

# EUROPEAN OPPORTUNITIES TRUST PLC

## Half Yearly Financial Report

for the six months to  
30 November 2023

DEVON  
Equity Management



# THE COMPANY'S INVESTMENT OBJECTIVE

The objective of European Opportunities Trust PLC (the 'Company') is to invest in securities of European companies and in sectors or geographical areas which are considered by the Investment Manager to offer good prospects for capital growth, taking into account economic trends and business development.

## LONG TERM TRACK RECORD

| To 30 November 2023   | 3 years<br>% | 5 years<br>% | 10 years<br>% | Since<br>launch on<br>20.11.2000<br>% | Annualised<br>return<br>since<br>launch<br>% |
|---|--------------|--------------|---------------|---------------------------------------|--|
| Net asset value total return (with dividends added back) <sup>1</sup> | 17.9         | 24.7         | 128.4         | 921.8                                 | 10.6   |
| Share price total return (with dividends added back) <sup>1</sup>     | 16.4         | 16.4         | 107.5         | 794.4                                 | 10.0   |
| MSCI Europe Total Return Index in GBP (Benchmark)                     | 27.0         | 45.8         | 100.3         | 253.5                                 | 5.6  |

<sup>1</sup> Alternative Performance Measure. For definitions please refer to the Glossary of Terms and Alternative Performance Measures on pages 20 to 22.

Source: MSCI & Devon Equity Management Limited. Past performance is no guide to the future.

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# FINANCIAL HIGHLIGHTS

for the six months to 30 November 2023

**Net asset value total return<sup>1</sup>  
(with dividends added back)**

**4.3%**

This performance was ahead of the Company's Benchmark, the MSCI Europe Total Return Index in GBP, which increased by 3.5%.

**Share price total return<sup>1</sup>  
(with dividends added back)**

**7.7%**

The Company's share price as at 30 November 2023 was 838.0p.

**Shareholders' funds**

**£877m**

Gross assets, including drawn down bank debt of £10m, were £887m.

**Discount to net asset value<sup>1</sup>**

**(8.0)%**

The Company's share price traded at an average discount of (10.6)% during the six months to 30 November 2023. The European sector average, as measured by the Association of Investment Companies, was a discount of (8.8)% as at 30 November 2023.

|   | <b>30 November<br/>2023</b> | <b>31 May<br/>2023</b> | <b>% change</b> |
|---|-----------------------------|------------------------|-----------------|
| Net asset value per share (pence)                                       | 910.8                       | 876.5                  | 3.9             |
| Net asset value total return (with dividends added back) <sup>1,2</sup> |                             |                        | 4.3             |
| Middle market share price (pence)                                       | 838.0                       | 781.0                  | 7.3             |
| Share price total return (with dividends added back) <sup>1,2</sup>     |                             |                        | 7.7             |
| MSCI Europe Total Return Index in GBP (Benchmark)                       |                             |                        | 3.5             |
| Discount to net asset value at period end (%) <sup>1</sup>              | (8.0)                       | (10.9)                 |                 |

<sup>1</sup> Alternative Performance Measure. For definitions please refer to the Glossary of Terms and Alternative Performance Measures on pages 23 to 25.

<sup>2</sup> A dividend of 3.5p was paid on 27 November 2023.

