



The European Investment Trust plc

31 MARCH 2019

Half-Yearly
Report

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Objective

To achieve attractive investment returns over the long term from a diversified portfolio of European securities.

Investment Policy

The Board believes that investment in the diverse markets of the region promises attractive long-term capital and income growth. It further considers that the structure of the Company as a UK listed investment trust, with an independent Board of Directors, is well suited to meeting this aim.

The Company is invested in a diversified portfolio which is expected to consist of approximately 30 to 50 securities. The Company may not invest more than 10% of the value of the portfolio in any one individual stock at the time of investment.

The Board recognises that investment in some European countries can be riskier than in others. Investment risks are diversified through holding a wide range of securities in different countries and industrial sectors. No more than 10% of the value of the portfolio in aggregate may be held in securities in those countries which are not included in the FTSE All-World European indices.

The Board has the authority to hedge the Company's exposure to movements in the rate of exchange of currencies, principally the euro, in which the Company's investments are denominated, against sterling, its reporting currency. However, it is not generally the Board's practice to do this and the portfolio is not currently hedged.

No investments in unquoted stocks can be made without the prior approval of the Board. The level of gearing within the portfolio is agreed by the Board and should not exceed 20% in normal market conditions.

No more than 10% of the total assets of the Company may be invested in other listed investment companies (including investment trusts) except in those that have stated that they will invest no more than 15% of their total assets in other listed investment companies. In this case, the limit is 15%.

The Investment Manager's compliance with the limits set out in the investment policy is monitored by the Board and the Alternative Investment Fund Manager (the "AIFM").

Highlights

for the six months to/as at 31 March 2019

SHARE PRICE
TOTAL RETURN¹

(10.2)%

2018 1.2%

NAV
TOTAL RETURN¹

(7.7)%

2018 (2.1)%

INDEX
TOTAL RETURN^{2,3}

(3.6)%

2018 2.4%

SHARE PRICE
DISCOUNT TO NAV¹

12.3%

2018 9.6%

INTERIM
ORDINARY DIVIDEND

9.5p

2018 9.0p

HIGH CONVICTION
PORTFOLIO

NUMBER OF HOLDINGS

39

2018 40

DIFFERENT FROM
THE INDEX²

ACTIVE SHARE¹

81%

2018 80%

LONG-TERM
FOCUS

PORTFOLIO TURNOVER¹

21%

2018 23%

ONGOING
CHARGES^{1,4}

0.63%

2018 0.61%

The figures for 2019 are for the six months to/as at 31 March 2019, with the exception of portfolio turnover which is for the year to 31 March 2019. The figures for 2018 are for the year to/as at 30 September 2018.

¹ Further details regarding alternative performance measures can be found in the Glossary on page 21.

² FTSE All-World Europe ex UK Index. The index performance figures are sourced from Datastream.

³ In sterling.

⁴ Based on total expenses, excluding finance costs and certain non-recurring items, for the period or year and average monthly net asset value.

Past performance is not a guide to future performance.

Financial Summary

Results	31 March 2019	30 September 2018	Change
Shareholders' funds	£366.6m	£414.3m	(11.5)%
Net asset value per ordinary share ("NAV")	907.6p	1004.3p	(9.6)%
Share price per ordinary share	796.0p	908.0p	(12.3)%
Share price discount to NAV	12.3%	9.6%	
	Six months to 31 March 2019	Six months to 31 March 2018	Year to 30 September 2018
Revenue return per ordinary share ¹	7.9p	8.4p	27.4p
Capital return per ordinary share ¹	(89.7)p	(51.1)p	(50.3)p
Total return per ordinary share ¹	(81.8)p	(42.7)p	(22.9)p
Interim dividend per ordinary share	9.5p	9.0p	9.0p

¹ Based on the weighted average number of shares in issue during the period or year.

High/low	Six months to 31 March 2019	Six months to 31 March 2018	Year to 30 September 2018
NAV			
– high	996.0p	1069.6p	1069.6p
– low	845.9p	971.9p	971.9p
Share price			
– high	906.0p	974.0p	974.0p
– low	754.0p	866.0p	866.0p
Share price discount to NAV			
– low	6.6%	7.1%	7.1%
– high	12.7%	12.1%	12.1%

Performance	Six months to 31 March 2019	Six months to 31 March 2018	Year to 30 September 2018
NAV total return ¹	(7.7)%	(4.2)%	(2.1)%
Share price total return ¹	(10.2)%	(1.8)%	1.2%
FTSE All-World Europe ex UK Index total return ^{2,3}	(3.6)%	(4.0)%	2.4%

¹ The NAV total returns and share price total returns are sourced from Edinburgh Partners Limited ("Edinburgh Partners" or the "Investment Manager") and include dividends reinvested.

² In sterling.

³ The index performance figures are sourced from Datastream.

Cost of running the Company	Six months to 31 March 2019	Six months to 31 March 2018	Year to 30 September 2018
Ongoing charges ¹	0.63%	0.61%	0.61%

¹ Based on total expenses, excluding finance costs and certain non-recurring items, for the period or year and average monthly net asset value.

Further details regarding alternative performance measures can be found in the Glossary on page 21.
Past performance is not a guide to future performance.



Chairman's Statement

PERFORMANCE

Over the six months to 31 March 2019, the NAV total return was -7.7%, compared to a return of -3.6% from the FTSE All-World Europe ex UK Index, adjusted to sterling. The share price total return over the period was -10.2%, lagging the NAV total return owing to an increase in the share price discount to NAV from 9.6% to 12.3%.

