolio Managers have flexibility to gear within the parameters set by the Board, the rationale being that over the longer-term carefully monitored levels of gearing will enhance returns from a rising market. The ability to do this is a key advantage of the investment trust structure. As at 31 December 2024, the Company's gross gearing was 11.3% (2023: 13.1%), with net gearing also at 11.3% (2023: 11.5%). In the reporting year, gearing was maintained within the limits set by the Board and made a positive contribution to both absolute and relative NAV performance, as can be seen from the attribution analysis table on page 16.

The Board monitors the level of gearing and the use of derivative instruments carefully and has defined a risk control framework for this purpose which is reviewed at each Board meeting. It should be emphasised that all gearing is subject to the Portfolio Managers' confidence in identifying attractive investment opportunities, and to their remaining attractive.

Board of Directors

As I indicated in last year's Annual Report, I have now completed nine years' service on your Board, and in accordance with best practice, I will step down at the conclusion of the AGM on 8 May 2025. Paul Yates, as the Senior Independent Director, led an exercise to identify my successor, and in October 2024 we were delighted to announce the appointment of Davina Walter to the Board, and she will succeed me as Chairman at the conclusion of the AGM. Davina is an experienced investment professional, non-executive director and chairman, with 40 years of experience in the investment trust sector. We believe she is an excellent candidate to lead your Company in the coming years, and I wish her all the very best in her new role.

We continue to review Board composition and Directors' succession on a regular basis to ensure that we have a Board with a mix of tenures and one which provides diversity of perspective together with a range of skills and appropriate experience for your Company. Following my retirement, our Board will number three women and two men, with an average tenure of four years and nine months. Paul Yates is due to retire at the 2026 AGM when he will have completed nine years of service and his replacement as a non-executive Director will be recruited before then. In accordance with the UK Corporate Governance Code for Directors of FTSE 350 Companies, all Directors will be subject to re-election and in Davina's case election at the AGM on 8 May 2025. The Directors' biographies can be found on page 31, and between them, they have a wide range of appropriate skills and experience to form a balanced Board for the Company.

Continuation Vote

In accordance with the Articles of Association, your Company is subject to a continuation vote every two years. The next continuation vote will take place at this year's AGM on 8 May 2025. At the last continuation vote in May 2023, it was pleasing to see strong evidence of shareholder support from the 99.86% of votes cast in favour of continuation of the Company. The enfranchisement of shareholders is a key advantage for investment trust investors over open-ended company investors, and we would urge all shareholders to use their vote at the forthcoming AGM.

Articles of Association

The Board is proposing to move to an aggregate cap on Directors' fees in line with market practice and to provide greater flexibility. The proposed new cap is £350,000 in aggregate per annum, replacing the existing cap of £50,000 per Director per annum which was put in place in 2010.

We have also taken the opportunity to make other changes of a minor or technical nature, including clarifications in relation to hybrid general meetings to follow how practice has developed. However, the amendments do not provide for, and the Board has no intention to move to, fully virtual meetings. A full tracked version of all the changes proposed to the Articles is available at www.fidelity.co.uk/europe. The Articles will be subject to shareholder approval at the AGM on 8 May 2025 and the principal changes proposed to the Articles are set out in more detail in the Directors' Report on page 35.

Annual General Meeting

The Company's AGM will be held at 11.00 am on Thursday, 8 May 2025 at 4 Cannon Street EC4M 5AB and virtually via the online Lumi AGM meeting platform.

The AGM provides a great opportunity for shareholders to meet the Company's Directors, and of course, for us to meet you, and hear first-hand from your Portfolio Managers. We hope to see as many of you as possible on the day. Full details of the AGM are below.

Vivian Bazalgette

Chairman
19 March 2025

ANNUAL GENERAL MEETING – THURSDAY, 8 MAY 2025 AT 11.00 AM

The AGM of the Company will be held at **11.00 am on Thursday, 8 May 2025** at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 77 to 80.

For those shareholders who are unable to attend in person, we will live-stream the formal business and presentations of the meeting online.

Sam Morse and Marcel Stötzel, the Portfolio Managers, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. They and the Board will be very happy to answer any questions that shareholders may have. Copies of their presentation can be requested by email at investmenttrusts@fil.com or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. See Note 9 to the Notes to the Notice of Meeting on page 79 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Managers and we will answer as many of these as possible at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website at www.fidelity.co.uk/europe. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website <https://web.lumiagm.com>.

Please note that investors on platforms, such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest, will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **124004169**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

Portfolio Managers' Review



Sam Morse, Portfolio Manager

Sam Morse was appointed as Portfolio Manager of Fidelity European Trust PLC on 1 January 2011. He has also managed the Fidelity European Fund since 1 December 2009. He first joined Fidelity as a research analyst and covered a range of sectors before becoming an equity income fund manager. He also worked as Head of Equities at M&G.



Marcel Stötzel, Co-Portfolio Manager

Marcel Stötzel was appointed as Co-Portfolio Manager of Fidelity European Trust PLC on 1 September 2020. He joined Fidelity as an analyst in 2014 covering US Tech before moving on to cover European Software and IT Services and thereafter European Aerospace, Defense and Airlines. After a highly rated period in research, he became a Portfolio Manager and he has co-managed the Fidelity European Fund since September 2020. Prior to joining Fidelity, he worked as an investment banker at Barclays. He holds an MBA (INSEAD) and is a CFA charter holder.

Question

Firstly, congratulations on winning multiple awards for Active European Equity fund management this year. How has the Company performed in the year to 31 December 2024?

Answer

Sam: Thank you, but as our shareholders will know, awards recognise past performance. They are, of course, gratefully received but the stock market often likes to teach award-winners a lesson. And thus, this was the case for us in 2024. At the half-year stage, the Company's NAV was still slightly above the Benchmark Index, which our shareholders may remember from the Half-Yearly Report. But, just as the awards rolled in, the tide went out for the European stock markets, especially in UK sterling terms, and for our relative performance. Investors' fears that interest rates might not come down as quickly as expected were heightened by the election of President Trump, and the likely consequences in terms of tariffs and other policies. The Company's portfolio fares less well when bond yields rise, as they did in short order, but our stock holdings detracted from returns as well. So, for the year under review, the Benchmark Index rose +3.0% while the Company's NAV total return was +0.5%. The widening of the discount meant that the share price return was -0.1%.

Question

What stocks have been the main drivers of performance in 2024?

Answer

Marcel: The main contributors were: 3i which continued strong like-for-like store sales as well as store expansions at key holding Action, SAP was driven by strong product adoption (as detailed below) and margin performance and MTU as a result of strong aftermarket sales performance as well as successfully fixing the geared turbofan (GTF) engine issues.

The main detractors were: L'Oréal, which in a tough China environment, has seen growth in the short-term and expectations for the long-term decelerate, Nestlé mismanaged the pricing and cost relationship through Covid, and over the post Covid inflationary period, and thus had to reset medium-term guidance. Dassault Systèmes struggled with the Medidata acquisition as well as weakness from their autos and industrials customers.

Below are the top five stock contributors and detractors to performance in the Company's reporting year.

Top 5 Stock Contributors (on a relative basis)	%
3i Group	+1.2
SAP	+1.1
MTU Aero Engines	+0.7
EssilorLuxottica	+0.6
Intesa Sanpaolo	+0.5

Top 5 Stock Detractors (on a relative basis)	%
L'Oréal	-0.8
Nestlé	-0.8
Dassault Systèmes	-0.5
Novo Nordisk	-0.5
TotalEnergies	-0.5

Question

Give an example of how your bottom-up stock selection process has added value to the Company this year?

Answer

Marcel: A notable example would be SAP. I covered SAP as an analyst 10 years ago and even back then the company and investors were talking about the massive potential of its enterprise resource planning software called S/4 HANA. Fast forward nine years later (an incredibly long time in technology) and the jury was still out on whether SAP's customers would adopt S/4 HANA or not. After doing a significant amount of work with the current Fidelity analyst that covers SAP, we came to the conclusion that this long adoption cycle was mainly customers waiting for the technology to mature and also large customers such as Nestlé or Samsung needing several years to get their IT systems in order before they could begin migrating. Additionally, we discovered SAP has both a carrot and a stick to "nudge" customers towards adoption - the carrot being great new functionality (including new Artificial Intelligence offerings), and the stick being the fact that SAP will stop supporting older software versions of S/4 HANA from 2027-2030. All of this gave us strong conviction that S/4 HANA adoption would be a case of "when, and not if" and this proved to be the case in 2024 and led to the impressive performance of the Company.

Portfolio Manager's Review continued

Question

This year has been full of political change around the world as well as Europe. How has this affected the portfolio? And how do you think about geopolitical risk within the portfolio?

Answer

Sam: 2024 was a year of elections; some outcomes were expected, others were not. As mentioned already, President Trump's election, although expected by many, still resulted in rising bond yields because his policies on tariffs and immigration may be inflationary. This did not help the Company's portfolio which has a preponderance of bond-like steady dividend growers that fare less well, at least in the short-term, in a more inflationary environment. The unexpected French parliamentary elections also hurt the Company's performance. The portfolio is overweight companies listed in France because there are many world-leading franchises, like LVMH Moët Hennessy and L'Oréal, which have a long history of dividend growth. These companies garner the vast majority of their revenues and profits from outside France, but when investors are nervous about French sovereign exposure, they will get sold too in the general meltdown – probably more than they should. Many of our investors will know that Marcel and I stick to a policy of keeping large sector groupings balanced within five percentage points of the benchmark level. This balance normally dampens down other factorial risks, including geopolitical risks, across the portfolio, such that it is the stock-picking that drives performance over meaningful time periods. We still believe that will be the case in the longer-term.

Question

With interest rates still much higher than previous years, what impact does this have on the companies you invest in?

Answer

Marcel: The most direct impact is that finance costs for companies in which we invest rises when interest rates rise. However, the reality is a bit more nuanced. Many CFOs of the companies we invested in took out fixed rate debt during the depths of Covid in 2020. This debt typically has a 5-year fixed interest rate period which means that many of our investee companies have not yet felt the pain from higher interest rates. We expect this may change in 2025,

and thus we have been reducing exposure to companies that we feel could have nasty refinancing surprises in 2025.

At the portfolio level, higher interest rates are a matter of puts and takes – some companies such as banks will benefit from “higher for longer” interest rates while other companies such as construction or consumer spending exposed sectors will be hurt by high rates. Having said that, we do not explicitly take a view on macro variables such as the direction of interest rates, and thus would expect bottom-up stock picking to continue to be the main driver of the Company's performance.

Question

How would you describe the outlook for continental Europe and does this correlate with your thoughts on the individual companies you invest in?

Answer

Sam: As we have often said, the macroeconomic backdrop does not reflect the outlook for individual European companies. Although the outlook for continental Europe is uncertain and faces challenges, we are excited about the prospects for the individual companies in which we invest. However, ageing populations, high levels of government debt and a lack of structural reform have curtailed growth in the region and give us reasons to be cautious. The Draghi report provides a sensible blueprint for improvement, but it is unlikely to be acted on in full while Europe remains mired in fragmented national politics. There is some hope that Germany, post elections, will look to release the legal hand brake on fiscal expansion. Does this matter for the companies we invest in? In part, yes, but European companies have often kept pace with global indices (admittedly not in 2024) because they are less and less reliant on the domestic European economies (two-thirds of sales and profits now comes from outside Europe). Also, there have been many studies showing that there is a tenuous link between regional economic growth and the performance of regional stock markets. The real dividend growth of constituent companies is much more important as are other crucial factors like the profitability of industry structures and corporate governance. So, although we are cautious on the outlook for continental Europe, we remain excited about the prospects for the individual companies held in the portfolio.

Question

How does Fidelity European Trust PLC differentiate itself in comparison to other European equity funds or in comparison to other regions, and what advantages or challenges does this present?

Answer

Sam: Our primary area of differentiation comes from our focus on dividend growth, i.e. investing in companies that consistently grow their dividends year after year. While many investors focus on dividends or growth, we feel that focusing on both factors at the same time gives us an edge. We hope as a result of this philosophy and our bottom-up stock picking, we differentiate ourselves from the European benchmark over time. Our investment objective is to outperform the Benchmark Index by 1 to 2% per annum post fees. If successfully achieved, it will differentiate your Company from most other European equity funds over the years. This is, of course, easier said than done and always a challenge! Recently, European funds have differentiated themselves from other regional funds negatively via lacklustre relative performance. This has led to considerable outflows from European regional funds. European stock markets, as a result, appear to be trading at a significant valuation discount, on a like for like basis, to other regions, in particular the US. Clearly, the sectoral and geographic mix of Europe is different to the US too, for example, less technology and a greater exposure to emerging markets including China. We still believe there is a strong case for diversification especially now that sentiment towards Europe is so negative. European companies, carefully selected, have beaten most global indices over longer periods of time.

Question

The dividend has increased for thirteen consecutive years, putting the Company on the AIC's 'next generation' of dividend heroes. How do you look at dividends versus growth when making an investment decision?

Answer

Marcel: We do not view growth and dividends as mutually exclusive. While clearly, we do not expect or desire a large dividend from a high growth company, we feel that very few companies have an excuse for not having

at least a small dividend. An example of this is ASML, a company with enormous investment requirements and growth opportunities given their crucial role in enabling global semiconductor manufacturing. Even ASML pays a circa 1% dividend yield and notably has grown its dividend every year since 2009. This highlights another important point. While the €0.20 dividend paid in 2009 may not have seemed high (it was also around a 1% dividend yield at the time), ASML's dividend has grown 30x to be over €6 by 2024. Thus, clearly not only is an attractive starting dividend yield important, but a rapidly growing dividend can also make for a fantastic investment.

Question

Looking forward into 2025 and beyond, which sectors and regions are you particularly excited about?

Answer

Sam: We do not really invest on a top-down basis. Like most fund managers at Fidelity, we are bottom-up stock pickers. Our particular focus, in this respect, is to identify attractively valued cash-generative companies, with strong balance sheets, that we expect to grow their dividends on a three-to-five-year horizon. So, we do not get excited about sectors and regions but about individual companies. In fact, as mentioned before, we try to stay balanced by sector, such that the stock picking drives performance rather than allocation to certain sectors or regions.

Answer

Marcel: I would say what most excites us looking forward to 2025 is seeing how the more mainstream adoption of artificial intelligence ("AI") will benefit a number of different stocks. This could range from technology stocks such as ASML and SAP to more "hidden" AI players such as Legrand (which sell products that are essential to datacentres such as transformers, Power Distribution Units, cooling, etc.). Additionally, we expect to see 2025 being the year that adopters of AI start to realise more tangible benefits, with financial services firms in particular, being well placed to reap the gains from AI.

Sam Morse

Portfolio Manager
19 March 2025

Marcel Stötzel

Co-Portfolio Manager
19 March 2025

Spotlight on the Top 10 Holdings

as at 31 December 2024

(Based on Asset Exposure expressed as a percentage of Net Assets. Asset Exposure comprises the value of direct equity investments plus market exposure to derivative instruments.)

Industry Software and Computer Services



SAP (Germany)

% of Net Assets

5.9%

SAP provides enterprise application software and business solutions to many of the world's leading multinationals including well known names such as Vodafone, Nestlé, Mercedes-AMG Petronas and Microsoft. Established by a small entrepreneurial team in 1972, today SAP has more than 100,000 employees, serving 400,000 customer businesses in over 100 countries around the world.

Industry Technology Hardware and Equipment



ASML (Netherlands)

% of Net Assets

5.8%

ASML is the largest supplier globally of photolithographic systems for the semiconductor industry. It has an effective monopoly making the machines that are an essential component of chip manufacturing. It has an increased digital penetration as software proliferates driving the need for cutting edge chips. This provides a long runway for growth and capital expenditure growth from its customer base, which includes most of the world's leading chip manufacturers including Intel and Samsung. As a monopoly supplier, ASML has very strong pricing power and can grow in excess of the overall semi-conductor equipment market.

Industry Pharmaceuticals and Biotechnology



Novo Nordisk (Denmark)

% of Net Assets

5.5%

Novo Nordisk is a global pharmaceuticals company and has production sites in five continents and research and development facilities in Denmark, China and the US. The company's mission is to drive change and defeat diabetes and other serious chronic diseases by discovering and developing innovative biological medicines and distributing these around the world. It produces half of the world's supply of insulin and has had great success with the launch of its GLP-1 products that are proven effective treatments to manage obesity and even heart disease.

Industry Food Producers



Nestlé (Switzerland)

% of Net Assets

4.7%

Nestlé is the world's largest food and beverages company, with more than 2,000 brands, selling in over 180 countries. It was founded over 150 years ago in the merger of the Anglo-Swiss Milk Company established in 1866 by Charles and George Page with Farine Nestlé. It expanded significantly during both World Wars – broadening its product set beyond its milk and infant formula ranges. In recent years, the company has been investing in plant-based food, as well as other areas that will support future growth including infant and pet nutrition.

Industry Personal Goods



LVMH Moët Hennessy (France)

% of Net Assets

4.5%

LVMH Moët Hennessy is a multinational luxury goods conglomerate which prides itself on being a world leader in luxury. It owns more than 75 prestigious brands across all major sectors of the luxury market: wine and spirits, fashion and leather goods, perfume and cosmetics, watches and jewellery and selective retailing. Among the most renowned names in its stable are Dom Perignon, Moët & Chandon, Christian Dior, Marc Jacobs, Acqua di Parma and Chaumet. In the last few years, there has been a continued focus on the improvement of production methods and the development of digital activities. The high-quality brands and favourable supply/demand dynamics ensure that LVMH has strong pricing power.

Industry Pharmaceuticals and Biotechnology



Roche (Switzerland)

% of Net Assets

4.3%

Roche is one of the world's leading and largest biotechnology companies. It aims to improve the standard of care across oncology, immunology, infectious diseases, ophthalmology and neuroscience. In 1990, the group acquired a 60% stake in Genentech (US biotech), and in 2009, it acquired the remaining 40%. Genentech has been one of the most productive biotech names in the last 20 years – with the invention of Herceptin, Rituxan and Avastin, among others.

Industry Oil, Gas and Coal



TotalEnergies (France)

% of Net Assets

4.0%

TotalEnergies is a multi-energy company that produces and markets fuels, natural gas and electricity. It has a presence in more than 130 countries and has a total hydrocarbon production of almost 3m barrels of oil equivalent per day. The company was founded after the First World War, when French president Raymond Poincaré encouraged the creation of a French oil company. Today, TotalEnergies has more than 100,000 employees across the globe and has refocused on more renewable energy sources including solar, wind, biomass, hydrogen and electricity, as well as the traditional natural gas and oil business.

Industry Medical Equipment and Services



EssilorLuxottica (France)

% of Net Assets

3.9%

EssilorLuxottica is the largest distributor of ophthalmic lenses, frames and sunglasses. Formed by the merger in 2018 of Essilor (founded in 1849) and Luxottica (founded in 1961), the combined company has over 11,000 patents and over 180,000 employees. The result is a vertically integrated business that seeks to provide innovative lenses and frames to improve the lives of its customers.

Industry Personal Goods



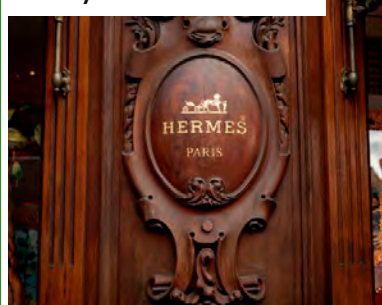
L'Oréal (France)

% of Net Assets

3.3%

L'Oréal is the leading beauty manufacturer worldwide and has over 30 brands and a presence in over 120 countries. Demographic trends, particularly in emerging markets with their expanding middle class, are supportive. Research and development remain a priority for the management team which stresses the need for innovation and superior quality in a world of ratings and reviews.

Industry Personal Goods



Hermès International (France)

% of Net Assets

3.2%

At the top of the luxury pyramid in terms of exposure to ultra high net worth individuals, Hermès International offers leather goods, ready-to-wear clothing, perfumes, and watches among other goods. The family/management team have managed to blend desirability, supported by excellent quality, and scarcity to create some of the most coveted products in the world. This enables Hermès not only to grow whatever the economic weather, but also to price through cycle, underspend versus peers on advertising & promotional spending, and hold tighter working capital. This creates a business with defensive and consistent through cycle organic growth.

Portfolio Listing

as at 31 December 2024

The 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 Fair Value is the actual value of the portfolio as reported in the Balance Sheet. Where a contract for difference ("CFD") is held, the Fair 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.

