










 For more information click here to visit Fidelity online

Welcome to the Fidelity European Trust PLC Annual Report 2023.

This interactive PDF allows you to access information easily, search for a specific item or go directly to another page, section or website.



Guide to buttons

-  Go to main contents page
-  Search this PDF
-  Print options
-  Go to next page
-  Go to previous page
-  Enlarge page size
-  Reduce page size

Tabs

Clicking on one of the tabs at the side of the page takes you to the start of that section.

Links in this PDF

-  Dynamic links – clicking on them will take you to further information within the document
-  Web links – clicking on them will take you to further information (opens in a new window).



FidelityTM
INTERNATIONAL



FIDELITY EUROPEAN TRUST PLC

Annual Report for the year ended 31 December 2023



For more information click here to visit Fidelity online

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.

The reporting year was largely dominated by continued rises in inflation and interest rates, sparking fears of a global recession, as well as by a lacklustre post-Covid reopening in China which failed to deliver on expected benefits for

European exporters. Towards the end of the year, more widespread expectations of interest rate cuts helped fuel a rally in equity markets, although policymakers are hinting that these reductions may not come as fast as investors hope.

Sam Morse and Marcel Stötzel, your Portfolio Managers, continue to adopt a cautious investment approach, building a balanced portfolio which

aims, among other things, to manage the risk of adverse developments. The focus on attractively valued dividend growers with strong balance sheets and a track record of cash generation remains an appealing feature of the Company. The Portfolio Managers' rigorous approach to stock selection has proved beneficial to shareholders over the long-term and should continue to do so in the future.

Asset Allocator

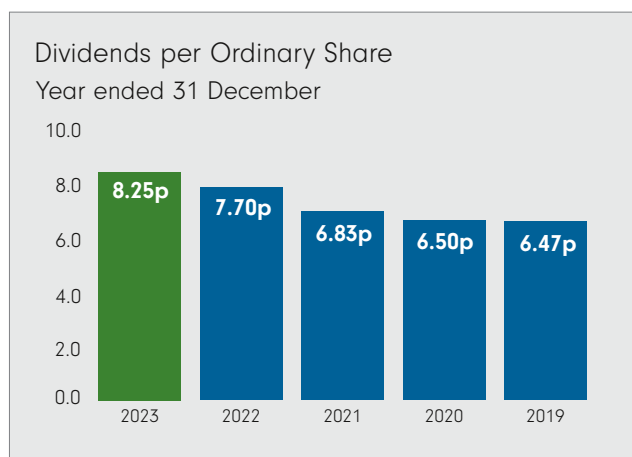
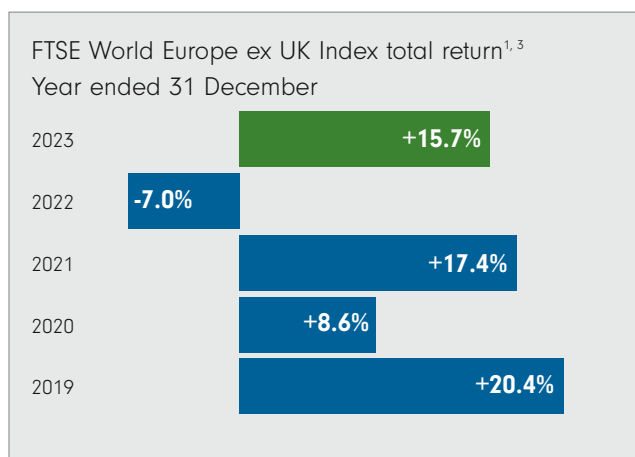
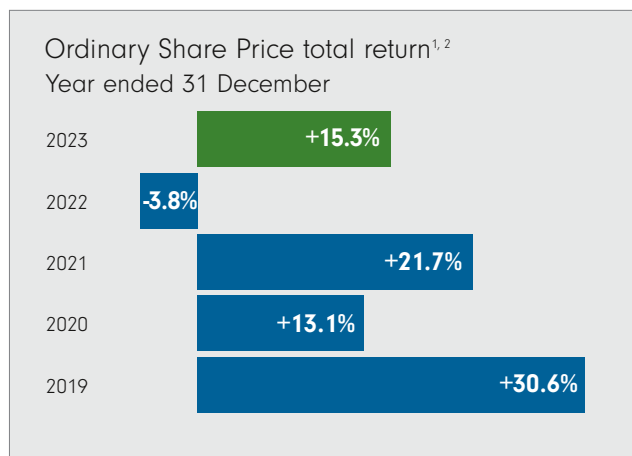
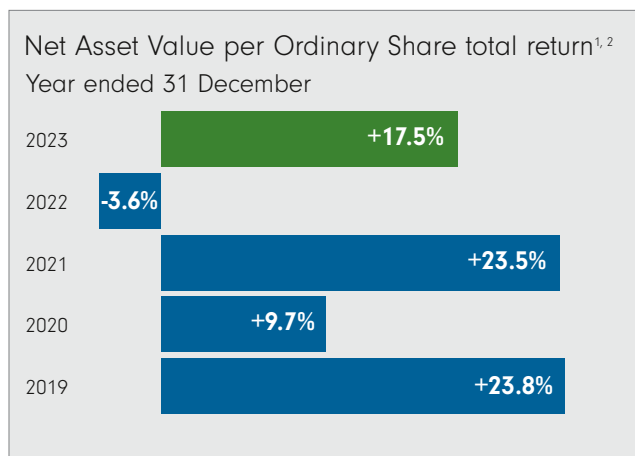
100 CLUB

Winner 2023
European Equity:
Fidelity European Trust



At a Glance

The Company's net asset value per ordinary share increased by 17.5% and the share price by 15.3%, whilst the Benchmark Index increased by 15.7% (all performance data on a total return basis).



1 Includes reinvested income.

2 Alternative Performance Measures. See pages 76 and 77.

3 The Company's Benchmark Index.

As at 31 December 2023

Shareholders' Funds

£1,587.5m (2022: £1,381.0m)

Market Capitalisation

£1,471.4m (2022: £1,305.9m)

Capital Structure

Ordinary Shares of 2.5 pence held outside of Treasury

408,730,523 (2022: 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 for investment purposes.

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

Financial Highlights

	2023	2022
Assets at 31 December		
Gross Asset Exposure ¹	£1,796.0m	£1,542.9m
Gross Gearing ² (see Note 18 on pages 74 and 75)	13.1%	11.7%
Net Market Exposure	£1,770.6m	£1,542.9m
Net Gearing ² (see Note 18 on pages 74 and 75)	11.5%	11.7%
Shareholders' Funds	£1,587.5m	£1,381.0m
Net Asset Value ("NAV") per Ordinary Share ²	388.39p	337.87p
Ordinary Share Price and Discount at 31 December		
Ordinary Share Price at year end	360.00p	319.50p
Ordinary Share Price - year high	360.00p	345.00p
Ordinary Share Price - year low	311.50p	267.00p
Discount at year end ²	7.3%	5.4%
Discount - year high	9.6%	11.8%
Discount - year low	3.3%	3.8%
Results for the year ended 31 December – see page 55		
Revenue Return per Ordinary Share ²	9.32p	9.00p
Capital Return/(Loss) per Ordinary Share ²	49.08p	(22.88p)
Total Return/(Loss) per Ordinary Share ²	58.40p	(13.88p)
Final Dividend proposed per Ordinary Share	4.99p	4.62p
Interim Dividend paid per Ordinary Share	3.26p	3.08p
Total Dividends for the year	8.25p	7.70p
Ongoing Charges Ratio for the year ended 31 December ^{2, 5}	0.77%	0.78%

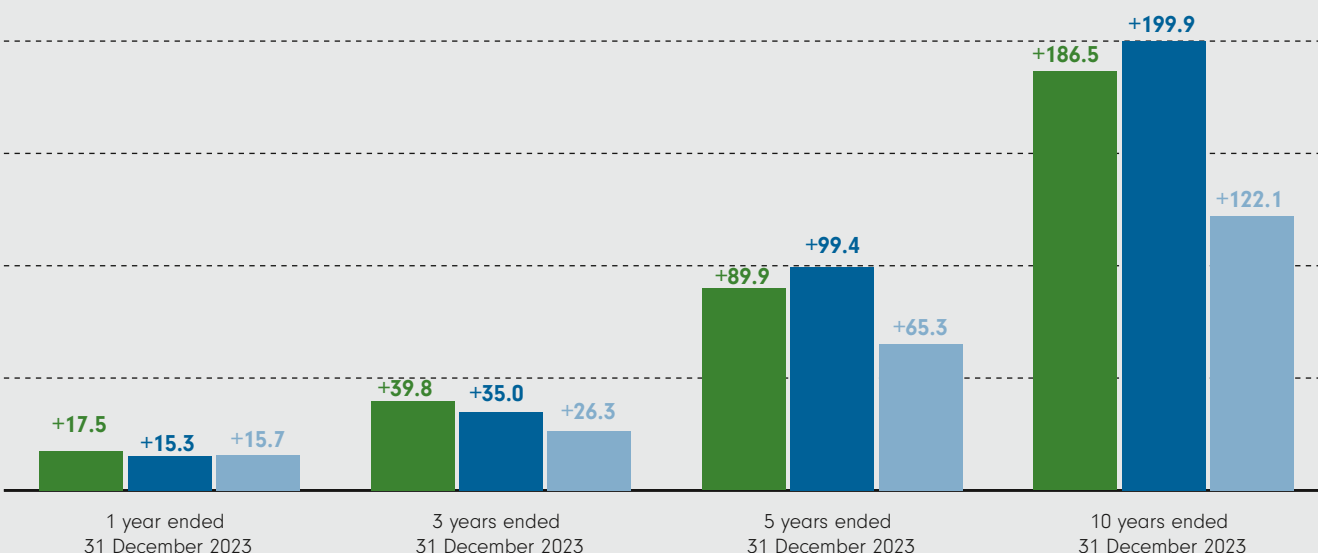
1 The value of the portfolio exposed to market price movements.

2 Alternative Performance Measures. See pages 76 and 77.

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 87.

Standardised Performance Total Return (%)

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



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

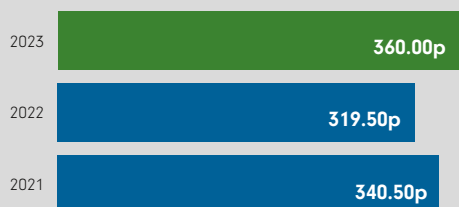
Read more on pages 06 to 11



Spotlight on the Top 10 Holdings

Read more on pages 12 and 13

Ordinary Share Price as at 31 December



Ten Year Record

Read more on page 19

Strategy

Chairman's Statement	02
Portfolio Managers' Review	06
Spotlight on the Top 10 Holdings	12
Portfolio Listing	14
Distribution of the Portfolio	16
Attribution Analysis	18
Ten Year Record	19
Summary of Performance Charts	20
Strategic Report	22
ESG in the Investment Process at Fidelity International	31

Governance

Board of Directors	33
Directors' Report	34
Corporate Governance Statement	38
Directors' Remuneration Report	42
Statement of Directors' Responsibilities	45
Report of the Audit Committee	46

Financial

Independent Auditor's Report	49
Income Statement	55
Statement of Changes in Equity	56
Balance Sheet	57
Notes to the Financial Statements	58
Alternative Performance Measures	76
Financial Calendar	78

Information for Shareholders

Notice of Meeting	79
Shareholder Information	83
Data Protection	85
Glossary of Terms	86
Alternative Investment Fund Manager's Disclosure	89

Chairman's Statement



I am pleased to present the Annual Report of Fidelity European Trust PLC for the year ended 31 December 2023.

Vivian Bazalgette, Chairman

£1,587.5m

(As at 31 December 2023)
Shareholders' Funds

+17.5%

(Year ended 31 December 2023)
Net Asset Value per Ordinary Share total return

+15.3%

(Year ended 31 December 2023)
Ordinary Share Price total return

+15.7%

(Year ended 31 December 2023)
Benchmark Index total return

The year under review began as the previous one ended, with interest rates and inflation continuing to ratchet upwards in Europe, as they did in the US and UK. While early expectations had been that the end of China's 'zero-Covid' policy would lead to a swift normalisation of economic activity and foreign travel, the reality was much more muted, and this has had negative implications for Europe, a region for which Chinese companies and consumers are a major source of business. These headwinds led the International Monetary Fund to revise down its expectations for economic growth in the Euro area twice during the course of the year, with the October World Economic Outlook predicting GDP growth of just 0.7% for 2023. With no European Central Bank rate increases since September 2023, however, more moderate inflation numbers and increased hopes of a rapid resumption of monetary easing on both sides of the Atlantic, markets rallied in the fourth quarter of the year.

While consumers have continued to face a cost-of-living crisis, many companies have managed to maintain their margins, even amid higher costs, a theme that has played out favourably in the Company's portfolio given our Portfolio Managers' focus on well financed businesses with good pricing power. While Sam Morse and Marcel Stötzel seek to invest across a broad spread of countries and sectors in Europe, they are fundamentally bottom-up stock pickers. Their focus is on finding attractively valued dividend growers with strong business franchises and balance sheets, which are not overly at risk from exogenous factors such as geopolitics or the macroeconomic backdrop. This constitutes the core of their long-term investment philosophy.

Performance

The Company performed well in the year under review, delivering a net asset value total return of +17.5% and comfortably beating the +15.7% total return of the Benchmark Index, the FTSE World Europe ex UK Index. The share price total return of +15.3% marginally lagged the Benchmark Index as the discount to NAV widened, rising from 5.4% to 7.3% at the year end. This reflected a general trend of widening investment trust discounts, although your Company's discount at the year end was substantially narrower than the 13.3% average for the investment companies' universe as a whole and remained tighter than the average of its peers in the AIC Europe sector. The longer-term performance record is also strong, with NAV and share price total returns ahead of the Benchmark Index over three, five and ten years to the end of December 2023. These are encouraging results for the Company and help to make up for negative absolute returns in the previous financial year.

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 2023 was 9.32 pence per ordinary share (2022: 9.00 pence), and an interim dividend of 3.26 pence per ordinary share was paid on 27 October 2023 (2022: 3.08 pence). The Board is pleased to recommend a final dividend of 4.99 pence for the year ended 31 December 2023 (2022: 4.62 pence) for approval by shareholders at the Annual General Meeting ("AGM") on 8 May 2024. The interim and final dividends (total of 8.25 pence) represent an increase of 0.55 pence (7.1%) over the 7.70 pence paid for the year ended 31 December 2022.

The final dividend will be payable on 14 May 2024 to shareholders on the register at close of business on 2 April 2024 (ex-dividend date 28 March 2024). Shareholders may choose to reinvest their dividends for additional shares in the Company.

Outlook

Last year, I sounded a cautious note on the outlook for the portfolio, given the risk of a global recession at some stage in 2023. While this has not yet come to pass - and indeed, there was a degree of euphoria in markets towards the end of the reporting year under review - it would be unwise to buy too fully into the idea that 'normalising' interest and inflation rates will ensure a rosy picture in 2024. As Sam points out in the Portfolio Managers' Review on the following pages, a return to target inflation rates of 2% could be seen as quite restrictive in a historical context. If this is achieved only because of a flatlining global economy, then the market could take fright over the prospects for corporate earnings and dividends, particularly if interest rate reductions are seen to be delayed. Other reasons to be cautious include the possibilities arising from many elections this year, the Chinese economy and the property market - which appear to have deeper-seated problems than anyone expected, the ongoing conflagration in Ukraine, and the conflict in the Middle East, which has been affecting energy prices given concerns over security of shipping in the Red Sea.