REVIEW OF MANAGEMENT ARRANGEMENTS¹

Our Investment Manager adopts a consistent, long-term approach to investing which is focused on company valuations. During periods of market volatility, it keeps its discipline and looks to take advantage of any valuation anomalies which emerge. However, since the appointment of Edinburgh Partners on 1 February 2010, this approach has only worked well for short periods and, consequently, over the longer term the Company has delivered disappointing investment results, generating an 18.5% NAV total return over the five years to 31 March 2019 and 84.7% over the period from 1 February 2010 to 31 March 2019, compared with total returns of 41.4% and 101.5%, respectively, for the Index. Over the eighteen-month period to 31 March 2019, underperformance has accelerated, with a NAV total return of -8.9%, against -1.3% for the Index. Furthermore, and notwithstanding increased share buy-back activity, the share price discount to NAV has widened. The Board has decided, therefore, to undertake a review of the Company's management arrangements and will update shareholders on the outcome of this review in due course.

REVENUE

Revenue per share for the six-month period to 31 March 2019 was 7.9p, a reduction of 6.0% on the 8.4p achieved in

the six months to 31 March 2018. The reduction was principally owing to portfolio changes, with the disposal of a number of higher-yielding stocks.

As we have previously highlighted, shareholders should be aware that the revenue return for the half year is not indicative of the full-year return. This is because many European companies pay their dividends in the second half of the Company's financial year, principally in April and May, while the expenses of running the Company are incurred on a more even basis throughout the financial year.

DIVIDEND

The Board has decided to pay an interim dividend of 9.5p per share, an increase of 5.6% compared to the 9.0p per share paid last year. The dividend will be paid on 31 July 2019 to shareholders on the register at 5 July 2019. The ex-dividend date will be 4 July 2019.

DISCOUNT AND SHARE BUY BACKS

We do not have a formal discount target but we monitor the discount closely. We buy back shares opportunistically, taking into account the level of the discount and the valuation of the portfolio. In the six-month period to 31 March 2019, the share price discount to NAV traded in a range between 6.6% and 12.7%, with the average discount being 10.3%. During this period, the Company bought back 861,000 shares for cancellation at a total cost of £7.0m, providing an enhancement to NAV of 0.2%. Subsequent to the half-year end, the Company has bought back a further 150,900 shares at a total cost of £1.2m. In light of the review of its management arrangements referred to above, the Company has suspended buying back shares.

Chairman's Statement

continued

BORROWINGS

The Company has a €30m uncommitted bank overdraft facility with The Northern Trust Company, which provides our Investment Manager with flexibility to take advantage of investment opportunities when valuations are considered to be attractive. Your Board believes that, under normal circumstances, a modest level of gearing should be used, with the aim of enhancing returns to shareholders. The facility was partially utilised during the half-year period and, as at 31 March 2019, €20.2m had been drawn down, which was the equivalent of 4.7% of the Company's net assets.

THE BOARD

As detailed in the Annual Report for the year ended 30 September 2018, the Company announced a number of changes to the Board. Following the conclusion of the Annual General Meeting held on 22 January 2019, William Eason retired as a non-executive Director of the Company. Mr Eason joined the Board in 2007 and the Board wishes to thank him wholeheartedly for his wise counsel, experience and commitment to the Company over his 11 years of service.

On 1 January 2019, Sue Inglis and Andrew Watkins became Directors of the Company and members of the Audit Committee. We are delighted to welcome two such experienced directors to the Board.

Sue Inglis, until June 2018, was a senior corporate financier in Cantor Fitzgerald's investment companies team. She is non-executive chairman of The Bankers Investment Trust PLC and a non-executive director of Baillie Gifford US Growth Trust plc, BMO Managed Portfolio Trust plc, NextEnergy Solar Fund Limited and Seneca Global Income & Growth Trust plc.

Andrew Watkins, until his retirement in June 2017, was head of client relations, sales and marketing for Invesco Perpetual's listed investment funds business. He is currently non-executive chairman of Ashoka India Equity Investment Trust plc and a non-executive director of BMO UK High Income Trust plc and Chelverton UK Dividend Trust plc.

STOCKBROKER

In 2019, the Board decided to review the Company's stockbroking arrangements. A number of stockbrokers were invited to tender and there then followed a

transparent and competitive process, which included written submissions, presentations and discussions with a selected shortlist of candidate firms. The Board decided that, with effect from 1 March 2019, Peel Hunt LLP, who have extensive experience in the investment trust sector, be appointed as the Company's sole corporate broker. The Board looks forward to working with Peel Hunt LLP.

NEW WEBSITE AND FACTSHEET

In the Annual Report for the year ended 30 September 2018, the Company updated shareholders on progress with regard to planned upgrades to the Company's website and factsheet, projects forming part of the Board's wider efforts to improve access to, and clarity of, shareholder communications.

We were delighted, therefore, to announce in February 2019 the launch of the Company's new website at www.eitplc.com. The new website incorporates both improved features and additional functionality. At the same time, we also announced that the Company has updated its monthly factsheet and this is now available on the website at www.eitplc.com/what-we-do/monthly-factsheets. The Company is currently developing an email subscription service which will be available to shareholders and other interested parties who wish to receive alerts when key announcements, annual and half-yearly reports, articles, videos and factsheets are released. The Company expects to launch the new service shortly.