## CHAIR'S STATEMENT

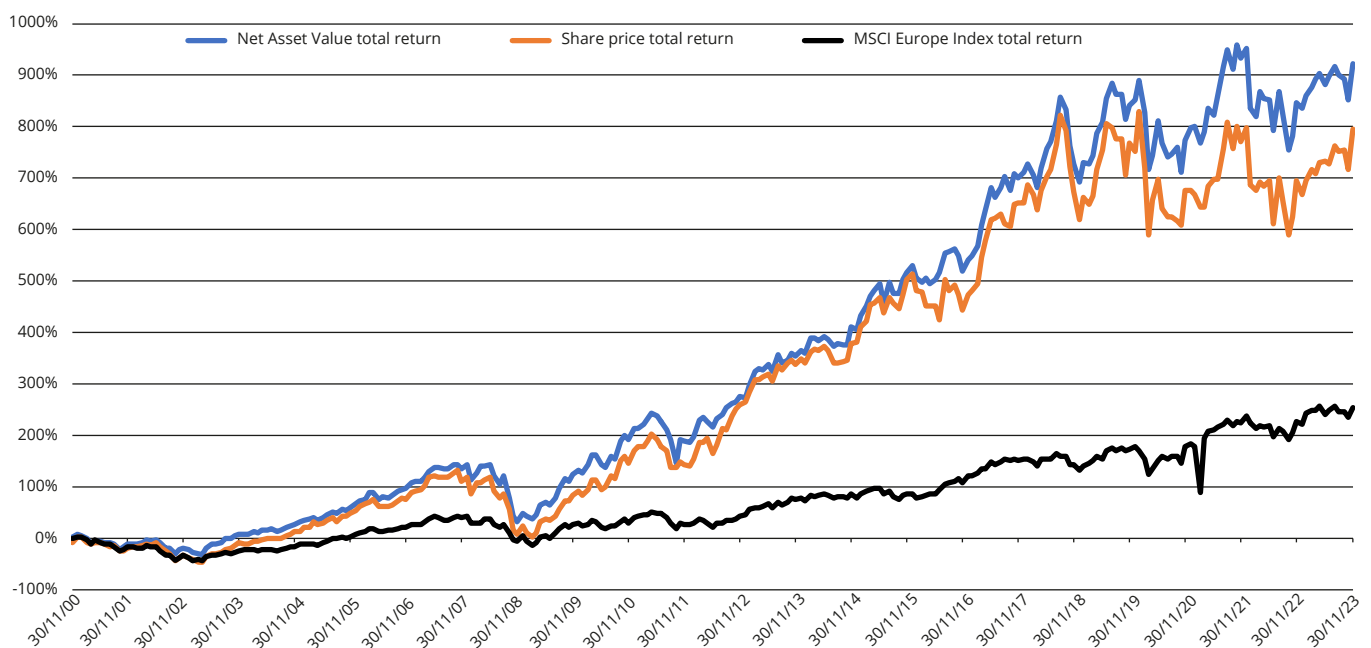


I am pleased to present the Company's interim results covering the six months ended 30 November 2023.

During the period under review the total return on the net asset value per share of the Company was 4.3% (with the annual dividend added back), which compares with a total return of 3.5% from our Benchmark, the MSCI Europe index in Sterling. The total return on the middle market price of the Company's shares was 7.7%. A more detailed analysis of performance is set out in the Investment Manager's Review on page 5.

Since the period end the net asset value per share has increased by 7.5% to 979.0p (as at 23 February 2024), outperforming the Benchmark index, which increased by 6.9% over that period. The market price of the Company's shares increased by 4.7%, resulting in a modest widening of the discount to net asset value to 10.4% on that date.

The Company's longer-term performance since launch in November 2000 may be illustrated as follows:



Source: MSCI & Devon Equity Management Limited. Total return performance is calculated with dividends added back. Past performance is no guide to the future.

### Tender Offer

On 6 November 2023, we announced that the Company would undertake a tender offer for up to 25% of our issued share capital. The tender offer, which was subsequently approved by Shareholders at a General Meeting held on 21 December, was concluded at a tender price equal to a 2% discount to the prevailing net asset value per share (less the costs) at the end of January. The effect of the tender offer, which was fully taken up, was to reduce the Company's net assets under management by 25% to £696 million as at the end of January.

The Board had previously announced, on 12 October 2023, proposals for a further performance related tender offer to be made as soon as is practicable after the Annual General Meeting in 2026 if the Company's net asset value total return does not equal or exceed the Benchmark total return over the three-year period beginning 1 June 2023 and ending on 31 May 2026. I am pleased to report that the Company's performance since 1 June 2023 is currently ahead of its Benchmark total return, as indicated above.

### Discount management

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

## CHAIR'S STATEMENT continued

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The Board believes that the most effective means of minimising any discount at which the shares may trade is for the Company to deliver strong, consistent, long-term performance from the investment portfolio (in both absolute and relative terms) supported by an active marketing strategy aimed at prospective and existing investors. Nevertheless, wider market conditions and other considerations inevitably affect the rating of the shares from time to time.

Although the discount was within the Board's guidelines at 8.0% at the end of the period, it ranged between 13.5% and 7.3% during the period. Consequently, the Board actively pursued share buybacks with a total of 2.2 million repurchased into treasury at a cost of £17.1 million. In addition to the tender offer referenced above, the regular repurchase policy has been continued since the end of November with a further 3.5 million shares taken into treasury at an aggregate cost of £30.0 million (as at 23 February 2024).

### **Gearing**

The Board believes that borrowing will enhance returns to investors over the long term. The Board monitors the level of gearing carefully within a defined risk control framework for this purpose which is reviewed at each Board meeting. All gearing is subject to the Investment Manager's confidence in identifying attractive investment opportunities. Acting within parameters determined by the Board, the Investment Manager tends to increase gearing at times of perceived low valuations, while reducing it as markets recover.

The Company has a secured multi-currency revolving credit facility with The Bank of Nova Scotia, London Branch with a maximum drawable amount of £85 million and credit approval for an additional 'accordion' amount available upon application for a further £50 million. There was £10 million drawn down as at 30 November 2023, increased to £40 million as at the date of this statement (representing gearing of 6%).

### **Board composition**

On 12 December 2023 we were delighted to announce the appointment of Neeta Patel, CBE as a non-executive Director of the Company with effect from 1 January this year.