With all that said, however, your Company performed well in 2023, aided by stock-specific opportunities in areas such as private equity, where 3i Group and Partners Group were the two biggest winners in the portfolio. There was also a positive impact from gearing, maintained throughout the year and used to take advantage of the fact that markets tend to rise over the long-term. The Portfolio Managers' focus is unchanged and continues to be on finding attractively valued companies with good prospects for cash generation and dividend growth over the longer-term, with positioning driven by opportunities at the individual stock level rather than macro developments.

Fees

It is the practice of the Board to review fees paid to the Manager every third year, and this was done early in 2024. It has been agreed that the fee rate should remain unchanged for the forthcoming three years beginning on 1 April 2024. The Directors believe that the fees continue to represent good value for shareholders.

OTHER MATTERS

Cybersecurity

Fidelity takes the threat of cybercrime very seriously and is active in ensuring that its own and customers' data remains secure, with risks regularly re-assessed and communicated to the Board. Such risks - which have increased due to the Russia/Ukraine conflict and the trend to more working from home - primarily relate to phishing, remote access threats, extortion and denial-of-services attacks. Fidelity has established a dedicated cybersecurity team which provides regular awareness updates and best practice guidance. The Manager's technology team has also developed a number of initiatives and controls in order to provide enhanced mitigating protection from this ever-increasing threat. Actions in place include control strengthening, geo-blocking, and phishing mitigants, combined with enhanced resilience and recovery options. The Company's third-party service providers also have similar measures in place. There are more details on page 27.

Environmental, Social and Governance ("ESG") Investment

While your Company is not a 'green' or 'ethical' fund, ESG factors remain an important part of the work of both the Board and the Portfolio Managers, as continuing deterioration in the climate and other social and governance concerns present a potential investment risk to your portfolio. Businesses are under pressure to ensure that their activities are not harmful in these respects, and although there is progress on a wide range of issues - from deforestation to clean energy transition - more still needs to be done. Fidelity International ("Fidelity") has a sustainable investing approach, including engagement and voting principles and guidelines, as well as having developed its own proprietary forward-looking ESG

Chairman's Statement continued

ratings. These ratings bring together both Fidelity's internal research and interactions with issuers, with analysts quantifying the direction of change in companies' ESG performance and assigning a score from A to E to each company on Environmental (E), Social (S) and Governance (G) factors. The ratings of the companies in the portfolio are ahead of the broader market and continue to improve. Details of ESG engagements by the management team in the year under review are included in the Portfolio Managers' Review on the following pages, and an explanation of how Fidelity has embedded ESG factors in its investment decision-making can be found on pages 31 and 32.

Discount Management and Treasury Shares

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

In order to assist in managing the discount, the Board has shareholder approval to hold ordinary shares repurchased by the Company in Treasury, rather than cancelling them. Shares in Treasury are then available to be re-issued at NAV per 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 2024.

The discount remained in single digits throughout the year under review, and no shares were repurchased or issued.

Gearing

The Company continues to gear through the use of derivative instruments, primarily contracts for difference ("CFDs"), and the Portfolio Manager has flexibility to gear within the parameters set by the Board. As at 31 December 2023, the Company's gross gearing was 13.1% (2022: 11.7%), with net gearing of 11.5% (2022: 11.7%) owing to a small number of short derivative positions in the portfolio. In the reporting year, gearing was maintained between 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 18. This is a good reminder of the benefit of gearing in a rising market.

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 stressed that all gearing is subject to the Portfolio Managers' confidence in identifying attractive investment opportunities, and to their remaining attractive.

Board of Directors

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 the range of appropriate skills and experience for your Company. In accordance with the UK Corporate Governance Code for Directors of FTSE 350 Companies, all Directors will be subject to annual re-election at the AGM on 8 May 2024. The Directors' biographies can be found on page 33 and between them they have a wide range of appropriate skills and experience to form a balanced Board for the Company.

While there have been no changes to the Board in the year under review, I will have completed nine years' service in December 2024, and in accordance with best practice, I intend to step down at the conclusion of the AGM in 2025. An exercise to identify my successor, led by Senior Independent Director, Paul Yates, will take place in Autumn 2024.

Continuation Vote

In accordance with the Company's Articles of Association, the Company is subject to a continuation vote every two years. The most recent such vote was at last year's AGM on 10 May 2023, and I was pleased to see strong evidence of shareholder support in the 99.86% of votes cast in favour of continuation. The next continuation vote will take place in 2025.

Annual General Meeting

The Company's AGM is at 12 noon on Wednesday, 8 May 2024, and the Board and I hope to see as many shareholders as possible. Details of the AGM are on the next page.

Vivian Bazalgette

Chairman

19 March 2024

ANNUAL GENERAL MEETING – WEDNESDAY, 8 MAY 2024 AT 12 NOON

The AGM of the Company will be held at **12 noon on Wednesday, 8 May 2024** 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 79 to 82.

For those shareholders who would prefer not to attend in person, we will live-stream the formal business and presentations of the meeting online.

Sam Morse, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He, the Co-Portfolio Manager, Marcel Stötzel, and the Board will be very happy to answer any questions that shareholders may have. Copies of his presentation can be requested by email at investmenttrusts@fil.com or in writing to the Company 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. Please see Note 9 to the Notes to the Notice of Meeting on page 81 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 **125-205-035**. 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

How has the Company performed in the year to 31 December 2023?

Answer

Sam: We know that what really matters to shareholders is how the share price performs. In that regard, 2023 has been a good year in absolute terms, with the share price up by 15.3% (total return in Sterling). That is pleasantly surprising given that we entered the year with such gloomy prospects and many predicting recession given the cost-of-living crisis and rising interest rates. However, with the Benchmark Index rising by 15.7%, the share price just about kept up with the market. The NAV did better than the Benchmark, rising by 17.5%, however the share price discount to NAV widened during the year thereby offsetting this outperformance. The Company's gearing which was maintained through the year at a low double-digit level, was the main reason that the NAV outperformed. This is a good reminder of the benefit of gearing in a rising market, and one of the key advantages of investment trusts relative to other investment vehicles.

Question

What stocks have been the main drivers of performance in 2023?

Answer

Sam: After a strong year in 2022, stock-picking was more mixed in 2023 making only a marginally positive contribution to the Company's outperformance in NAV terms. There were two big winners, both from the financials sector and participants in the private equity industry. 3i Group's shares rose following another very strong year of growth from its main investment, Action, which is a continental European discount retailer. Investors feared that the cost-of-living crisis would limit the spending of Action's existing customers, but it appears to have driven greater footfall as the squeeze on disposable income encouraged new customers to seek the bargains on offer.

Partners Group enjoyed a big re-rating as investors' worst fears regarding the economy and a knock-on impact on private equity valuations, receded and were replaced by a recognition of the resilience of the group, in terms of both valuations and fund-raising, given it is spread across different private asset classes and different customer groups respectively.

In contrast, there was a tail of more lacklustre performers. Sampo, the Nordic insurance company, was perhaps the most notable example. It suffered some weak underwriting results, largely weather-related, and shareholders were also disappointed by the company's conservative distribution policy. We still expect the stock to be a steady compounder, from an attractive level of dividend yield, especially now that it has refocused on its core business of non-life insurance in the Nordic markets, which enjoy higher returns than most insurance markets in continental Europe.

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

Top 5 Stock Contributors (on a relative basis)	%
3i Group	+1.5
Partners Group	+1.1
Novo Nordisk	+0.7
ASML	+0.6
L'Oréal	+0.5

Top 5 Stock Detractors (on a relative basis)	%
Sampo	-0.6
Nestlé	-0.6
MTU Aero Engines	-0.5
Roche	-0.5
DKSH Holding	-0.4

Question

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

Answer

Marcel: The two private equity names that were our big winners were both great examples of where we benefited from focusing on bottom-up stock picking rather than top-down macro forecasts. Both 3i Group and Partners Group had big macro clouds hanging over them - from worries about the impact higher interest rates/lower stock market levels would have on private equity to concerns that portfolio companies would be hit by the cost-of-living squeeze and looming recession. Additionally, there were concerns that the funding/fund raising environment would dry up just at the time that private equity players were unable to exit past investments. We shared these concerns, but looking at a bottom-up stock picking basis, we felt strongly that the long-term impact of the above was overstated. Instead, we felt that the key drivers of the stocks over the long-term were still intact and would

Portfolio Manager's Review continued

remain so in the event of any short-term wobbles. For example, for 3i what really mattered was the sales performance from its main investment Action. While this might be impacted in the short-term, this would not have been enough to change the strong long-term outlook (and in the end the short-term held up well too). For Partners, what mattered the most was their fund-raising ability as their earnings are heavily skewed towards management fees. While this has been impacted in the short-term (although less than feared) we do not feel that this changes the excellent long-term fundraising potential of the company. Credit must also go to our Diversified Financials analyst who did some great value-add analysis (including hosting a "Private Equity Day" where we met leading industry CEOs) and consistently kept us focused on the key longer-term drivers of the companies' profits.

Question

How are you managing geopolitical risk within the portfolio?

Answer

Sam: We are unable to predict outcomes in this respect. We do, however, try to make sure that in the event of any outcome, we are not overly exposed relative to the Benchmark. We try to achieve this by maintaining a balance in the portfolio on sector weightings and by running "what if" scenarios related to geopolitical tensions such as those between China and Taiwan or North and South Korea. An adverse geopolitical event, such as the invasion of Ukraine by Russia, will impact the market negatively and we are not able to escape the general downdraft, but the underlying portfolio tends to be relatively defensive, partly given our focus on balance sheet strength, such that typically it falls by less than the market. We realise that will only be a small consolation at the time but, over the long-term, companies grow dividends and markets do rise despite endless negative headlines regarding geopolitical threats and events.

Question

With inflation looking like it will normalise, what effect will this have on markets and in particular your portfolio?

Answer

Sam: Two things to consider in answering this question: what is normal inflation and how will we get there? Central banks in the US and Europe are targeting inflation of less than two percent, and assuming that is the yardstick

in terms of normal, then the hope is that this normality is achieved without a recession. Such a result would be celebrated by investors and result in a market rerating in anticipation of monetary easing and better times ahead. If, however, the inflation target is reached because the global economy stalls, then the market is likely to take fright about the prospects for corporate earnings and dividends, even if interest rates are falling. In terms of the Company's portfolio, we try to focus on businesses with strong pricing power. The corporate sector has, in general, surprised investors in its ability to maintain margins through higher pricing while inflation has been at these high levels. Some have called it "greedflation". As inflation eases, this phenomenon may prove unsustainable and only those companies with genuine pricing power will be able to maintain margins.

Answer

Marcel: I agree with Sam's views and would add that inflation normalising will also have an important knock-on effect on the ability of central banks to cut interest rates. This is important as a number of investments use the "risk free rate" as the rate of return they need to exceed in order to be attractive to investors. As such the lowering of interest rates has (all else being equal) a direct impact on making other investments more attractive. Additionally, a number of European companies are sitting on fixed rate debt that was taken out during the depths of the pandemic. This debt has an average interest rate well below current market interest rates which means that if central banks are unable to meaningfully lower rates by the time this debt becomes due (late 2024/2025), then a number of companies could see a large interest expense hit. At an aggregate level, this interest rate shock could also have a negative impact on economies.

Question

How have you incorporated ESG into the management of the portfolio this year?

Answer

Sam: At Fidelity, the bulk of our ESG analysis is done by our fundamental equity analysts alongside their work on building an investment thesis. As well as rating a company a 'buy' or a 'sell' they also assign a sustainability rating on a scale of A-E. As long-term investors, we believe that over time companies with good ESG practices will also be those that have sustainable business models that display the quality characteristics we look for in our investee companies. Our equity analysts are supported by Fidelity's Sustainable Investing analysts who offer expertise and allow us to conduct larger thematic pieces of work.

Our wider team engaged with 28 holdings in the Company during the year through approximately 40 different interactions on ESG topics, including 13 in-person meetings or conference calls with investee companies. Executive remuneration was the most prominent engagement topic followed by governance and biodiversity.

Answer

Marcel: Using ESG analysis as an additional layer of “risk evaluation” allows us to make sure that we are considering the full set of company risks. These were not the only reasons for some of the sales we carried out last year, but they were nonetheless a key input into our decision to sell the likes of Prosus (Social concerns) and Schindler (Governance concerns).

Question

Looking forward into 2024 and beyond, which sectors and regions are you particularly excited about?

Answer

Sam: We do not really do excitement! As investors, there is always the danger that we get overexcited by potential rewards and overlook downside risks. A fast-growing region, for example, may also have unattractive corporate governance or poor industry structures. Academic studies, in particular those by Dimson, Marsh and Staunton from the London Business School, have shown that there is little correlation between the economic growth of a country and the performance of its stock market. Encouragingly, given our investment process, they also argue that real dividend growth is a much more reliable indicator of likely returns. So, we take an active approach to stay balanced by the large sector groupings (e.g., energy, healthcare, financials etc.) and by regions, such that it is the stock-picking that drives the performance of the Company’s portfolio. In terms of stock-picking, Marcel and I are very focused on identifying attractively valued companies which will deliver consistent dividend growth cycle on cycle. We believe focusing on consistent dividend growers will deliver better returns in the long run, rather than chasing “exciting” regions or sectors.

Question

Sam you are coming up to 13 years of managing the Company’s portfolio, with fantastic comparative performance versus the Benchmark Index, both in capital growth and dividend growth. What has been the key to success over the longer-term?

Answer

Sam: I am wary of this. Thirteen is an unlucky number and disclaimers correctly warn that good past performance is no guarantee of future success! We will, of course, always have good years and bad years, but Marcel and I remain confident that if we continue to identify consistent dividend growers that are attractively valued, we will continue to deliver some outperformance compared to the Benchmark over time. Gearing will, of course, also enhance that outperformance over the long-term as markets rise. The magic of the compounding of consistent outperformance over time, coupled with a very sharp focus on assessing potential downside to avoid banana skins, is what has allowed the Company’s relative performance to pull ahead from its Benchmark over time.

Sam Morse

Portfolio Manager
19 March 2024

Marcel Stötzel

Co-Portfolio Manager
19 March 2024

Portfolio Manager's Review continued

VOTING CASE STUDIES: ESSILORLUXOTTICA AND PUMA

BACKGROUND

Fidelity International ("Fidelity") has long encouraged European investee companies to adopt long-term incentive plans ("LTIPs") for senior management with a minimum share release period of five years. This is intended to focus management's attention beyond the quarterly reporting cycle by linking a substantial portion of their remuneration with shareholders over a five year time horizon. Fidelity will generally vote against agenda items related to executive remuneration at European investee companies if their long-term incentive plan does not have a share exposure or sales restriction period of at least five years from grant, measured on a weighted-average basis.

In addition to this, we periodically engage with companies to influence their behaviour in setting remuneration levels for senior employees. We wrote to companies in November and asked them to be mindful of granting significant executive pay rises in the current environment. We have taken the view that in order to support a large pay increase that is misaligned with the broader workforce, the rationale would need to be exceptionally convincing, and the boards of such companies would need to demonstrate that it had also considered how best to support lower paid workers during the cost-of-living crisis.