OUTLOOK

Business is not immune to economic challenges and geo-political strife, even if the correlation between stock markets and growth in the economy is often weak. The present climate offers a wide range of challenges across many industries, which creates difficulties but also opportunities for stock-picking. Our Investment Manager explores the range of possible outcomes for earnings when surveying company prospects and attempting to project future earnings. Thus far, company profits have been broadly resilient in the face of weak economies and trade disputes.

Michael MacPhee
Chairman

22 May 2019

¹ Source of total return data: Datastream.



Investment Manager's Report

OUR INVESTMENT APPROACH

Our aim is to identify and buy companies where we believe their share prices do not capture their long-term earnings potential. The key is to focus on long-term analysis of prospective risk and reward and not to be distracted by short-term reactions and events which are transitory in nature. This is a contrarian approach and means our portfolios will be significantly different from the index.

REVIEW OF PERFORMANCE AND ACTIVITY

In late 2018, the escalating trade dispute between the US and China, against a background of tighter US monetary policy, led to fears of a significant slowdown in global economic growth. Economic data from Europe highlighted ongoing weakness in the industrial sectors exposed to global trade, especially in Germany, although domestic demand remained firm. Bond yields in Europe fell sharply and economically sensitive sectors performed poorly, notably Industrials, Financials, particularly banking stocks, and Oil & Gas. The first quarter of 2019 saw a partial reversal of these falls as investors debated whether the slowdown was temporary or the start of a downturn.

In terms of performance, set out below are the significant contributors and detractors, at a sector and stock level.

Sectors	Contribution
Health Care	+0.7%
Consumer Goods	+0.5%
Technology	+0.4%
Oil & Gas	-1.8%
Financials	-3.5%
Industrials	-4.0%

Stocks	Contribution
Roche	+0.6%
Glanbia	+0.5%
Ahold Delhaize	+0.4%
PostNL	-1.0%
Petroleum Geo-Services	-1.0%
Leoni	-1.2%

The largest positive contribution from an individual sector came from Health Care, with Roche the leading contributor. Health Care is our largest sector exposure at 19.8% of net assets, comprising a combination of pharmaceutical businesses such as Roche, Sanofi and Novartis and industry suppliers such as Getinge and Gerresheimer. The Consumer Goods contribution was principally due to Glanbia, the Irish-based global nutrition group, which is taking advantage of growing market demand for its whey protein product and which has expanded its portfolio through the acquisition of the Slimfast brand.

Investment Manager's Report continued

The negative contributions came largely from the cyclical part of our portfolio, namely Industrials, Financials and Oil & Gas. This can be expected in a period of nervousness about economic growth, but the below par performance was exacerbated by some company specific issues.

Leoni is a leading supplier of wiring harnesses to the automobile sector and should benefit from growth in electronic content. However, it has had a series of problems at new plants and is now restructuring under new management. We continue to hold our position in this stock as we believe the upside from a return to normal margin levels should be significant.

The poor performance of PostNL reflected the increasing pressure on its domestic mail business from privately owned competitor Sandd. Towards the end of the period under review, the Dutch government announced that it would revise the regulatory regime and allow PostNL to acquire Sandd, which should unlock significant benefits for the merged entity. Completion of the transaction is expected in the summer.

Petroleum Geo-Services is a company with a volatile share price, due to its size and sensitivity to energy prices, with a severe share price fall in late 2018 being partly compensated by a recovery in early 2019. The order book is growing and the company's long-term prospects remain good.

During the half year to 31 March 2019, we sold our holdings in BB Biotech and Airbus on valuation grounds, with both stocks having performed well since purchase. We also sold our positions in two poorly performing stocks, Danish bank, Danske Bank, and Spanish retailer, DIA. Danske Bank's breaches of money laundering regulations through its Baltic subsidiary seems likely to lead to significant penalties and possibly a capital raising. With a wide range of outcomes, in our view the risk/reward looks unfavourable. We sold DIA after a profit warning which indicated that profitability was deteriorating and a fund raising was needed.

We purchased holdings in two French-based companies, Sopra Steria and Valeo. Sopra Steria is an IT business which provides consulting and systems integration services to a wide range of clients, predominantly in the private sector with a bias to the French market. It also has a suite of proprietary products including banking software. We believe that demand for IT investment is well supported by companies seeking improved efficiency and routes to market. With the addition of Sopra Steria and some positive share price performance, our exposure to the Technology sector has increased to 9.4% of net assets.

Valeo is a supplier to the automobile sector which has invested in innovation to reflect changes in the industry. Although end demand growth for this sector is likely to remain muted, the mix will change due to the shift to hybrid and electric motor vehicles and increasingly stringent emissions regulations. Valeo has good exposure to these changes through products which improve fuel efficiency and lower emissions across the vehicle range and specifically to electric vehicles through its 48V battery joint venture with Siemens. It also has a strong balance sheet and a healthy dividend yield.

In terms of portfolio changes, the other significant transaction was the purchase of a holding in Gerresheimer, a manufacturer of glass and plastic packaging for the Health Care sector. Its products include inhalers, insulin pens and syringes. This is a growing market where high quality standards and regulatory expertise provide barriers to entry to potential competitors.