Neeta is a highly experienced executive with over 35 years of strategy and operational leadership in technology, media, insurance and education sectors, as well as in start-ups and scaling companies. Her experience includes senior leadership roles at Legal & General plc, ft.com (the Financial Times' website) and the British Council, the government's international education and cultural agency. More recently she was the founding CEO of the Centre for Entrepreneurs, a board adviser at Tech London Advocates, a member of the advisory board at City University Ventures and an entrepreneur mentor-in-residence at London Business School. We welcome her to the Board.

Lord Lamont, who has served on the Board since June 2015 and as your Senior Independent Director since the 2023 AGM in November, has indicated that he intends to retire from the Board at the forthcoming Annual General Meeting. He has made an exceptional contribution to the Company throughout his tenure.

We continue to review Board composition and Directors' succession on a regular basis to ensure that we have a Board which provides diversity of perspective together with the range of appropriate skills and experience for the Company.

### **Outlook**

Your Board and I appreciate the shareholder support that we have received during the period under review and the time that many of you have taken to meet with me and colleagues to express your views, in some cases with refreshing candour. Supported by the superior characteristics and earnings growth of the underlying portfolio, we believe that the Company is well positioned to offer an attractive investment proposition to existing and new investors alike.

I would like to express my thanks to all of our shareholders and stakeholders for their continuing support.

**Matthew Dobbs**

Chair

29 February 2024

## INVESTMENT MANAGER'S REVIEW



The Company's modest outperformance during the period under review was, as always, due to stock selection. Although some of our investee companies have not yet reported their 2023 results, we expect them to have delivered significantly better earnings growth in 2023 compared with our Benchmark. JP Morgan estimates that earnings for the MSCI Europe index contracted by 2% in 2023. We estimate that our portfolio will report approximately 10% earnings growth in 2023. The same pattern is expected again in 2024, with our portfolio expected to deliver 14% earnings growth vs 6% for the Benchmark. We expect our companies' earnings to benefit both from secular, as opposed to cyclical, drivers, and from their global reach. Positive news flow, not simply results, from our companies was another factor helping performance and providing some confidence for the future. Of course, there were also stock mistakes, notably Bayer, which we discuss below.

### Positioning

Given the perils of macro economic forecasting, our portfolio is not built on the expectation of a particular economic outcome. Rather we aim to construct a portfolio that can flourish in a range of economic scenarios. More specifically we focus on identifying "special" companies whose fortunes depend largely on their own efforts, not macro developments. We believe this represents better quality risk.

We consider 'special' companies to be those that can prosper in a range of economic conditions and which are well protected from competitive pressures. Typically, these are companies with strong proprietary characteristics, strong intellectual property (IP), serving customers for whom their products are non-discretionary and often with a global presence.

We have continued our policy of avoiding commodity companies and, for this reason, have minimal exposure to energy, metals and mining companies. We also avoid companies whose prospects depend unduly on a favourable macro environment and, hence, have a minimal exposure to banks, real estate or other mainstream financial companies.

Our investee companies enjoy relatively recurrent and growing demand trends, as their products are non-discretionary. As a corollary, we have a lower-than-average exposure to discretionary consumer demand. Typically, our investee companies' products and services are sold to other corporates or to government buyers. For example, Novo Nordisk, our largest investment, manufactures and sells insulin, an essential hormone for your body to function properly. For type 2 diabetics, whose bodies can't produce enough insulin naturally, the need for insulin is 'non-discretionary'.

Nor is the portfolio built narrowly on few sectors or ideas; rather it encompasses many diverse, uncorrelated growth opportunities. While 35% of the fund is invested in Health Care, there is plenty of diversification within this segment of the portfolio, which covers everything from animal genetics (Genus) to treatment of opioid addiction (Camurus) and the collection of blood plasma (Grifols). These companies also generate revenue across a diverse geographic footprint.

### Contributors

The following table details the five stock positions which had the greatest positive impact on performance during the six months to 30 November 2023 on an absolute basis:

| Security                   | Portfolio weight at 30.11.2023 | Benchmark weight at 30.11.2023 | 6 month price performance | 6 month contribution to portfolio return |
|----------------------------|--------------------------------|--------------------------------|---------------------------|--|
| Novo Nordisk               | 12.7                           | 3.3                            | 25.1                      | 2.7                                      |
| RELX                       | 8.2                            | 0.7                            | 21.9                      | 1.7                                      |
| SOITEC                     | 3.5                            | -                              | 27.0                      | 1.0                                      |
| Gaztransport & Technigaz   | 2.6                            | -                              | 34.6                      | 0.8                                      |
| Intermediate Capital Group | 4.1                            | -                              | 16.5                      | 0.6                                      |

The contribution to portfolio return is the result of the price performance of each stock over the period, calculated on a transaction basis and including the impact of foreign currency rates.