These policies informed our decision to vote against PUMA's remuneration policy at the 2023 AGM because their long-term incentive awards do not have a five year restriction period. We also decided to vote against EssilorLuxottica's remuneration policies for the Chairman/CEO for the reasons outlined below.

ANALYSIS ON OUR VOTING DECISIONS AND COMPANY ENGAGEMENT

Fidelity wrote to the chairs of holdings in major European indices to highlight the importance of responsible corporate responses to the challenges posed by the cost-of-living crisis. This initiative formed part of our ongoing engagement with boards and management teams ahead of their annual general meetings in 2023.

We shared best practices learned from our various engagements, including prioritising lower-paid employees in pay reviews, and providing one-off cost-of-living support payments or providing other forms of non-financial support to lower-paid staff. More broadly, we encouraged responsible corporate responses to the cost-of-living challenges faced by employees and broad alignment between workforce and executive pay outcomes.

On executive remuneration, we encouraged boards to ensure pay decisions reflected the principles of fairness and equitable treatment. When setting executive pay, we asked remuneration committees to consider the broader workforce experience and generally avoid above-workforce base salary increases. We also asked boards to remain mindful of the theoretical potential for windfall LTIP awards.

PUMA: We communicated our voting intentions with the company to explain our position on LTIPs before casting our vote against the remuneration policy.

EssilorLuxottica: We decided to vote against the remuneration policies for the Chairman/CEO, Francesco Milleri. We carried out peer analysis and concluded that the 20% base salary increase given to Milleri did not align his remuneration with peers. We believe that his total compensation package was already competitive compared to European luxury goods peers, especially when taking into account the large quantum of company shares awarded to him. Furthermore, we felt the performance hurdles on the long-term incentive plan and bonus were not best-in-class and were not sufficiently stretching.

We engaged with the company ahead of the AGM and decided that we were unable to vote with management on this proposal.

OUTCOMES

PUMA: In the case of PUMA, other shareholders were aligned with our stance and the remuneration report was voted down at the AGM by a majority of 54% of votes cast.

EssilorLuxottica: In contrast, the result for this vote did not go our way. The proposal was passed with around 30% of votes cast against the resolution.

In both cases, we will continue to monitor the company's remuneration practices.

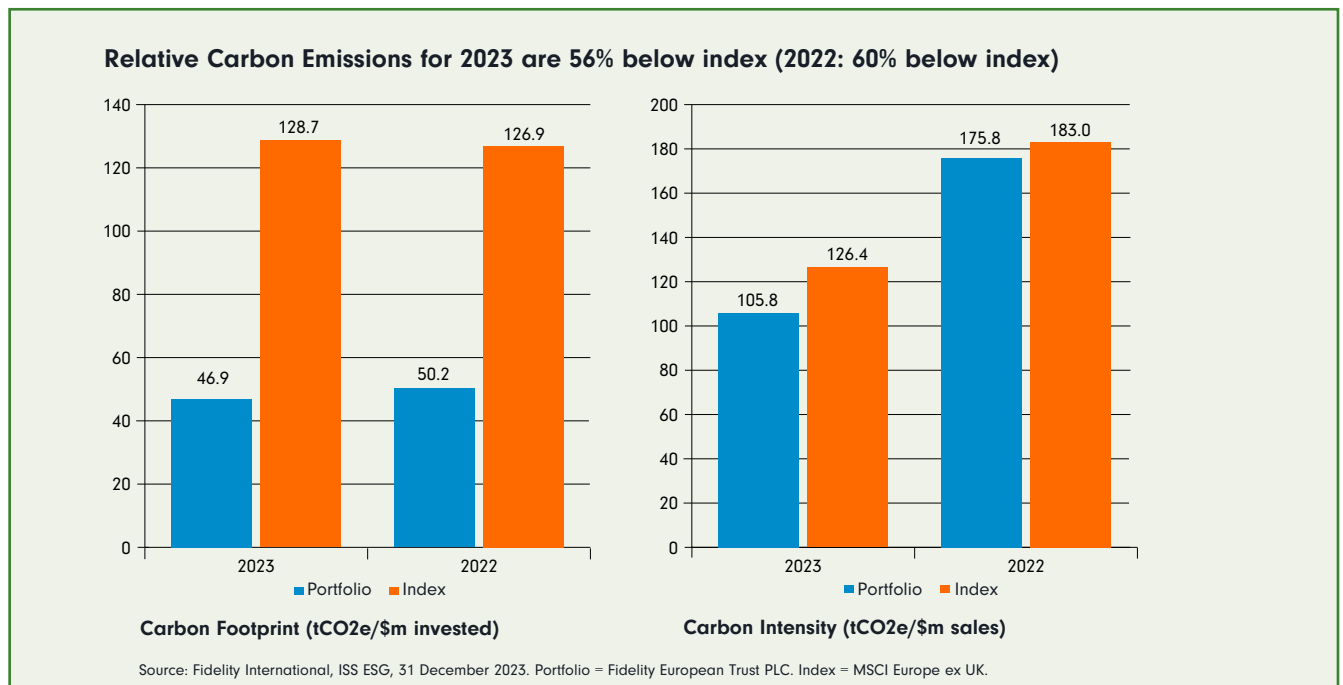
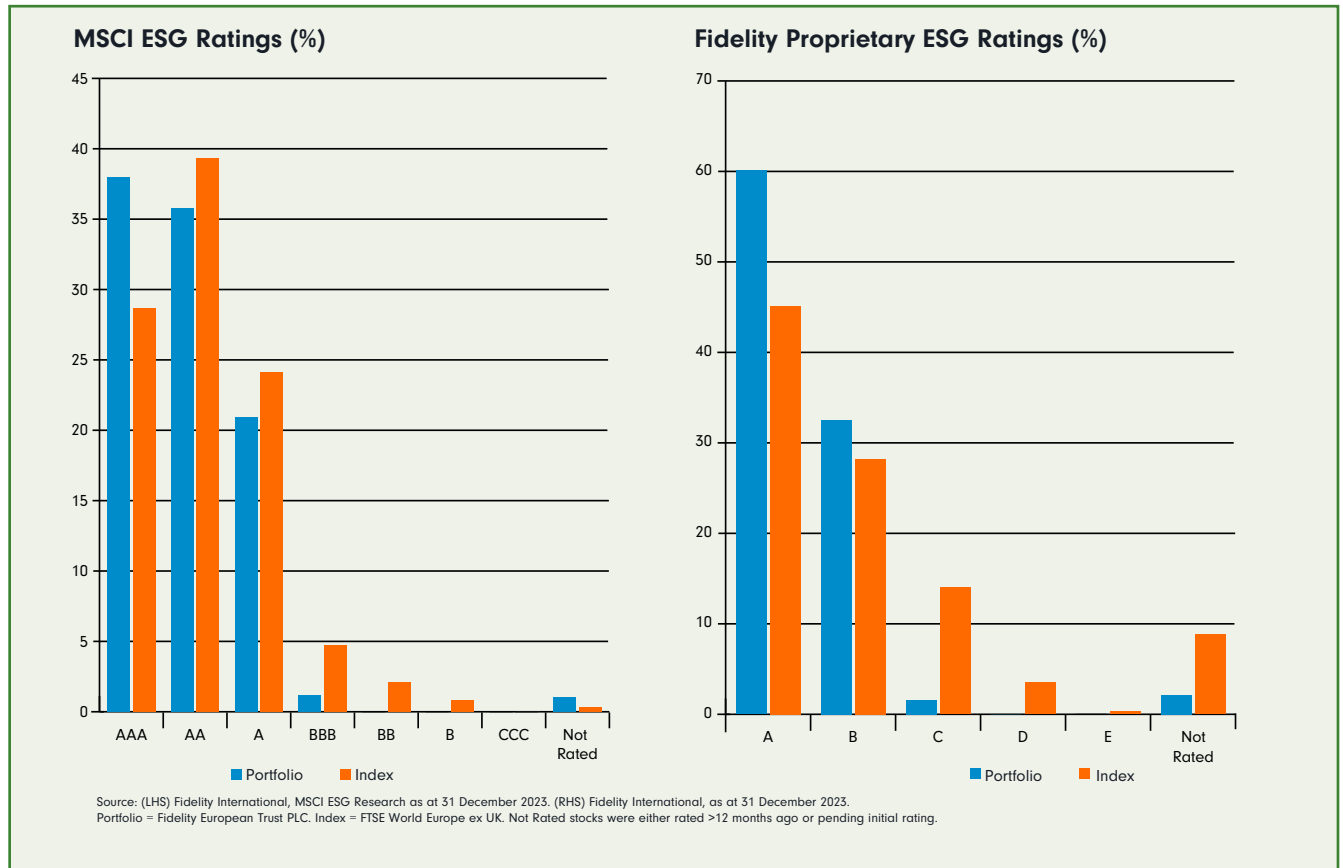
HIGH CONVICTION HOLDINGS

PUMA: is well known as the world's third largest sportswear manufacturer behind Nike and Adidas. There is double digit growth in the sporting goods market annually and, as the lines blur between luxury and 'athleisure', PUMA is well placed in the oligopoly-like market structure. PUMA has been through a dramatic brand reinvigoration that has resulted in strong growth and margin improvement over the past few years. The share price weakness at the beginning of 2023 on fears of a consumer slowdown provided an attractive entry point as the long-term thesis is sound. Importantly for us, the company also has a strong balance sheet and cash generation that supports double digit dividend growth.

EssilorLuxottica is a global leader in the design, manufacture and distribution 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. EssilorLuxottica is the global leader in ophthalmic lenses (51% sales), frames (20% sales) and sunglasses (25% sales). Around 70% of the business is related to prescription eye care making it one of the best ways to gain exposure to the structurally growing demand for eye-solutions.

ESG characteristics of the Company's portfolio

The first two charts below show a breakdown of the underlying stocks in the Company's portfolio using MSCI and Fidelity's own ESG ratings.



The information presented shows certain ESG metrics of the Company for investor information only. These metrics may not be integrated in the investment decision process.

Spotlight on the Top 10 Holdings

as at 31 December 2023

(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 Technology Hardware & Equipment



ASML (Netherlands)

% of Net Assets **6.3%**

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 Food Producers



Nestlé (Switzerland)

% of Net Assets **6.2%**

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 Pharmaceuticals & Biotechnology



Novo Nordisk (Denmark)

% of Net Assets **6.1%**

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 Personal Goods



LVMH Moët Hennessy (France)

% of Net Assets **4.8%**

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 Oil, Gas & Coal



TotalEnergies (France)

% of Net Assets **4.3%**

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 Pharmaceuticals & Biotechnology




Roche (Switzerland)

% of Net Assets 4.2%

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 Personal Goods



L'Oréal (France)

% of Net Assets 4.0%

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 Software & Computer Services




SAP (Germany)

% of Net Assets 3.6%

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 Medical Equipment & Services



EssilorLuxottica (France)

% of Net Assets 3.4%

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 Investment Banking & Brokerage Services



Partners Group (Switzerland)

% of Net Assets 3.3%

Partners Group is a global private markets firm that provides bespoke solutions to institutional investors, sovereign wealth funds, family offices and private investors. Founded in 1996, today the firm has over 1,900 employees and \$147b in assets under management. It has an entrepreneurial history of investing in private markets on behalf of its client and undertakes long-term oriented partnerships with both employees and business partners that support their business strategy.

Portfolio Listing

as at 31 December 2023

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			
ASML			
Technology Hardware & Equipment	99,769	6.3	99,769
Nestlé			
Food Producers	98,735	6.2	98,735
Novo Nordisk			
Pharmaceuticals & Biotechnology	96,102	6.1	96,102
LVMH Moët Hennessy			
Personal Goods	75,847	4.8	75,847
TotalEnergies			
Oil, Gas & Coal	67,714	4.3	67,714
Roche			
Pharmaceuticals & Biotechnology	66,362	4.2	66,362
L'Oréal			
Personal Goods	64,190	4.0	64,190
SAP (long CFD)			
Software & Computer Services	57,868	3.6	(2,869)
EssilorLuxottica			
Medical Equipment & Services	54,652	3.4	54,652
Partners Group			
Investment Banking & Brokerage Services	52,418	3.3	52,418
Ten largest long exposures	733,657	46.2	672,920
Other long exposures			
3i Group	47,905	3.0	47,905
Legrand (long CFD)	47,200	3.0	(191)
Sanofi (long CFD)	44,061	2.8	575
Hermès International	43,373	2.7	43,373
Deutsche Börse Group	42,929	2.7	42,929
Assa Abloy	41,226	2.6	41,226
MTU Aero Engines	36,824	2.3	36,824
Linde (long CFD)	36,418	2.3	169
Sampo	35,121	2.2	35,121
Enel	34,469	2.2	34,469
Kone	33,343	2.1	33,343
Zurich Insurance Group	32,936	2.1	32,936
Dassault Systèmes	32,855	2.1	32,855
Amadeus IT Group	31,757	2.0	31,757

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Sika	30,774	1.9	30,774
EQT	28,918	1.8	28,918
Symrise	28,537	1.8	28,537
Intesa Sanpaolo	27,200	1.7	27,200
DNB	25,052	1.6	25,052
Epiroc	22,991	1.4	22,991
KBC Group	22,567	1.4	22,567
Société des Bains de Mer de Monaco	21,659	1.4	21,659
Intertek Group	21,312	1.3	21,312
SIG Group	21,275	1.3	21,275
Bankinter	20,570	1.3	20,570
DKSH Holding	20,462	1.3	20,462
Lonza Group	19,853	1.3	19,853
ABN AMRO Bank	18,879	1.2	18,879
Sodexo	18,728	1.2	18,728
Rexel	17,778	1.1	17,778
DSM-Firmenich	17,555	1.1	17,555
Edenred	15,969	1.0	15,969
PUMA	15,344	1.0	15,344
Tecan Group	14,925	0.9	14,925
Ryanair Holdings (long CFD)	14,398	0.9	(113)
Total long exposures before long futures	1,718,820	108.2	1,516,446
Long Futures			
EURO Stoxx 50 Future March 2024	64,492	4.1	(348)
Total long exposures after long futures	1,783,312	112.3	1,516,098
Short Exposures			
Short CFDs (2 holdings)	12,736	0.8	142
Gross Asset Exposure²	1,796,048	113.1	
Portfolio Fair Value³			1,516,240
Net current assets (excluding derivative assets and liabilities)			71,239
Shareholders' Funds (per Balance Sheet)			1,587,479

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

2 Gross Asset Exposure comprises market exposure to investments of £1,518,875,000 (per Note 10: Investments on page 65) plus market exposure to derivative instruments of £277,173,000 (per Note 11: Derivative instruments on page 66).

3 Portfolio Fair Value comprises investments of £1,518,875,000 plus derivative assets of £886,000 less derivative liabilities of £3,521,000 (per the Balance Sheet on page 57).