OUTLOOK

The equity market narrative over the past twelve months has shifted from optimism about economic growth to pessimism about a possible slowdown and the risk of a recession. Sentiment has largely been driven by the status of the US/China trade talks and the downward shift in the outlook for interest rates which indicate concern over an economic slowdown. The economic data and corporate sector announcements from Europe suggest that the weakness in industrial sectors is starting to abate and that the European economy will emerge intact albeit with subdued growth. Our portfolio companies in aggregate reported reasonable results against expectations in the recent reporting season and the portfolio valuation remains attractive, especially for the cyclical sectors which are most exposed to any downturn. In this uncertain environment, our portfolio remains balanced with broadly equal exposure to companies with stable and cyclical end demand.

Craig Armour
Edinburgh Partners Limited

22 May 2019

Portfolio of Investments

as at 31 March 2019

Rank 2019 ¹	Rank 2018 ¹	Company	Sector	Country	Valuation £'000	% of Net Assets 2019 ¹	% of Net Assets 2018 ¹
1	1	Roche ²	Health Care	Switzerland	15,221	4.2	4.0
2	2	Sanofi	Health Care	France	14,789	4.0	3.6
3	11	Telefonica	Telecommunications	Spain	12,781	3.5	2.9
4	4	Novartis	Health Care	Switzerland	12,773	3.5	3.4
5	5	Royal Dutch Shell ³	Oil & Gas	Netherlands	12,764	3.5	3.4
6	8	Nokia	Technology	Finland	12,625	3.4	3.0
7	17	Deutsche Post	Industrials	Germany	11,871	3.2	2.7
8	6	Getinge	Health Care	Sweden	11,841	3.2	3.1
9	9	ING	Financials	Netherlands	11,431	3.1	3.0
10	10	ENI	Oil & Gas	Italy	11,360	3.1	2.9
11	–	Sopra Steria	Technology	France	11,228	3.1	–
12	–	Gerresheimer	Health Care	Germany	10,793	2.9	–
13	21	Indra Sistemas	Technology	Spain	10,743	2.9	2.5
14	7	Total	Oil & Gas	France	10,591	2.9	3.0
15	37	Cyfrowy Polsat	Consumer Services	Poland	10,348	2.8	1.9
16	29	Adecco	Industrials	Switzerland	10,318	2.8	2.2
17	14	ISS	Industrials	Denmark	10,259	2.8	2.9
18	3	PostNL	Industrials	Netherlands	10,098	2.8	3.4
19	30	Michelin	Consumer Goods	France	9,954	2.7	2.2
20	35	Orange	Telecommunications	France	9,542	2.6	2.0
21	25	E.ON	Utilities	Germany	9,402	2.6	2.4
22	20	BBVA	Financials	Spain	9,363	2.6	2.5
23	15	BNP Paribas	Financials	France	9,137	2.5	2.8
24	19	Ryanair	Consumer Services	Ireland	9,126	2.5	2.6
25	13	Nordea Bank	Financials	Sweden	8,992	2.5	2.9
26	22	Ipsos	Consumer Services	France	8,917	2.4	2.5
27	12	Commerzbank	Financials	Germany	8,909	2.4	2.9
28	36	Mediobanca	Financials	Italy	8,631	2.4	2.0
29	24	Siemens	Industrials	Germany	8,556	2.3	2.4
30	39	Ontex	Consumer Goods	Belgium	7,933	2.2	1.7
31	18	Glanbia	Consumer Goods	Ireland	7,863	2.1	2.7
32	26	Rocket Internet	Financials	Germany	7,793	2.1	2.3
33	23	Bayer	Health Care	Germany	7,409	2.0	2.5
34	16	Ahold Delhaize	Consumer Services	Netherlands	7,220	2.0	2.7
35	28	DNB	Financials	Norway	7,174	2.0	2.3
36	–	Valeo	Consumer Goods	France	6,731	1.8	–
37	31	Petroleum Geo-Services	Oil & Gas	Norway	5,743	1.6	2.1
38	38	Outotec	Industrials	Finland	4,904	1.3	1.8
39	33	Leoni	Industrials	Germany	4,060	1.1	2.1
Prior year investments sold during the period							7.4
Total equity investments					379,193	103.4	102.7
Cash and other net current assets					4,815	1.3	0.4
Borrowings					(17,395)	(4.7)	(3.1)
Net assets					366,613	100.0	100.0

¹ The figures for 2019 represent the position as at 31 March 2019 and the figures for 2018 represent the position as at 30 September 2018.