	Asset Exposure £'000	% ¹	Fair Value £'000
Long Exposures – shares unless otherwise stated			
SAP (long CFD)			
Software and Computer Services	91,669	5.9	(2,077)
ASML			
Technology Hardware and Equipment	91,352	5.8	91,352
Novo Nordisk			
Pharmaceuticals and Biotechnology	85,263	5.5	85,263
Nestlé			
Food Producers	72,817	4.7	72,817
LVMH Moët Hennessy			
Personal Goods	70,711	4.5	70,711
Roche			
Pharmaceuticals and Biotechnology	67,613	4.3	67,613
TotalEnergies			
Oil, Gas and Coal	63,055	4.0	63,055
EssilorLuxottica			
Medical Equipment and Services	60,223	3.9	60,223
L'Oréal			
Personal Goods	52,047	3.3	52,047
Hermès International			
Personal Goods	49,970	3.2	49,970
Ten largest long exposures	704,720	45.1	610,974
Other long exposures			
Partners Group	48,795	3.1	48,795
Deutsche Börse Group	47,304	3.0	47,304
3i Group	46,115	3.0	46,115
Legrand (long CFD)	44,780	2.9	(936)
Assa Abloy	42,840	2.8	42,840
Sanofi	42,111	2.7	42,111
Intesa Sanpaolo	37,849	2.4	37,849
Linde (long CFD)	37,643	2.4	(1,626)
Amadeus IT Group	35,605	2.3	35,605
Sampo	34,823	2.2	34,823
Kone	34,746	2.2	34,746
AXA	33,417	2.1	33,417
MTU Aero Engines	29,723	1.9	29,723
Symrise	29,318	1.9	29,318

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
KBC Group	29,158	1.9	29,158
Lonza Group	28,363	1.8	28,363
Bankinter	27,833	1.8	27,833
Sika	27,039	1.7	27,039
DNB	25,628	1.6	25,628
Epiroc	25,423	1.6	25,423
Intertek Group	25,242	1.6	25,242
Dassault Systèmes	24,997	1.6	24,997
EQT	24,023	1.5	24,023
Veolia Environnement	23,981	1.5	23,981
Ryanair Holdings (long CFD)	22,567	1.4	(36)
DKSH Holding	22,214	1.4	22,214
Société des Bains de Mer de Monaco	20,423	1.3	20,423
SIG Group	20,385	1.3	20,385
ABN AMRO Bank	19,743	1.3	19,743
DSM-Firmenich	17,682	1.2	17,682
Sodexo	15,940	1.0	15,940
PUMA	14,395	0.9	14,395
Edenred	11,327	0.8	11,327
Tecan Group	8,279	0.6	8,279
Total long exposures before long futures	1,684,431	107.8	1,483,097
Long Futures			
EURO STOXX 50 Future March 2025	54,743	3.5	(1,121)
Gross Asset Exposure²	1,739,174	111.3	
Portfolio Fair Value³			1,481,976
Net current assets (excluding derivative liabilities)			81,153
Shareholders' Funds (per Balance Sheet)			1,563,129

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

2 Gross Asset Exposure comprises market exposure to investments of £1,487,772,000 (per Note 10: Investments on page 63) plus market exposure to derivative instruments of £251,402,000 (per Note 11: Derivative instruments on page 64).

3 Portfolio Fair Value comprises investments of £1,487,772,000 less derivative liabilities of £5,796,000 (per the Balance Sheet on page 55).

Distribution of the Portfolio

as at 31 December 2024

The table below and on the next page details the Distribution of the Portfolio based on Asset Exposure which measures the exposure of the portfolio to market price movements as a result of owning shares and derivatives instruments.

	France	Switzerland	Germany	Netherlands	Denmark	Finland	UK	Spain	Italy	Sweden	Other	Future	Total 2024 ¹	Index 2024 ²	Total 2023 ^{1,3}
Financials															
Investment Banking and Brokerage Services	-	3.1	3.0	-	-	-	3.0	-	-	1.5	-	-	10.6	4.1	10.8
Banks	-	-	-	1.3	-	-	-	1.8	2.4	-	3.5	-	9.0	9.5	7.2
Non-Life Insurance	2.1	-	-	-	-	2.2	-	-	-	-	-	-	4.3	6.1	4.3
Life Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
	2.1	3.1	3.0	1.3	-	2.2	3.0	1.8	2.4	1.5	3.5	-	23.9	20.3	22.3
Health Care															
Pharmaceuticals and Biotechnology	2.7	6.1	-	-	5.5	-	-	-	-	-	-	-	14.3	12.3	14.4
Medical Equipment and Services	3.9	0.6	-	-	-	-	-	-	-	-	-	-	4.5	3.0	4.3
Health Care Providers	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-
	6.6	6.7	-	-	5.5	-	-	-	-	-	-	-	18.8	15.6	18.7
Industrials															
Construction and Materials	-	1.7	-	-	-	-	-	-	-	2.8	-	-	4.5	4.3	4.5
Industrial Engineering	-	-	-	-	-	2.2	-	-	-	1.6	-	-	3.8	2.2	3.5
Industrial Support Services	0.8	1.4	-	-	-	-	1.6	-	-	-	-	-	3.8	1.3	3.6
Electronic and Electrical Equipment	2.9	-	-	-	-	-	-	-	-	-	-	-	2.9	3.7	4.4
Aerospace and Defense	-	-	1.9	-	-	-	-	-	-	-	-	-	1.9	3.0	2.3
General Industrials	-	1.3	-	-	-	-	-	-	-	-	-	-	1.3	2.2	1.3
Industrial Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6	-
	3.7	4.4	1.9	-	-	2.2	1.6	-	-	4.4	-	-	18.2	19.3	19.6
Consumer Discretionary															
Personal Goods	11.0	-	0.9	-	-	-	-	-	-	-	-	-	11.9	6.2	12.5
Travel and Leisure	1.0	-	-	-	-	-	-	-	-	-	2.7	-	3.7	0.6	3.5
Automobiles and Parts	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7	0.5
Media	-	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
Retailers	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	-
Household Goods and Home Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-
Consumer Services	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
	12.0	-	0.9	-	-	-	-	-	-	-	2.7	-	15.6	12.0	16.5
Technology															
Software and Computer Services	1.6	-	5.9	-	-	-	-	2.3	-	-	-	-	9.8	5.5	7.7
Technology Hardware and Equipment	-	-	-	5.8	-	-	-	-	-	-	-	-	5.8	4.7	6.3
	1.6	-	5.9	5.8	-	-	-	2.3	-	-	-	-	15.6	10.2	14.0

	France	Switzerland	Germany	Netherlands	Denmark	Finland	UK	Spain	Italy	Sweden	Other	Future	Total 2024 ¹	Index 2024 ²	Total 2023 ^{1,3}
Consumer Staples															
Food Producers	-	5.9	-	-	-	-	-	-	-	-	-	-	5.9	4.2	7.3
Beverages	-	-	-	-	-	-	-	-	-	-	-	-	-	1.4	-
Personal Care, Drug and Grocery Stores	-	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
	-	5.9	-	-	-	-	-	-	-	-	-	-	5.9	6.7	7.3
Basic Materials															
Chemicals	-	-	1.9	-	-	-	-	-	-	-	2.4	-	4.3	3.0	4.1
Industrial Metals and Mining	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
Industrial Materials	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	-
	-	-	1.9	-	-	-	-	-	-	-	2.4	-	4.3	4.0	4.1
Energy															
Oil, Gas and Coal	4.0	-	-	-	-	-	-	-	-	-	-	-	4.0	2.9	4.3
Alternative Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
	4.0	-	-	-	-	-	-	-	-	-	-	-	4.0	3.5	4.3
Utilities															
Gas, Water and Multi-Utilities	1.5	-	-	-	-	-	-	-	-	-	-	-	1.5	1.3	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7	2.2
	1.5	-	-	-	-	-	-	-	-	-	-	-	1.5	4.0	2.2
Telecommunications															
Telecommunications Service Providers	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7	-
Telecommunications Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	3.3	-
Real Estate															
Real Estate Investment Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	-
Real Estate Investment and Services	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
Future															
	-	-	-	-	-	-	-	-	-	-	-	3.5	3.5	-	4.1
Asset Exposure – 2024¹	31.5	20.1	13.6	7.1	5.5	4.4	4.6	4.1	2.4	5.9	8.6	3.5	111.3		
Index – 2024²	21.3	18.9	18.2	8.7	5.5	1.9	-	5.6	6.0	6.5	7.4	-	100.0		
Asset Exposure – 2023^{1,3}	32.6	22.5	11.4	8.6	6.1	4.3	4.3	3.3	3.9	5.8	6.2	4.1			113.1

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

2 FTSE World Europe ex UK Index (Benchmark Index).

3 Due to the Company's future contract now being disclosed separately, the comparative information for 2023 has been restated to align with the current year sector classifications.

Attribution Analysis

Analysis of change in NAV total return for the year ended 31 December 2024 %

Impact of:

Index	+8.5
Exchange Rate	-5.5
Gearing	+0.4
Stock Selection	-2.2
Expenses	-0.8
Cash	+0.1

NAV total return for the year ended 31 December 2024 +0.5

Ten Highest Contributors to NAV total return (on a relative basis) %

3i Group	+1.2
SAP	+1.1
MTU Aero Engines	+0.7
EssilorLuxottica	+0.6
Intesa Sanpaolo	+0.5
Lonza Group	+0.4
Bankinter	+0.4
KBC Groupe	+0.3
Deutsche Börse Group	+0.3
Hermès International	+0.3

Ten Highest Detractors to NAV total return (on a relative basis) %

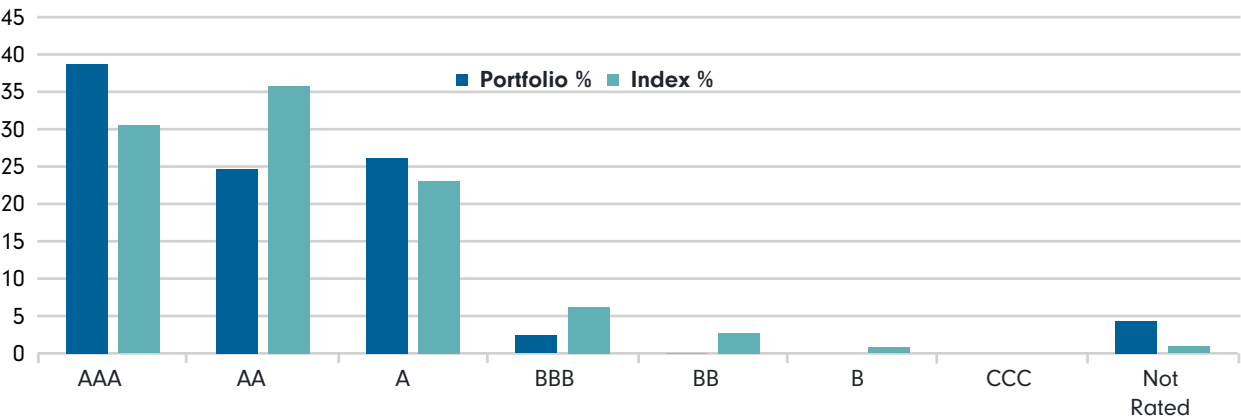
L'Oréal	-0.8
Nestlé	-0.8
Dassault Systèmes	-0.5
Novo Nordisk	-0.5
TotalEnergies	-0.5
Alstom	-0.5
LVMH Moët Hennessy	-0.4
Edenred	-0.4
Tecan Group	-0.4
Sika	-0.4

Source: Fidelity.

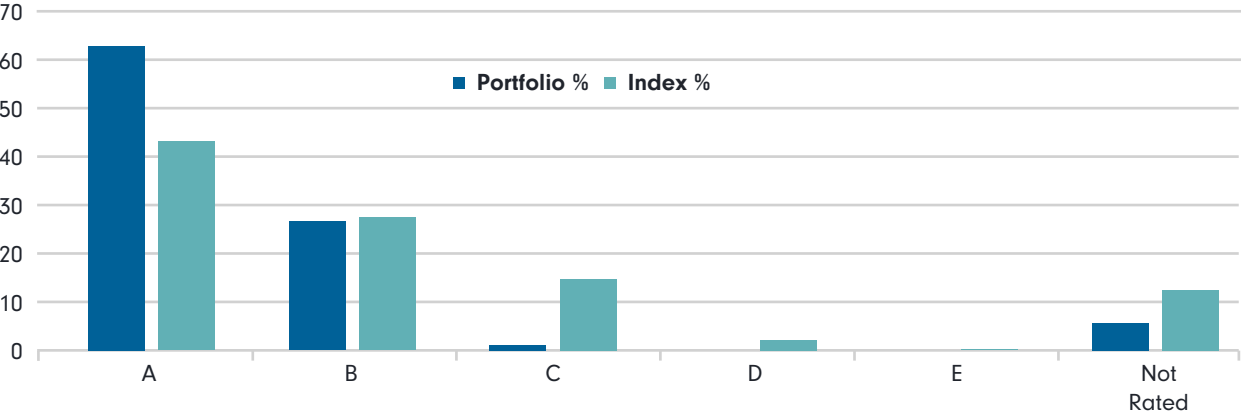
ESG Ratings

The charts below show a breakdown of the underlying stocks in the Company’s portfolio using MSCI and Fidelity International’s own ESG ratings. In the first chart, MSCI rates issuers on a AAA to CCC scale according to their exposure to industry specific ESG key issues and their ability to manage those issues relative to peers. In the second chart, Fidelity’s analysts rate stocks in their coverage universe on a five scale rating from A (best) to E (worst) and are based on the net asset value of holdings excluding cash, liquidity funds and derivatives, and rebased to 100%. Fidelity’s proprietary sustainability ratings system leverages its internal research and interactions with issuers. The ratings are designed to generate a forward-looking and holistic assessment of ESG risks and opportunities based on sector specific performance indicators.

MSCI ESG Ratings (%)



Fidelity ESG Ratings (%)



Sources: Fidelity International and MSCI ESG Research 31 December 2024. Portfolio = Fidelity European Trust PLC. Index = MSCI Europe ex UK.

Ten Year Record

For the year ended 31 December	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Assets										
Gross Asset Exposure (£m) ¹	1,739.2	1,796.0	1,542.9	1,638.2	1,364.3	1,221.6	1,052.1	1,166.0	901.5	781.7
Shareholders' Funds (£m)	1,563.1	1,587.5	1,381.0	1,474.2	1,220.3	1,140.6	955.3	1,030.0	875.4	760.3
NAV per Ordinary Share (p) ²	382.44	388.39	337.87	358.68	296.57	277.19	231.77	248.08	210.75	182.57
Ordinary Share Price and Discount										
Ordinary Share Price (p)	352.00	360.00	319.50	340.50	286.00	260.00	207.00	226.70	183.50	174.00
Discount to NAV (%) ²	8.0	7.3	5.4	5.1	3.6	6.2	10.7	8.6	12.9	4.7
Revenue and Costs										
Revenue Return per Ordinary Share (p) ²	10.41	9.32	9.00	7.50	5.12	7.00	6.94	4.37	4.34	3.37
Dividends per Ordinary Share (p)	9.10	8.25	7.70	6.83	6.50	6.47	6.28 ³	4.35	4.17	3.33
Ongoing Charges Ratio (Cost of running the Company) ²	0.76	0.77	0.78	0.79	0.86	0.87	0.88	0.93	0.99	0.94
Gearing										
Gross Gearing (%) ^{2, 4}	11.3	13.1	11.7	11.1	11.8	7.1	10.1	13.2	3.0	2.8
Net Gearing (%) ^{2, 5}	11.3	11.5	11.7	11.1	9.4	4.7	6.1	3.6	3.0	2.8
Performance Total Returns										
NAV per Ordinary Share (%) ²	+0.5	+17.5	-3.6	+23.5	+9.7	+23.8	-4.8	+20.0	+17.6	+6.9
Ordinary Share Price (%) ²	-0.1	+15.3	-3.8	+21.7	+13.1	+30.6	-6.8	+26.2	+7.6	+9.2
Benchmark Index (%)	+3.0	+15.7	-7.0	+17.4	+8.6	+20.4	-9.5	+17.5	+19.7	+5.3

1 The value of the portfolio exposed to market price movements.

2 Alternative Performance Measures.

3 Includes 1.79 pence from the additional revenue generated from the change in the allocation of management fees and finance costs.

4 Gross Asset Exposure in excess of Shareholders' Funds.

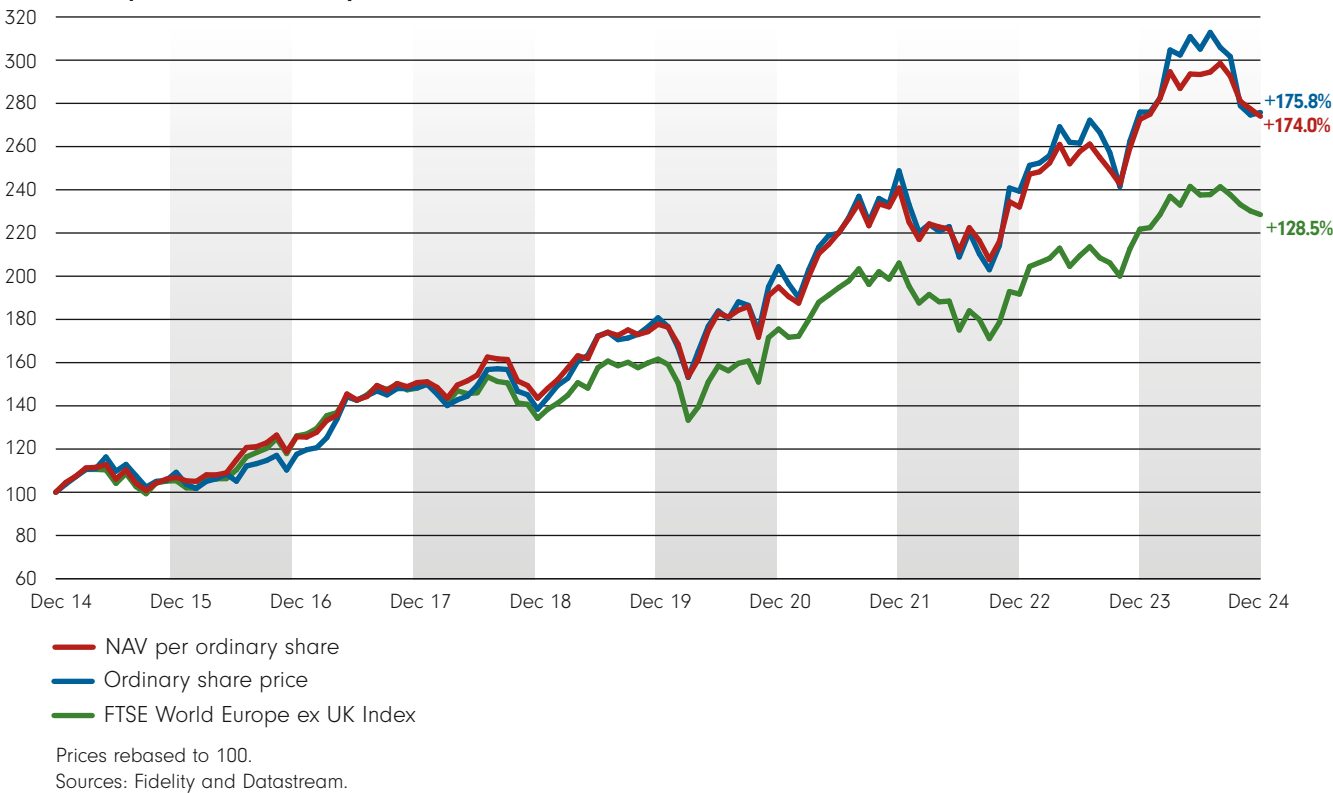
5 Net Market Exposure in excess of Shareholders' Funds.

Sources: Fidelity and Datastream.

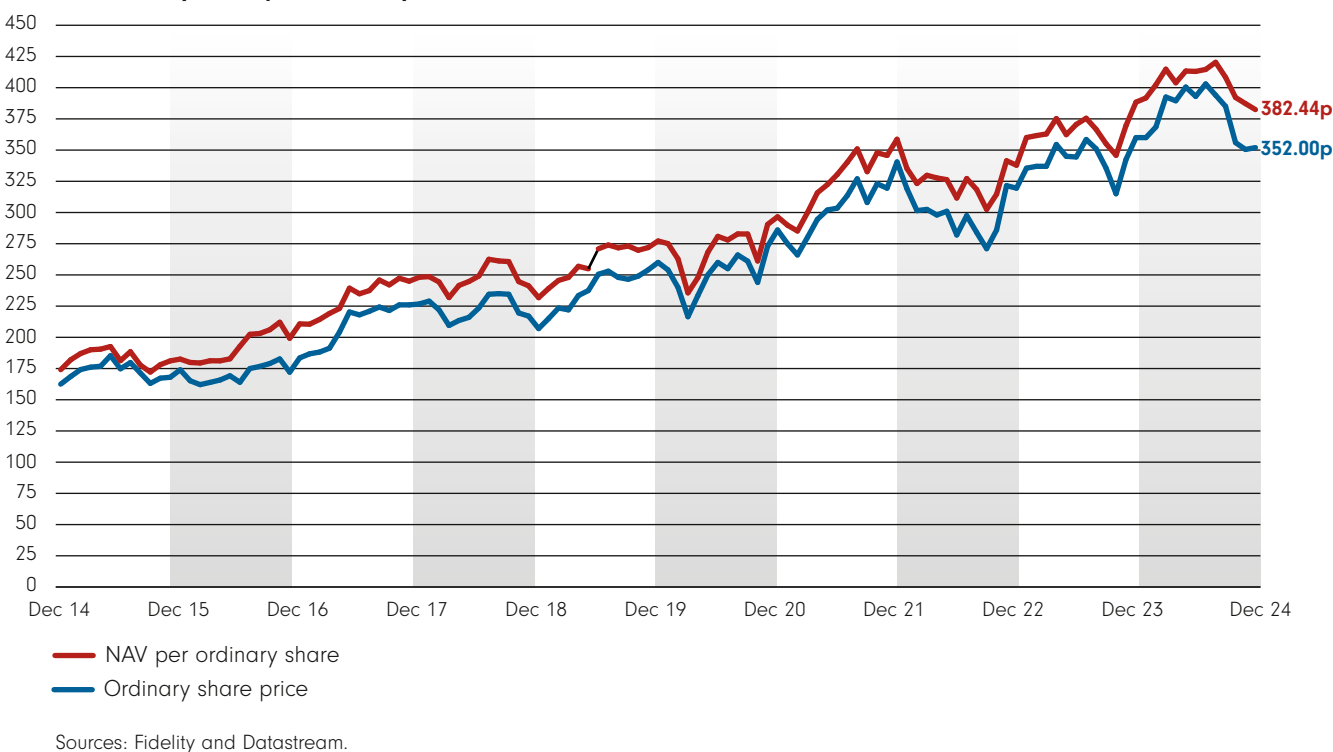
Past performance is not a guide to future returns.