Distribution of the Portfolio

as at 31 December 2023

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	Sweden	Finland	UK	Italy	Spain	Other	Total 2023 ¹	Index 2023 ²	Total 2022 ¹
Financials														
Investment Banking & Brokerage Services	-	3.4	2.7	-	-	1.9	-	3.1	-	-	-	11.1	3.6	9.0
Banks	-	-	-	1.3	-	-	-	-	1.8	1.4	3.2	7.7	8.5	8.5
Non-Life Insurance	-	2.2	-	-	-	-	2.3	-	-	-	-	4.5	5.2	6.1
Life Insurance	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
	-	5.6	2.7	1.3	-	1.9	2.3	3.1	1.8	1.4	3.2	23.3	17.9	23.6
Industrials														
Construction & Materials	-	2.0	-	-	-	2.7	-	-	-	-	-	4.7	4.2	3.8
Electronic & Electrical Equipment	4.6	-	-	-	-	-	-	-	-	-	-	4.6	3.0	2.9
Industrial Support Services	1.1	1.4	-	-	-	-	-	1.4	-	-	-	3.9	1.3	5.2
Industrial Engineering	-	-	-	-	-	1.5	2.2	-	-	-	-	3.7	2.4	4.2
Aerospace & Defense	-	-	2.4	-	-	-	-	-	-	-	-	2.4	2.5	2.6
General Industrials	-	1.3	-	-	-	-	-	-	-	-	-	1.3	2.1	1.7
Industrial Transportation	-	-	-	-	-	-	-	-	-	-	-	-	2.6	-
	5.7	4.7	2.4	-	-	4.2	2.2	1.4	-	-	-	20.6	18.1	20.4
Health Care														
Pharmaceuticals & Biotechnology	2.9	5.6	-	-	6.2	-	-	-	-	-	-	14.7	12.6	15.5
Medical Equipment & Services	3.5	1.0	-	-	-	-	-	-	-	-	-	4.5	2.9	3.5
Health Care Providers	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-
	6.4	6.6	-	-	6.2	-	-	-	-	-	-	19.2	15.7	19.0
Consumer Discretionary														
Personal Goods	11.7	-	1.1	-	-	-	-	-	-	-	-	12.8	6.7	11.7
Travel & Leisure	2.8	-	-	-	-	-	-	-	-	-	1.0	3.8	0.7	2.7
Automobiles & Parts	0.6	-	-	-	-	-	-	-	-	-	-	0.6	3.3	-
Media	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
Retailers	-	-	-	-	-	-	-	-	-	-	-	-	0.9	0.7
Household Goods & Home Construction	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-
Consumer Services	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-
	15.1	-	1.1	-	-	-	-	-	-	-	1.0	17.2	13.2	15.1
Technology														
Software & Computer Services	2.2	-	3.7	-	-	-	-	-	-	2.0	-	7.9	4.3	7.6
Technology Hardware & Equipment	-	-	-	6.4	-	-	-	-	-	-	-	6.4	5.2	5.5
	2.2	-	3.7	6.4	-	-	-	-	-	2.0	-	14.3	9.5	13.1

	France	Switzerland	Germany	Netherlands	Denmark	Sweden	Finland	UK	Italy	Spain	Other	Total 2023 ¹	Index 2023 ²	Total 2022 ¹
Consumer Staples														
Food Producers	-	6.3	-	1.2	-	-	-	-	-	-	-	7.5	5.2	7.2
Beverages	-	-	-	-	-	-	-	-	-	-	-	-	1.9	-
Personal Care, Drug & Grocery Stores	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
	-	6.3	-	1.2	-	-	-	-	-	-	-	7.5	8.2	7.2
Energy														
Oil, Gas & Coal	4.4	-	-	-	-	-	-	-	-	-	-	4.4	3.8	5.1
Alternative Energy	-	-	-	-	-	-	-	-	-	-	-	-	0.5	-
	4.4	-	-	-	-	-	-	-	-	-	-	4.4	4.3	5.1
Basic Materials														
Chemicals	-	-	1.9	-	-	-	-	-	-	-	2.4	4.3	3.4	4.7
Industrial Metals & Mining	-	-	-	-	-	-	-	-	-	-	-	-	0.7	-
Industrial Materials	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
	-	-	1.9	-	-	-	-	-	-	-	2.4	4.3	4.7	4.7
Utilities														
Electricity	-	-	-	-	-	-	-	-	2.3	-	-	2.3	2.8	2.7
Gas, Water & Multi-Utilities	-	-	-	-	-	-	-	-	-	-	-	-	1.5	-
	-	-	-	-	-	-	-	-	2.3	-	-	2.3	4.3	2.7
Telecommunications														
Telecommunications Service Providers	-	-	-	-	-	-	-	-	-	-	-	-	2.6	0.8
Telecommunications Equipment	-	-	-	-	-	-	-	-	-	-	-	-	0.4	-
	-	-	-	-	-	-	-	-	-	-	-	-	3.0	0.8
Real Estate														
Real Estate Investment & Services	-	-	-	-	-	-	-	-	-	-	-	-	0.7	-
Real Estate Investment Trusts	-	-	-	-	-	-	-	-	-	-	-	-	0.4	-
	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
Asset Exposure – 2023	33.8	23.2	11.8	8.9	6.2	6.1	4.5	4.5	4.1	3.4	6.6	113.1		
Index – 2023	22.8	19.1	16.7	8.7	6.2	6.6	2.2	-	5.4	5.3	7.0	100.0		
Asset Exposure – 2022	33.4	24.4	12.9	7.7	6.3	3.1	5.3	4.5	4.5	4.3	5.3			111.7

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

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

Attribution Analysis

Analysis of change in NAV total return for the year ended 31 December 2023

	%
Impact of:	
Index	+17.7
Exchange Rate	-2.0
Gearing	+1.7
Stock Selection	+0.8
Expenses	-0.8
Cash	+0.1
NAV total return for the year ended 31 December 2023	+17.5

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

	%
3i Group	+1.5
Partners Group	+1.1
Novo Nordisk	+0.7
ASML	+0.6
L'Oréal	+0.5
SAP	+0.5
Enel	+0.4
Bayer	+0.3
Hermès International	+0.3
Assa Abloy	+0.3

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

	%
Sampo	-0.6
Nestlé	-0.6
MTU Aero Engines	-0.5
Roche	-0.5
DKSH Holding	-0.4
Lonza Group	-0.4
Kone	-0.4
Bankinter	-0.4
Symrise	-0.4
UBS Group	-0.4

Source: Fidelity.

Ten Year Record

For the year ended 31 December	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Assets										
Gross Asset Exposure (£m) ¹	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	761.2
Shareholders' Funds (£m)	1,587.5	1,381.0	1,474.2	1,220.3	1,140.6	955.3	1,030.0	875.4	760.3	725.0
NAV per Ordinary Share (p) ²	388.39	337.87	358.68	296.57	277.19	231.77	248.08	210.75	182.57	174.09
Ordinary Share Price and Discount										
Ordinary Share Price (p)	360.00	319.50	340.50	286.00	260.00	207.00	226.70	183.50	174.00	162.50
Discount to NAV (%) ²	7.3	5.4	5.1	3.6	6.2	10.7	8.6	12.9	4.7	6.7
Revenue and Costs										
Revenue Return per Ordinary Share (p) ²	9.32	9.00	7.50	5.12	7.00	6.94	4.37	4.34	3.37	3.67
Dividends per Ordinary Share (p)	8.25	7.70	6.83	6.50	6.47	6.28 ⁵	4.35	4.17	3.33	3.64 ⁴
Ongoing Charges Ratio (Cost of running the Company) ²	0.77	0.78	0.79	0.86	0.87	0.88	0.93	0.99	0.94	0.97
Gearing										
Gross Gearing (%) ^{2, 5}	13.1	11.7	11.1	11.8	7.1	10.1	13.2	3.0	2.8	5.0
Net Gearing (%) ^{2, 6}	11.5	11.7	11.1	9.4	4.7	6.1	3.6	3.0	2.8	5.0
Performance Total Returns										
NAV per Ordinary Share (%) ²	+17.5	-3.6	+23.5	+9.7	+23.8	-4.8	+20.0	+17.6	+6.9	+5.1
Ordinary Share Price (%) ²	+15.3	-3.8	+21.7	+13.1	+30.6	-6.8	+26.2	+7.6	+9.2	+8.7
Benchmark Index (%)	+15.7	-7.0	+17.4	+8.6	+20.4	-9.5	+17.5	+19.7	+5.3	+0.2

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 Includes a special dividend of 0.54 pence.

5 Gross Asset Exposure in excess of Shareholders' Funds.

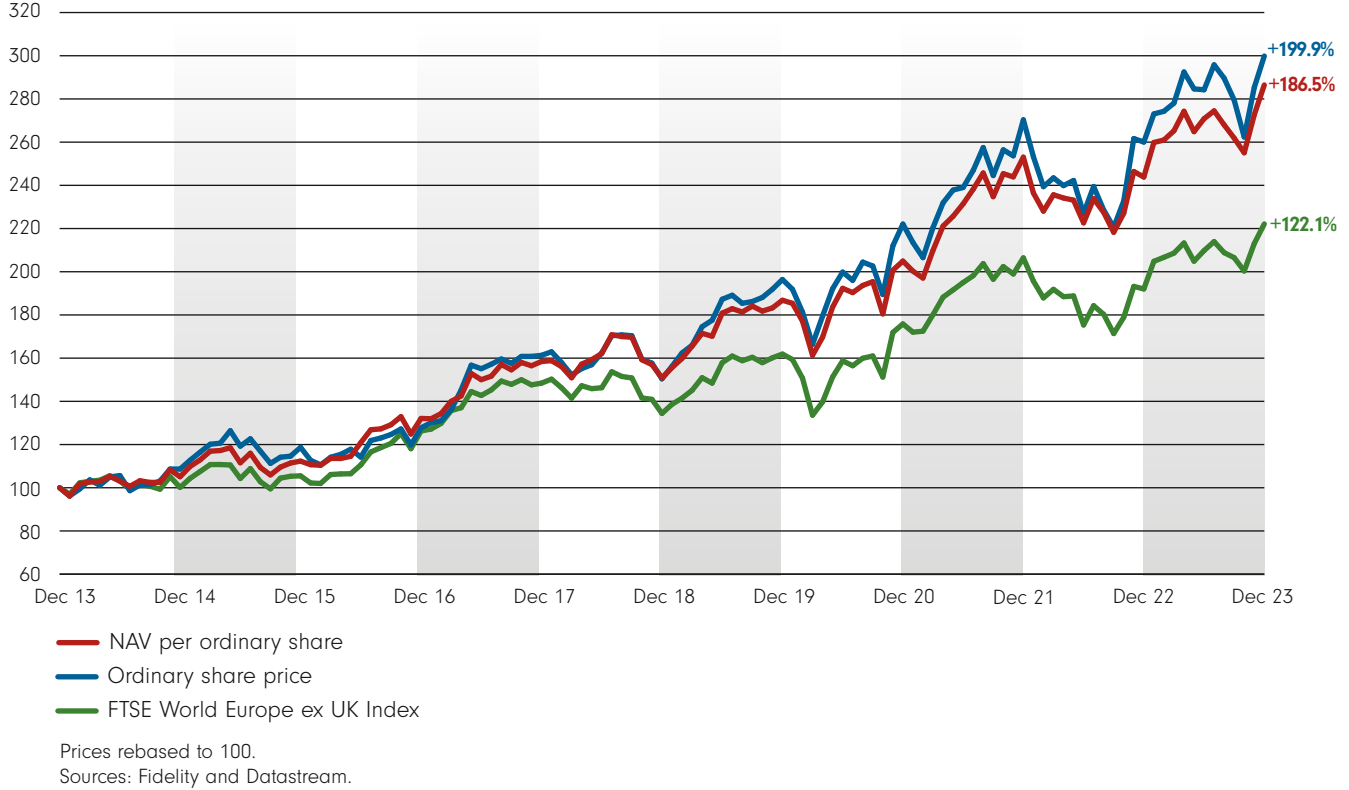
6 Net Market Exposure in excess of Shareholders' Funds.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

Summary of Performance Charts

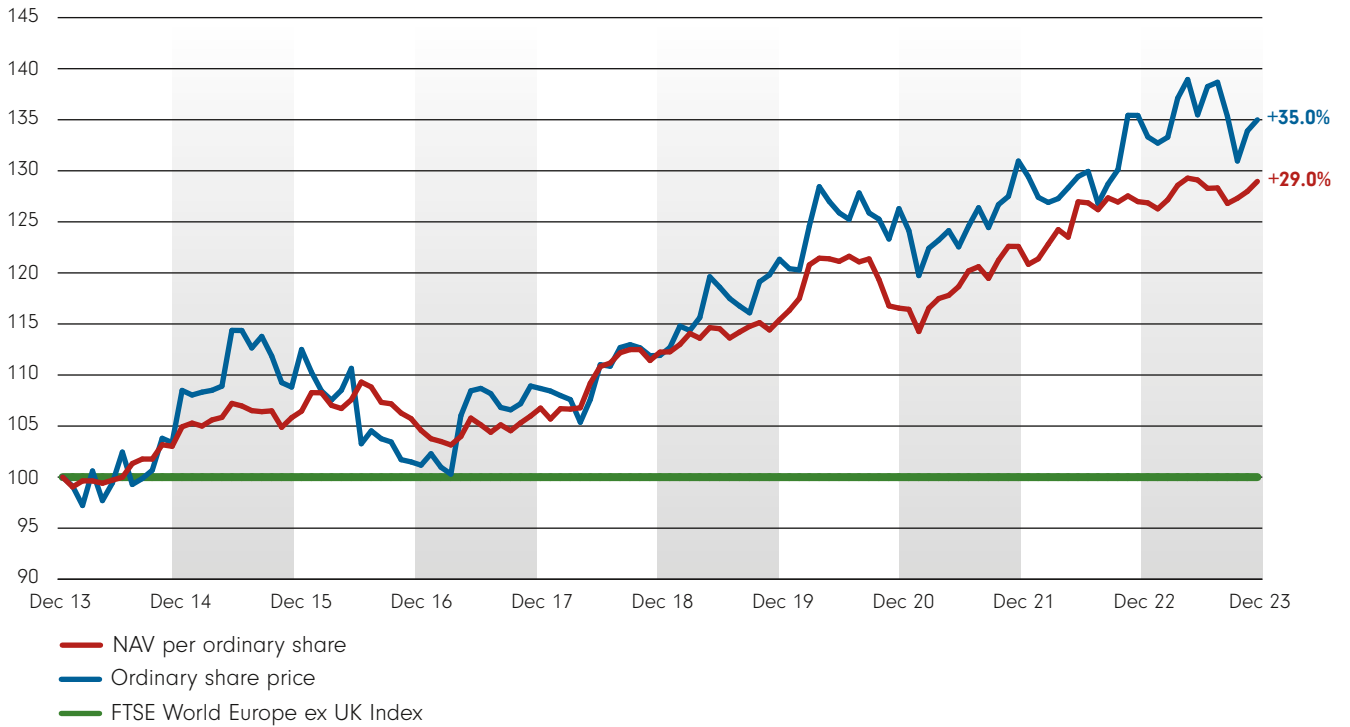
Total return performance for ten years to 31 December 2023



NAV and ordinary share price for ten years to 31 December 2023

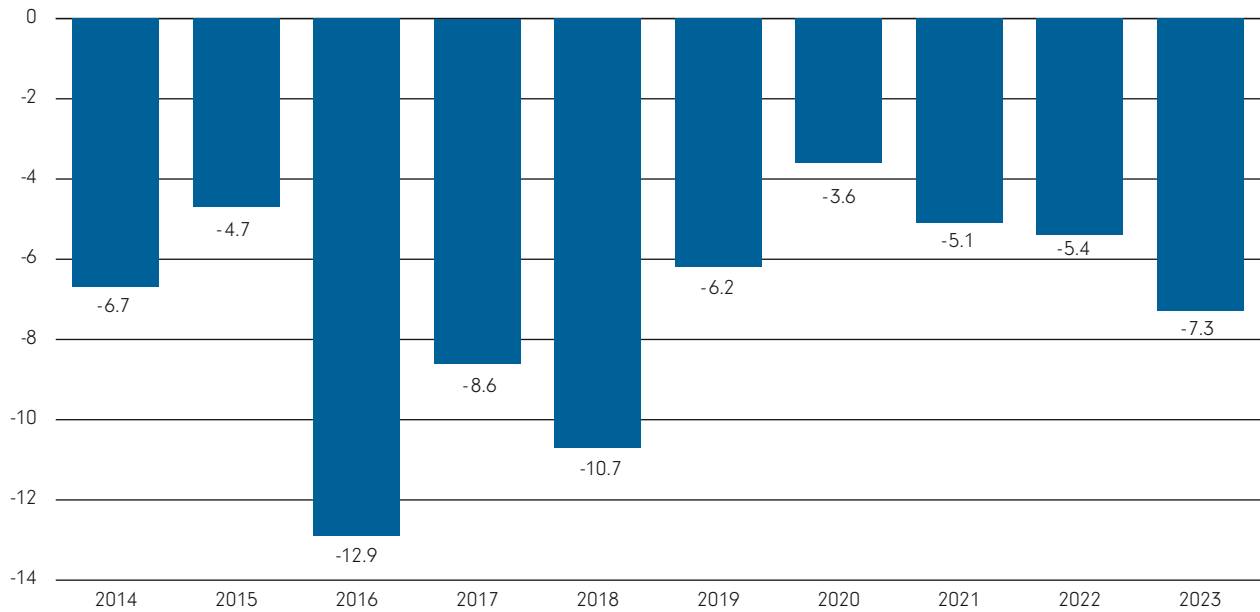


Total return performance relative to the Benchmark Index for ten years to 31 December 2023



Prices rebased to 100.
Sources: Fidelity and Datastream.