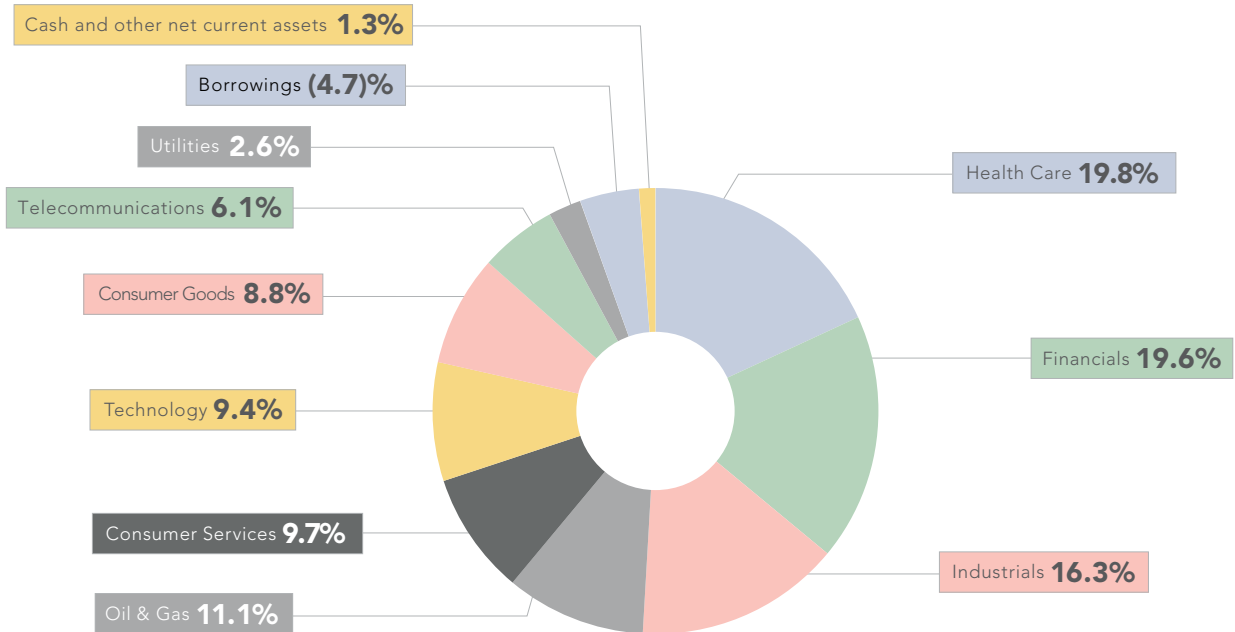
² The investment is in non-voting preference shares.

³ The investment is in A shares.

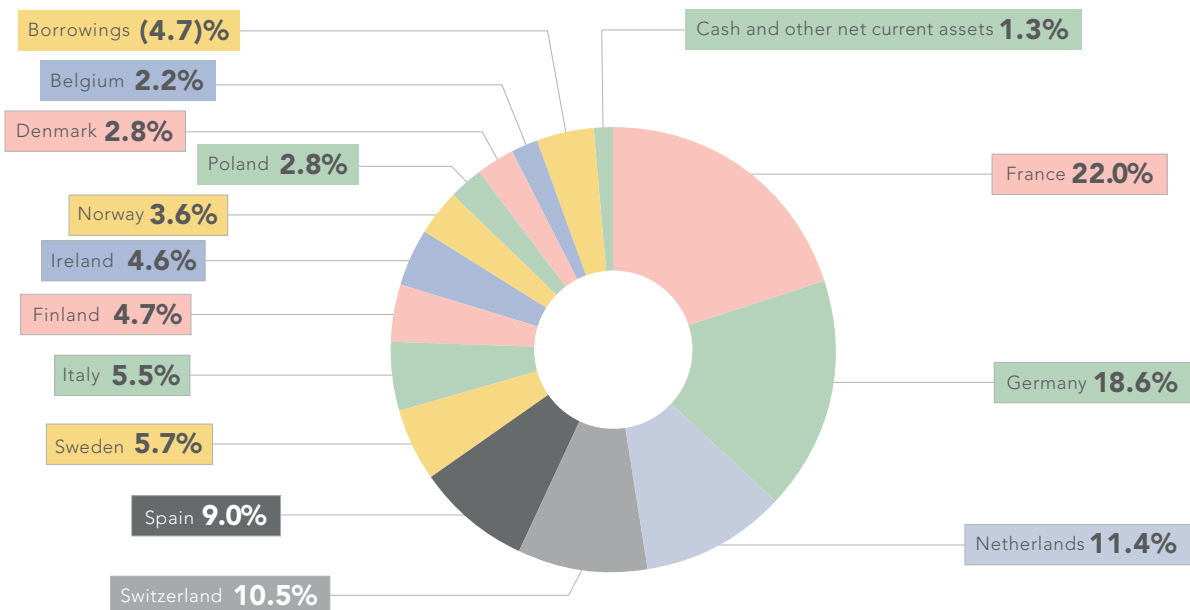
Distribution of Investments

as at 31 March 2019 (% of net assets)

SECTOR DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



As at 31 March 2019, the net assets of the Company were £366,613,000.

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

- The condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104: "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and loss of the Company.
- This Half-Yearly Report includes a fair review of the information required by:
 - a) 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- b) 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Half-Yearly Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Michael MacPhee
Chairman

22 May 2019

Directors' Statement of Principal Risks and Uncertainties

The important events that have occurred during the period under review and the key factors influencing the Financial Statements are set out in the Chairman's Statement on pages 6 and 7 and the Investment Manager's Report on pages 8 and 9. The principal factors that could impact the remaining six months of the financial year are also detailed in the Chairman's Statement and Investment Manager's Report.

The Board considers that the following are the principal risks associated with investing in the Company: investment and strategy risk, discount volatility risk, market risk (comprising interest rate risk, currency risk and price risk), liquidity risk, credit risk, gearing risk, regulatory risk, operational risk and other financial risk. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and uncertainties" within the Strategic Report in the Company's Annual Report and Financial Statements for the year ended 30 September 2018. The Company's principal risks and uncertainties are unchanged since the date of that report.