Summary of Performance Charts

Total return performance for ten years to 31 December 2024

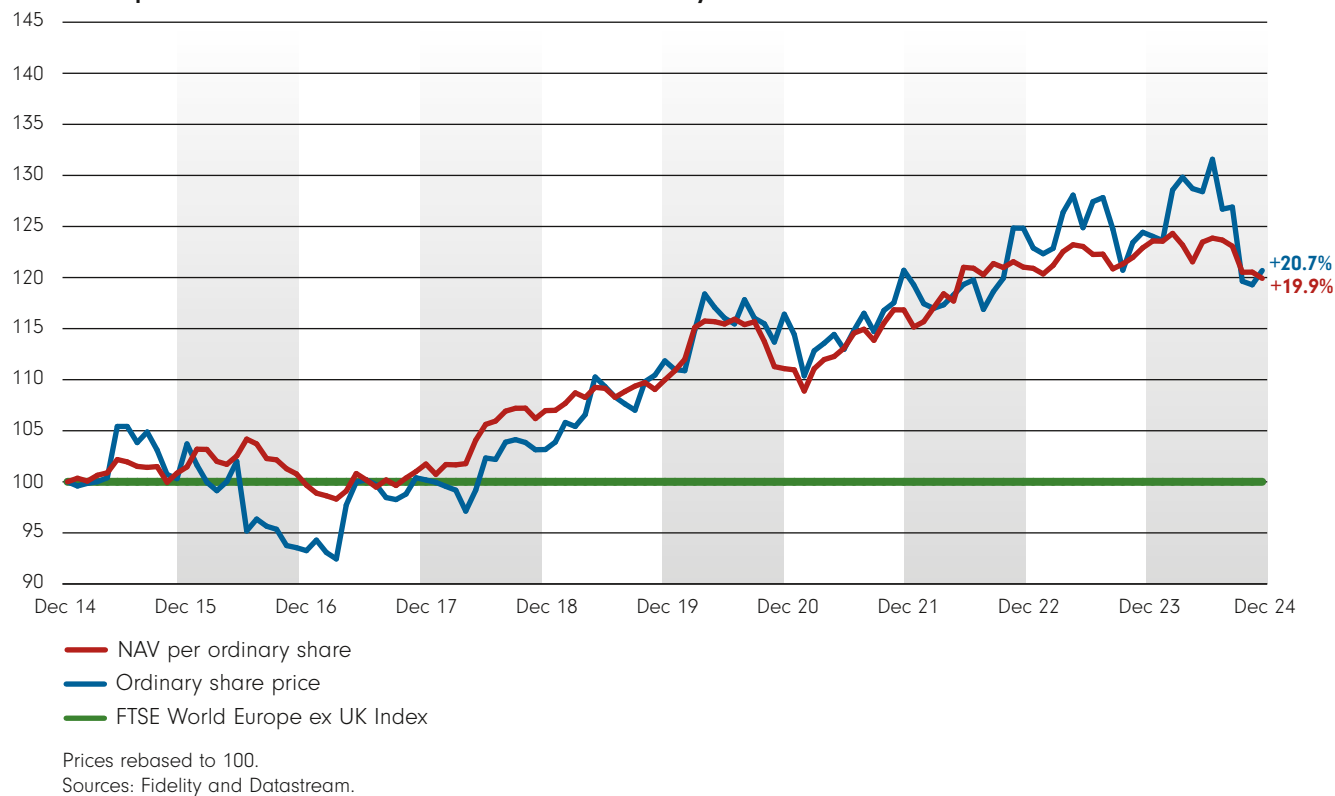


NAV and ordinary share price for ten years to 31 December 2024

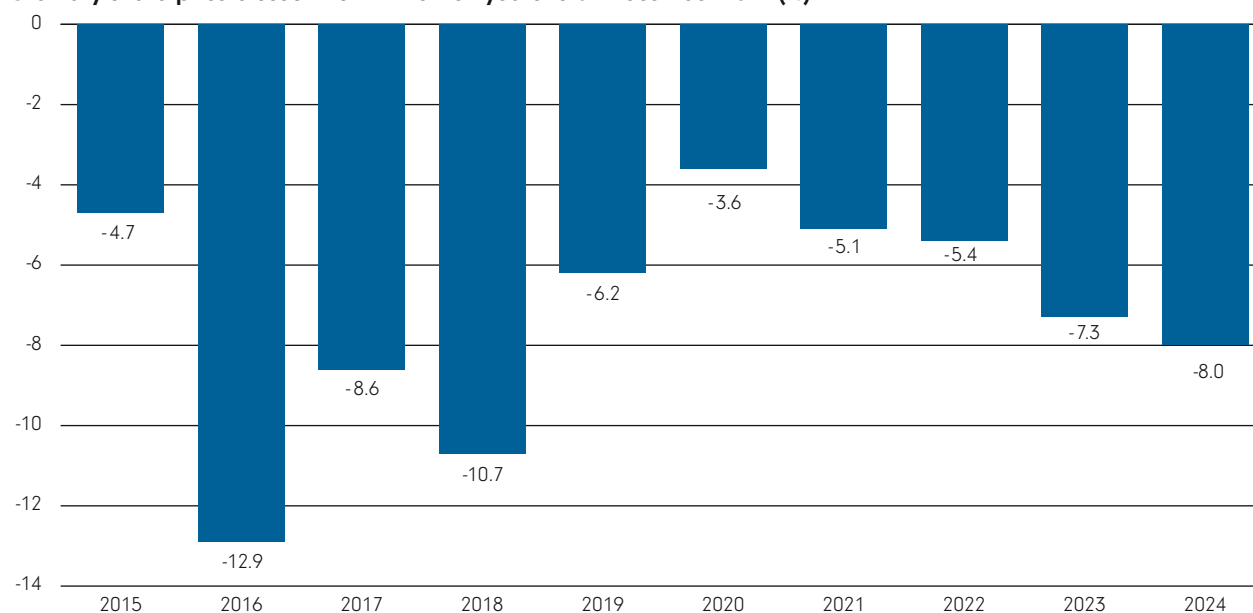


Summary of Performance Charts continued

Total return performance relative to the Benchmark Index for ten years to 31 December 2024



Ordinary share price discount to NAV for ten years to 31 December 2024 (%)



Sources: Fidelity.

Strategic Report

INVESTMENT APPROACH

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman's Statement and Portfolio Managers' Review on pages 2 to 9 also form part of the Strategic Report.

Business and Status

The Company carries on business as an investment company and has been accepted as an approved investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the London Stock Exchange. It is not a close company and has no employees.

Objective

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

Strategy

In order to achieve the Company's objective, it operates as an investment company and has an actively managed portfolio of investments, consisting predominantly of continental European companies. As an investment company, it is able to gear the portfolio and the Board takes the view that long-term returns for shareholders can be enhanced by using gearing in a carefully considered and monitored way.

As part of the strategy, the Board has delegated the management of the portfolio and certain other services to the Manager (FIL Investment Services (UK) Limited). The Portfolio Managers' aim is to achieve a total return on the Company's assets over the longer-term in excess of the equivalent return on the FTSE World Europe ex UK Index, the Company's Benchmark Index. The stock selection approach adopted by the Portfolio Managers is considered to be well suited to achieving this objective. The Board recognises that investing in equities is a long-term process and the Company's returns will vary year to year.

The Company's objective, strategy and principal activity have remained unchanged throughout the year ended 31 December 2024.

Investment Management Philosophy, Style and Process

The Portfolio Managers' three principles for investing in equities are:

- **Bottom up** – stock selection with a focus on dividend growth;
- **Long-term** – a long-term view improves performance and reduces costs; and
- **Cautious** – a focus on managing downside risk creates a strong foundation for long-term outperformance.

The Portfolio Managers' key focus is on identifying attractively valued companies which show good long-term structural growth

prospects and which they believe can grow their dividends over the next few years, as they believe these are likely to outperform over time.

In order to identify these companies, the Portfolio Managers look for the following main characteristics:

- **Positive fundamentals** – structural growth, disciplined use of capital, proven business models;
- **Cash generation** – often a good indication of future dividend growth;
- **Strong balance sheets** – ensure ability to grow dividends is not jeopardised; and
- **Attractive valuations** – good quality stocks at a reasonable price.

The Portfolio Managers draw upon the extensive research generated by Fidelity's team of analysts when researching companies. This first-hand research is fundamental to seeking success stories of the future. A great deal of importance is placed on attending company meetings. Being bottom-up stock pickers, the Portfolio Managers aim to generate outperformance through company selection, on a three to five year investment horizon, rather than through sector or country positions.

Investment Policy

The Company invests predominantly in continental European companies with a view to achieving long-term growth in both capital and income for shareholders. The portfolio is selected by the Investment Manager on the basis of its assessment of the fundamental value available in individual situations and with a typical focus on larger companies which show prospects for sustainable long-term dividend growth. Whilst the Company's overall exposure to individual countries and industry sectors is monitored, the portfolio is not restricted in terms of size, industry, or geographical split, although certain investment restrictions apply in an attempt to diversify risk.

Investment restrictions

- A minimum of 80 per cent of gross assets will be invested in companies from countries which are included in the Benchmark Index (the FTSE World Europe ex UK Index).
- A maximum of:
 - 20 per cent of gross assets may be invested in stocks of European countries* which are not included in the Company's Benchmark Index. This will include investing in UK companies, defined as companies in the FTSE All-Share Index; and
 - 5 per cent of gross assets may be invested in stocks of non-European countries where those stocks have some exposure to, or connection with Europe. Any investments in this category will count towards the 20 per cent maximum limit in paragraph (a) above.

* European country for the purposes of this paragraph means a country included within the FTSE All-World Europe Index and non-European is to be construed accordingly.

Strategic Report continued

- A maximum of 10 per cent of the Company's gross assets may be invested in the aggregate of:
 - a) securities not listed on a recognised stock exchange; and
 - b) holdings in which the interest of the Company amounts to 20 per cent or more of the equity capital of any listed company.
- The Company will not invest more than 10 per cent of gross assets in any one quoted company at the time of acquisition.
- A maximum of 5 per cent of the Company's gross assets may be held in unquoted securities in aggregate at any one time.
- The maximum amount of cash or cash equivalents held by the Company will be 25 per cent of the Company's total net assets, but this limit will not include any cash or cash equivalent paid as collateral for unrealised losses on derivatives. In practice the cash position will normally be much lower.
- The Board reserves the right to lend stock and/or assets of up to 10 per cent of the Company's total net assets.
- The Board reserves the right to hedge the portfolio by way of currency.
- A maximum of 10 per cent of the Company's gross assets may be invested in the securities of other investment companies (including listed investment trusts).

Derivative instruments

The Company may utilise derivative instruments, including index-linked notes, futures, contracts for difference ("CFDs"), covered call options, put options and other equity-related derivative instruments on a limited basis as a tool to meet the investment objective of the Company. They are used principally in the following ways:

- As an alternative form of gearing to bank loans. The Company would enter into long CFDs which would achieve an equivalent effect to buying an asset financed by bank borrowing but often at lower financing costs.
- To hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at a reasonable cost.
- To enhance the investment returns by taking short exposures on stocks that the Investment Manager considers to be over-valued.
- To enhance returns through writing covered call options and writing put options.

The Board has created strict policies and exposure limits and sub-limits to manage derivatives. These limits and their impacts are monitored by the Manager on a daily basis and reported regularly to the Board. The limits are:

- The aggregate exposure of the Company to equities, including as a result of borrowing and the use of derivatives, but excluding hedging, will not exceed 130 per cent of total net assets (a gearing level of 30 per cent) at the time at

which any derivative contract is entered into or a security acquired.

- The aggregate exposure of the Company under short derivatives, excluding hedges and covered call options, will not exceed 10 per cent of total net assets at the time at which any derivative contract is entered into.
- The aggregate exposure of the Company under covered call options, being the notional exposure of the calls, will not exceed 20 per cent of total net assets at the time at which any derivative is entered into. The notional exposure of covered call options is the number of contracts written times the notional contract size times the market value of the underlying share price.

The majority of the Company's exposure to equities will be through direct investment, not through derivatives. In addition, the limits on exposure to individual companies and groups will be calculated on the basis that the Company has acquired the securities to which any derivative is providing exposure.

Gearing

The Company's normal policy is to be geared in the belief that long-term investment returns will exceed the costs of gearing. This gearing is obtained through the use of CFDs and index futures to obtain exposure to securities selected by the Investment Manager. It can also be obtained through the use of borrowings. The effect of gearing is to magnify the consequence of market movements on the portfolio and if the portfolio value rises the NAV will be positively impacted, but if it falls the NAV will be adversely impacted. The Board is responsible for the order of magnitude of gearing in the Company while the Investment Manager decides gearing on a day-to-day basis within a range set by the Board. Gearing is reviewed at each Board meeting.

Performance

The Company's performance for the year ended 31 December 2024, including a summary of the year's activities and indications of trends and factors that may impact the future performance of the Company are included in the Chairman's Statement and the Portfolio Managers' Review on pages 2 to 9. The Portfolio Listing, the Distribution of the Portfolio and the Attribution Analysis are on pages 12 to 16, and the Ten Year Record and the Summary of Performance Charts are set out on pages 18 to 20.

Results and Dividends

The Company's results for the year ended 31 December 2024 are set out in the Income Statement on page 53. The revenue return was 10.41 pence and the capital loss was 7.78 pence, giving a total return of 2.63 pence per ordinary share.

Under Section 1159 of the Corporation Tax Act 2010, the Company is not able to retain more than 15% of its net income in any reporting year to continue to qualify as an investment company. The Directors recommend a final dividend of 5.50 pence per ordinary share for the year ended 31 December 2024 to be paid on 13 May 2025 to shareholders who appear on the register as at the close of business on 28 March 2025 (ex-dividend date 27 March 2025). Together with the interim dividend of 3.60 pence per ordinary share paid on 25 October 2024, the total dividends for the year are 9.10 pence per ordinary share.

Key Performance Indicators

The Board’s intention is for the NAV and share price to outperform the Benchmark Index and that the discount should be maintained in single digits in normal market conditions. It regularly considers the costs of running the Company to ensure they are reasonable and competitive. The key performance indicators (“KPIs”) used to determine the performance of the Company, and which are comparable to those reported by other investment companies, are set out in the table below.

	Year ended 31 December 2024 %	Year ended 31 December 2023 %
NAV per Ordinary Share total return ¹	+0.5	+17.5
Ordinary Share Price total return ¹	-0.1	+15.3
FTSE World Europe ex UK Index total return (Benchmark Index)	+3.0	+15.7
Discount to NAV ¹	8.0	7.3
Ongoing Charges Ratio ¹	0.76	0.77

1 Alternative Performance Measures.

Sources: Fidelity and Datastream.

In addition to the KPIs set out in the table above, the Board also monitors the factors contributing to investment results, as set out in the Attribution Analysis table on page 16 and also against its peer group of investment companies. Long-term performance is also monitored and the Ten Year Record and the Summary of Performance Charts on pages 18 to 20 show this information.

RISK FRAMEWORK

Principal Risks and Uncertainties and Risk Management

As required by provisions 28 and 29 of the 2018 UK Corporate Governance Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. 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 that the Company faces.

Emerging Risks

The Audit Committee continues to identify any new emerging risks and take any action necessary to mitigate their potential impact. The risks identified are placed on the Company’s risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports by the Audit Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve the Company’s strategic objectives.

Climate change, which refers to a large scale shift in the planet’s weather patterns and average temperatures, continues to be a key emerging as well as a principal risk confronting asset managers and their investors. Globally, climate change effects are already being experienced in the form of changing weather patterns. Extreme weather events can potentially impact the operations of investee companies, their supply chains and their customers. The Board notes that the Manager incorporates ESG considerations, including climate change, into the Company’s investment process. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially affect shareholder returns.

The Board, together with the Manager, is also monitoring the emerging risks posed by the rapid advancement of artificial intelligence (“AI”) and technology and how it may threaten the Company’s activities and its potential impact on the portfolio and investee companies. AI can provide asset managers powerful tools, such as enhancing data analysis risk management, trading strategies, operational efficiency and client servicing, all of which can lead to better investment outcomes and more efficient operations. However, with these advances in computing power that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

Other emerging risks may continue to evolve from unforeseen geopolitical and economic events.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its UK corporate governance obligations.

Strategic Report continued

The Board considers the risks listed below and on pages 25 to 27 as the principal risks and uncertainties faced by the Company.

Principal Risks	Description and Risk Mitigation
Geopolitical, Economic and Market Risks	<p>The Company and its assets may be impacted by geopolitical, economic and market related risks, in particular concerns over global economic growth, inflation and financial distress.</p> <p>The Company is exposed to a number of geopolitical risks. The fast-changing global geopolitical landscape is largely shaped by the ongoing armed conflicts effects, deglobalisation trends and significant supply disruption, as well as concerns around global growth and uncertainties on effects of changes in monetary policies, recession amid inflationary pressures and financial distress. Russia and the Middle East are both significant net exporters of oil, natural gas and a variety of soft commodities and supply limitations have fuelled global inflation and economic instability, specifically within Western nations. Broader geopolitical themes include the US-China trade war, the South China sea dispute affecting shipping routes, the implications of China-Taiwan relations and escalation of North and South Korea tensions.</p> <p>European economic growth remains under pressure: anaemic credit growth and depressed confidence will likely push the European Central Bank to cut rates more aggressively in 2025. A weaker euro remains the key offset to tariff risks. Additionally, downside risks are further accumulating as President Trump links the US's geo-economic aims with tariff threats. Significant increases in domestic European defence spending would provide a catalyst for a cyclical upswing, but the shape and timing are uncertain.</p> <p>The Company may be affected by market and economic risks. The principal market related risks are market downturn, interest rate movements, inflation and market shocks, such as volatility from the war in Ukraine and conflict in the Middle East. The Company may also be impacted by concerns over global economic growth and major political events affecting markets and economies and the consequences of this. Although inflation is starting to stabilise across most economies, risks remain driven by a combination of global labour shortages in some sectors and supply chain shortages, including energy and food security. Inflation and economic instability are leading to a prolonged cost-of-living crisis and potentially impacting investors' risk appetite.</p> <p>The Company's portfolio is made up mainly of listed securities. The Portfolio Managers success or failure to protect and increase the Company's value against the above background is core to the Company's continued success. The investment philosophy of stock-picking and investing in attractively valued companies should outperform the Benchmark Index over time.</p> <p>The risk from the likely effects of unforeseen economic and market events is somewhat mitigated by the Company's investment trust structure which means no forced sales need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon.</p> <p>The Board reviews geopolitical, economic and market risks and legislative changes at each Board meeting. The Portfolio Managers provide an investment review at each meeting which includes a review of the economic and political environment and any risks and challenges faced by the Company.</p> <p>Risks to which the Company is exposed to in the market risk category are included in Note 17 in the Financial Statements on pages 67 to 72 together with summaries of the policies for managing these risks.</p>

Principal Risks	Description and Risk Mitigation
Investment Performance Risk (including the use of derivatives and gearing)	<p>The achievement of the Company's investment performance objective relative to the market requires the taking of risk such as investment strategy, asset allocation and stock selection, and may lead to NAV and share price underperformance compared to the Benchmark Index and/or peer group companies. The Board relies on the Portfolio Managers' skills and judgement to make investment decisions based on research and analysis of individual stocks and sectors. The Board reviews the performance of the asset value of the portfolio against the Company's Benchmark Index and its competitors and also considers the outlook for the market with the Portfolio Managers at each Board meeting. The emphasis is on long-term investment performance as there is a risk for the Company of volatility of performance in the shorter-term.</p> <p>Derivative instruments are used to protect and enhance investment conviction and returns. There is a risk that the use of derivatives may lead to higher volatility in the NAV and the share price due to leverage effect than might otherwise be the case. The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored on a daily basis by the Manager's Compliance team and regular reports are provided to the Board. Further detail on derivative instruments risk is included in Note 17 in the Financial Statements on page 70.</p> <p>The Company gears through the use of long CFDs which provide greater flexibility and are generally cheaper than bank loans as a form of financing. The principal risk is that the Portfolio Managers fail to use gearing effectively, resulting in a failure to outperform in a rising market or increasing underperformance in a falling market. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.</p>
Legislation, Taxation and Regulatory Risks	<p>The Company may be impacted by changes in legislation, taxation, regulation or other external influence that require changes to the nature of the Company's business.</p> <p>A breach of Section 1158 of the Corporation Tax Act 2010 by the Company could lead to a loss of investment trust status, resulting in the Company being subject to tax on capital gains.</p> <p>In recent months, there have been increased concerns around investment cost disclosures and their impact on the industry. However, it should be noted that the Government and regulator have announced a temporary exemption for investment companies from the EU cost disclosure requirements.</p> <p>Regulatory changes for investment companies are monitored regularly by the Board and managed through active engagement with regulators and trade bodies by the Manager and also by the AIC.</p>
Marketplace and Competition Risks	<p>The environment in which the Company operates continues to undergo change, which may affect the Company's ability to grow and maintain its business. This change includes the increasing presence of alternative investment offerings, as well as industry consolidation, which could influence the demand for investment trusts.</p> <p>The Board, the Manager, and the Company's Broker closely monitor industry activity and the peer group and actively manage supply and demand through its discount policies and mechanisms. In addition, an annual strategy review is undertaken by the Board to ensure that the Company continues to offer a relevant product to shareholders.</p>