Ordinary share price discount to NAV for ten years to 31 December 2023 (%)



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 11 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 primarily 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 2023.

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 generative** – often a good indication of future dividend growth;
- **Strong balance sheet** – ensures ability to grow dividends is not jeopardised; and
- **Attractive valuation** – good quality 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:
 - a) 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
 - b) 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.

- 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 x the notional contract size x 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 2023, 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 11. The Portfolio Listing, the Distribution of the Portfolio, the Attribution Analysis, the Ten Year Record and the Summary of Performance Charts are set out on pages 14 to 21.

Results and Dividends

The Company's results for the year ended 31 December 2023 are set out in the Income Statement on page 55. The revenue return was 9.32 pence and the capital return was 49.08 pence, giving a total return of 58.40 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 4.99 pence per share for the year ended 31 December 2023 to be paid on 14 May 2024 to shareholders who appear on the register as at the close of business on 2 April 2024 (ex-dividend date 28 March 2024). Together with the interim dividend of 3.26 pence per share paid on 27 October 2023, the total dividends for the year are 8.25 pence per share.

Strategic Report continued

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 2023 %	Year ended 31 December 2022 %
NAV per Ordinary Share total return ¹	+17.5	-3.6
Ordinary Share Price total return ¹	+15.3	-3.8
FTSE World Europe ex UK Index total return (Benchmark Index)	+15.7	-7.0
Discount to NAV ¹	7.3	5.4
Ongoing Charges Ratio ¹	0.77	0.78

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 18 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 showing this information are on pages 19 to 21.

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 and emerging 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. 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 has integrated ESG considerations, including climate change, into the Company's investment process. Further details are on pages 31 and 32. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially shareholder returns.

Other emerging risks may continue to evolve from unforeseen geopolitical and economic events, and also from artificial intelligence (AI).

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.

The Board considers the risks listed on the next page and on pages 26 to 28 as the principal risks and uncertainties faced by the Company.

Principal Risks	Description and Risk Mitigation
<p>Geopolitical, Economic and Market Risks</p>	<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 war effects, deglobalisation trends and significant supply disruption, as well as fears of global recession amid inflationary pressures and financial distress. Russia and Ukraine 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. The conflict in the Middle East has added to geopolitical risk and economic instability, including social unrest across Europe. More recently, the conflict in the Red Sea has disrupted shipping routes and the supply and cost of goods, thereby affecting the global economy and trade. Globally, geopolitical uncertainty is significantly impacted by deglobalisation trends driven by the prioritisation of the resiliency of supply chains as well as from political pressure. The ramifications of onshoring include regulatory protectionism across regions, heightening geopolitical tensions on the continent and overseas. US-China tensions over trade and technology rivalry increase the concerns of China-Taiwan relations potentially escalating to military conflict as well as increasing tensions over trade and economic issues due to competing territorial claims.</p> <p>As the year progresses, political risks are also set to increase heading towards the US elections in November, and coupled with ongoing geopolitical conflicts, could lead to higher volatility for broader markets and oil in particular. China, following its reopening post the pandemic, is seeing tentative signs of stabilisation, but its growth story remains challenging.</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 the post pandemic global economic recovery, volatility from the war in Ukraine and more recently conflict in the Middle East and conflicts in the Red Sea. 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 continued increased demand following the pandemic restrictions being lifted, global labour shortages in some sectors and supply chain shortages, including energy and food security. Inflation and economic instability continue to add 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 market, economic and political 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. The Company has no direct investments in Russia and Ukraine or the Middle East. Whilst the companies in the portfolio are exposed to these risks, most of these companies are global businesses and, therefore, exposed to global economic trends. The Chairman's Statement and the Portfolio Managers' Review on pages 2 to 11 provide more detail.</p> <p>Risks to which the Company is exposed to in the market risk category are included in Note 17 to the Financial Statements on pages 69 to 74 together with summaries of the policies for managing these risks.</p>

Strategic Report continued

Principal Risks	Description and Risk Mitigation
<p>Investment Performance Risk (including the use of derivatives and gearing)</p>	<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 to the Financial Statements on page 72.</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 Manager fails 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>
<p>Regulatory Risk</p>	<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. More recently, there have been increased concerns around investment cost disclosures and its impact in the industry. Regulatory changes for investment companies are monitored regularly by the Board and managed through active engagement with regulators and trade bodies by the Manager.</p>
<p>Key Person</p>	<p>The loss of the Portfolio Manager or key operational 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. There is a Co-Portfolio Manager who works 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>
<p>Environmental, Social and Governance ("ESG") Risk</p>	<p>There is a risk that the value of the assets of the Company are negatively impacted 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. Fidelity has embedded ESG factors in its investment decision-making process. 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 across 127 individual and unique sub-sectors. The Portfolio Managers are also active in analysing the effects of ESG when making investment decisions. The Board continues to monitor developments in this area and the positioning of the Company's portfolio considering ESG factors.</p> <p>Further detail on ESG considerations in the investment process and sustainable investing is on pages 31 and 32. ESG ratings of the companies within the Company's portfolio compared to MSCI ratings are provided on page 11.</p>

Principal Risks	Description and Risk Mitigation
<p>Cybercrime and Information Security Risks</p>	<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 teams have developed a number of initiatives and controls in order to provide enhanced mitigating protection to this ever-increasing threat, and also potentially addressing the risks of artificial intelligence (AI). The risk is regularly re-assessed by Fidelity's information security teams and risk frameworks are continually enhanced. This has resulted in the implementation of additional tools and processes, including improvements to existing ones. Fidelity has a dedicated cybersecurity team which provides continuous oversight, regular awareness updates and best practice guidance.</p> <p>Risks also remain due to the Russia/Ukraine conflict and the trend to more working from home following the pandemic. These primarily relate to phishing, ransomware, remote access threats, extortion and denial of services attacks. The Manager has dedicated 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>
<p>Discount Control Risk</p>	<p>Due 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 with the Company's Broker and considered by the Board at each of its meetings.</p>
<p>Business Continuity Risk</p>	<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 and natural disasters. There are also ongoing risks from the Russia/Ukraine war, specifically regarding cyberattacks and the potential loss of power and/or broadband services. Variants of Covid continue to evolve and some risks remain.</p> <p>The Manager continues to take all reasonable steps 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.</p> <p>Specific risks posed by the pandemic continue to ease with increasing levels of staff returning to routine office-based working, albeit under hybrid working arrangements which allows greater flexibility on remote working as part of the new operating model.</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>

Strategic Report continued

Other risks facing the Company include:

Tax and Regulatory Risks

There is a risk of the Company not complying with tax and regulatory requirements.

A breach of Section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status, resulting in the Company being subject to tax on capital gains.

There is a risk that outstanding withholding tax reclaims may not be recoverable from some jurisdictions and may need to be written-off. The Manager's tax team works closely with the Custodian to keep these under review and the Board is kept updated on the recoverability of the withholding tax reclaims at each Audit Committee meeting.

The Board monitors tax and regulatory changes at each Board meeting and through active engagement with regulators and trade bodies by the Manager.

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. At the AGM held on 10 May 2023, 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 the AGM in 2025.

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.

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 24 to 28;
- The likely future demand for the Company's shares;
- The Company's share price discount to the NAV;

- 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 2023 was well ahead of the Benchmark Index, with a NAV total return of 89.9% and a share price total return of 99.4% compared to the Benchmark Index total return of 65.3%. 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 fact that 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 impact of climate change as detailed on page 24. The Board has also considered the impact of regulatory changes, unforeseen market events, the ongoing implications of the Russia and Ukraine war and conflicts 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 34.

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 22 and 23.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and the Portfolio Manager 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 Company 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, and the Board's review of the Manager includes an assessment of its ESG approach which is set out on pages 31 and 32.

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:

- The decision to pay an interim dividend of 3.26 pence per share and a final dividend of 4.99 pence per share (a total of 8.25 pence per share), to maintain the Board's policy to pay progressive dividends in normal circumstances. The Company has paid an increased dividend for 13 years in a row;
- Carrying out a due diligence trip to Paris and visiting Dassault Systemes and Fidelity's Paris office and meeting with two of its portfolio managers and discussing the ESG journey in Europe;
- The decision to carry out an external Board evaluation using the services of Lintstock Ltd. in accordance with the UK Corporate Governance Code; and
- The decision to once again hold hybrid AGMs in 2023 and 2024 in order to make the AGM more accessible to those shareholders who are unable to or prefer not to attend in person.

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 and income 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.

The Board has taken into consideration the new FCA's Listing Rules requirements (LR 9.8.6R(9), (10) and (11)) regarding the targets on board diversity:

- 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 Chair of the Audit Committee to be senior positions.

As required by the FCA Listing Rules, the Company's reporting against these targets is set out in the tables on the next page. The data was collected on a self-identifying basis. As at 31 December 2023 and 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.

Strategic Report continued

Gender Reporting as at 31 December 2023

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chair)
Men	3	60%	2
Women	2	40%	1

Ethnic Background Reporting as at 31 December 2023

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chair)
White British or other White (including minority white groups)	4	80%	3
Asian/Other Asian	1	20%	0

CORPORATE AND SOCIAL RESPONSIBILITY

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

The Board has contracted with Fidelity 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 its 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 the 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/investing-fidelity-funds. Further information on Fidelity International's approach to ESG in the investment process and sustainable investing can be found on pages 31 and 32 and is part of this Strategic Report.

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 any issues and activities. These activities are reviewed regularly by the Manager's corporate governance 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 Manager's 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 <https://investment-trusts.fidelity.co.uk>.

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 11.

By Order of the Board

FIL Investments International

Secretary

19 March 2024

ESG in the Investment Process at Fidelity International

Fidelity International (“Fidelity”) has embedded Environmental, Social and Governance (“ESG”) factors in its investment decision making for a number of years. Fidelity has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2012 and submits an annual report detailing how it incorporates ESG into its investment analysis. As a founding signatory to the Net Zero Asset Managers Initiative, Fidelity has committed to halving the carbon footprint of its investment portfolios by 2030, from a 2020 baseline, starting with equity and corporate bond holdings; and to reach net zero for holdings by 2050.

ESG integration at Fidelity is carried out at the fundamental research analyst level within its investment teams, primarily through the implementation of the Fidelity Proprietary Sustainability Rating. This rating was established in 2019 and 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 across 127 individual and unique sub-sectors. A breakdown of the ratings of the companies in the portfolio using MSCI and Fidelity’s own proprietary ratings is on page 11. In addition, Fidelity’s portfolio managers are also active in analysing the effects of ESG factors when making investment decisions. ESG analysis complements financial analysis to provide a complete view of every company that is researched and monitored.

Fidelity’s approach to integrating ESG factors into its investment analysis includes the following activities:

- In-depth research.
- Company engagement.
- Active ownership.
- Collaboration within the investment industry.

In addition to Fidelity’s Sustainability Ratings, Fidelity has developed a proprietary Climate Rating, which is an important part of its plans to reach net zero emissions across its portfolios. It utilises its fundamental research capabilities to identify climate related risks, net zero investments and targets for transition engagement within the Fidelity investment universe. It assesses which companies are in the best position to transition to net zero, or have a positive trajectory towards transition. The Climate Rating is designed to complement the broader Sustainability Ratings, which score companies across a range of environmental, social and governance criteria.

Although Fidelity’s analysts have overall responsibility for analysing the environmental, social and governance performance of the companies in which it invests, Fidelity has a dedicated Sustainable Investing Team working closely with the investment teams and is responsible for consolidating Fidelity’s approach to stewardship, engagement, including thematic engagement, ESG integration and the exercise of its votes at general meetings.

The Sustainable Investing Team has a key role in assisting the investment teams with ESG integration which includes:

- Implementing Fidelity’s proxy voting guidelines.
- Engagement with investee companies on ESG issues, utilising Fidelity’s corporate access research capabilities and investment scale to improve corporate behaviour, including at company meetings.
- Working closely with the investment team globally across all asset classes in integrating ESG into analysis and decision-making.
- Providing internal ESG reporting including analyst reports, portfolio manager reviews and industry analysis.
- Co-ordinating and responding to specific client queries on ESG topics.
- Publishing client reporting on ESG integration and proxy voting.
- Maintaining a thorough understanding of current ESG themes and trends around the world.
- Attending external seminars and conferences focusing on trending ESG issues and ESG integration.
- Providing ESG training to the investment team and across the business.

During 2021, Fidelity introduced its sustainable investing voting principles and guidelines. These seek to provide a clear overview of Fidelity’s voting approach, promote improved corporate behaviours and reduce risk, include environmental and social factors, increase clarity of votes to issuers and clients and meet current market best practices and stewardship expectations. Examples of the policy include voting against companies not meeting key criteria on climate change and against management in developed markets with less than 30% female representation at board level.

Fidelity’s investment approach involves bottom-up research. As well as studying financial results, the portfolio managers and analysts carry out additional qualitative analysis of potential investments. They examine the business, customers and suppliers and visit the companies in person to develop a view of every company in which Fidelity invests. ESG factors are embedded in this research process.

Examples of ESG factors that Fidelity’s investment teams may consider as part of its company and industry analysis include:

- Corporate governance (e.g. Board structure, executive remuneration).
- Shareholder rights (e.g. election of directors, capital amendments).

ESG in the Investment Process at Fidelity International continued

- Changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes).
- Physical threats (e.g. extreme weather, climate change, water shortages).
- Brand and reputational issues (e.g. poor health and safety record, cyber security breaches).
- Supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations).
- Work practices (e.g. observation of health, safety and human rights provisions and compliance with the provisions of the Modern Slavery Act).