Income Statement (unaudited)

for the six months to 31 March 2019

Notes	Six months to 31 March 2019			Six months to 31 March 2018			Year to 30 September 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments at fair value	–	(36,129)	(36,129)	–	(20,838)	(20,838)	–	(19,648)	(19,648)
Foreign exchange (losses)/gains	(53)	180	127	(42)	71	29	37	47	84
Income	4,023	–	4,023	4,664	–	4,664	13,775	–	13,775
Management fee	(302)	(604)	(906)	(357)	(714)	(1,071)	(706)	(1,412)	(2,118)
Other expenses	(251)	(6)	(257)	(252)	–	(252)	(504)	(8)	(512)
Net return before finance costs and taxation	3,417	(36,559)	(33,142)	4,013	(21,481)	(17,468)	12,602	(21,021)	(8,419)
Finance costs	(15)	(17)	(32)	(8)	(5)	(13)	(20)	(11)	(31)
Net return on ordinary activities before taxation	3,402	(36,576)	(33,174)	4,005	(21,486)	(17,481)	12,582	(21,032)	(8,450)
Tax on ordinary activities	(188)	–	(188)	(461)	–	(461)	(1,121)	–	(1,121)
Net return after taxation	3,214	(36,576)	(33,362)	3,544	(21,486)	(17,942)	11,461	(21,032)	(9,571)
Return per ordinary share¹	pence	pence	pence	pence	pence	pence	pence	pence	pence
	7.9	(89.7)	(81.8)	8.4	(51.1)	(42.7)	27.4	(50.3)	(22.9)

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

The total column of this statement is the Profit and Loss Account of the Company. The revenue and capital columns are prepared in accordance with guidance published by the Association of Investment Companies ("AIC").

There were no items of other comprehensive income in the period and therefore the return for the period is also the total comprehensive income for the period.

¹ The return per ordinary share for the six months to 31 March 2019 is based on the net revenue return after taxation of £3,214,000 (six months to 31 March 2018: £3,544,000; year to 30 September 2018: £11,461,000) and the net capital loss after taxation of £36,576,000 (six months to 31 March 2018: net capital loss of £21,486,000; year to 30 September 2018: net capital loss of £21,032,000) and on 40,777,284 (six months to 31 March 2018: 42,006,189; year to 30 September 2018: 41,849,606) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

Balance Sheet (unaudited)

as at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000	30 September 2018 £'000
Fixed asset investments:				
Investments at fair value through profit or loss		379,193	416,349	425,493
Current assets:				
Debtors		5,316	2,422	2,177
Cash at bank and short-term deposits		63	62	63
		5,379	2,484	2,240
Current liabilities:				
Creditors		563	372	759
Bank overdraft	5	17,396	2,019	12,655
		17,959	2,391	13,414
Net current (liabilities)/assets		(12,580)	93	(11,174)
Net assets		366,613	416,442	414,319
Capital and reserves:				
Called-up share capital	6	10,099	10,497	10,314
Share premium account		123,749	123,749	123,749
Capital redemption reserve		8,712	8,314	8,497
Capital reserve		216,309	266,127	259,842
Revenue reserve		7,744	7,755	11,917
Total shareholders' funds		366,613	416,442	414,319
Net asset value per ordinary share	7	pence 907.6	pence 991.8	pence 1004.3

Statement of Changes in Equity (unaudited)

for the six months to 31 March 2019

	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Six months to 31 March 2019							
At 1 October 2018		10,314	123,749	8,497	259,842	11,917	414,319
Net return after taxation		–	–	–	(36,576)	3,214	(33,362)
Dividends paid	8	–	–	–	–	(7,387)	(7,387)
Shares purchased for cancellation	6	(215)	–	215	(6,957)	–	(6,957)
At 31 March 2019		10,099	123,749	8,712	216,309	7,744	366,613
Six months to 31 March 2018							
At 1 October 2017		10,501	123,749	8,310	287,758	9,882	440,200
Net return after taxation		–	–	–	(21,486)	3,544	(17,942)
Dividends paid	8	–	–	–	–	(5,671)	(5,671)
Shares purchased for cancellation	6	(4)	–	4	(145)	–	(145)
At 31 March 2018		10,497	123,749	8,314	266,127	7,755	416,442
Year ended 30 September 2018							
At 1 October 2017		10,501	123,749	8,310	287,758	9,882	440,200
Net return after taxation		–	–	–	(21,032)	11,461	(9,571)
Dividends paid	8	–	–	–	–	(9,426)	(9,426)
Shares purchased for cancellation	6	(187)	–	187	(6,884)	–	(6,884)
At 30 September 2018		10,314	123,749	8,497	259,842	11,917	414,319

Notes to the Financial Statements

at 31 March 2019

1. FINANCIAL INFORMATION

The financial information for the six months to 31 March 2019 and for the six months to 31 March 2018 has not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews. The financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The latest published audited Financial Statements which have been delivered to the Registrar of Companies are the Annual Report and Financial Statements for the year ended 30 September 2018; the report of the independent Auditor thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The information for the year ended 30 September 2018 is an extract from that Annual Report and Financial Statements.

Basis of accounting

The Company applies Financial Reporting Standard ("FRS") 102: "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice as issued by the AIC (the "AIC SORP"). The Company has prepared the Financial Statements for the six months to 31 March 2019 in accordance with FRS 104: "Interim Financial Reporting". As permitted by FRS 102, the Company has elected to remove the Cash Flow Statement from the Half-Yearly Report.

The accounting policies are set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2018 and remain unchanged.

Investments

The valuation techniques used by the Company remain unchanged from those disclosed in the Company's Annual Report and Financial Statements for the year ended 30 September 2018.