Strategic Report continued

Principal Risks	Description and Risk Mitigation
Cybercrime and Information Security Risks	<p>The operational risk and business impact from heightened external levels of cybercrime and the risk of data loss is significant. Cybercrime threats evolve rapidly and consequently the risk is regularly re-assessed and the Board receives regular updates from the Manager in respect of the type and possible scale of cyberattacks. The Manager's technology and risk management teams have developed robust risk frameworks and implemented a number of initiatives and controls in order to provide enhanced mitigating protection to this ever-increasing threat, and also to address the potential risks of artificial intelligence (AI). The risks are regularly re-assessed by Fidelity's information security teams and risk frameworks are continually enhanced with the implementation of additional tools and processes, including improvements to existing ones. Fidelity has dedicated cybersecurity and technology risk teams which provide continuous oversight, preventative and detection controls as well as awareness updates and best practice guidance.</p> <p>Risks also remain due to military conflicts and geopolitical tensions including the war in Ukraine and conflict in the Middle East and employees working from home. These primarily relate to phishing, ransomware, remote access threats, extortion and denial of services attacks, threats from highly organised criminal networks and sophisticated ransomware operators. The Manager has dedicated prevent, detect and respond resources specifically to monitor the cyber threats associated within the workplace and there are a number of mitigating actions in place, including control strengthening, geo-blocking and phishing mitigants, combined with enhanced resilience and recovery options.</p> <p>The Company's third-party service providers are also subject to regular oversight and provide assurances and have similar control measures in place to detect and respond to cyber threats and activity.</p>
Business Continuity Risk	<p>There continues to be increased focus from financial services regulators around the world on the contingency plans of regulated financial firms. The top risks globally are cybersecurity, geopolitical events, outages, fire events and natural disasters. There are also ongoing risks from the war in Ukraine and conflict in the Middle East, specifically regarding cyberattacks and the potential loss of power and/or broadband services.</p> <p>The Manager continues to take all necessary and reasonable steps to assure operational resilience and to meet its regulatory obligations, assess its ability to continue operating and the steps it needs to take to support its clients, including the Board, and has an appropriate control environment in place. The Manager has provided the Board with assurance that the Company has appropriate operational resilience and business continuity plans and the provision of services has continued to be supplied without interruption. In addition, hybrid working patterns allow for greater flexibility in the event of another pandemic or similar event.</p> <p>The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary. They are all subject to a risk-based programme of risk oversight and internal audits by the Manager and their own internal controls reports are received by the Board on an annual basis and any concerns are investigated. The third-party service providers have also confirmed the implementation of appropriate measures to ensure no business disruption.</p> <p>Risks associated with these services are generally rated as low, but the financial consequences could be serious, including reputational damage to the Company. These are mitigated through operational resilience frameworks.</p>

Principal Risks	Description and Risk Mitigation
Key Person and Operational Support Risks	<p>The loss of the Portfolio Manager or key individuals could lead to potential performance, operational or regulatory issues.</p> <p>The Portfolio Manager's style is intrinsically linked with the Company's investment philosophy and strategy and, therefore, the Company has a key person dependency on him. Fidelity has succession plans in place for its portfolio managers which have been discussed with the Board and provides some assurance in this regard. The Co-Portfolio Manager has been in place since 1 September 2020 and he works closely alongside the Portfolio Manager and has extensive experience in European markets and companies and shares a common investment approach and complementary investment experience with the Portfolio Manager. This helps strengthen the investment process by introducing greater challenge and also increases the ability to be able to meet more companies.</p> <p>The Manager identifies key dependencies which are then addressed through succession plans, particularly for portfolio managers.</p>
Discount Control Risk	<p>Owing to the nature of investment companies, the price of the Company's shares and its discount to NAV are factors which are not totally within the Company's control. The Board has an active discount management policy in place, the primary purpose of which is to reduce discount volatility and maintain the Company's discount in single digits in normal market conditions. Some short-term influence over the discount may be exercised by the use of share repurchases at acceptable prices and within the parameters set by the Board. The demand for shares can be influenced through good performance and an active investor relations program.</p> <p>The Company's share price, NAV and discount volatility are monitored daily by the Manager and the Company's Broker and considered by the Board at each of its meetings.</p> <p>The investment company sector has suffered from significant discounts for an extended period and this has allowed for some activist managers to take a more aggressive approach. The Board is aware of these risks and continue to actively monitor the Company's discount and will take action within the guidelines set.</p>
Environmental, Social and Governance ("ESG") Risk	<p>There is a risk that the value of the assets of the Company is affected by ESG related risks, including climate change risk, such as the risk of extreme weather events that may impact global supply chains for companies and customers. ESG risks include investor expectations and how the Company is positioned from a marketing perspective and whether it is compliant with its ESG disclosure requirements. Whilst Fidelity considers ESG factors in its investment decision-making process, the Company does not carry the label. However, ESG continues to be a risk confronting asset managers and investors. The Board monitors how this may potentially impact the Company on investment valuations and shareholders returns.</p> <p>ESG integration is carried out at the fundamental research analyst level within its investment teams, primarily through Fidelity's Proprietary Sustainability Rating which is designed to generate a forward-looking and holistic assessment of a company's ESG risks and opportunities based on sector-specific key performance indicators. The Portfolio Manager considers the effects of ESG when making investment decisions. ESG ratings of the companies within the Company's portfolio compared to MSCI ratings are provided on page 17.</p>

The Company has a full risk register which includes less material risks and the Audit Committee, on behalf of the Board, reviews this at least annually.

Continuation Vote

A continuation vote takes place every two years. There is a risk that shareholders do not vote in favour of the continuation of the Company during periods when performance of the Company's NAV and its share price is poor. The last continuation vote was at the AGM held on 10 May 2023 and 99.86% of the votes cast by shareholders were in favour of the continuation of the Company. The next continuation vote will take place at this year's AGM on 8 May 2025 and the Directors expect the vote to be passed.

Viability Statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment trust with the objective of achieving long-term growth in both capital and income. The Board considers long-term to be at least five years, and accordingly, the Directors believe that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period.

Strategic Report continued

In making an assessment on the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's level of gearing;
- The Company's NAV and share price performance compared to its Benchmark Index;
- The principal and emerging risks and uncertainties facing the Company and their potential impact, as set out on pages 23 to 27;
- The likely future demand for the Company's shares;
- The Company's share price discount to the NAV and the Board's discount management policy;
- The liquidity of the Company's portfolio;
- The level of income generated by the Company; and
- Future income and expenditure forecasts.

The Company's performance for the five year reporting period to 31 December 2024 was well ahead of the Benchmark Index, with a NAV total return of +54.2% and an ordinary share price total return of +52.6% compared to the Benchmark Index total return of +41.4%. The Board regularly reviews the investment policy and considers whether it remains appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The portfolio mainly comprises readily realisable securities which can be sold to meet funding requirements if necessary;
- The Board's discount management policy; and
- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

In preparing the Financial Statements, the Directors have considered the continued impact of climate change and potential emerging risks from the use of artificial intelligence as detailed on page 23. The Board has also considered the impact of regulatory changes, unforeseen market events, geopolitical issues and the ongoing global implications of the war in Ukraine and the conflict in the Middle East and how this may affect the Company.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which is included in the Directors' Report on page 32.

PROMOTING THE SUCCESS OF THE COMPANY

Under Section 172(1) of the Companies Act 2006, the Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

As an externally managed investment company, the Company has no employees or physical assets, and a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services by the Manager, but other professional service providers support the Company by providing administration, custodial, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the externally appointed Manager (FIL Investment Services (UK) Limited) and other third-party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Managers, sets the overall investment strategy and reviews this at an annual strategy day which is separate from the regular cycle of board meetings. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out on pages 21 and 22.

The Board receives regular reports from the Company's Broker which covers market activity and how the Company compares with peers in the AIC Europe and European Smaller Companies sectors.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and the Portfolio Managers to present to the shareholders on the Company's performance and future plans and the Board encourages all shareholders to attend in person or virtually and raise any questions or concerns. The Chairman and other Board members are available to meet shareholders as appropriate. Shareholders may also communicate with Board members at any time by writing to them at the Company's registered office at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or via the Secretary at the same address or by email at investmenttrusts@fil.com.

The Portfolio Managers meet with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders’ interests are best served by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company’s direct operations are limited, the Board recognises the importance of considering the impact of the Company’s investment strategy on the wider community and environment. The Board believes that a proper consideration of Environmental, Social and Governance (ESG) issues aligns with the Company’s investment objective to deliver long-term growth in both capital and income.

In addition to ensuring that the Company’s investment objective was being pursued, key decisions and actions taken by the Board during the reporting year, and up to the date of this report, have included:

- As part of the Board’s succession plan, carrying out a recruitment process to replace Vivian Bazalgette as non-executive Director and Chairman of the Board who having completed nine years on the Board on 1 December 2024 will step down at the conclusion of the AGM on 8 May 2025. Davina Walter will replace him as non-executive Director and Chairman of the Board;
- The decision to pay an interim dividend of 3.60 pence per ordinary share and a final dividend of 5.50 pence per ordinary share (a total of 9.10 pence per ordinary share), to maintain the Board’s policy to pay progressive dividends in normal circumstances. The Company has paid an increased dividend for 14 years in a row;
- Meetings by the Chairman with some of the Company’s key shareholders during the reporting year;
- The decision once again to hold a hybrid AGM in 2025 in order to make the AGM more accessible to those shareholders who are unable to or prefer not to attend in person; and
- The decision to update the Company’s Articles of Association, subject to shareholder approval at the AGM on 8 May 2025.

Board Diversity

The Board’s overriding intention is to ensure that it is made up of the best combination of people in order to achieve long-term capital growth for the Company’s shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company in the marketplace. Due regard will be given to the benefit of diversity on the Board, including gender and ethnicity.

The Board has taken into consideration the FCA’s UK Listing Rules requirements (UKLR 6.6.6(9), (10) and (11)) regarding the targets on board diversity that:

- at least 40% of individuals on the Board are women;
- at least one senior Board position (chairman, chief executive officer (“CEO”), senior independent director or chief financial officer (“CFO”)) is held by a woman; and
- at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics criteria.

The Board considers that as an externally managed investment trust, with no CEO or CFO, the Chairman of the Company, the Senior Independent Director and the Chair of the Audit Committee are senior positions.

As required by the FCA’s UK Listing Rules, the Company’s reporting against these targets is set out in the tables below. The data was collected on a self-identifying basis. As at 31 December 2024 and up to the date of this report, the target of 40% of women on the Board, the target of at least one senior Board position held by a woman and for at least one individual to be from a minority ethnic background have been met.

Gender Reporting as at 31 December 2024

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Audit Committee Chair)
Men	3	50%	2
Women	3	50%	1

Ethnic Background Reporting as at 31 December 2024

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Audit Committee Chair)
White British or other White (including minority white groups)	5	83%	3
Asian British	1	17%	0

Strategic Report continued

CORPORATE AND SOCIAL RESPONSIBILITY

Environmental, Social and Governance (“ESG”) in the Investment Process

The Board has contracted with the Manager to provide the Company with investment management and administrative services. The Board believes that ESG considerations are an important input into the assessment of the value of the Company’s investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager applies ESG factors in its investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing, and provides a copy of its detailed Responsible Investing at www.fidelity.co.uk/sustainable/sustainability-at-fidelity.

Socially Responsible Investment

The Manager’s primary objective is to produce superior financial returns for the Company’s shareholders. It believes that high standards of corporate social responsibility (CSR) make good business sense and have the potential to protect and enhance investment returns.

Corporate Engagement

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the companies in which it invests and that it should exercise its voting rights at their general meetings. It delegates the responsibility for corporate engagement and shareholder voting to the Manager who updates the Board on issues and activities. These activities are reviewed regularly by the Manager’s stewardship team.

Streamlined Energy and Carbon Reporting (SECR)

As an investment company with all its activities outsourced to third parties, the Company’s own direct environmental impact is minimal. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company is categorised as a low energy user (less than 40MWH) under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose any energy and carbon information in this Annual Report.

Task Force on Climate-Related Financial Disclosures (TCFD)

The Managers’ product level disclosure consistent with the Task Force on Climate-related Financial Disclosures (TCFD) can be found on the Company’s pages of the Manager’s website at www.fidelity.co.uk/europe.

FUTURE DEVELOPMENTS

Some trends likely to affect the Company in the future are also common to many investment companies together with the impact of regulatory change and emerging risks. The factors likely to affect the Company’s future development, performance and position are set out in the Chairman’s Statement and the Portfolio Managers’ Review on pages 2 to 9.

By Order of the Board
FIL Investments International
 Secretary
 19 March 2025

Board of Directors

Vivian Bazalgette
Chairman (since 12 May 2016)
Appointed 1 December 2015

Vivian Bazalgette is a Trustee of St. Christopher’s Hospice. He was previously Chief Investment Officer at M&G PLC. He was also a non-executive Director of St James’s Place PLC, including Chairman of its Investment Committee, Perpetual Income and Growth Investment Trust PLC, Henderson High Income Trust PLC and Brunner Investment Trust PLC. He was an Adviser to the BAE Systems Pension Fund.

Sir Ivan Rogers
Director
Appointed 1 January 2020

Sir Ivan Rogers is an Advisory Board Member of the Official Monetary and Financial Institutions Forum and of Market News International. He is Chairman of the High Level Group on Neighbourhood Interdependencies, a Member of the European Council for Foreign Relations, a Consultant of the Bertelsmann Foundation and a Senior Advisor at Fordham Global Foresight. He is a former British civil servant, formerly the Permanent Representative of the UK to the European Union for over three years until the beginning of 2017. Prior to this, he was Principal Private Secretary to one British prime minister and head of the Europe and Global Issues Secretariat for another. He was twice the UK’s G7/G8 Sherpa and the EU and G20 Sherpa. The majority of his career was working with the UK government and EU institutions. He also spent five years in the private sector holding senior public sector banking roles for Citigroup UK and Barclays Capital.

Fleur Meijs
Chair of the Audit Committee (since 14 May 2018)
Appointed 1 September 2017

Fleur Meijs is a non-executive Director of Ruffer LLP and she also serves as Audit Committee Chair. She is a Director of Bridge to the Future, the endowment fund for UWC (United World College) Mostar and UWC Mostar and a representative of the Chairs of the Schools on the International Board of UWC International. She is a Chartered Accountant and was a Financial Services Partner at PricewaterhouseCoopers LLP until May 2016. She was also a member of the Dutch Parliamentary committee in 2013 for the structure of banks in the Netherlands.

Davina Walter
Director
Appointed 1 November 2024

Davina Walter is Chairman of abrdn Diversified Income and Growth plc and is a non-executive Director of Miton UK Microcap Trust plc. She was previously Chairman of JPMorgan US Smaller Companies Trust plc, Chairman of CT Property Trust plc and a non-executive Director of JPMorgan Elect plc. She has extensive investment management experience, latterly as a Managing Director at Deutsche Asset Management. She also worked at Henderson Global and was head of US research at Cazenove & Co.

Milyae Park
Director
Appointed 1 January 2022

Milyae Park is a non-executive Director of Alliance Witan PLC, Faber and Faber Limited and THG PLC. She is a past Board Member of the London Museum and former Chair of the London Museum Trading Ltd Board that governs the Museum’s commercial activities. She began her career as a qualified accountant in the US for PwC and in investment banking at Goldman Sachs. In her subsequent executive career, she has held senior positions at Accenture, Tesco PLC and Marks & Spencer Group plc. She also holds an MBA from The Wharton School.

Paul Yates
Senior Independent Director (since 10 May 2022)
Appointed 6 March 2017

Paul Yates is Chairman of the Advisory Board of 33 St James’s Limited and is a non-executive Director of Capital Gearing Trust P.L.C. He was previously a non-executive Director of Witan Investment Trust plc, Aberdeen Diversified Income and Growth Trust plc and The Merchants Trust plc. He has had an extensive career in investment management and was CEO of UBS Global Asset Management (UK) Limited and held a number of global roles at UBS prior to his retirement.

All Directors are non-executive Directors and all are independent.

Directors' Report

The Directors have pleasure in presenting their report together with the audited Financial Statements of the Company for the year ended 31 December 2024.

The Company was incorporated in England and Wales as a public limited company on 16 August 1991 under the registered number 2638812 and was launched as an investment trust on 5 November 1991.

Management Company

FIL Investment Services (UK) Limited ("FIL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/"Manager"). FIL, as the Manager, has delegated the portfolio management of assets and the role of the company secretary to FIL Investments International.

The Alternative Investment Fund Management and Secretarial Services Agreement (the "Management Agreement") will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, it may be terminated without compensation if the Company is liquidated, pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the Management Agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the Management Agreement by sixty days' notice if the Manager ceases to be a subsidiary of FIL Limited.

FIL Limited has no beneficial interest in the shares of the Company (2023: same).

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 38.

Management Fee

Since 1 April 2021, the Company's management fee is on a tiered basis of 0.85 per cent on the first £400 million of the Company's net assets reducing to 0.65 per cent of net assets over £400 million.

Fees for the reporting year were £11,512,000 (2023: £10,502,000) and are disclosed in Note 4 on page 59.

The Board

All Directors served on the Board throughout the year ended 31 December 2024 with the exception of Davina Walter who joined the Board on 1 November 2024. A brief description of all serving Directors as at the date of this Annual Report is shown on page 31 and indicates their qualifications for Board membership.

Directors' and Officers' Liability Insurance

In addition to the benefits under the Manager's global Directors' and Officers' liability insurance arrangements, the Company maintains additional insurance cover for its Directors under its own policy as permitted by the Companies Act 2006.

Professional Negligence Liability Risks

The requirement to cover potential liability risks arising from professional negligence is covered by the Manager's own funds. Sufficient capital above the regulatory limit is held which is monitored by the board of the Manager.

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. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has, therefore, concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 31 March 2026 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks from the war in Ukraine, the Middle East conflict, significant market and geopolitical events and regulatory changes on the Company's performance, prospects and operations.

Accordingly, the Financial Statements of the Company have been prepared on a going concern basis.

The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on pages 27 and 28.

The Board has also considered the upcoming continuation vote at the AGM on 8 May 2025 and are not aware of any circumstances that would result in the continuation vote not being passed.

Auditors' Appointment

A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 8 May 2025.

Disclosure of Information to the Company's Auditor

As required by Section 418 of the Companies Act 2006, each Director in office as at the date of this Annual Report confirms that:

- a) so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- b) each Director has taken all the steps that ought to have been taken as a Director to make himself/herself aware of any audit information, and to establish that the Company's Auditor is aware of that information.

Corporate Governance

The Corporate Governance Statement on pages 36 to 39 forms part of this report.

Registrar, Custodian and Depositary Arrangements

The Company has appointed MUFG Corporate Markets (name changed from Link Group in January 2025) as its Registrar to manage the Company's share register, JPMorgan Chase Bank as its Custodian, which is primarily responsible for safeguarding the Company's assets, and J.P. Morgan Europe Limited as its Depositary, which is primarily responsible for oversight of the custody of investment funds and the protection of investors' interests. Fees paid to these service providers are disclosed in Note 5 on page 60.

Share Capital

The Company's share capital comprises ordinary shares of 2.5 pence each which are fully listed on the London Stock Exchange. As at 31 December 2024, the issued share capital of the Company was 416,447,910 ordinary shares (2023: 416,447,910) of which 7,717,387 shares (2023: 7,717,387) are held in Treasury. Shares in Treasury do not have voting rights, therefore the total number of shares with voting rights was 408,730,523 (2023: 408,730,523).

Premium/Discount Management: Enhancing Shareholder Value

The Board recognises the importance of the relationship between the Company's share price and the NAV per share and monitors this closely. It seeks authority from shareholders each year to issue shares at NAV or at a premium to NAV or to repurchase shares at a discount to the NAV, either for cancellation or holding in Treasury. The Board will exercise these authorities if deemed to be in the best interests of shareholders at the time. Details of the Board's discount management policy can be found in the Chairman's Statement on page 4.

Share Issues

The Company did not issue any ordinary shares in the year to 31 December 2024 (2023: nil). Since the year end and as at the date of this Annual Report, no ordinary shares have been issued.

The authorities to issue shares and to disapply pre-emption rights expire at the AGM on 8 May 2025 and resolutions to renew these authorities will be put to shareholders at this AGM.

Share Repurchases

The Company did not repurchase any ordinary shares into Treasury or for cancellation in the year to 31 December 2024 (2023: nil). Since the year end and as at the date of this Annual Report, no shares have been repurchased into Treasury or for cancellation.

The authority to repurchase ordinary shares expires at the AGM on 8 May 2025 and a resolution to renew the authority to repurchase shares, either for cancellation or to buy into Treasury, will be put to shareholders at this AGM.

Substantial Share Interests

As at 31 December 2024 and 28 February 2025, notification had been received that the shareholders listed in the table below held more than 3% of the voting share capital of the Company.

Shareholders	31 December 2024 %	28 February 2025 %
Fidelity Platform Investors	14.20	14.04
Quilter Cheviot Investment Management	7.19	7.32
Evelyn Partners	7.03	7.20
Hargreaves Lansdown	6.48	6.43
Interactive Investor	5.61	5.64
Allspring Global Investments	5.49	5.37
Rathbones	4.50	4.52
RBC Brewin Dolphin Ireland	3.65	3.64
Craigs Investment Partners	3.12	3.21

An analysis of shareholders as at 31 December 2024 is detailed in the table below.