Fidelity operates analyst training and development programmes which include modules on ESG themes, topics and strategies and attendance at external seminars on the trending ESG issues in the market globally as well as conferences to explore new ways of integrating ESG into the investment process across all asset classes.

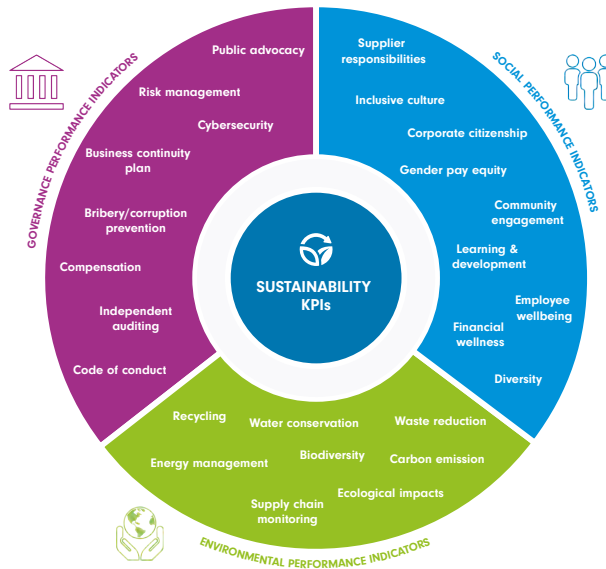
Fidelity uses a number of external research sources around the world that provide ESG-themed reports and it subscribes to an external ESG research provider and rating agency to supplement its organic analysis. Fidelity receives reports that include company specific and industry specific research as well as ad hoc thematic research looking at particular topics. The ESG ratings are industry specific and are calculated relative to industry peers and Fidelity uses these ratings in conjunction with its wider analysis. Fidelity's sources of ESG research are reviewed on a regular basis.

The ESG ratings and associated company reports are included on Fidelity's centralised research management system. This is an integrated desktop database, so that each analyst has a first-hand view of how each company under their coverage is rated according to ESG factors. In addition, ESG ratings are included in the analyst research notes which are published internally and form part of the investment decision. The external research vendor also provides controversy alerts which include information on companies within its coverage which have been identified to have been involved in a high-risk controversy that may have a material impact on the company's business or its reputation.

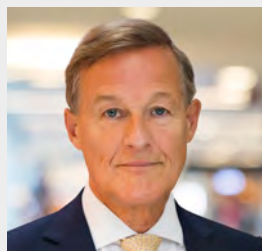
Fidelity International - Setting standards for its business

Sustainability built from the ground up

We apply similar KPIs to our own business that we use for the companies in which we invest. And we expect to improve upon our own ESG standards, just as we would expect from others.



Board of Directors



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

M

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 Brummer Investment Trust PLC. He was an Adviser to the BAE Systems Pension Fund.



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

A M

Fleur Meijs is a non-executive Director of Ruffer LLP and she serves as Audit Committee Chair. She is also 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.



Milyae Park
Director
Appointed 1 January 2022

A M

Milyae Park is a non-executive Director of Alliance Trust PLC and Faber and Faber Limited. She is a past Board member of the Museum of London and former Chair of the Museum of London (Trading) Ltd Board that governs the Museum's commercial activities. She began her career as a Chartered 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.

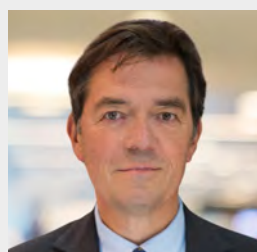
All Directors are non-executive Directors and all are independent.



Sir Ivan Rogers
Director
Appointed 1 January 2020

A M

Sir Ivan Rogers is an Advisory Board Member of the Official Monetary and Financial Institutions Forum and also of Market News International and Chairman of the High Level Group on Neighbourhood Interdependencies. He is a member of the European Council for Foreign Relations. 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. For the majority of his career, he has worked closely with and for the UK government and EU institutions. In addition, he spent five years in the private sector holding senior public sector banking roles for Citigroup UK and Barclays Capital.



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

A M

Paul Yates is Chairman of the Advisory Board of 33 St James's Limited and is a non-executive Director of Witan Investment Trust plc and Capital Gearing Trust P.L.C. He was previously a non-executive Director of 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 retiring in 2007.

Committee membership key

A Audit

M Management Engagement

A Audit Committee Chair

M Management Engagement Committee Chairman

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 2023.

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 ("FILSL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/"Manager"). FILSL, 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 (2022: same).

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 40.

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 £10,502,000 (2022: £9,449,000) and are disclosed in Note 4 on page 61.

The Board

All Directors served on the Board throughout the year ended 31 December 2023. A brief description of all serving Directors as at the date of this Annual Report is shown on page 33 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.

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 2025 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 and significant market events.

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 page 28.

Auditor's Appointment

A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 8 May 2024.

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 38 to 41 forms part of this report.

Registrar, Custodian and Depository Arrangements

The Company has appointed Link Group 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 Depository, 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 62.

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 2023, the issued share capital of the Company was 416,447,910 ordinary shares (2022: 416,447,910) of which 7,717,387 shares (2022: 7,717,387) are held in Treasury. Shares in Treasury do not have voting rights and therefore the total number of shares with voting rights was 408,730,523 (2022: 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 a premium 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

No ordinary shares were issued in the year to 31 December 2023 (2022: nil) and none have been issued since the year end and as at the date of this Annual Report.

The authorities to issue shares and to disapply pre-emption rights expire at the AGM on 8 May 2024 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 during the year ended 31 December 2023 (2022: 2,285,526). Since then and as at the date of this Annual Report, no further shares have been repurchased into Treasury or for cancellation.

The authority to repurchase ordinary shares expires at the AGM on 8 May 2024 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 2023 and 29 February 2024, 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 2023 %	29 February 2024 %
Fidelity Platform Investors	15.14	14.96
Quilter Cheviot Investment Management	7.52	7.46
Allspring Global Investments	7.38	7.45
Evelyn Partners	6.13	6.23
Hargreaves Lansdown	6.03	6.11
Interactive Investors	5.28	5.31
Rathbones	4.68	4.68
RBC Brewin Dolphin Ireland	3.80	3.79

An analysis of shareholders as at 31 December 2023 is detailed in the table below.

Shareholders	% of voting share capital
Private Investors ¹	80.35
Mutual Funds	14.90
Insurance Funds	2.04
Hedge Funds	1.72
Pension Funds	0.71
Trading	0.28
Total	100.00

¹ Includes Fidelity Platform Investors (15.14%).

Additional Information required in the Directors' Report

Information on proposed dividends, financial instruments and disclosure on Streamlined Energy and Carbon Reporting (SECR) is set out in the Strategic Report on pages 22 to 30.

Directors' Report continued

ANNUAL GENERAL MEETING – WEDNESDAY, 8 MAY 2024 at 12 NOON

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 **12 noon on Wednesday, 8 May 2024** 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 79 to 82.

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, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He, the Co-Portfolio Manager and the Board will be very happy to answer any questions that shareholders may have. Copies of his presentation can be requested by email at investmenttrusts@fil.com or in writing to the Company 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. Please see Note 9 to the Notes to the Notice of Meeting on page 81 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 **125-205-035**. 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 2024, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 79 and 80, 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 2024, 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 2024 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 2024, 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.

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 2024



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 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 9.8.6 of the Listing Rules. This Statement, together with the Statement of Directors' Responsibilities on page 45, 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 can be found 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 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 five non-executive Directors as at the date of this Annual Report. 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 Directors are on page 33.

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. The Board follows a procedure of notification of other interests that may arise as part of considering any potential conflicts and is satisfied that none has arisen in the year under review.

All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. The Directors are 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.

In addition to the formal Board and Committee meetings, the Board undertakes a two day due diligence trip to Europe every other year, although this was not possible during the pandemic. The Board undertook a due diligence trip to Paris in November 2023 and met with a company held in the portfolio as well as Fidelity's Country Head for France and one of the portfolio managers at Fidelity's Paris office. 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	1/1
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
Paul Yates	5/5	3/3	1/1

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

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, Directors receive 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 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 re-election at this year's AGM are listed with their details on page 33. 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 election and re-election process, 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 except for every third year when an external evaluation is undertaken. 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 this year using the services of Lintstock Ltd. which has no connection with the Company or Manager. It was concluded that the Chairman, each Director and the Manager had been effective and continue to demonstrate commitment to their roles. The tenure of the Directors was also considered during the evaluation process. It was also concluded that the Board and its Committees continue to function and perform well.

The next external evaluation will be for the Company's year ending 2026.

Directors Remuneration and Share Interests

Details of the Directors' remuneration and their share interests are disclosed in the Directors' Remuneration Report on pages 43 and 44.

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 are disclosed in the Report of the Audit Committee on pages 46 to 48.

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 2024, 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 NAV and share price performance over the reporting year, over five years and over the Portfolio Manager's tenure compared to the Benchmark Index. The Committee 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 2023 are in the Directors' Report on page 34.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 45 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 49 to 54.

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 2023 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 2024, details of which can be found on page 5. Full details of the Notice of Meeting are on pages 79 to 82.

Voting Rights in the Company's Shares

Every person entitled to vote on a show of hands has one vote. On a poll, every 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.

On Behalf of the Board

Vivian Bazalgette

Chairman
19 March 2024

Directors' Remuneration Report

Chairman's Statement

The Directors' Remuneration Report for the year ended 31 December 2023 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 2024.

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 49 to 54.

Directors' Remuneration

The annual fee structure from 1 January 2024 is as follows: Chairman – £48,000 (2023: £44,500); Chair of the Audit Committee – £37,250 (2023: £35,000); Senior Independent Director – £33,500 (2023: £31,500); and Director – £31,000 (2023: £29,000). 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 travel 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 2023 and up to the date of this report. The next vote 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 2022 was approved at the AGM held on 10 May 2023 with 99.56% of votes cast in favour, 0.24% of votes cast against and 0.20% of votes withheld.

The Directors' Remuneration Report for the year ended 31 December 2023 will be put to shareholders at the AGM on 8 May 2024, 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 Directors' Remuneration

The single total aggregate Directors' remuneration for the year ended 31 December 2023 was £169,000 (2022: £173,600). No taxable expenses were claimed by any Director in attending to the affairs of the Company. Directors' fees are disclosed in the table on the next page.

Remuneration of Directors

	2024	2023	2023	2023	2022	2022	2022
	Projected	Fees	Taxable	Total	Fees	Taxable	Total
	Fees	(Audited)	Expenses	(Audited)	(Audited)	Expenses	(Audited)
	(£)	(£)	(£)	(£)	(£)	(£)	(£)
Vivian Bazalgette	48,000	44,500	-	44,500	43,000	-	43,000
Fleur Meijs	37,250	35,000	-	35,000	34,000	-	34,000
Milyae Park	31,000	29,000	-	29,000	28,000	-	28,000
Sir Ivan Rogers	31,000	29,000	-	29,000	28,000	-	28,000
Paul Yates ¹	33,500	31,500	-	31,500	29,612	-	29,612
Marion Sears ²	n/a	n/a	n/a	n/a	10,988	-	10,988
Total	180,750	169,000	-	169,000	173,600	-	173,600

1 Senior Independent Director from 10 May 2022.

2 Retired on 10 May 2022.

Five Year Change Comparison in Directors' Remuneration

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

Director	2023	2018	Change (%)
Chairman	44,500	40,000	+11.3%
Senior Independent Director	31,500	28,500	+10.5%
Audit Committee Chair	35,000	30,000	+16.7%
Director	29,000	26,000	+11.5%

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 2024 is disclosed in the table above.

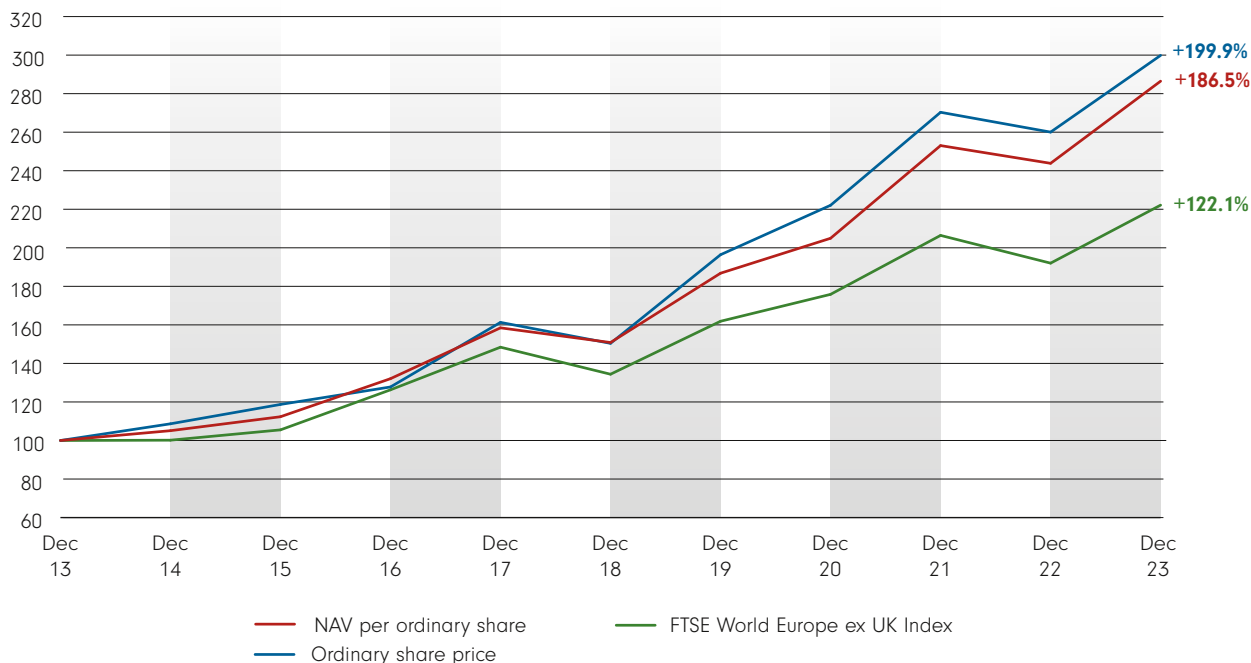
	31 December 2023	31 December 2022
	£	£
Expenditure on Directors' Remuneration:		
Fees and taxable expenses	169,000	173,600
Distributions to Shareholders:		
Dividend payments	32,208,000	29,798,000

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, share price and the FTSE World Europe ex UK Index for ten years to 31 December 2023.

Total return performance for ten years to 31 December 2023



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 are encouraged. The interests of the Directors in the ordinary shares of the Company are shown in the table below. All of the shareholdings are beneficial.

Directors' Shareholdings (Audited)

	31 December 2023	31 December 2022	Change during year
Vivian Bazalgette	30,000	30,000	-
Fleur Meijs	28,970	28,970	-
Milyae Park ¹	10,000	-	10,000
Sir Ivan Rogers ¹	4,569	-	4,569
Paul Yates	32,000	32,000	-

¹ Purchase of shares.

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

On Behalf of the Board

Vivian Bazalgette

Chairman
19 March 2024

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 the 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 2024 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 and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 December 2023.