All of the Company's financial instruments are considered to be Level 1, being valued at quoted prices in active markets. Further details can be found in note 10 of the Company's Annual Report and Financial Statements for the year ended 30 September 2018.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in listed companies.

Status of the Company

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as an investment trust company as set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and financial performance, are set out in the Chairman's Statement on pages 6 and 7 and the Investment Manager's Report on pages 8 and 9. The Company's principal risks are listed on page 12. Its assets consist principally of a diversified portfolio of listed European equity shares, which in most circumstances are realisable within a short period of time and exceed its current liabilities by a significant amount. Notwithstanding the initiation of a review of management arrangements, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date this Half-Yearly Report is approved. For this reason, they have adopted the going concern basis in preparing the Financial Statements.

Notes to the Financial Statements continued

at 31 March 2019

2. INCOME

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000	Year to 30 September 2018 £'000
Income from investments:			
Overseas dividends	4,021	4,664	13,775
Interest on withholding tax reclaim	2	–	–
Total income	4,023	4,664	13,775

3. FINANCE COSTS

	Six months to 31 March 2019			Six months to 31 March 2018			Year to 30 September 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Negative interest on cash balances	6	–	6	5	–	5	15	–	15
Loan arrangement fee	1	2	3	1	2	3	1	2	3
Revolving credit facility interest	8	15	23	2	3	5	4	9	13
	15	17	32	8	5	13	20	11	31

4. TAXATION

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000	Year to 30 September 2018 £'000
UK corporation tax	–	–	–
Overseas withholding tax	188	461	1,140
Overseas withholding tax recovered previously written off	–	–	(19)
Net taxation charged	188	461	1,121

Notes to the Financial Statements continued

at 31 March 2019

5. BORROWINGS

	31 March 2019 £'000	31 March 2018 £'000	30 September 2018 £'000
Bank overdraft	17,396	2,019	12,655

The Company has a €30,000,000 overdraft credit facility agreement with The Northern Trust Company for the purpose of pursuing its investment objective. As at 31 March 2019, €20,188,000, equivalent to £17,396,000 (31 March 2018: €2,299,000, equivalent to £2,019,000; 30 September 2018: €14,208,009 equivalent to £12,655,000) had been drawn down under the facility. The facility is uncommitted. Interest, detailed in note 3 on page 17, is charged at 1% above the euro overnight index average ("EONIA") rate.

6. SHARE CAPITAL

	Allotted, called-up and fully paid	
	Number of shares	£'000
Equity share capital		
Ordinary shares of 25p each		
Balance at 30 September 2018	41,256,269	10,314
Shares cancelled	(861,000)	(215)
Balance at 31 March 2019	40,395,269	10,099

During the six months to 31 March 2019, 861,000 ordinary shares were purchased and cancelled at a total cost of £6,957,000 (six months to 31 March 2018: 16,500 ordinary shares were purchased and cancelled at a total cost of £145,000; year to 30 September 2018: 750,500 ordinary shares were purchased and cancelled at a total cost of £6,884,000).

7. NET ASSET VALUE PER ORDINARY SHARE

	31 March 2019	31 March 2018	30 September 2018
Net assets attributable at the period end	£366,613,000	£416,442,000	£414,319,000
Number of ordinary shares in issue at the period end	40,395,269	41,990,269	41,256,269
Net asset value per ordinary share	907.6p	991.8p	1004.3p

Notes to the Financial Statements continued

at 31 March 2019

8. DIVIDENDS

	Payment date	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000	Year to 30 September 2018 £'000
Final dividend for the year ended 30 September 2018 of 18.0p	31 January 2019	7,387	–	–
Interim dividend for the year ended 30 September 2018 of 9.0p	31 July 2018	–	–	3,755
Final dividend for the year ended 30 September 2017 of 13.5p	31 January 2018	–	5,671	5,671
		7,387	5,671	9,426

9. EXCHANGE RATES

Detailed below are the exchange rates against sterling used in the preparation of the Financial Statements.

	31 March 2019	31 March 2018	30 September 2018
Euro	1.1605	1.1392	1.1227
Swiss franc	1.2976	1.3381	1.2734
Swedish krona	12.0832	11.7064	11.5986
Danish krone	8.6640	8.4915	8.3727
Norwegian krone	11.2205	11.0057	10.6200
Polish zloty	4.9948	4.7921	4.8064
NZ dollar	1.9107	1.9400	1.9664

10. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period. The Directors, who are considered to be the key management personnel, received fees totalling £59,000 for the half year ended 31 March 2019. Under the AIC SORP, an investment manager is not considered to be a related party of the Company.

11. POST BALANCE SHEET EVENTS

Subsequent to the period end and up to 22 May 2019, the date of signing this report, the Company bought back 150,900 ordinary shares for cancellation at a total cost of £1,243,000.

Shareholder Information

INVESTING IN THE COMPANY

The Company's ordinary shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker or financial adviser. The ordinary shares are eligible for inclusion in Individual Savings Accounts ("ISAs") and Self-Invested Personal Pensions ("SIPPs"). The Company's shares are also available on various share trading platforms.

FREQUENCY OF NAV PUBLICATION

The Company's NAV is released daily to the London Stock Exchange and published on the Company's website at www.eitplc.com.

PORTFOLIO HOLDINGS

The Company's portfolio holdings report, detailing a list of all investments, including sectoral and geographical analyses, is released monthly to the London Stock Exchange. It is also published on the Company's website at www.eitplc.com.