Shareholders	% of voting share capital
Private Investors ¹	81.83
Mutual Funds	15.26
Insurance Funds	1.76
Pension Funds	0.65
Trading	0.50
Total	100.00

¹ Includes Fidelity Platform Investors (14.20%).

Additional Information required in the Directors' Report

Information on proposed dividends, financial instruments, disclosure on Streamlined Energy and Carbon Reporting (SECR) and Task Force on Climate-Related Financial Disclosures (TCFD) is set out in the Strategic Report on pages 21 to 30.

Directors' Report continued

ANNUAL GENERAL MEETING – THURSDAY, 8 MAY 2025 at 11.00 AM

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should seek advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

The AGM of the Company will be held at **11.00 am on Thursday, 8 May 2025** at 4 Cannon Street, London EC4M 5AB and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 77 to 80.

For those shareholders who are unable to attend in person, we will live-stream the formal business and presentations of the meeting online.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. See Note 9 to the Notes to the Notice of Meeting on page 79 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Managers and we will answer as many as possible at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website www.fidelity.co.uk/europe. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website <https://web.lumiagm.com>.

We urge shareholders to vote and make use of the proxy form provided. Please note that investors on platforms such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest, will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **124004169**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

Fidelity Platform Investors – Voting at AGMs

If you hold your shares in the Company through the Fidelity Platform, then Fidelity passes on to you the right to vote on the proposed resolutions at the Company's AGM. Fidelity Platform Investors are advised to vote online via the Broadridge Service (a company that specialises in investor voting facilities). Investors can sign up to this facility via their Fidelity Investor Account.

Proxy Voting

A paper Proxy Form will be sent to all shareholders who hold shares on the main share register. This will assist shareholders to vote in advance of the meeting should they decide not to attend in person.

If you have sold, transferred or otherwise disposed of all your shares in the Company, you should pass this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At the AGM on 8 May 2025, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 77 and 78, including the items of special business summarised below and on the next page.

Authority to Allot Shares

Resolution 11 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £520,559. If passed, this resolution will enable the Directors to allot a maximum of 20,822,360 ordinary shares which represents approximately 5% of the issued ordinary share capital of the Company (including Treasury shares) as at 19 March 2025, and to impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. The Directors would not intend to use this power unless they considered that it was in the interests of shareholders to do so. Any shares issued would be at NAV per ordinary share or at a premium to NAV per ordinary share.

Authority to Disapply Pre-Emption Rights

Resolution 12 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash up to an aggregate nominal value of £520,559 (including Treasury shares) and represents approximately 5% of the issued ordinary share capital of the Company as at 19 March 2025 and equivalent to 20,822,360 ordinary shares.

Authority to Repurchase Shares

Resolution 13 is a special resolution which renews the Company's authority to purchase up to 14.99% (61,268,680) of the ordinary shares in issue (excluding Treasury shares) on 19 March 2025, either for immediate cancellation or for retention as Treasury shares, at the determination of the Directors. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or by cancelling the shares. Purchases of ordinary shares will be at the discretion of the Directors and within guidelines set by them from time to time in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share.

Continuation Vote

Resolution 14 is an ordinary resolution regarding the continuation of the Company as an investment trust for a further two years. The Directors expect this continuation vote to pass.

Proposed changes to the Company's of New Articles of Association

Resolution 15 is a special resolution regarding the adoption of New Articles of Association ("New Articles") by the Company.

Summarised below are the principal changes proposed to be introduced through the adoption of New Articles by the Company. A copy of the proposed New Articles showing all the changes as against the current Articles of Association is available for inspection at www.fidelity.co.uk/specialvalues, together with a copy of the current Articles of Association and a 'clean' copy of the New Articles (which do not highlight the amendments), from the date of this report until the end of the AGM (and at the AGM itself for the duration of the meeting and for at least 15 minutes prior to the meeting). The documents are also available for inspection at Simmons & Simmons LLP, 1 Ropemaker Street, London EC2Y 9SS until the close of the AGM.

Directors' fees

The Board considers it is appropriate to increase the limit on Directors' fees ("Fee Cap"), which was set at the Company's Annual General Meeting in 2010 at £50,000 per annum per Director, and to express the Fee Cap as an aggregate amount for all Directors to provide greater flexibility. The proposed new Fee Cap is £350,000 in aggregate per annum. The Board considers that the increase and change to an aggregate Fee Cap will provide sufficient head-room to enable the Board to execute any succession plans for the future. The Board is satisfied that this new Fee Cap is in-keeping with current market practice.

Clarificatory, administrative and technical changes

Various changes of a minor, clarificatory or technical nature are not commented on separately. This includes in relation to arrangements for validity of proxies, to provide for if there are too few directors following retirements at annual general meetings and clarifications in relation to hybrid general meetings to follow how practice has developed. The Board does not however have any plans at this stage to allow general meetings to be held purely by electronic means, and so no provision has been included in the New Articles to provide for fully virtual meetings.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board

FIL Investments International

Secretary

19 March 2025

Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company.

Corporate Governance Codes

The Board follows the principles and provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council (the "FRC") in July 2018 and the AIC's Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies (the "AIC") in February 2019. The AIC Code addresses the principles and provisions of the UK Code. The FRC has confirmed that investment companies which report against the AIC Code will meet their obligations under the UK Code and paragraph 6.6.6R (6) of the UK Listing Rules. This statement, together with the Statement of Directors' Responsibilities on page 43, set out how the principles have been applied.

The AIC Code can be found on the AIC's website at www.theaic.co.uk and the UK Code on the FRC's website at www.frc.org.uk.

Statement of Compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code for the year under review and up to the date of this Annual Report, except in relation to the UK Code provisions relating to the role of the chief executive, executive directors' remuneration, and the need for an internal audit function. The Board considers that these provisions are not relevant to the position of the Company, as it is an externally managed investment company and has no executive directors, employees or internal operations. All of its day to day management and administrative functions are delegated to the Manager.

THE BOARD

Board Composition

The Board, chaired by Vivian Bazalgette, consists of six non-executive Directors as at the date of this Annual Report. The size of the Board will revert to five non-executive Directors when Mr Bazalgette steps down from the Board at the conclusion of AGM on 8 May 2025. The Directors believe that, between them, they have good knowledge and wide experience of Europe and of investment companies, and that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company.

Paul Yates is the Senior Independent Director and fulfils the role as a sounding board for the Chairman, intermediary for the other Directors as necessary, and to act as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate.

Biographical details of all serving Directors are on page 31.

Board Responsibilities

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All matters which are not delegated to the Company's Manager under the Management Agreement are reserved for the Board's decision. Matters reserved for the Board and considered at meetings include decisions on strategy, management, structure, capital, share issues, share repurchases, gearing, financial reporting, risk management, investment performance, share price discount, corporate governance, Board appointments, and the appointments of the Manager and the Company Secretary. The Board also considers shareholder issues including communication and investor relations.

All Directors are independent of the Manager and considered to be free from any relationship which could materially interfere with the exercise of their independent judgement. Directors are required to disclose all potential conflicts of interests as they arise for consideration and approval. The Board is satisfied that no conflicts have arisen in the year under review.

All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

Board Meetings

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table on the next page gives the attendance record for the meetings held in the reporting year. In addition to the formal Board and Committee meetings, the Board also holds a separate annual strategy meeting. The Portfolio Managers and key representatives of the Manager also attend these meetings. Regular Board meetings exclude ad hoc meetings for formal approvals or to address any key issues which may have arisen.

In addition to the formal Board and Committee meetings, the Board undertakes a two day due diligence trip to Europe every other year. The next due diligence trip is planned to take place in November 2025. The Directors also have meetings with Fidelity's Head of Investment Companies and attend educational days organised by the Manager.

Between these meetings there is regular contact with the Manager and other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred to them by the Board and the Chairman is in contact with the other Directors without representatives of the Manager being present.

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings
Vivian Bazalgette ¹	5/5	3/3	1/1
Fleur Meijs	5/5	3/3	1/1
Milyae Park	5/5	3/3	1/1
Sir Ivan Rogers	5/5	3/3	1/1
Davina Walter ²	1/1	1/1	n/a
Paul Yates	5/5	3/3	1/1

¹ Vivian Bazalgette, as Chairman of the Board, was invited to attend all of the Audit Committee meetings held in the reporting year.

² Appointed on 1 November 2024.

Company Secretary

The Board has access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Changes to the Board

Changes to the Board take place in accordance with the Companies Act 2006, the Company's Articles of Association and the AIC Code. Any proposal for the appointment of new Directors is discussed and approved by the whole Board. As a consequence, there is no Nomination Committee. External consultants who have no connection with the Company are used to identify potential candidates.

Director Training

On appointment to the Board, each Director receives a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars. Training and development needs are considered as part of the annual Board and Committee's evaluation process.

Election and Re-Election of Directors

All newly appointed Directors stand for election by the shareholders at the AGM following their appointment by the Board. As the Company is a constituent member of the FTSE 350 Index, all other Directors are subject to annual re-election. Directors standing for election and re-election at this year's AGM are listed with their biographical details on page 31. The terms and letters of appointment of Directors are available for inspection at the registered office of the Company.

Board Evaluation

As part of the process of the election and re-election of the Directors, an annual evaluation of the Board, its Directors and its Committees is undertaken ahead of each AGM. It takes the form of written questionnaires and discussions. For the year under review, the performance and contribution to the Company of each Director was considered using written questionnaires.

The performance of the Chairman was evaluated by the other Directors in the Chairman's absence. It was concluded that the Chairman and each Director had been effective and that they continue to demonstrate commitment to their roles. The evaluation found that the Board functioned well with the right balance of membership and skills. The process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results. The tenure of individual Directors is also considered during the evaluation process.

As a FTSE 350 Company and in accordance with provision 21 of the 2018 UK Corporate Governance Code, the Board carried out an externally facilitated evaluation in 2023. The new 2024 UK Corporate Governance Code has removed the requirement for mandatory external evaluations every third year. Instead this will be at the discretion of the Board.

Directors Remuneration and Share Interests

Details of the Directors' remuneration and their share interests are disclosed in the Directors' Remuneration Report on pages 41 and 42.

BOARD COMMITTEES

The Board has two Committees, as set out below and on the next page, through which it discharges certain of its corporate governance responsibilities. These are the Audit Committee and the Management Engagement Committee. Terms of reference of each Committee are available on the Company's pages of the Manager's website at www.fidelity.co.uk/europe.

Audit Committee

The Audit Committee is chaired by Fleur Meijs and consists of all of the Directors, except for Vivian Bazalgette, which is in line with the recommendation of the 2018 UK Corporate Governance Code that a chairman of a board should not be a member of an audit committee. Mr Bazalgette is invited to attend the Audit Committee meetings as a guest.

Full details of the Audit Committee, including its role and responsibilities, are disclosed in the Report of the Audit Committee on pages 44 to 46.

Corporate Governance Statement continued

Management Engagement Committee

Composition

The Management Engagement Committee is chaired by Vivian Bazalgette and consists of all of the Directors.

Role and Responsibilities

The Committee is charged with reviewing and monitoring the performance of the Manager and for ensuring that the terms of the Company's Management Agreement remain competitive and reasonable for shareholders. It meets at least once a year and reports to the Board, making recommendations where appropriate.

Manager's Reappointment

Ahead of the AGM on 8 May 2025, the Committee has reviewed the performance of the Manager and the current fee structure and also that of its peers. The Committee noted the Company's good long-term performance record compared to the Benchmark Index. It also noted the commitment, quality and continuity of the team responsible for the Company and concluded that it was in the interests of shareholders that the appointment of the Manager should continue. Details of the fee structure for the year ended 31 December 2024 are in the Directors' Report on page 32.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 43 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report to the Members on pages 47 to 52.

The Board has a responsibility to present fair, balanced and understandable annual and half-yearly financial statements. All financial statements are reviewed by the Audit Committee and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Controls

The Board is responsible for the Company's systems of risk management and of internal controls and for reviewing their effectiveness. The review takes place at least once a year. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. It is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day-to-day basis to the Manager. The system extends to financial, operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Manager provides regular reports on controls and compliance issues to the Audit Committee and the Board.

In carrying out its review, the Audit Committee has regard to the activities of the Manager, the Manager's compliance and risk functions and the work carried out by the Company's Auditor relevant to the Company's audit. It also includes consideration of internal controls covered in similar reports issued by the other service providers.

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. This process also assists in identifying any new emerging risks and the actions necessary to mitigate their potential impact. The Board confirms that there is an effective robust ongoing process in place to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 December 2024 and up to the date of this report. This process is in accordance with the FRC's "Risk Management, Internal Control and Related Financial Business Reporting" guidance.

The Board has reviewed the need for an internal audit function and has determined that the systems and procedures employed by the Manager, which are subject to inspection by the Manager's internal and external audit processes, provide sufficient assurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets. An internal audit function, specific to the Company is, therefore, considered unnecessary. The Audit Committee meets the Manager's internal audit representative at least once a year. It receives a summary of the Manager's externally audited internal controls report on an annual basis.

Whistle-Blowing Procedure

Part of the Manager's role in ensuring the provision of a good service pursuant to the Management Agreement, includes the ability for employees of Fidelity to raise concerns through a workplace concerns escalation policy (or "whistle-blowing procedure"). Fidelity has advised the Board that it is committed to providing the highest level of service to its customers and to applying the highest standards of quality, honesty, integrity and probity. The aim of the policy is to encourage employees and others working for Fidelity to assist the Company in tackling fraud, corruption and other malpractice within the organisation and in setting standards of ethical conduct. Accordingly, this policy has been endorsed by the Board.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has for reputation and business confidence. The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing actions as appropriate. The Board has adopted a zero tolerance policy in this regard.

Criminal Finances Act 2017

The Company is subject to the Criminal Finances Act 2017 and follows a zero tolerance policy to tax evasion and its facilitation. The Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

Responsibility as an Institutional Shareholder

The Board has adopted the Manager's Principles of Ownership in relation to investments. These Principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. Fidelity International is a signatory to the UK Stewardship Code which sets out the responsibilities of institutional Shareholders and agents. Further details of the Manager's Principles of Ownership and voting may be found at www.fidelity.co.uk.

Relations with Shareholders

Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's broker who are in regular contact with the Company's major institutional investors to canvass shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Directors, are available to meet with shareholders to discuss strategy and governance. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. The Board aims to provide the maximum opportunity for dialogue between the Company and its shareholders. If any shareholder wishes to contact a member of the Board directly, they should either email the Company Secretary at investmenttrusts@fil.com or in writing at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, Senior Independent Director or the Board as a whole, as appropriate.

The Board encourages all shareholders to attend the Company's AGM on 8 May 2025, details of which can be found on page 5. Full details of the Notice of Meeting are on pages 77 to 80.

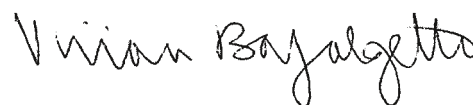
Voting Rights in the Company's Shares

Each person entitled to vote on a show of hands has one vote. On a poll, each shareholder who is present in person or by proxy or a representative has one vote for every ordinary share held. At general meetings, all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. The proxy voting results are disclosed on the Company's pages of the Manager's website www.fidelity.co.uk/europe after the AGM.

Articles of Association

Any changes to the Company's Articles of Association must be made by special resolution. A special resolution to alter the Company's Articles of Association is being proposed at this year's AGM on 8 May 2025. Further details of the proposed changes are on page 35.

On Behalf of the Board



Vivian Bazalgette

Chairman
19 March 2025

Directors' Remuneration Report

Chairman's Statement

The Directors' Remuneration Report for the year ended 31 December 2024 has been prepared in accordance with the Large & Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations"). As the Board is comprised entirely of non-executive Directors and has no chief executive and employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore not disclosed in this report.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the AGM on 8 May 2025.

The Company's Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 47 to 52.

Directors' Remuneration

The annual fee structure from 1 January 2025 is as follows:

Role	1 January 2025 £	1 January 2024 £
Chairman	50,000	48,000
Senior Independent Director	36,500	33,500
Chair of the Audit Committee	39,000	37,250
Director	32,500	31,000

Levels of remuneration are reviewed to ensure that they remain competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

The Remuneration Policy

The Company's Articles of Association limit the aggregate fees payable to each Director to £50,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role that individual Directors fulfil. Other than fees and reasonable out-of-pocket expenses incurred in attending to the affairs of the Company, the Directors are not eligible for any performance related pay or benefits, pension related benefits, share options, long-term incentive schemes, or other taxable benefits. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own fees. The Board reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by the Company's Manager and research from third parties and it includes information on the fees of other similar investment trusts.

As a FTSE 350 Company, and in accordance with provision 21 of the 2018 UK Corporate Governance Code, the Board is required to carry out an externally facilitated evaluation every third year of its performance and also includes input into the appropriate level of Directors' fees from an independent source.

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Company's Articles of Association. Copies of the Directors' letters of appointment are available at each of the Company's AGMs and can be obtained from the Company's registered office.

In common with most investment trusts there is no Chief Executive Officer and there are no employees.

The Company's remuneration policy will apply to new Board members, who will be paid the equivalent amount of fees as current Board members.

Voting on the Remuneration Policy

The Remuneration Policy (the "Policy"), as set out above, was approved at the AGM on 10 May 2023 with 99.52% of votes cast in favour, 0.26% of votes cast against and 0.22% of votes withheld. The Policy has been followed throughout the year ended 31 December 2024 and up to the date of this report. If the changes being proposed in the Company's Articles of Association are approved at the AGM on 8 May 2025, then the updated Policy will be put to shareholders at the AGM in May 2026 and the votes cast will be disclosed on the Company's website at www.fidelity.co.uk/europe.

Voting on the Directors' Remuneration Report

The Directors' Remuneration Report for the year ended 31 December 2023 was approved at the AGM held on 8 May 2024 with 99.66% of votes cast in favour, 0.21% of votes cast against and 0.13% of votes withheld.

The Directors' Remuneration Report for the year ended 31 December 2024 will be put to shareholders at the AGM on 8 May 2025, and the votes cast will be disclosed on the Company's pages of the Manager's website at www.fidelity.co.uk/europe.

Single Total Figure of Remuneration

The single total aggregate Directors' remuneration for the year ended 31 December 2024 was £185,917 (2023: £169,000). No taxable expenses were claimed by any Director in attending to the affairs of the Company. Information on individual Directors' fees is disclosed in the table on the next page.

Remuneration of Directors

	2025 Projected Fees (£)	2024 Fees (Audited) (£)	2024 Taxable Expenses (Audited) (£)	2024 Total (Audited) (£)	2023 Fees (Audited) (£)	2023 Taxable Expenses (Audited) (£)	2023 Total (Audited) (£)
Vivian Bazalgette ¹	17,535	48,000	–	48,000	44,500	–	44,500
Fleur Meijs	39,000	37,250	–	37,250	35,000	–	35,000
Milyae Park	32,500	31,000	–	31,000	29,000	–	29,000
Sir Ivan Rogers	32,500	31,000	–	31,000	29,000	–	29,000
Davina Walter ²	43,910	5,167	–	5,167	n/a	n/a	n/a
Paul Yates	36,500	33,500	–	33,500	31,500	–	31,500
Total	201,945	185,917	–	185,917	169,000	–	169,000

¹ Retiring on 8 May 2025.

² Appointed on 1 November 2024 as a non-executive Director and will take over as Chairman of the Board on 8 May 2025 at the conclusion of the AGM.

Five Year Change Comparison in Directors' Remuneration

The table below shows the change in Directors' fees over the last five years.

Director	2024	2019	Change (%)
Chairman	48,000	40,000	+20.0
Senior Independent Director	33,500	28,500	+17.5
Audit Committee Chair	37,250	30,000	+24.2
Director	31,000	26,000	+19.2

Expenditure on Directors' Remuneration and Distributions to Shareholders

The table below shows the total amount paid out in Directors' remuneration and distributions to shareholders. The projected Directors' remuneration for the year ending 31 December 2025 is disclosed in the table above.

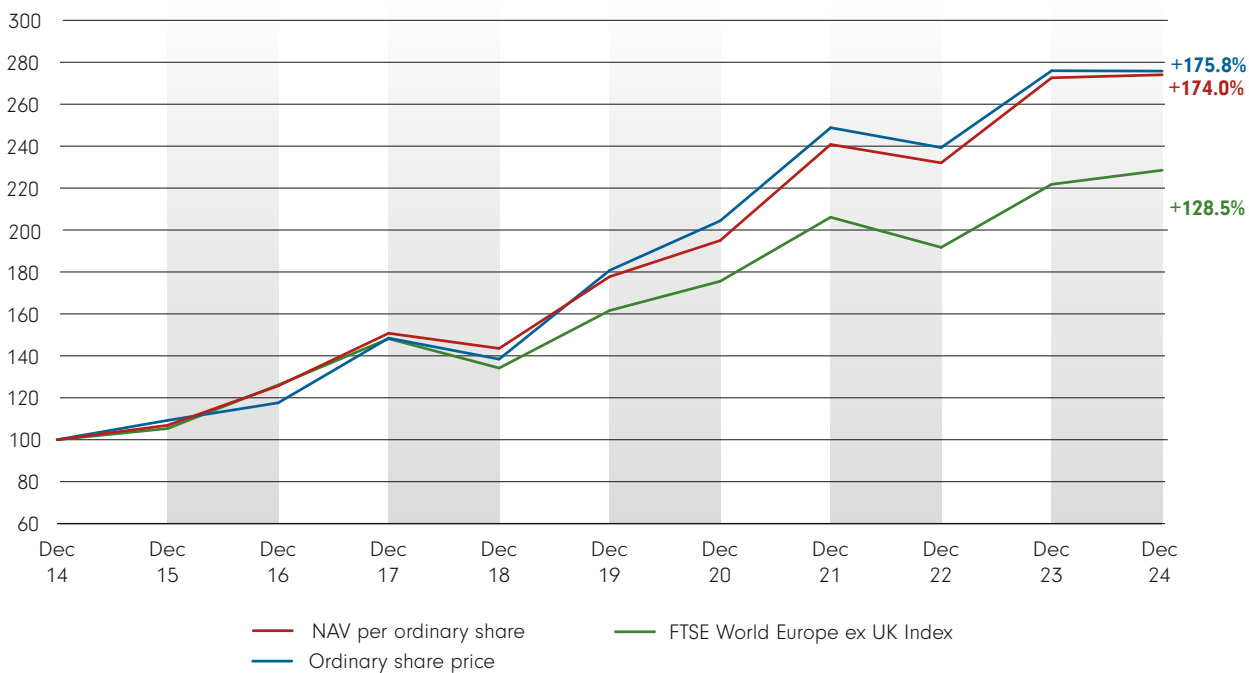
	31 December 2024 £	31 December 2023 £
Expenditure on Directors' Remuneration:		
Fees and taxable expenses	185,917	169,000
Distributions to Shareholders:		
Dividend payments	35,110,000	32,208,000

Directors' Remuneration Report continued

Performance

The Company's investment objective is to achieve long-term growth in both capital and income by predominantly investing in equities (and their related securities) of continental European companies. The graph below shows the performance of the Company's NAV, ordinary share price and the FTSE World Europe ex UK Index for ten years to 31 December 2024.