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 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 (20 March 2023), the Committee has met three times and the Auditor attended the November 2023 and March 2024 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 2023	<ul style="list-style-type: none"> • The Half-Yearly Report and Financial Statements and recommendation of its approval to the Board • The Going Concern Statement • The interim dividend payment to be recommended to the Board for approval • Review of the Company's withholding tax recovery policy
November 2023	<ul style="list-style-type: none"> • The Auditor's engagement letter and audit plan for the Company's year ending 31 December 2023, including the proposed audit fee • Internal Audit reporting, including review of the Internal Audit plan • Review of Fidelity's AAF Reports (assurance reports on internal controls) • Review of outsourced third party service providers control reports • Review of the Manager's detailed risk matrix and mitigating controls • Review of the Manager's Risk Management Process Document
March 2024	<ul style="list-style-type: none"> • Review of emerging risks and risk assessment • 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 • The Viability, Fair, Balanced and Understandable and Going Concern Statements, including any ongoing impact from the pandemic, the war in Ukraine, the Middle East and Red Sea conflicts, significant market events and regulatory changes on the Company's performance, prospects and operations • The final dividend payment to be recommended to the Board and shareholders for approval

The Board reviewed cybersecurity and potential threats and attacks and the controls in place to mitigate the risks at its Strategy Day held in February 2024.

Annual Report and Financial Statements

The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities is on page 45. 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. The Committee members applied their expertise and knowledge in reviewing disclosures made in order to ensure that the Financial Statements are fair, balanced and understandable.

Significant issues considered by the Committee during the year

Summarised below are the most significant issues considered by the Committee in respect of these Financial Statements 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 58 and 59. 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 internal controls report ("AAF" report) prepared by PricewaterhouseCoopers LLP on behalf of the Manager, 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>
---	--

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 59 and 60. 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 AAF report prepared by PricewaterhouseCoopers LLP on behalf of the Manager 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 2023.

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 2023; 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 and Audit Tenure

Ernst & Young LLP was appointed as the Company's Auditor on 12 May 2016 following a formal audit tender process in 2015. The Company will be required to carry out a formal audit tender process in 2025. 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 first year that the current Audit Partner, Denise Davidson, 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 Fees

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 62. The audit fee for the reporting year was £48,500 (2022: £45,000).

Fleur Meijs

Chair of the Audit Committee
19 March 2024

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 2023 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 2023 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 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 2025 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; 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 2025 which is at least twelve months from the date of approval of these 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 Statement. • Risk of incorrect valuation or ownership of the investment portfolio, including derivatives.
Materiality	<ul style="list-style-type: none"> • Overall materiality of £15.87m which represents 1% of net asset value of the Company as at 31 December 2023.

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 24 in the principal and emerging risks section, which form part of the "Other information," rather than the audited Financial Statements. Our procedures on these 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.

Our audit effort in considering climate change 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 47); Accounting policies (pages 58 and 59); and Note 3 of the Financial Statements (page 61).</i></p> <p>The Company has reported revenue of £47.22m (2022: £43.04m).</p> <p>During the year, the Company received special dividends amounting to £0.71m (2022: £4.08m), all of which were classified as capital (2022: £2.96m was classified as revenue and £1.12m 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 the 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 2023 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 one special dividend above our testing threshold, we assessed the appropriateness of the Company's classification as capital by reviewing the rationale for the underlying distribution.</p>	<p>The results of our procedures identified no material misstatement 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 48); Accounting policies (pages 59 and 60); and Notes 10 and 11 of the Financial Statements (pages 65 and 66).</i></p> <p>The valuation of the listed investment portfolio as at 31 December 2023 was £1,518.88m (2022: £1,325.39m). The Company also has net derivative liabilities amounting to £2.64m (2022: £9.11m).</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 verified whether the quoted price is a valid fair value; and</p> <p>We compared the Company's investment holdings as at 31 December 2023 to an independent confirmation received directly from the Company's Custodian and Depository. 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 misstatement 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 £15.87m (2022: £13.81m), which is 1% (2022: 1%) of the 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% (2022: 75%) of our planning materiality, namely £11.91m (2022: £10.36m). 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 £2.06m (2022: £1.98m) being 5% (2022: 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 £0.79m (2022: £0.69m), 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' Report 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 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 34;
- 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 page 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 34;
- Directors' statement on fair, balanced and understandable set out on page 45;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 40; and
- The section describing the work of the Audit Committee set out on page 46.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 45, 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 the 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 8 years, covering the years ending 31 December 2016 to 31 December 2023.

- 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.

Denise Davidson

Senior Statutory Auditor
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
19 March 2024

Income Statement

for the year ended 31 December 2023

	Notes	Year ended 31 December 2023			Year ended 31 December 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	-	165,905	165,905	-	(63,812)	(63,812)
Gains/(losses) on derivative instruments	11	-	50,441	50,441	-	(22,034)	(22,034)
Income	3	47,221	-	47,221	43,042	-	43,042
Investment management fees	4	(2,625)	(7,877)	(10,502)	(2,362)	(7,087)	(9,449)
Other expenses	5	(967)	-	(967)	(919)	-	(919)
Foreign exchange losses		-	(1,464)	(1,464)	-	(372)	(372)
Net return/(loss) on ordinary activities before finance costs and taxation		43,629	207,005	250,634	39,761	(93,305)	(53,544)
Finance costs	6	(2,138)	(6,414)	(8,552)	(196)	(586)	(782)
Net return/(loss) on ordinary activities before taxation		41,491	200,591	242,082	39,565	(93,891)	(54,326)
Taxation on return/(loss) on ordinary activities	7	(3,390)	-	(3,390)	(2,641)	-	(2,641)
Net return/(loss) on ordinary activities after taxation for the year		38,101	200,591	238,692	36,924	(93,891)	(56,967)
Return/(loss) per ordinary share	8	9.32p	49.08p	58.40p	9.00p	(22.88p)	(13.88p)

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 2023

	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 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
Total shareholders' funds at 31 December 2021		10,411	58,615	5,414	1,372,360	27,433	1,474,233
Net (loss)/return on ordinary activities after taxation for the year		-	-	-	(93,891)	36,924	(56,967)
Repurchase of ordinary shares	14	-	-	-	(6,473)	-	(6,473)
Dividends paid to shareholders	9	-	-	-	-	(29,798)	(29,798)
Total shareholders' funds at 31 December 2022		10,411	58,615	5,414	1,271,996	34,559	1,380,995

Balance Sheet

as at 31 December 2023

Company number 2638812

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	10	1,518,875	1,325,389
Current assets			
Derivative instruments	11	886	521
Debtors	12	11,449	8,128
Amounts held at futures clearing houses and brokers		8,384	12,891
Cash and cash equivalents		52,804	44,884
		73,523	66,424
Current liabilities			
Derivative instruments	11	(3,521)	(9,633)
Other creditors	13	(1,398)	(1,185)
		(4,919)	(10,818)
Net current assets			
		68,604	55,606
Net assets			
		1,587,479	1,380,995
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	1,472,587	1,271,996
Revenue reserve	15	40,452	34,559
Total shareholders' funds		1,587,479	1,380,995
Net asset value per ordinary share			
	16	388.39p	337.87p

The Financial Statements on pages 55 to 75 were approved by the Board of Directors on 19 March 2024 and were signed on its behalf by:

Vivian Bazalgette

Chairman

The Notes on pages 58 to 75 form an integral part of these Financial Statements.

Notes to the Financial Statements

1 Principal Activity

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

2 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 2025 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 as detailed in the Going Concern Statement on page 34.

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 24, 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 34 takes account of all events and conditions up to 31 March 2025 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 gains/(losses) on investments in the capital column of the Income Statement and has disclosed these costs in Note 10 below.

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 31.12.23 £'000	Year ended 31.12.22 £'000
Investment income		
Overseas dividends	37,484	35,333
Overseas scrip dividends	957	1,052
UK dividends	1,679	1,910
	40,120	38,295
Derivative income		
Income recognised from futures contracts	2,392	1,208
Dividends received on long CFDs	3,570	3,025
Interest received on CFDs ¹	333	422
	6,295	4,655
Investment and derivative income	46,415	42,950
Other interest		
Interest received on collateral, bank deposits and money market funds	798	88
Interest received on tax reclaims	8	4
	806	92
Total income	47,221	43,042

¹ Due to negative interest rates in the prior year, the Company received interest on its long CFDs.

Special dividends of £710,000 (2022: £1,115,000) have been recognised in capital.

4 Investment Management Fees

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	2,625	7,877	10,502	2,362	7,087	9,449

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 31.12.23 £'000	Year ended 31.12.22 £'000
AIC fees	21	21
Custody fees	81	123
Depositary fees	54	61
Directors' fees ¹	169	174
Legal and professional fees	94	60
Marketing expenses	260	209
Printing and publication expenses	127	132
Registrars' fees	86	75
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	48	45
Other expenses	27	19
	967	919

¹ Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 43.

6 Finance Costs

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest paid on collateral and bank deposits ¹	-	-	-	28	82	110
Interest paid on CFDs ²	1,601	4,803	6,404	168	504	672
Costs recognised from futures contracts	537	1,611	2,148	-	-	-
	2,138	6,414	8,552	196	586	782

¹ Due to negative interest rates in the prior year, the Company paid interest on its collateral and bank deposits.

² The interest paid on CFDs is higher in the current reporting year due to an increase on long CFDs exposures and interest rates. As a result, the Company has been exposed to significantly higher interest charges.

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 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
a) Analysis of the taxation charge for the year						
Overseas taxation	3,390	-	3,390	2,641	-	2,641
Taxation charge for the year (see Note 7b)	3,390	-	3,390	2,641	-	2,641

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% (2022: 19.00%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	41,491	200,591	242,082	39,565	(93,891)	(54,326)
Net return/(loss) on ordinary activities before taxation multiplied by the blended rate of UK corporation tax of 23.52% (2022: 19.00%)	9,758	47,179	56,937	7,517	(17,839)	(10,322)
Effects of:						
Capital (gains)/losses not taxable ¹	-	(50,540)	(50,540)	-	16,381	16,381
Income not taxable	(9,436)	-	(9,436)	(7,276)	-	(7,276)
Expenses not deductible	-	1,509	1,509	-	111	111
Excess management expenses	(322)	1,852	1,530	(241)	1,347	1,106
Overseas taxation	3,390	-	3,390	2,641	-	2,641
Total taxation charge for the year (see Note 7a)	3,390	-	3,390	2,641	-	2,641

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 £17,127,000 (2022: £15,501,000), in respect of excess expenses of £63,004,000 (2022: £56,499,000) and excess loan interest of £5,505,000 (2022: £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 (2022: 25.00%).

Notes to the Financial Statements continued

8 Return/(Loss) per Ordinary Share

	Year ended 31.12.23	Year ended 31.12.22
Revenue return per ordinary share	9.32p	9.00p
Capital return/(loss) per ordinary share	49.08p	(22.88p)
Total return/(loss) per ordinary share	58.40p	(13.88p)

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	38,101	36,924
Net capital return/(loss) on ordinary activities after taxation	200,591	(93,891)
Total return/(loss) on ordinary activities after taxation	238,692	(56,967)

	Number	Number
Weighted average number of ordinary shares held outside Treasury	408,730,523	410,346,447

9 Dividends Paid to Shareholders

	Year ended 31.12.23 £'000	Year ended 31.12.22 £'000
Dividends paid		
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	-
Interim dividend of 3.08 pence per ordinary share paid for the year ended 31 December 2022	-	12,618
Final dividend of 4.18 pence per ordinary share paid for the year ended 31 December 2021	-	17,180
	32,208	29,798
Dividends proposed		
Final dividend of 4.99 pence per ordinary share proposed for the year ended 31 December 2023	20,396	-
Final dividend of 4.62 pence per ordinary share proposed for the year ended 31 December 2022	-	18,883
	20,396	18,883

The Directors have proposed the payment of a final dividend for the year ended 31 December 2023 of 4.99 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 8 May 2024 and has not been included as a liability in these Financial Statements. The dividend will be paid on 14 May 2024 to shareholders on the register at the close of business on 2 April 2024 (ex-dividend date 28 March 2024).

10 Investments

	2023 £'000	2022 £'000
Investments held at fair value	1,518,875	1,325,389
Opening book cost	872,694	862,576
Opening investment holding gains	452,695	585,421
Opening fair value	1,325,389	1,447,997
Movements in the year		
Purchases at cost	275,931	136,091
Sales - proceeds	(248,350)	(194,887)
Gains/(losses) on investments	165,905	(63,812)
Closing fair value	1,518,875	1,325,389
Closing book cost	943,460	872,694
Closing investment holding gains	575,415	452,695
Closing fair value	1,518,875	1,325,389

The Company received £248,350,000 (2022: £194,887,000) from investments sold in the year. The book cost of these investments when they were purchased was £205,165,000 (2022: £125,973,000). 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 gains/(losses) on investments above, were as follows:

	Year ended 31.12.23 £'000	Year ended 31.12.22 £'000
Purchases transaction costs	286	164
Sales transaction costs	121	57
	407	221

The portfolio turnover for the year was 18.1% (2022: 12.7%). The portfolio turnover rate measures the Company's trading activity. It is calculated by taking the average of the total amount of securities purchased and the total amount of the securities sold in the reporting year divided by the average investment portfolio value of the Company.

Notes to the Financial Statements continued

11 Derivative Instruments

	Year ended 31.12.23 £'000	Year ended 31.12.22 £'000
Gains/(losses) on derivative instruments		
Gains/(losses) on long CFD positions closed	32,223	(4,300)
Gains on short CFD positions closed	2,257	-
Gains/(losses) on futures contracts closed	9,484	(4,612)
Movement in investment holding gains/(losses) on long CFDs	4,229	(9,718)
Movement in investment holding gains on short CFDs	142	-
Movement in investment holding gains/(losses) on futures	2,106	(3,404)
	50,441	(22,034)

	2023 Fair value £'000	2022 Fair value £'000
Derivative instruments recognised on the Balance Sheet		
Derivative instrument assets	886	521
Derivative instrument liabilities	(3,521)	(9,633)
	(2,635)	(9,112)

	Fair value £'000	2023 Asset exposure £'000	Fair value £'000	2022 Asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	(2,429)	199,945	(6,658)	152,446
Short CFDs	142	12,736	-	-
Long futures	(348)	64,492	(2,454)	65,056
	(2,635)	277,173	(9,112)	217,502

12 Debtors

	2023 £'000	2022 £'000
Accrued income	933	784
Taxation recoverable	10,393	7,232
Other debtors and prepayments	123	112
	11,449	8,128

13 Other Creditors

	2023 £'000	2022 £'000
Creditors and accruals	1,398	1,185

14 Share Capital

	2023		2022	
	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	411,016,049	10,275
Ordinary shares repurchased into Treasury	-	-	(2,285,526)	(57)
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	5,431,861	136
Ordinary shares repurchased into Treasury	-	-	2,285,526	57
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 (2022: £6,473,000).

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 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)
Repurchase of ordinary shares (see Note 14)	-	-	-	-	-	-
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
At 1 January 2022	10,411	58,615	5,414	1,372,360	27,433	1,474,233
Losses on investments (see Note 10)	-	-	-	(63,812)	-	(63,812)
Losses on derivative instruments (see Note 11)	-	-	-	(22,034)	-	(22,034)
Foreign exchange losses	-	-	-	(372)	-	(372)
Investment management fees (see Note 4)	-	-	-	(7,087)	-	(7,087)
Finance costs (see Note 6)	-	-	-	(586)	-	(586)
Repurchase of ordinary shares (see Note 14)	-	-	-	(6,473)	-	(6,473)
Revenue return on ordinary activities after taxation for the year	-	-	-	-	36,924	36,924
Dividends paid to shareholders (see Note 9)	-	-	-	-	(29,798)	(29,798)
At 31 December 2022	10,411	58,615	5,414	1,271,996	34,559	1,380,995

The capital reserve balance at 31 December 2023 includes investment holding gains of £575,415,000 (2022: gains of £452,695,000) 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.