SHARE PRICE AND SOURCES OF FURTHER INFORMATION

The Company's share price is quoted daily in the Financial Times, the Daily Telegraph and the Times under "Investment Companies". Previous day closing price, daily NAV and other portfolio information is published on the Company's website at www.eitplc.com. Other useful information on investment trusts, such as prices, NAVs and company announcements, can be found on the websites of the London Stock Exchange at www.londonstockexchange.com and the AIC at www.theaic.co.uk.

SHARE REGISTER ENQUIRIES

The register for the ordinary shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0370 889 4086 or email: web.queries@computershare.co.uk. Changes of name and/or address must be notified in writing to the Registrar, at the address shown on page 23. You can check your shareholding and find practical help on transferring shares or updating your details at www.investorcentre.co.uk.

KEY DATES

Company's half-year end	31 March
Half-yearly results announced	May
Interim dividend paid	July
Company's year end	30 September
Annual results announced	November
AGM	January
Annual dividend paid	January

ASSOCIATION OF INVESTMENT COMPANIES

The Company is a member of the AIC, which publishes monthly statistical information in respect of member companies. For further details, please contact the AIC on 020 7282 5555, enquiries@theaic.co.uk or visit the website at www.theaic.co.uk.

ELECTRONIC COMMUNICATIONS FROM THE COMPANY

Shareholders now have the opportunity to be notified by email when the Company's annual report, half-yearly report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company.

If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown on page 23. Please have your Shareholder Reference Number to hand.

Glossary

ACTIVE SHARE

Active share is a measure of how actively the portfolio of investments is managed compared to the benchmark index. The active share can vary between 0% and 100%. If the portfolio is managed exactly in line with the benchmark index then the active share will be 0%. The higher the active share, the less resemblance the portfolio has to the benchmark index.

The active share is calculated by taking 100% less coverage. Coverage is the total of the portfolio of investments that overlaps with the benchmark index. For the calculation of coverage, for each stock the smaller of either its weight in the portfolio or the benchmark index weight is used and these numbers are then summed.

CAPITAL RETURN PER ORDINARY SHARE

The capital return per ordinary share is the total capital gain or loss of the company divided by the weighted average number of shares in issue during a period or year.

DISCOUNT/PREMIUM

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

GEARING

Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the presence of borrowings.

NET ASSET VALUE PER SHARE ("NAV")

The NAV per share is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of a company's assets, at current market value, having deducted all prior charges at their par value (or at their market value).

ONGOING CHARGES

As recommended by the AIC in its guidance issued in May 2012, ongoing charges are the company's annualised revenue and capitalised expenses (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of the company during a period or year.

PORTFOLIO TURNOVER

Portfolio turnover is a measure of average investment horizon. It highlights how actively the portfolio of investments is managed. The higher the portfolio turnover, the shorter the average investment horizon might be considered to be. The lower the portfolio turnover, the longer the average investment horizon might be considered to be. The implied figure produced by the portfolio turnover calculation may differ from the actual investment horizon.

The portfolio turnover is calculated by dividing the total of purchases and sales of investments in the twelve months prior to the report date by two, then dividing by the average monthly net assets of the company in the twelve months prior to the report date.

REVENUE RETURN PER ORDINARY SHARE

The revenue return per ordinary share is the total revenue of the company divided by the weighted average number of shares in issue during a period or year.

TOTAL ASSETS

Total assets less current liabilities, including bank overdrafts, before deducting prior charges. Prior charges include all loans used for investment purposes.

TOTAL RETURN

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested at the time the shares go ex-dividend in either additional shares of the investment trust (the share price total return) or in the assets of the investment trust at its NAV per share (the NAV total return). Total return per share statistics are calculated on the basis of the weighted average number of shares in issue during the relevant period.

Risk Factors

This document is not a recommendation, offer or invitation to buy, sell or hold shares of the Company. If you wish to deal in shares of the Company, you may wish to contact an authorised professional investment adviser.

An investment in the Company should be regarded as long term and is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.

The market value of, and the income derived from, the ordinary shares can fluctuate. The Company's ordinary share price may go down as well as up. Past performance is not a guide to future performance. There is no guarantee that the market price of the ordinary shares will fully reflect their underlying NAV. Fluctuations in exchange rates will affect the value of overseas investments (and any income received) held by the Company. Investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be met. The levels of, and reliefs from, taxation may change.

This Half-Yearly Report contains "forward-looking statements" with respect to the Company's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events that are beyond the Company's control. As a result, the Company's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. The Company undertakes no obligation to update the forward-looking statements contained within this Half-Yearly Report or any other forward-looking statements it makes.

The Company is a public company. It is registered in England and Wales with company number 1055384 and its shares are traded on the London Stock Exchange. The Company is not regulated or authorised by the Financial Conduct Authority.

The Directors of the Company, the directors of Edinburgh Partners AIFM Limited and the directors and employees of Edinburgh Partners Limited may (subject to applicable laws and regulations) hold shares in the Company and may buy, sell or offer to deal in the Company's shares from time to time.

Corporate Information

DIRECTORS (ALL NON-EXECUTIVE)

Michael MacPhee (Chairman)
Sue Inglis
Michael Moule
Andrew Watkins
Dr Michael Woodward

COMPANY SECRETARY AND REGISTERED OFFICE

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STOCKBROKER

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The European Investment Trust plc

Registered in England and Wales Number 1055384

An investment company as defined under
Section 833 of the Companies Act 2006