Total return performance for ten years to 31 December 2024



Directors' Interest in the Company's Ordinary Shares

Although there is no requirement for the Directors to hold shares in the Company, shareholdings by Directors is encouraged. The table below shows the interests of the Directors in the ordinary shares of the Company. All of the shareholdings are beneficial.

Directors' Shareholdings (Audited)

	31 December 2024	31 December 2023	Change during year
Vivian Bazalgette	30,000	30,000	-
Fleur Meijs	28,970	28,970	-
Milyae Park	10,000	10,000	-
Sir Ivan Rogers ¹	8,749	4,569	4,180
Davina Walter ²	55,000	n/a	n/a
Paul Yates	32,000	32,000	-

¹ Purchase of shares.

² Held by self and connected person at appointment on 1 November 2024.

All Directors' shareholdings remain unchanged as at the date of this report.

On Behalf of the Board

Vivian Bazalgette

Chairman

19 March 2025

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the Financial Statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the reporting period.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a fair and balanced manner that provides relevant, reliable, comparable and understandable information;
- State whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the Company and the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors’ Report, a Corporate Governance Statement and a Directors’ Remuneration Report which comply with that law and those regulations.

The Directors have delegated the responsibility for the maintenance and integrity of the corporate and financial information included on the Company’s pages of the Manager’s website at www.fidelity.co.uk/europe to the Manager. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their own jurisdictions.

The Directors confirm that to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s performance, business model and strategy.

The Statement of Directors’ Responsibilities was approved by the Board on 19 March 2025 and signed on its behalf by:

Vivian Bazalgette
Chairman

Report of the Audit Committee

I am pleased to present the formal report of the Audit Committee (the "Committee") to shareholders.

The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes (see page 38 for further details) and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 December 2024.

Composition of the Committee

The members of the Committee are myself as Chair and all of the other Directors, except for Vivian Bazalgette, which is in line with the recommendation in the 2018 UK Corporate Governance Code that a Chairman of a Board should not be a member of the Audit Committee. He is usually invited to attend the Committee meetings as a guest. All Committee members are independent non-executive Directors and collectively have sufficient recent and relevant financial experience to discharge their responsibilities fully.

The Committee's performance is evaluated annually as part of the overall Board evaluation process.

Role and Responsibilities of the Committee

The Committee's authority and duties are clearly defined in its terms of reference which are available on the Company's pages of the Manager's website at www.fidelity.co.uk/europe.

These duties include:

- Establishing with the Auditor the nature and scope of the audit, reviewing the Auditor's quality control procedures and reporting, the effectiveness of the audit process and the Auditor's independence and objectivity with particular regard to the provision of non-audit services;
- Responsibility for making recommendations on the appointment, reappointment and removal of the Auditor;
- Reviewing the effectiveness of the Company's risk management and internal control systems (including financial, operational and compliance controls) and considering the scope and obtaining sufficient assurance of the work undertaken by the Manager's Internal Audit function;
- Monitoring the integrity of the Company's half-yearly and annual financial statements to ensure that they are fair, balanced and understandable;
- Reviewing the existence and performance of controls operating in the Company, including review of internal controls reporting of its service providers; and
- Reviewing the relationship with and the performance of third party service providers (such as the Registrar, Custodian and Depositary).

Meetings and Business Considered by the Committee

Since the date of the last Annual Report (19 March 2024), the Committee has met three times and the Auditor attended the November 2024 and March 2025 meetings.

The following matters were reviewed at each Committee meeting:

- The Company's risk management and internal controls framework;
- The Company's compliance with its investment policy limits;
- The Depositary's oversight reporting;
- The Company's revenue and expenses forecasts and its Balance Sheet; and
- The Committee's Terms of Reference.

In addition, the following matters were also considered at the following meetings:

July 2024	<ul style="list-style-type: none"> The Half-Yearly Report and Financial Statements for the six months ended 30 June 2024 and recommendation of its approval to the Board. The Going Concern Statement. The interim dividend payment to be recommended to the Board for approval. Task Force on Climate-Related Financial Disclosures.
November 2024	<ul style="list-style-type: none"> The Auditor's audit plan for the Company's year ending 31 December 2024, including the proposed audit fee. Review of Fidelity's Internal Audit reporting, including review of the Internal Audit plan. Review of Fidelity's and third party service providers assurance reports on internal controls. Review of the Manager's detailed risk matrix and mitigating controls. An assessment of emerging risks and their likelihood and potential impact.
March 2025	<ul style="list-style-type: none"> The Auditor's findings from the audit of the Company. The Auditor's performance, independence and reappointment. Compliance with Corporate Governance and regulatory requirements. The Annual Report and Financial Statements and recommendation of its approval to the Board following review and conclusion by the Committee that they are fair, balanced and understandable. The Viability and Going Concern Statements, including an assessment on the ongoing impact from the war in Ukraine, the Middle East conflict, significant market and geopolitical events and regulatory changes, and also consideration of the upcoming continuation vote. The final dividend payment to be recommended to the Board and shareholders for approval.

The Board reviewed cybersecurity and potential threats and the controls in place to mitigate the risks at its strategy meeting held in February 2025.

Annual Report and Financial Statements

The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities can be found on page 43. The Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise in relation to these and any specific areas which require judgement.

Summarised below are the most significant issues considered by the Committee in respect of the Company's Financial Statements for the year ended 31 December 2024 and how these issues were addressed.

Recognition of investment income	<p>Investment income is recognised in accordance with Accounting Policy Note 2 (e) on pages 56 and 57. The Manager provided detailed revenue forecasts and the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee also considered the allocation of special dividends between revenue and capital and the reasons for the classification of these special dividends. The Committee reviewed the internal audit and the compliance monitoring reports received from the Manager, including an additional agreed upon procedures report in connection with Investment Trust specific controls operated by FIL Investment Services (UK) Limited, prepared by PricewaterhouseCoopers LLP to satisfy itself that adequate systems were in place for properly recording the Company's investment income. The Committee also reviewed the reports provided by the Auditor on its work on the recognition of investment income, including the allocation of special dividends.</p>
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Report of the Audit Committee continued

Valuation, existence and ownership of investments (including derivative investments)

The valuation of investments (including derivatives) is in accordance with Accounting Policy Notes 2 (k) and 2 (l) on pages 57 and 58. The Committee took comfort from the Depositary's regular oversight function that investment related activities were conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and an additional agreed upon procedures report in connection with Investment Trust specific controls operated by FIL Investment Services (UK) Limited, prepared by PricewaterhouseCoopers LLP which concluded that the controls around the valuation, existence and ownership of investments, including derivatives, operate effectively. The Committee also reviewed the reports provided by the Auditor on its work on the valuation, existence and ownership of the Company's investments, including the derivative investments.

The Company confirms that it has complied with the September 2014 Competition and Markets Authority Order in relation to the performance and appointment of the Auditor, as set out below.

Independence and Effectiveness of the Audit Process

Ernst & Young LLP acted as the Company's Auditor for the year ended 31 December 2024.

With regard to the independence of the Auditor, the Committee reviewed:

- The Auditor's arrangements for managing any conflicts of interest;
- The fact that no non-audit services were provided to the Company in the reporting year and up to the date of this report; and
- The statement by the Auditor that it remains independent within the meaning of the regulations and its professional standards.

With regard to the effectiveness of the audit process, the Committee reviewed:

- The fulfilment by the Auditor of the agreed audit plan, including the audit team and approach to significant risks;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 December 2024; and
- Feedback from the Manager on the audit of the Company.

The Committee concluded that the Auditor continues to remain independent and the audit process remains effective.

Auditor's Appointment

Ernst & Young LLP was appointed as the Company's Auditor on 12 May 2016 following a formal audit tender process in 2015. The Committee has reviewed the Auditor's independence and the effectiveness of the audit process prior to recommending its reappointment for a further year. The Auditor is required to rotate audit partners every five years and this is the second year that the current Audit Partner, Sarah Langston, has been in place. The Committee will continue to review the Auditor's appointment each year to ensure that the Company continues to receive an optimal level of service. There are no contractual obligations that restricts the Company's choice of auditor.

Audit Tender

The Company is required to conduct an audit tender process every ten years and an audit tender will be completed in 2025. This process will be led by the Audit Committee who will complete an assessment of external auditors' proposals. Following this assessment, a recommendation will be made to the Board regarding whether a change of auditor should be made.

Audit Fees

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 60. The audit fee for the reporting year was £49,900 (2023: £48,500).

Fleur Meijis

Chair of the Audit Committee
19 March 2025

Independent Auditor’s Report to the Members of Fidelity European Trust PLC

Opinion

We have audited the Financial Statements of Fidelity European Trust PLC (“the Company”) for the year ended 31 December 2024 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related Notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“United Kingdom Generally Accepted Accounting Practice”).

In our opinion, the Financial Statements:

- give a true and fair view of the Company’s affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company’s going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment;
- Inspecting the Directors’ assessment of going concern, including the revenue and expense forecast, for the period to 31 March 2026 which is at least 12 months from the date of approval of these Financial Statements. In preparing the revenue and expense forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;

- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue and expense forecast and the liquidity assessment of the investments and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised are appropriate to be able to make an assessment for the Company;
- Consideration of the mitigating factors included in the revenue and expense forecast that are within the control of the Company. We reviewed the Company’s assessment of the liquidity of investments held and evaluated the Company’s ability to sell those investments in order to cover working capital requirements should revenue decline significantly;
- Assessing the impact of the continuation vote at the 2025 Annual General Meeting on the going concern basis of preparation by considering the current and historical performance of the Company, obtaining the Broker’s representation on certain shareholders about their current intentions in relation to the continuation vote and assessing the Directors’ own analysis of the impact the continuation vote may have on going concern; and
- Reviewing the Company’s going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period to 31 March 2026 which is at least twelve months from the date of approval of the Financial Statements.

In relation to the Company’s reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors’ statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern.

Independent Auditor’s Report to the Members of Fidelity European Trust PLC continued

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income StatementRisk of incorrect valuation or ownership of the investment portfolio, including derivatives
Materiality	<ul style="list-style-type: none">Overall materiality of £15.63m which represents 1% of net asset value of the Company at 31 December 2024.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the impact of climate change could affect the Company’s investments and their valuations and potentially shareholder returns. These are explained on page 23 in the principal and emerging risks section, which form part of the “Other information,” rather than the audited Financial Statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information”.

Our audit effort in considering the impact of climate change on the Financial Statements was focused on the adequacy of the Company’s disclosures in the Financial Statements as set out in Note 2(a) and the conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date and therefore reflect the market participants view of climate change risk on the investments held by the Company. We also challenged the Directors’ considerations of climate change in their assessment of viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement</p> <p><i>Refer to the Audit Committee Report (page 45); Accounting Policies (pages 56 and 57); and Note 3 of the Financial Statements (page 59).</i></p> <p>The Company has reported revenue of £53.67m (2023: £47.22m).</p> <p>During the year, the Company received special dividends amounting to £1.95m, of which £1.27m were classified as capital (2023: £0.71m, all of which were classified as capital).</p> <p>There is a risk of incomplete or inaccurate recognition of revenue through failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>In addition to the above, the Directors are required to exercise judgement in determining whether income received in the form of special dividends should be classified as ‘revenue’ or ‘capital’ in the Income Statement.</p>	<p>We performed the following procedures:</p> <p>We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing our walkthrough procedures to evaluate the design and implementation of controls;</p> <p>For all dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed amounts to bank statements;</p> <p>For all dividends accrued, we assessed whether the dividend obligations arose prior to 31 December 2024 with reference to an external source; we also agreed subsequent cash receipts to post year-end bank statements where applicable;</p> <p>To test completeness of recorded income, we tested that all expected dividends for each investee company had been recorded as income with reference to an external source; and</p> <p>For all dividend income during the year, we reviewed the type of dividends paid with reference to an external source to identify those which were special dividends. For two special dividends, we assessed the appropriateness of the Company’s classification as capital or revenue by reviewing the rationale for the underlying distribution.</p>	<p>The results of our procedures identified no material misstatements in relation to the risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.</p>

Independent Auditor's Report to the Members of Fidelity European Trust PLC continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Risk of incorrect valuation or ownership of the investment portfolio, including derivatives</p> <p><i>Refer to the Report of the Audit Committee (page 46); Accounting Policies (pages 57 and 58); and Notes 10 and 11 of the Financial Statements (pages 63 and 64).</i></p> <p>The valuation of the listed investment portfolio at 31 December 2024 was £1,487.77m (2023: £1,518.88m). The Company also has net derivative liabilities amounting to £5.80m (2023: £2.64m).</p> <p>The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.</p> <p>The fair value of the listed investments and derivatives is determined using quoted market prices at close of business on the reporting date.</p>	<p>We performed the following procedures:</p> <p>We obtained an understanding of the processes and controls surrounding investment pricing and legal title by performing our walkthrough procedures;</p> <p>For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor. For all derivatives, we compared the market prices of the underlying instrument to an independent pricing vendor and agreed cost price to the Brokers' confirmations. We recalculated the investment and derivative valuations as at the year end;</p> <p>We inspected the stale pricing report to identify prices that have not changed and noted none; and</p> <p>We compared the Company's investment holdings as at 31 December 2024 to independent confirmations received directly from the Company's Custodian and Depositary. We agreed all open year-end derivative positions to confirmations received independently from the Company's Brokers.</p>	<p>The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio, including derivatives.</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £15.63m (2023: £15.87m), which is 1% (2023: 1%) of Company's net asset value. We believe that the net asset value provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £11.72m (2023: £11.91m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £2.35m (2023: £2.06m) being 5% (2023: 5%) of revenue profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.78m (2023: £0.79m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 32;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 27 and 28;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 32;
- Directors' statement on fair, balanced and understandable set out on page 43;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 23;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 38; and
- The section describing the work of the Audit Committee set out on page 44.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 43, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

Independent Auditor's Report to the Members of Fidelity European Trust PLC continued

concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance, the Association of Investment Companies Statement of Recommended Practice, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the key risks impacting the Financial Statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 12 May 2016 to audit the Financial Statements for the year ending 31 December 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 9 years, covering the years ending 31 December 2016 to 31 December 2024.

- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Langston

Senior Statutory Auditor
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
19 March 2025

Income Statement

for the year ended 31 December 2024

	Notes	Year ended 31 December 2024			Year ended 31 December 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	-	(47,301)	(47,301)	-	165,905	165,905
Gains on derivative instruments	11	-	35,423	35,423	-	50,441	50,441
Income	3	53,670	-	53,670	47,221	-	47,221
Investment management fees	4	(2,878)	(8,634)	(11,512)	(2,625)	(7,877)	(10,502)
Other expenses	5	(1,063)	-	(1,063)	(967)	-	(967)
Foreign exchange losses		-	(2,956)	(2,956)	-	(1,464)	(1,464)
Net return/(loss) on ordinary activities before finance costs and taxation		49,729	(23,468)	26,261	43,629	207,005	250,634
Finance costs	6	(2,770)	(8,309)	(11,079)	(2,138)	(6,414)	(8,552)
Net return/(loss) on ordinary activities before taxation		46,959	(31,777)	15,182	41,491	200,591	242,082
Taxation on return/(loss) on ordinary activities	7	(4,422)	-	(4,422)	(3,390)	-	(3,390)
Net return/(loss) on ordinary activities after taxation for the year		42,537	(31,777)	10,760	38,101	200,591	238,692
Return/(loss) per ordinary share	8	10.41p	(7.78p)	2.63p	9.32p	49.08p	58.40p

The Company does not have any other comprehensive income. Accordingly, the net return/(loss) on ordinary activities after taxation for the year is also the total comprehensive income for the year 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 year and all items in the above statement derive from continuing operations.

Statement of Changes in Equity

for the year ended 31 December 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
Total shareholders' funds at 31 December 2023		10,411	58,615	5,414	1,472,587	40,452	1,587,479
Net (loss)/return on ordinary activities after taxation for the year		-	-	-	(31,777)	42,537	10,760
Dividends paid to shareholders	9	-	-	-	-	(35,110)	(35,110)
Total shareholders' funds at 31 December 2024		10,411	58,615	5,414	1,440,810	47,879	1,563,129

Total shareholders' funds at 31 December 2022		10,411	58,615	5,414	1,271,996	34,559	1,380,995
Net return on ordinary activities after taxation for the year		-	-	-	200,591	38,101	238,692
Dividends paid to shareholders	9	-	-	-	-	(32,208)	(32,208)
Total shareholders' funds at 31 December 2023		10,411	58,615	5,414	1,472,587	40,452	1,587,479

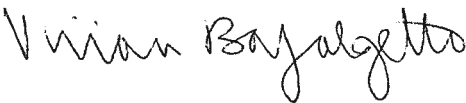
Balance Sheet

as at 31 December 2024

Company number 2638812

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	10	1,487,772	1,518,875
Current assets			
Derivative instruments	11	–	886
Debtors	12	9,506	11,449
Amounts held at futures clearing houses and brokers		10,078	8,384
Cash and cash equivalents		63,042	52,804
		82,626	73,523
Current liabilities			
Derivative instruments	11	(5,796)	(3,521)
Other creditors	13	(1,473)	(1,398)
		(7,269)	(4,919)
Net current assets		75,357	68,604
Net assets		1,563,129	1,587,479
Capital and reserves			
Share capital	14	10,411	10,411
Share premium account	15	58,615	58,615
Capital redemption reserve	15	5,414	5,414
Capital reserve	15	1,440,810	1,472,587
Revenue reserve	15	47,879	40,452
Total shareholders' funds		1,563,129	1,587,479
Net asset value per ordinary share	16	382.44p	388.39p

The Financial Statements on pages 53 to 73 were approved by the Board of Directors on 19 March 2025 and were signed on its behalf by:



Vivian Bazalgette
Chairman

Notes to the Financial Statements

1 Principal Activity

Fidelity European Trust PLC is an Investment Company incorporated in England and Wales that is listed 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 Accounting Policies

The Company has prepared its Financial Statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council ("FRC"). The Financial Statements have also been 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 July 2022. The Company is exempt from presenting a Cash Flow Statement as a Statement of Changes in Equity is presented and substantially all of the Company's investments are highly liquid and are carried at market value.

(a) Basis of accounting

The Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of investments and derivative instruments. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 31 March 2026 which is at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, reviewed the liquidity of the investment portfolio and considered the Company's ability to meet liabilities as they fall due. This conclusion also takes into account the Director's assessment of the risks faced by the Company and their consideration of the upcoming continuation vote at the AGM on 8 May 2025, as detailed in the Going Concern Statement on page 32. The Directors recommend that shareholders vote in favour of the continuation of the Company.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as an emerging and a principal risk as set out on page 23, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date and therefore reflect the market participants view of climate change risk on the investments held by the Company.

The Company's Going Concern Statement in the Directors' Report on page 32 takes account of all events and conditions up to 31 March 2026 which is at least twelve months from the date of approval of these Financial Statements.

b) Significant accounting estimates and judgements

The Directors make judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events, and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The Company's Financial Statements contain no key sources of estimation or uncertainty.

c) Segmental reporting

The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

d) Presentation of the Income Statement

In order to better reflect the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement. The net revenue return/(loss) after taxation for the year is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

e) Income

Income from equity investments is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. Overseas dividends are accounted for gross of any tax deducted at source. Amounts are credited to the revenue column of the Income Statement. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised in the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital column of the Income Statement. Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case.

Derivative instrument income received from dividends on long contracts for difference ("CFDs") is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. The amount net of tax is credited to the revenue column of the Income Statement.

2 Accounting Policies continued

Interest received on CFDs, bank deposits, collateral and money market funds is accounted for on an accruals basis and credited to the revenue column of the Income Statement. Interest received on CFDs represent the finance costs calculated by reference to the notional value of the CFDs.

f) Investment management fees and other expenses

Investment management fees and other expenses are accounted for on an accruals basis and are charged as follows:

- The investment management fee is allocated 25% to revenue and 75% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's portfolio of investments; and
- All other expenses are allocated in full to revenue with the exception of those directly attributable to share issues or other capital events.

g) Functional currency and foreign exchange

The functional and reporting currency of the Company is UK sterling, which is the currency of the primary economic environment in which the Company operates. Transactions denominated in foreign currencies are reported in UK sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Foreign exchange gains and losses arising on translation are recognised in the Income Statement as a revenue or a capital item depending on the nature of the underlying item to which they relate.

h) Finance costs

Finance costs comprises interest paid on collateral and bank deposits and finance costs paid on CFDs, which are accounted for on an accruals basis. Finance costs are allocated 25% to revenue and 75% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's portfolio of investments.

i) Taxation

The taxation charge represents the sum of current taxation and deferred taxation.