	2023	2022
Total shareholders' funds	£1,587,479,000	£1,380,995,000
Ordinary shares held outside of Treasury at year end	408,730,523	408,730,523
Net asset value per ordinary share	388.39p	337.87p

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, regulatory, key person and operational support, environmental, social and governance ("ESG"), cybercrime and information security, discount control and business continuity. Other risks identified are tax and regulatory. 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 24 to 28.

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:

	2023 £'000	2022 £'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	202,374	159,104
Exposure to financial instruments that earn interest		
Short CFDs – exposure plus fair value	12,878	-
Amounts held at futures clearing houses and brokers	8,384	12,891
Cash and cash equivalents	52,804	44,884
	74,066	57,775
Net exposure to financial instruments that bear interest	128,308	101,329

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	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.

Currency	2022				
	Investments held at fair value £'000	Long exposure to derivative instruments £'000	Debtors ¹ £'000	Cash and cash equivalents ² £'000	Total £'000
Euro	788,014	217,502	5,086	17,473	1,028,075
Swiss franc	323,257	-	1,798	3,724	328,779
Danish krone	83,544	-	414	1,548	85,506
Swedish krona	39,892	-	-	19,362	59,254
Norwegian krone	31,369	-	-	378	31,747
UK sterling	59,313	-	13,721	2,399	75,433
	1,325,389	217,502	21,019	44,884	1,608,794

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

² Cash and cash equivalent are made up of £44,878,000 cash at bank and £6,000 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	Other creditors	2023 Total
	£'000	£'000	£'000
Euro	12,736	245	12,981
US dollar	-	48	48
UK sterling	-	1,105	1,105
	12,736	1,398	14,134

Currency	Short exposure to derivative instruments	Other creditors	2022 Total
	£'000	£'000	£'000
Euro	-	126	126
UK sterling	-	1,059	1,059
	-	1,185	1,185

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 2023, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £3,521,000 (2022: £9,633,000) and creditors of £1,398,000 (2022: £1,185,000).

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

For derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions. At 31 December 2023, £60,000 (2022: £nil) was held by the brokers in cash denominated in UK sterling in a segregated collateral account on behalf of the Company to reduce the credit risk exposure of the Company. This collateral comprised: UBS AG £60,000 (2022: £nil). £8,384,000 (2022: £12,891,000), shown as amounts held at futures clearing houses and brokers on the Balance Sheet, was held by the Company in cash denominated in UK sterling in a segregated collateral account on behalf of the brokers, to reduce the credit risk exposure of the brokers. This collateral comprised of: J.P. Morgan Securities plc £2,460,000 (2022: £4,540,000), Goldman Sachs International Ltd £810,000 (2022: £nil) and UBS AG £5,114,000 (2022: £8,351,000) in cash.

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 2023, 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 £1,283,000 (2022: increased the net loss and decreased the net assets by £1,013,000). 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 (2022: increased the net loss and decreased the net assets) by the following amounts:

Currency	2023 £'000	2022 £'000
Euro	104,704	93,450
Swiss franc	32,881	29,889
Danish krone	8,779	7,773
Swedish krona	8,467	5,387
US dollar	3,317	-
Norwegian krone	2,277	2,886
	160,425	139,385

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 (2022: decreased the net loss and increased the net assets) by the following amounts:

Currency	2023 £'000	2022 £'000
Euro	127,972	114,216
Swiss franc	40,187	36,531
Danish krone	10,730	9,501
Swedish krona	10,348	6,584
US dollar	4,054	-
Norwegian krone	2,784	3,527
	196,075	170,359

Other price risk – exposure to investments sensitivity analysis

Based on the investments held and share prices at 31 December 2023, 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 £151,888,000 (2022: decreased the net loss and increased the net assets by £132,539,000). 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 2023, 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 £25,170,000 (2022: decreased the net loss and increased the net assets by £21,750,000). 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	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)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2022 Total £'000
Financial assets at fair value through profit or loss				
Investments	1,325,389	-	-	1,325,389
Derivative instrument assets	-	521	-	521
	1,325,389	521	-	1,325,910
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(2,454)	(7,179)	-	(9,633)

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 57, 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 22. The principal risks and their management are disclosed in the Strategic Report on pages 24 to 28 and in Note 17.

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

	2023		2022	
	Gross gearing Asset exposure £'000	% ¹	Net gearing 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.

18 Capital Resources and Gearing continued

	2022			
	Gross gearing		Net gearing	
	Asset exposure £'000	% ¹	Asset exposure £'000	% ¹
Investments	1,325,389	96.0	1,325,389	96.0
Long CFDs	152,446	11.0	152,446	11.0
Long futures	65,056	4.7	65,056	4.7
Total long exposures	1,542,891	111.7	1,542,891	111.7
Short CFDs	-	-	-	-
Gross asset exposure/net market exposure	1,542,891	111.7	1,542,891	111.7
Shareholders' funds	1,380,995		1,380,995	
Gearing²		11.7		11.7

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 34 and in Note 4. During the year, fees for portfolio management services of £10,502,000 (2022: £9,449,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management services of £925,000 (2022: £832,000) 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 £260,000 (2022: £209,000). At the Balance Sheet date, marketing services of £14,000 (2022: £nil) 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 43 and 44. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £17,000 (2022: £18,000) of Employers' National Insurance Contributions was also paid by the Company. As at 31 December 2023, Directors' fees of £14,000 (2022: £14,000) were accrued and payable.

Alternative Performance Measures

Discount/Premium

The discount/premium is considered to be an Alternative Performance Measure. It 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 and are both defined in the Glossary of Terms on page 86 and on page 87.

Gearing

Gearing (both gross and net) is considered to be an Alternative Performance Measure. See Note 18 on pages 74 and 75 for details of the Company's gearing. Gearing is defined in the Glossary of Terms on page 87.

Net Asset Value ("NAV") per Ordinary Share

The NAV per ordinary share is considered to be an Alternative Performance Measure. See the Balance Sheet on page 57 and Note 16 on page 69 for further details.

Ongoing Charges Ratio

The ongoing charges ratio is considered to be an Alternative Performance Measure. It 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.

	2023	2022
Investment management fees (£'000)	10,502	9,449
Other expenses (£'000)	967	919
Ongoing charges (£'000)	11,469	10,368
Average net assets (£'000)	1,493,277	1,330,434
Ongoing charges ratio	0.77%	0.78%

Revenue, Capital and Total Returns per Share

Revenue, capital and total returns per ordinary share are considered to be Alternative Performance Measures. See the Income Statement on page 55 and Note 8 on page 64 for further details.

Total Return Performance

Total return performance is considered to be an Alternative Performance Measure. The NAV per ordinary share total return includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. The ordinary share price total return 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 2023 and 31 December 2022.

	Net asset value per ordinary share	Ordinary share price
2023		
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%

2022	Net asset value per ordinary share	Ordinary share price
31 December 2021	358.68p	340.50p
31 December 2022	337.87p	319.50p
Change in year	-5.8%	-6.2%
Impact of dividend reinvestments	+2.2%	+2.4%
Total return for the year	-3.6%	-3.8%

Financial Calendar

The key dates in the Company's calendar are:

31 December 2023 - Financial Year End

March 2024 - Announcement of the annual results for the year to 31 December 2023

March 2024 - Publication of this Report

28 March 2024 - Ex-Dividend date

2 April 2024 - Dividend Record date

8 May 2024 - Annual General Meeting

14 May 2024 - Payment of Final Dividend

30 June 2024 - Half-Year End

July/August 2024 - Announcement of the Half-Yearly results for the six months to 30 June 2024

August 2024 - Publication of the Half-Yearly Report

September 2024 - Ex-Dividend and Record dates

November 2024 - 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 Wednesday, 8 May 2024 at 12 noon for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 December 2023.
2. To declare that a final dividend for the year ended 31 December 2023 of 4.99 pence per ordinary share be paid to shareholders on the register as at close of business on 2 April 2024.
3. To re-elect Mr Vivian Bazalgette as a Director.
4. To re-elect Ms Fleur Meijs as a Director.
5. To re-elect Ms Milyae Park as a Director.
6. To re-elect Sir Ivan Rogers 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 42) for the year ended 31 December 2023.
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 Resolution 11 will be proposed as an ordinary resolution and Resolutions 12 and 13 as special resolutions.

Authority to Allot Ordinary Shares and Disapply Pre-emption Rights

Resolutions 11 and 12 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 2024. 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 2024) 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 2024); 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 2024, either for immediate cancellation or for retention as Treasury shares, at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of



Notice of Meeting continued

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 Daily 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.

By Order of the Board

FIL Investments International

Secretary

19 March 2024

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 share portal at **www.signalshares.com**, you will need to log in to your share portal 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 12 noon on Friday, 3 May 2024. 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, Link Group, 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 12 noon on Friday, 3 May 2024. 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 12 noon on Friday, 3 May 2024.

6. Proximity Voting – If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to **www.proximity.io**. Your proxy must be lodged by no later than 12 noon on Friday, 3 May 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process, you will need to have agreed to Proximity’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 Proximity platform may be revoked completely by sending an authenticate message via the platform instructing the removal of your proxy vote.
7. Unless otherwise indicated on the Form of Proxy, CREST voting, Proximity 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 Friday, 3 May 2024. 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 **125-205-035**. 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. Signal Shares users (**www.signalshares.com**) will find this under ‘Manage your account’ when logged in to the Signal Shares portal. You can also obtain this by contacting Link, 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 Link Group 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 Link Group, 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 **125-205-035**. 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 a.m. to 5.30 p.m. 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 Note 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.

Notice of Meeting continued

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 proxies are cast and the voting rights in respect 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 Friday, 3 May 2024. 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 2024 (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 Link Group, Registrar to Fidelity European Trust PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: shareholderenquiries@linkgroup.co.uk.

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

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

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

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

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

Fidelity Platform Investors

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

Link Group
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 £6,000 of capital gains in the current tax year 2023/2024 (2022/2023: £12,300) before being liable for capital gains tax. Capital gains tax is charged at 10% and 20% dependent 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.

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

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

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](#).

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 under delegation from FIL Investments Services (UK) Limited (the appointed [AIFM](#)).

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](#).

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

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 10% 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 Link Group.

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares has exceeded the cost of those ordinary shares. It is not distributable by way of 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.

Glossary of Terms continued

Return

The [return](#) generated in a given period from the investments:

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

Shareholders' Funds

[Shareholders' funds](#) are also described as [net asset value](#) and represent the total value of the Company's assets less the total value of its liabilities as shown in the balance sheet.

Total Return Performance

The return on the 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 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 34.

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>	<p>Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 22 and 23.</p>
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 24 to 28 and in Note 17 to the Financial Statements on pages 69 to 74.</p>
Valuation of illiquid assets	<p>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.</p>	<p>As at the date of this report, none of the Company's assets were subject to special arrangements arising from their illiquid nature.</p>

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 2023, actual leverage was 1.17 for the Gross Method and 1.18 for the Commitment Method.</p>
Liquidity management	<p>The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.</p>	<p>No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 71.</p>
Remuneration of the AIFM	<p>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).</p>	<p>Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page</p>

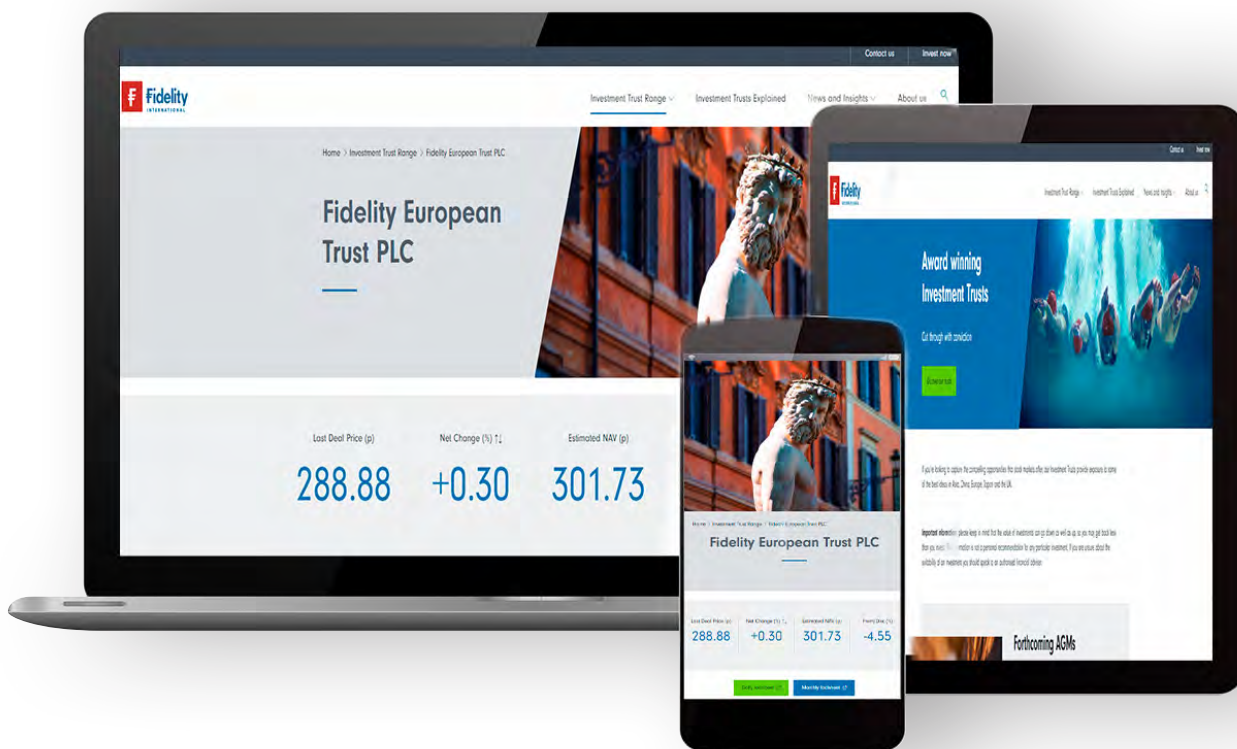
EU Securities Financing Transactions Regulations ("SFTR")

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 2023, 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
Goldman Sachs International Ltd	142	0.01%	–	810
J.P.Morgan Securities plc (UK)	(2,316)	(0.15%)	–	2,460
UBS AG	(113)	(0.01%)	60	–

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 2023 from CFDs was a gain of £36,350,000.



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



Fidelity, Fidelity International, the Fidelity International logo and **F** symbol are trademarks of FIL Limited

Printed by Park Communications on FSC® certified paper.

Park works to the EMAS standard and its Environmental Management System is certified to ISO 14001.

This publication has been manufactured using 100% offshore wind electricity sourced from UK wind.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy.

This document is printed on Revive 100 Silk, a white triple coated sheet that is manufactured from FSC® Recycled certified fibre derived from 100% pre and post-consumer wastepaper containing 100% recycled fibre. The FSC® label on this product ensures responsible use of the world's forest resources.