Current taxation is taxation suffered at source on overseas income less amounts recoverable under taxation treaties. Taxation is charged or credited to the revenue column of the Income Statement, except where it relates to items of a capital nature, in which case it is charged or credited to the capital column of the Income Statement. Where expenses are allocated between revenue and capital any tax relief in respect of the expenses is allocated between revenue and capital returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period. The Company is an approved Investment Trust under Section 1158 of the Corporation Tax Act 2010 and is not liable for UK taxation on capital gains.

Deferred taxation is the taxation expected to be payable or recoverable on timing differences between the treatment of certain items for accounting purposes and their treatment for the purposes of computing taxable profits. Deferred taxation is based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable. Deferred tax assets are only recognised if it is considered more likely than not that there will be sufficient future taxable profits to utilise them.

j) Dividend paid

Dividends payable to equity shareholders are recognised when the Company's obligation to make payment is established.

k) Investments

The Company's business is investing in financial instruments with a view to profiting from their total return in the form of income and capital growth. This portfolio of investments is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided on that basis to the Company's Board of Directors. Investments are measured at fair value with changes in fair value recognised in profit or loss, in accordance with the provisions of both Section 11 and Section 12 of FRS 102. The fair value of investments is initially taken to be their cost and is subsequently measured as follows:

- Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed.

In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments, within (losses)/gains on investments in the capital column of the Income Statement and has disclosed these costs in Note 10 on page 63.

Notes to the Financial Statements continued

2 Accounting Policies continued

l) Derivative instruments

When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include long and short CFDs and futures. Derivatives are classified as other financial instruments and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- Long and short CFDs – the difference between the strike price and the value of the underlying shares in the contract; and
- Futures – the difference between the contract price and the quoted trade price.

Where transactions are used to protect or enhance income, if the circumstances support this, the income and expenses derived are included in net income in the revenue column of the Income Statement. Where such transactions are used to protect or enhance capital, if the circumstances support this, the income and expenses derived are included in gains/(losses) on derivative instruments in the capital column of the Income Statement. Any positions on such transactions open at the year end are reflected on the Balance Sheet at their fair value within current assets or current liabilities.

m) Debtors

Debtors include accrued income, taxation recoverable and other debtors and prepayments incurred in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets. If not, they are presented as non-current assets. They are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

n) Amounts held at futures clearing houses and brokers

These are amounts held in segregated accounts on behalf of brokers as collateral against open derivative contracts. These are carried at amortised cost.

o) Cash and cash equivalents

Cash and cash equivalents may comprise cash at bank and money market funds which are short-term, highly liquid and are readily convertible to a known amount of cash. These are subject to an insignificant risk of changes in value.

p) Other creditors

Other creditors include investment management fees and other creditors and expenses accrued in the ordinary course of business. If payment is due within one year or less (or in the normal operating cycle of the business, if longer) they are classified as current liabilities. If not, they are presented as non-current liabilities. They are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

q) Capital reserve

The following are accounted for in the capital reserve:

- Gains and losses on the disposal of investments and derivative instruments;
- Changes in the fair value of investments and derivative instruments held at the year end;
- Foreign exchange gains and losses of a capital nature;
- 75% of investment management fees and finance costs;
- Dividends receivable which are capital in nature; and
- Cost of repurchasing shares.

Technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/17BL, guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 2006, states that changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Balance Sheet. At the Balance Sheet date, the portfolio of the Company consisted of investments listed on a recognised stock exchange and derivative instruments contracted with counterparties having an adequate credit rating, and the portfolio was considered to be readily convertible to cash.

3 Income

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Investment income		
Overseas dividends	42,870	37,484
Overseas scrip dividends	-	957
UK dividends	1,654	1,679
	44,524	40,120
Derivative income		
Income recognised from futures contracts	2,468	2,392
Dividends received on long CFDs	3,972	3,570
Interest received on CFDs	329	333
	6,769	6,295
Investment and derivative income	51,293	46,415
Other income		
Interest received on collateral, bank deposits and money market funds	2,323	798
Interest received on tax reclaims	54	8
	2,377	806
Total income	53,670	47,221

Special dividends of £1,271,000 (2023: £710,000) have been recognised in capital.

4 Investment Management Fees

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	2,878	8,634	11,512	2,625	7,877	10,502

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.

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. 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

5 Other Expenses

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
AIC fees	24	21
Custody fees	90	81
Depository fees	63	54
Directors' fees ¹	186	169
Legal and professional fees	120	94
Marketing expenses	221	260
Printing and publication expenses	191	127
Registrars' fees	91	86
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	50	48
Other expenses	27	27
	1,063	967

¹ Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 41.

6 Finance Costs

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest paid on collateral and bank deposits	15	43	58	-	-	-
Interest paid on CFDs	2,122	6,367	8,489	1,601	4,803	6,404
Costs recognised from futures contracts	633	1,899	2,532	537	1,611	2,148
	2,770	8,309	11,079	2,138	6,414	8,552

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

7 Taxation on Return/(Loss) on Ordinary Activities

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
a) Analysis of the taxation charge for the year						
Overseas taxation	4,422	–	4,422	3,390	–	3,390
Taxation charge for the year (see Note 7b)	4,422	–	4,422	3,390	–	3,390

b) Factors affecting the taxation charge for the year

The taxation charge for the year is lower than the standard rate of UK corporation tax for an investment trust company of 25.00% (2023: 25.00%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	46,959	(31,777)	15,182	41,491	200,591	242,082
Net return/(loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25.00% (2023: blended rate of 23.52%)	11,740	(7,944)	3,796	9,758	47,179	56,937
Effects of:						
Capital losses/(gains) not taxable ¹	–	3,709	3,709	–	(50,540)	(50,540)
Income not taxable	(11,131)	–	(11,131)	(9,436)	–	(9,436)
Expenses not deductible	–	2,077	2,077	–	1,509	1,509
Excess management expenses	(609)	2,158	1,549	(322)	1,852	1,530
Overseas taxation	4,422	–	4,422	3,390	–	3,390
Total taxation charge for the year (see Note 7a)	4,422	–	4,422	3,390	–	3,390

¹ The Company is exempt from UK taxation on capital gains as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1159 of the Corporation Tax Act 2010.

c) Deferred taxation

A deferred tax asset of £18,676,000 (2023: £17,127,000), in respect of excess expenses of £69,202,000 (2023: £63,004,000) and excess loan interest of £5,505,000 (2023: £5,505,000), has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

The UK corporation tax rate increased from 19.00% to 25.00% from 1 April 2023. The rate of 25.00% has been applied to calculate the unrecognised deferred tax asset for the current year (2023: 25.00%).

Notes to the Financial Statements continued

8 Return/(Loss) per Ordinary Share

	Year ended 31.12.24	Year ended 31.12.23
Revenue return per ordinary share	10.41p	9.32p
Capital (loss)/return per ordinary share	(7.78p)	49.08p
Total return per ordinary share	2.63p	58.40p

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

	£'000	£'000
Net revenue return on ordinary activities after taxation	42,537	38,101
Net capital (loss)/return on ordinary activities after taxation	(31,777)	200,591
Total return on ordinary activities after taxation	10,760	238,692

	Number	Number
Weighted average number of ordinary shares held outside of Treasury	408,730,523	408,730,523

9 Dividends Paid to Shareholders

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Dividends paid		
Interim dividend of 3.60 pence per ordinary share paid for the year ended 31 December 2024	14,714	-
Final dividend of 4.99 pence per ordinary share paid for the year ended 31 December 2023	20,396	-
Interim dividend of 3.26 pence per ordinary share paid for the year ended 31 December 2023	-	13,325
Final dividend of 4.62 pence per ordinary share paid for the year ended 31 December 2022	-	18,883
	35,110	32,208
Dividends proposed		
Final dividend of 5.50 pence per ordinary share proposed for the year ended 31 December 2024	22,480	-
Final dividend of 4.99 pence per ordinary share proposed for the year ended 31 December 2023	-	20,396
Total dividend proposed	22,480	20,396

The Directors have proposed the payment of a final dividend for the year ended 31 December 2024 of 5.50 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 8 May 2025 and has not been included as a liability in these Financial Statements. The dividend will be paid on 13 May 2025 to shareholders on the register at the close of business on 28 March 2025 (ex-dividend date 27 March 2025).

10 Investments

	2024 £'000	2023 £'000
Investments held at fair value	1,487,772	1,518,875
Opening book cost	943,460	872,694
Opening investment holding gains	575,415	452,695
Opening fair value	1,518,875	1,325,389
Movements in the year		
Purchases at cost	185,382	275,931
Sales – proceeds	(169,184)	(248,350)
(Losses)/gains on investments	(47,301)	165,905
Closing fair value	1,487,772	1,518,875
Closing book cost	1,005,206	943,460
Closing investment holding gains	482,566	575,415
Closing fair value	1,487,772	1,518,875

The Company received £169,184,000 (2023: £248,350,000) from investments sold in the year. The book cost of these investments when they were purchased was £123,636,000 (2023: £205,165,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Investment transaction costs

Transaction costs incurred in the acquisition and disposal of investments, which are included in the (losses)/gains on investments above, were as follows:

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Purchases transaction costs	488	286
Sales transaction costs	70	121
	558	407

Notes to the Financial Statements continued

11 Derivative Instruments

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Gains/(losses) on derivative instruments		
Gains on long CFD positions closed	41,187	32,223
(Losses)/gains on short CFD positions closed	(8,418)	2,257
Gains on futures contracts closed	5,815	9,484
Movement in investment holding (losses)/gains on long CFDs	(2,246)	4,229
Movement in investment holding (losses)/gains on short CFDs	(142)	142
Movement in investment holding (losses)/gains on futures	(773)	2,106
	35,423	50,441

	2024 Fair value £'000	2023 Fair value £'000
Derivative instruments recognised on the Balance Sheet		
Derivative instrument assets	–	886
Derivative instrument liabilities	(5,796)	(3,521)
	(5,796)	(2,635)

	Fair value £'000	2024 Asset exposure £'000	Fair value £'000	2023 Asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	(4,675)	196,659	(2,429)	199,945
Short CFDs	–	–	142	12,736
Long futures	(1,121)	54,743	(348)	64,492
	(5,796)	251,402	(2,635)	277,173

12 Debtors

	2024 £'000	2023 £'000
Accrued income	618	933
Taxation recoverable	8,807	10,393
Other debtors and prepayments	81	123
	9,506	11,449

13 Other Creditors

	2024 £'000	2023 £'000
Creditors and accruals	1,473	1,398

14 Share Capital

	2024		2023	
	Number of shares	Nominal value £'000	Number of shares	Nominal value £'000
Issued, allotted and fully paid				
Ordinary shares of 2.5 pence each held outside of Treasury				
Beginning of the year	408,730,523	10,218	408,730,523	10,218
Ordinary shares repurchased into Treasury	-	-	-	-
End of the year	408,730,523	10,218	408,730,523	10,218
Ordinary shares of 2.5 pence each held in Treasury¹				
Beginning of the year	7,717,387	193	7,717,387	193
Ordinary shares repurchased into Treasury	-	-	-	-
End of the year	7,717,387	193	7,717,387	193
Total share capital		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.

No ordinary shares were repurchased into Treasury during the year (2023: nil).

Notes to the Financial Statements continued

15 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 1 January 2024	10,411	58,615	5,414	1,472,587	40,452	1,587,479
Losses on investments (see Note 10)	-	-	-	(47,301)	-	(47,301)
Gains on derivative instruments (see Note 11)	-	-	-	35,423	-	35,423
Foreign exchange losses	-	-	-	(2,956)	-	(2,956)
Investment management fees (see Note 4)	-	-	-	(8,634)	-	(8,634)
Finance costs (see Note 6)	-	-	-	(8,309)	-	(8,309)
Revenue return on ordinary activities after taxation for the year	-	-	-	-	42,537	42,537
Dividends paid to shareholders (see Note 9)	-	-	-	-	(35,110)	(35,110)
At 31 December 2024	10,411	58,615	5,414	1,440,810	47,879	1,563,129
At 1 January 2023	10,411	58,615	5,414	1,271,996	34,559	1,380,995
Gains on investments (see Note 10)	-	-	-	165,905	-	165,905
Gains on derivative instruments (see Note 11)	-	-	-	50,441	-	50,441
Foreign exchange losses	-	-	-	(1,464)	-	(1,464)
Investment management fees (see Note 4)	-	-	-	(7,877)	-	(7,877)
Finance costs (see Note 6)	-	-	-	(6,414)	-	(6,414)
Revenue return on ordinary activities after taxation for the year	-	-	-	-	38,101	38,101
Dividends paid to shareholders (see Note 9)	-	-	-	-	(32,208)	(32,208)
At 31 December 2023	10,411	58,615	5,414	1,472,587	40,452	1,587,479

The capital reserve balance at 31 December 2024 includes investment holding gains of £482,566,000 (2023: gains of £575,415,000) as detailed in Note 10. See Note 2 (q) for further details. The revenue and capital reserves are distributable by way of dividends.

16 Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share is based on the total shareholders' funds divided by the number of ordinary shares held outside of Treasury.

	2024	2023
Total shareholders' funds	£1,563,129,000	£1,587,479,000
Ordinary shares held outside of Treasury at year end	408,730,523	408,730,523
Net asset value per ordinary share	382.44p	388.39p

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.

17 Financial Instruments

Management of risk

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Principal risks identified are: geopolitical, economic and market; investment performance (including the use of gearing and derivatives); legislation, taxation and regulatory; marketplace threats and competition; cybercrime and information security; business continuity; key person and operational support; discount control; and environmental, social and governance ("ESG"). Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. These risks and how they are identified, evaluated and managed are shown in the Strategic Report on pages 23 to 27.

This note refers to the identification, measurement and management of risks potentially affecting the value of financial instruments. The Company's financial instruments may comprise:

- Equity shares held in accordance with the Company's investment objective and policies;
- Derivative instruments which comprise CFDs and futures on equity indices; and
- Cash, liquid resources and short-term debtors and creditors that arise from its operations.

The risks identified arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk, credit risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies are consistent with those followed last year.

Market price risk

Interest rate risk

The Company finances its operations through its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The level of gearing is reviewed by the Board and the Lead Portfolio Manager. The Company is exposed to a financial risk arising as a result of any increases in interest rates associated with the funding of the derivative instruments.

Interest rate risk exposure

The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	2024 £'000	2023 £'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	201,334	202,374
Exposure to financial instruments that earn interest		
Short CFDs – exposure plus fair value	–	12,878
Amounts held at futures clearing houses and brokers	10,078	8,384
Cash and cash equivalents	63,042	52,804
	73,120	74,066
Net exposure to financial instruments that bear interest	128,214	128,308

Notes to the Financial Statements continued

17 Financial Instruments continued

Foreign currency risk

The Company's net return/(loss) on ordinary activities after taxation for the year and its net assets can be affected by foreign exchange rate movements because the Company has income, assets and liabilities which are denominated in currencies other than the Company's functional currency which is UK sterling. The Company can also be subject to short-term exposure from exchange rate movements, for example, between the date when an investment is purchased or sold and the date when settlement of the transaction occurs.

Three principal areas have been identified where foreign currency risk could impact the Company:

- Movements in exchange rates affecting the value of investments and derivative instruments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting income received.

Currency exposure of financial assets

The currency exposure profile of the Company's financial assets is shown below:

Currency	2024				
	Investments held at fair value £'000	Long exposure to derivative instruments £'000	Debtors ¹ £'000	Cash and cash equivalents ² £'000	Total £'000
Euro	917,732	213,759	4,309	63,042	1,198,842
Swiss franc	295,505	–	3,752	–	299,257
Danish krone	85,263	–	341	–	85,604
Swedish krona	92,286	–	–	–	92,286
US dollar	–	37,643	–	–	37,643
Norwegian krone	25,629	–	–	–	25,629
UK sterling	71,357	–	11,182	–	82,539
	1,487,772	251,402	19,584	63,042	1,821,800

¹ Debtors include amounts held at futures clearing houses and brokers.

² Cash and cash equivalent are made up of £3,460,000 cash at bank and £59,582,000 held in Fidelity Institutional Liquidity Fund.

Currency	2023				
	Investments held at fair value £'000	Long exposure to derivative instruments £'000	Debtors ¹ £'000	Cash and cash equivalents ² £'000	Total £'000
Euro	877,629	228,019	6,389	52,691	1,164,728
Swiss franc	357,739	–	3,947	–	361,686
Danish krone	96,102	–	465	–	96,567
Swedish krona	93,135	–	–	–	93,135
US dollar	–	36,418	–	113	36,531
Norwegian krone	25,052	–	–	–	25,052
UK sterling	69,218	–	9,032	–	78,250
	1,518,875	264,437	19,833	52,804	1,855,949

¹ Debtors include amounts held at futures clearing houses and brokers.

² Cash and cash equivalent are made up of £3,900,000 cash at bank and £48,904,000 held in Fidelity Institutional Liquidity Fund.

17 Financial Instruments continued

Currency exposure of financial liabilities

The currency profile of the Company’s financial liabilities is shown below:

Currency	Short exposure to derivative instruments £'000	Other creditors £'000	2024 Total £'000
Euro	–	200	200
US dollar	–	78	78
UK sterling	–	1,195	1,195
	–	1,473	1,473

Currency	Short exposure to derivative instruments £'000	Other creditors £'000	2023 Total £'000
Euro	12,736	245	12,981
US dollar	–	48	48
UK sterling	–	1,105	1,105
	12,736	1,398	14,134

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company’s business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective. The Portfolio Managers are responsible for actively monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seek to ensure that individual stocks also meet an acceptable risk/reward profile.

Liquidity risk

Due to the closed-ended nature of the Company, the liquidity risk is limited. Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company’s assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

Liquidity risk exposure

At 31 December 2024, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £5,796,000 (2023: £3,521,000) and creditors of £1,473,000 (2023: £1,398,000).

Counterparty risk

Certain derivative instruments in which the Company invests are not traded on an exchange but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps and Derivatives Association’s (“ISDA”) market standard derivative legal documentation. These are known as Over The Counter (“OTC”) trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Manager employs, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and by evaluating derivative instrument credit risk exposure.

Notes to the Financial Statements continued

17 Financial Instruments continued

	31 December 2024		31 December 2023	
	Collateral received £'000	Collateral pledged £'000	Collateral received £'000	Collateral pledged £'000
Goldman Sachs International Ltd	-	-	-	810
J.P. Morgan Securities plc	-	5,025	-	2,460
UBS AG	50	5,053	60	5,114
	50	10,078	60	8,384

Credit risk

Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Manager and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Manager. Exposure to credit risk arises on unsettled security transactions and derivative instrument contracts and cash at bank.

Derivative instrument risk

The risks and risk management processes which result from the use of derivative instruments, are set out in a documented Risk Management Process Document. Derivative instruments are used by the Manager for the following purposes:

- to gain unfunded long exposure to equity markets, sectors or single stocks. Unfunded exposure is exposure gained without an initial flow of capital; and
- to position short exposures in the Company's portfolio. These uncovered exposures benefit from falls in the prices of shares which the Portfolio Managers believe to be overvalued. These positions, therefore, distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at 31 December 2024, an increase of 1.00% in interest rates throughout the year, with all other variables held constant, would have decreased the net return on ordinary activities after taxation for the year and decreased the net assets of the Company by £1,282,000 (2023: decreased the net return and decreased the net assets by £1,283,000). A decrease of 1.00% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

Based on the financial instruments held and currency exchange rates at the Balance Sheet date, a 10% strengthening of the UK sterling exchange rate against foreign currencies, with all other variables held constant, would have decreased the Company's net return on ordinary activities after taxation for the year and decreased the Company's net assets (2023: decreased the net return and decreased the net assets) by the following amounts:

Currency	2024 £'000	2023 £'000
Euro	108,967	104,704
Swiss franc	27,205	32,881
Swedish krona	8,390	8,467
Danish krone	7,782	8,779
US dollar	3,415	3,317
Norwegian krone	2,330	2,277
	158,089	160,425

17 Financial Instruments continued

Based on the financial instruments held and currency exchange rates at the Balance Sheet date, a 10% weakening of the UK sterling exchange rate against foreign currencies, with all other variables held constant, would have increased the Company’s net return on ordinary activities after taxation for the year and increased the Company’s net assets (2023: increased the net return and increased the net assets) by the following amounts:

Currency	2024 £'000	2023 £'000
Euro	133,182	127,972
Swiss franc	33,251	40,187
Swedish krona	10,254	10,348
Danish krone	9,512	10,730
US dollar	4,174	4,054
Norwegian krone	2,848	2,784
	193,221	196,075

Other price risk – exposure to investments sensitivity analysis

Based on the investments held and share prices at 31 December 2024, an increase of 10% in share prices, with all other variables held constant, would have increased the Company’s net return on ordinary activities after taxation for the year and increased the net assets of the Company by £148,777,000 (2023: increased the net return and increased the net assets by £151,888,000). A decrease of 10% in share prices would have had an equal and opposite effect.

Other price risk – net exposure to derivative instruments sensitivity analysis

Based on the derivative instruments held and share prices at 31 December 2024, an increase of 10% in the share prices underlying the derivative instruments, with all other variables held constant, would have increased the Company’s net return on ordinary activities after taxation for the year and increased the net assets of the Company by £25,140,000 (2023: increased the net return and increased the net assets by £25,170,000). A decrease of 10% in share prices of the investments underlying the derivative instruments would have had an equal and opposite effect.

Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated in the Balance Sheet at values which are not materially different to their fair values. As explained in Notes 2 (k) and (l), investments and derivative instruments are shown at fair value. In the case of cash and cash equivalents, book value approximates to fair value due to the short maturity of the instruments.

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

Notes to the Financial Statements continued

17 Financial Instruments 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 valuation techniques used by the Company are explained in Notes 2 (k) and (l). The table below sets out the Company's fair value hierarchy.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2024 Total £'000
Financial assets at fair value through profit or loss				
Investments	1,487,772	–	–	1,487,772
Derivative instrument assets	–	–	–	–
	1,487,772	–	–	1,487,772
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(1,121)	(4,675)	–	(5,796)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2023 Total £'000
Financial assets at fair value through profit or loss				
Investments	1,518,875	–	–	1,518,875
Derivative instrument assets	–	886	–	886
	1,518,875	886	–	1,519,761
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(348)	(3,173)	–	(3,521)

18 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 in the Balance Sheet on page 55, and any gearing, which is managed by the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on page 21. The principal risks and their management are disclosed in the Strategic Report on pages 23 to 27 and in Note 17.

The Company's gross gearing and net gearing at the year end is set out below:

	2024			
	Gross gearing		Net gearing	
	Asset exposure £'000	% ¹	Asset exposure £'000	% ¹
Investments	1,487,772	95.2	1,487,772	95.2
Long CFDs	196,659	12.6	196,659	12.6
Long futures	54,743	3.5	54,743	3.5
Total long exposures	1,739,174	111.3	1,739,174	111.3
Short CFDs	–	–	–	–
Gross asset exposure/net market exposure	1,739,174	111.3	1,739,174	111.3
Shareholders' funds	1,563,129		1,563,129	
Gearing²		11.3		11.3

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

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

18 Capital Resources and Gearing continued

	2023		2023	
	Gross gearing		Net gearing	
	Asset exposure £'000	% ¹	Asset exposure £'000	% ¹
Investments	1,518,875	95.6	1,518,875	95.6
Long CFDs	199,945	12.6	199,945	12.6
Long futures	64,492	4.1	64,492	4.1
Total long exposures	1,783,312	112.3	1,783,312	112.3
Short CFDs	12,736	0.8	(12,736)	(0.8)
Gross asset exposure/net market exposure	1,796,048	113.1	1,770,576	111.5
Shareholders' funds	1,587,479		1,587,479	
Gearing²		13.1		11.5

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

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

19 Transactions with the Managers and Related Parties

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

Details of the current fee arrangements are given in the Directors' Report on page 32 and in Note 4. During the year, fees for portfolio management services of £11,512,000 (2023: £10,502,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management services of £972,000 (2023: £925,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the year was £221,000 (2023: £260,000). At the Balance Sheet date, marketing services of £53,000 (2023: £14,000) were accrued and included in other creditors.

Disclosures of the Directors' interests in the ordinary shares of the Company and Directors' fees and taxable expenses relating to reasonable travel expenses paid to the Directors are given in the Directors' Remuneration Report on pages 41 and 42. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £20,000 (2023: £17,000) of Employers' National Insurance Contributions was also paid by the Company. As at 31 December 2024, Directors' fees of £22,000 (2023: £14,000) were accrued and payable.

Alternative Performance Measures

The Company uses the following as Alternative Performance Measures and these are all defined in the Glossary of Terms on pages 84 to 86.

Discount/Premium

The discount/premium is the difference between the net asset value ("NAV") per ordinary share of the Company and the ordinary share price and is expressed as a percentage of the NAV per ordinary share. Details of the Company's discount are on the Financial Highlights page.

Gearing

See Note 18 on pages 72 and 73 for details of the Company's gearing (both gross and net).

Net Asset Value ("NAV") per Ordinary Share

See the Balance Sheet on page 55 and Note 16 on page 67 for further details of the Company's NAV per ordinary share.

Ongoing Charges Ratio

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of management fees and other expenses expressed as a percentage of the average net assets throughout the year.

	2024	2023
Investment management fees (£'000)	11,512	10,502
Other expenses (£'000)	1,063	967
Ongoing charges (£'000)	12,575	11,469
Ongoing charges ratio	0.76%	0.77%

Revenue, Capital and Total Returns per Share

See the Income Statement on page 53 and Note 8 on page 62 for further details on the revenue, capital and total returns per ordinary share.

Total Return Performance

The NAV per ordinary share total return performance includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. The ordinary share price total return performance includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAV per ordinary share and the ordinary share price of the Company, the impact of the dividend reinvestments and the total returns for the years ended 31 December 2024 and 31 December 2023.

	Net asset value per ordinary share	Ordinary share price
2024		
31 December 2023	388.39p	360.00p
31 December 2024	382.44p	352.00p
Change in year	-1.5%	-2.2%
Impact of dividend reinvestments	+2.0%	+2.1%
Total return for the year	+0.5%	-0.1%

2023	Net asset value per ordinary share	Ordinary share price
31 December 2022	337.87p	319.50p
31 December 2023	388.39p	360.00p
Change in year	+15.0%	+12.7%
Impact of dividend reinvestments	+2.5%	+2.6%
Total return for the year	+17.5%	+15.3%

Financial Calendar

The key dates in the Company's calendar are:

31 December 2024 – Financial Year End
March 2025 – Announcement of the annual results for the year to 31 December 2024
March 2025 – Publication of this Report
27 March 2025 – Ex-Dividend date
28 March 2025 – Dividend Record date
8 May 2025 – Annual General Meeting
13 May 2025 – Payment of Final Dividend
30 June 2024 – Half-Year End
September 2025 – Announcement of the Half-Yearly results for the six months to 30 June 2024
September 2025 – Publication of the Half-Yearly Report
September 2025 – Ex-Dividend and Record dates
November 2025 – Payment of Interim Dividend

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity European Trust PLC will be held at 4 Cannon Street, London EC4M 5AB and virtually via the Lumi AGM meeting platform on Thursday, 8 May 2025 at 11.00 am for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 December 2024.
2. To declare that a final dividend for the year ended 31 December 2024 of 5.50 pence per ordinary share be paid to shareholders on the register as at close of business on 28 March 2025.
3. To re-elect Ms Fleur Meijs as a Director.
4. To re-elect Ms Milyae Park as a Director.
5. To re-elect Sir Ivan Rogers as a Director.
6. To elect Mrs Davina Walter as a Director.
7. To re-elect Mr Paul Yates as a Director.
8. To approve the Directors' Remuneration Report (excluding the section headed "The Remuneration Policy" set out on page 40) for the year ended 31 December 2024.
9. To reappoint Ernst & Young LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.
10. To authorise the Directors to determine the Auditor's remuneration.

To consider and, if thought fit, to pass the following special business resolutions of which Resolutions 11 and 14 will be proposed as ordinary resolutions and Resolutions 12, 13 and 15 as special resolutions.

Authority to Allot Ordinary Shares and Disapply Pre-Emption Rights

Resolution 11 (ordinary) and Resolution 12 (special) will, if approved, authorise the Directors to allot a limited number of ordinary shares (or to sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 5% of the number of ordinary shares of the Company (including Treasury shares) in issue on 19 March 2025. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so. Any ordinary shares held in Treasury would be re-issued at net asset value ("NAV") per ordinary share or at a premium to NAV per ordinary share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would enhance NAV per ordinary share.

11. THAT the Directors be and they are hereby generally and

unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £520,559 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 19 March 2025) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting ("AGM") of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

12. THAT, subject to the passing of Resolution 11, as set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 11 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:
 - a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £520,559 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 19 March 2025); and
 - b) by the condition that allotments of equity securities or sales of Treasury shares may only be made pursuant to this authority at a price of not less than the NAV per ordinary share,

and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this Resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this Resolution had not expired.

Authority to Repurchase Ordinary Shares

Resolution 13 is a special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% of the number of ordinary shares in issue (excluding Treasury shares) on 19 March 2025, either for immediate cancellation or for retention as Treasury shares, at the determination of the Board. Once

Notice of Meeting continued

shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Directors and within guidelines set by them from time to time in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share, thereby resulting in an increased NAV per ordinary share.

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 2.5 pence each (the "shares") in the capital of the Company provided that:
- a) the maximum number of shares hereby authorised to be purchased shall be 61,628,680;
 - b) the minimum price which may be paid for an ordinary share is 2.5 pence;
 - c) the maximum price (excluding expenses) which may be paid for each share is the higher of:
 - (i) 5% above the average of the middle market quotations for the shares as derived from the London Stock Exchange Official List for the five business days immediately preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange at the time the purchase is carried out;
 - d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is earlier, unless such authority is renewed prior to such time; and
 - e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

Continuation of the Company

Resolution 14 is an ordinary resolution that relates to the continuation of the Company.

14. THAT the Company continues to carry on business as an investment trust.

Adoption of New Articles of Association

Resolution 15 is special resolution that relates to the adoption of new Articles of Association by the Company in relation to Directors' fees and other clarificatory, administrative and technical changes, as described further in the Directors' Report on page 35.

15. THAT with effect from the passing of this resolution, the draft Articles of Association produced to the meeting and, for the purpose of identification, initialled by the Chairman, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

By Order of the Board

FIL Investments International

Secretary

19 March 2025

Notes to the Notice of Meeting:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To appoint a proxy via the Investor Centre at **uk.investorcentre.mpms.mufg.com/Login**, you will need to log in to your Investor Centre account or register if you have not previously done so. To register you will need your Investor Code which can be found on your Form of Proxy.
2. A Form of Proxy is enclosed and must be returned to the Registrar at the address on the form to arrive not later than 11.00 am on Tuesday, 6 May 2025. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrar, PXS 1, MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used (in each case excluding non-business days).
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.00 am on Tuesday, 6 May 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time, any change of instructions to a proxy appointed through CREST should

be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrar no later than 11.00 am on Tuesday, 6 May 2025.

6. Proxymity Voting – If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by no later than 11.00 am on Tuesday, 6 May 2025 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
7. Unless otherwise indicated on the Form of Proxy, CREST voting, Proxymity or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
8. All members are entitled to attend and vote at the AGM and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at close of business on Tuesday, 6 May 2025. Shareholders are urged to vote using the proxy form provided or electronically where permitted by your nominee or platform.
9. The Company is pleased to be able to offer facilities for shareholders to attend, ask questions and vote at the AGM electronically in real time should they wish to do so. The details are set out below.

In order to join the AGM electronically and ask questions via the platform, shareholders will need to connect to the following site: **https://web.lumiagm.com**. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device.

Once you have accessed **https://web.lumiagm.com** from your web browser on a tablet or computer, you will be asked to enter the **Lumi Meeting ID** which is **124004169**. You will then be prompted to enter your unique 11 digit Investor Code ("IVC") including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

Your IVC can be found on your share certificate or as detailed on your proxy form. You can also obtain this by contacting MUFG Corporate Markets, our Registrar, by calling **+44 (0) 371 277 1020***.

Access to the AGM will be available from **30 minutes before the meeting start time**, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the AGM, you must ensure you are connected to the internet at all times in order to vote when the Chairman commences polling on the Resolutions. Therefore, it is your responsibility to ensure connectivity for the duration of the AGM via your wi-fi. A user guide to the Lumi platform is available on the Company's pages of the Manager's website at **www.fidelity.co.uk/europe**.

If you wish to appoint a proxy other than the Chairman of the meeting and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting MUFG Corporate Markets on **+44 (0) 371 277 1020*** in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

If your shares are held within a nominee/platform and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to MUFG Corporate Markets, the Registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed **https://web.lumiagm.com** from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **124004169**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

* Lines are open from 9.00 am. to 5.30 pm. Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in

Notice of Meeting continued

Note 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.

11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.
12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the AGM (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by close of business on Tuesday, 6 May 2025. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members by close of business on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
13. As at 19 March 2025 (the latest practicable date prior to the publication of this document), the Company's issued share capital consisted of 416,447,910 ordinary shares. The number of shares held by the Company in Treasury was 7,717,387. Therefore, the total number of shares with voting rights in the Company was 408,730,523.
14. Any corporation which is a member can appoint one or more corporate representative who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
16. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that is to be laid before the AGM or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Financial Statements were laid. The

Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with such requests. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

17. No Director has a service contract with the Company. Registered office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.
18. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at **www.fidelity.co.uk/europe**.

Registered office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

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 the 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's Platform Investors should contact the appropriate administrator using the contact details given below and in the next column. Links to the websites of major platforms can be found online at: www.fidelity.co.uk/its.

Shareholders on the main share register

Contact MUFG Corporate Markets, Registrar to Fidelity European Trust PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: shareholderenquiries@cm.mpms.mufg.com

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 online from the Registrar's Investor Centre at uk.investorcentre.mpms.mufg.com/Login. Shareholders are able to manage their shareholding online by registering for the Investor Centre, 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 Investor Centre, 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 KT20 9FU.

Website: www.fidelity.co.uk.

Private investors: call free on **0800 41 41 10**, 09:00 – 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 08:00 – 18:00, Monday to Friday.

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 836347**

Email: investmenttrusts@fil.com.

Website: www.fidelity.co.uk/its.

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.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at www.sharegift.org.uk.

Shareholder Information continued

Managers and Advisors

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

Depository

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

Financial Adviser and Stockbroker

Winterflood Investment Trusts
Riverside House
2 Swan Lane
London
EC4R 3GA

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer

Simmons & Simmons LLP
1 Ropemaker Street
London
EC2Y 9SS

Registrar

MUFG Corporate Markets (name changed from Link Group on 20 January 2025)
Central Square
29 Wellington Street
Leeds
LS1 4DL

Banker and Custodian

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

Company Information

The Company was launched on 5 November 1991 with one warrant attached to every five shares. The original subscription price was £1 for each ordinary share of 25 pence each. Following the sub-division of the ordinary shares on a ten for one basis on 2 June 2014, the Company's share capital now comprises ordinary shares of 2.5 pence each and the restated original subscription price is 10 pence for each ordinary share.

The Company is a member of the Association of Investment Companies ("AIC") from whom general information on investment trusts can be obtained by telephoning **020 7282 5555** (email: enquiries@theaic.co.uk).

Price Information

The share price of Fidelity European Trust PLC is published daily in the Financial Times under the heading "Investment Companies". It is also published in The Times and The Daily Telegraph. Price and performance information is also available at www.fidelity.co.uk/europe.

Investors can also obtain current price information by telephoning Fidelity for free on **0800 41 41 10** (freephone) or FT Cityline on **0905 817 1690** (voice activated service – calls charged at 60p per minute on a per second basis from a BT landline. Charges for other telephone networks may vary). The Reuters code for Fidelity European Trust PLC is FEV.L, the SEDOL is BK1PKQ9 and the ISIN is GB00BK1PKQ95.

Net Asset Value ("NAV") Information

The Company's NAV is calculated and released to the London Stock Exchange on a daily basis.

UK Capital Gains Tax

All UK individuals under present legislation are permitted to have £3,000 of capital gains in the current tax year 2025/2026 (2024/2025: £3,000) before being liable for capital gains tax. For the 2025/2026 tax year, capital gains tax will be charged at 18% and 24% dependent on the total amount of taxable income. For the 2024/2025 tax year, capital gains tax charge is 10% or 20% depending on the total amount of taxable income.

Data Protection

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 website at <https://investment-trusts.fidelity.co.uk/security-privacy/>

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.

Retention period

Personal data will be kept for as long as is necessary for these purposes and no longer than legally permitted to do so.

Requesting access, making changes to 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.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally. In particular, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Glossary of Terms

AAF Report

A report prepared in accordance with the Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC

The Association of Investment Companies ("AIC"). The Company is a member of the AIC.

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 Ratio;
- Revenue, Capital and Total Returns; and
- Total Return Performance (Net Asset Value Total Return and Ordinary Share Price Total Return).

Asset Exposure

The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of derivatives).

Benchmark Index

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

Capital Gains Tax (CGT)

The tax that may be payable if shares are sold at a profit.

Collateral

Assets provided as security for the unrealised gain or loss under a contract for difference.

Contract For Difference (CFD)

A contract for difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an 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 collateral. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received

Corporation Tax

The UK tax the Company may have to pay on its profits. As an investment trust company, the Company is exempt from UK corporation tax on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income, and consequently it is tax efficient for the Company.

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. The Company's Depository is J.P.Morgan Europe Limited.

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.

Fair Value

The fair value is the best measure of the realisable 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 as available, otherwise at published price quotations;
- **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); and
- **Futures and options** – valued at the quoted trade price for the contract.

Fidelity International (Fidelity)

FIL Limited and its subsidiary group companies including FIL Investment Services (UK) Limited and FIL Investments International which act as AIFM, Secretary and Investment Manager.

Future

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

Gearing

The economic exposure of the portfolio to its underlying assets in excess of total net assets. It represents the additional exposure to the market above [Shareholders' Funds](#). The Company uses two measures of [gearing](#) ([Gross Gearing](#) and [Net Gearing](#)) which are both defined in this Glossary of Terms.

Gross Asset Exposure

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the [derivatives](#). It is the sum total of all [Asset Exposures](#).

Gross Gearing

[Gross Asset Exposure](#) in excess of [Shareholders' Funds](#) expressed as a percentage of [Shareholders' Funds](#).

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.

Manager

FIL Investment Services (UK) Limited is the appointed [Manager](#) under the [AIFMD](#). It has delegated the portfolio management of assets to the [Investment Manager](#).

Net Assets or Net Asset Value (NAV)

Also described as "[Shareholders' Funds](#)", [net assets](#) represent 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.

Net Asset Value per Ordinary Share

The [net asset value](#) divided by the number of ordinary shares in issue.

Net Gearing

[Net Market Exposure](#) in excess of [Shareholders' Funds](#) expressed as a percentage of [Shareholders' Funds](#).

Net Market Exposure

[Net Market Exposure](#) is the total of all long exposures, less short exposures and less exposures [hedging](#) the portfolio.

Ongoing Charges Ratio

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 the 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.

Portfolio Managers

Sam Morse is the appointed Portfolio Manager of the Company and is responsible for managing the Company's assets. He is assisted by the Co-Portfolio Manager, Marcel Stötzel.

Pre-Emption Rights

Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held to existing Shareholders. At each Annual General Meeting, the Board seeks Shareholder approval to disapply [pre-emption rights](#) provision, up to 5% of the Company's issued share capital.

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 MUFG Corporate Markets (name changed from Link Group on 20 January 2025).

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 dividends 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 dividends 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 dividends.
- **Revenue reserve** represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividends.

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

Glossary of Terms continued

- **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 as shown in the balance sheet.

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 in additional shares (for ordinary 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.

Alternative Investment Fund Manager’s Disclosure

In compliance with the Alternative Investment Fund Managers Directive (“AIFMD”), the Board has appointed FIL Investment Services (UK) Limited (“FISL”) as the Company’s Alternative Investment Fund Manager (“AIFM”). FISL has delegated the portfolio management of assets and company secretarial function to FIL Investments International. Details of the Management Agreement can be found in the Directors’ Report on page 32.

The table below and on the next page discloses information required by the Alternative Investment Fund Managers Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International.</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	Details of the Company’s investment objective, strategy and investment policy, including limits, are on pages 21 and 22.
Risk management	<p>The AIFM has a responsibility for risk management for the Company which is in addition to the Board’s corporate governance responsibility for risk management.</p> <p>The Company has a Risk Management Process Document which demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independent safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under the AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</p> <p>The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company’s risk management and internal control processes.</p>	<p>The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company’s system of risk management and internal control and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 23 to 27 and in Note 17 to the Financial Statements on pages 67 to 72.</p>
Valuation of illiquid assets	The AIFMD requires the disclosure of the percentage of the Alternative Investment Fund’s assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.	As at the date of this report, none of the Company’s assets were subject to special arrangements arising from their illiquid nature.

Alternative Investment Fund Manager's Disclosure continued

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	<p>The Company uses leverage to increase its exposure primarily to the stock markets of continental Europe and currently holds derivatives to achieve this. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.</p> <p>There are two methods of calculating leverage – the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging.</p>	<p>The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method.</p> <p>At 31 December 2024, actual leverage was 1.15 for the Gross Method and 1.17 for the Commitment Method.</p>
Liquidity management	The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.	No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 69.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity International's Global Remuneration Policy. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).	Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page

EU Securities Financing Transactions Regulations ("SFTR")

The following disclosures relate to contracts for difference ("CFDs") held by the Company which may be considered Total Return Swaps under the SFTR, which came into force on 12 January 2016.

As at 31 December 2024, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value £'000	Percentage of Net Assets	Collateral held by the broker £'000	Collateral held by the Company £'000
J.P.Morgan Securities plc (UK)	(4,639)	0.30%	–	5,025
UBS AG	(36)	0.00%	50	–

Collateral held by the broker was denominated in UK sterling and held in a segregated account on behalf of the Company with a maturity of one day. The total return for the year ended 31 December 2024 from CFDs was a gain of £26,193,000.

Dear Shareholder,

Would you like updates directly from your Portfolio Managers?

As a valued shareholder in Fidelity European Trust PLC we are writing to let you know that you can now choose to have access to exclusive updates about your current investment and the five other investment companies Fidelity manage. While you may be tracking your investment online already, we believe the additional information we can send you, direct from your Portfolio Managers, is the best way to keep you updated with the latest news, views and insights.

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