## INVESTMENT MANAGER'S REVIEW *continued*

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The biggest contributor to performance and biggest holding at period end, was **Novo Nordisk**. The company is the world leader in the treatment of diabetes and obesity. The main driver of its performance, was the company's success in treating diabetes and obesity with its drugs, Wegovy and Ozempic. These drugs are from a new class of drugs, GLP-1 agonists. Creating a new therapeutic area, the treatment of obesity, with this new class of drugs is an extraordinary development. There are associated benefits, treating co-morbidities such as cardiovascular and kidney diseases. Novo Nordisk is, with one significant competitor, leading the way in addressing these two massive and growing therapeutic areas. For all the success so far, the market for the treatment of obesity is still in its infancy. There are many factors that will determine the size of the opportunity and Novo Nordisk's share of that market. One of the reasons that we maintain a heavy weighting in the shares is that there are some reasons to think that Novo Nordisk's GLP-1 molecule, semaglutide, is superior to other GLP-1 molecules; for example, it might be that some of the cardiovascular benefits are specific to semaglutide, not solely a class effect. At present, only Novo Nordisk's drug, Ozempic, has approval from the U.S. Food and Drug Administration (FDA) to claim that it can reduce the risk of major adverse cardiovascular events (MACE) such as heart attack, stroke, or death in adults with type 2 diabetes and known heart disease. In 2024, we expect results from ongoing clinical trials demonstrating further benefits from semaglutide including cardiovascular, NASH (liver disease), chronic kidney disease (CKD), sleep apnoea, peripheral artery disease, hypertension and Alzheimer's.

In 2024, we expect to get a better understanding of the differences between GLP-1 receptor agonists. Further, there will also be data available for several new treatments, such as the first of many clinical results of Novo Nordisk's next generation CagriSema treatment. The company is also developing an oral version of Wegovy.

The next most important contributor was **RELX**. The shares were rerated on the back of upgrades to long-term growth expectations of the company. RELX is seen as a winner from artificial intelligence (AI). This is most obvious in their 'Risk' division, the biggest division in the company and the fastest growing. Risk provides customers with information-based analytics and decision tools, utilising public and industry-specific content in proprietary algorithms, assisting customers in evaluating, predicting, and pricing risk. It also helps to detect and prevent online fraud and money laundering, and delivers insights to customers such as insurance companies. Rising data usage from the 'connected car' telematics, used to improve insurance quotes, is one example of rising demand from new technology. Growing demand from corporates and governments, together with improving algorithms, has lifted the growth rate of this division. We think this higher growth rate is sustainable. Another division, 'Law', is growing faster in recent years in part, again, due to AI but also reflecting significant investments made over the years. Across the group, more data is driving RELX's analytics and solutions for customers.

Shares in **SOITEC**, the French technology company, performed well. SOITEC has unique technology in the design and manufacture of semiconductor materials. They produce substrates for miniaturizing chips, improving their performance and reducing their energy usage. The new potential growth area is the adoption of SOITEC's technology in the production of silicon carbide devices, itself a play on the growing electric vehicle market. The news flow here is encouraging. STMicroelectronics (STM), the largest European semiconductor manufacturing and design company, and SOITEC announced a cooperation agreement to qualify SOITEC's Silicon Carbide (SiC) substrates. The adoption by STM of SOITEC's SmartSiC technology for its 200mm substrate manufacturing is likely to be followed by others.

The French company, **Gaztransport & Technigaz ('GTT')**, also improved our returns. It provides engineering and design technologies for the transport of liquid fuels. Liquefied natural gas ('LNG') carriers and the engineering and design technologies for LNG propulsion systems for ships has been and still is their core business. It is diversifying both into containment solutions for onshore, offshore and multi-gas transport applications and into new areas: digital smart shipping solutions and in the design and assembly of electrolyzers for producing green hydrogen. In the medium term, we expect demand for natural gas will remain strong. It is a vital "transition" fuel, that can substitute oil and coal with lower carbon dioxide emissions. US LNG production is rising; new capacity is being developed in Australia and Qatar; and demand from Asia and Europe is growing. The US has become the largest LNG exporter in the world and accounted for 40% of EU imports in 2023. Against this background, GTT enjoys very good prospects.



## INVESTMENT MANAGER'S REVIEW *continued*

**Intermediate Capital Group (ICG)**, too, added to our returns. ICG is a UK-listed company, investing across private asset classes. It has more exposure to private debt than to private equity, which should, all other things being equal, mean that the assets are more secure. It should continue to benefit from the structural growth in demand from asset managers for 'alternative' assets. Results continue to impress. Its 'direct lending' strategy is growing as corporates seek to refinance their debt and asset gathering continues apace. This direct lending strategy disintermediates the banks which are constrained in their efforts to compete by capital requirements and other regulatory standards effective with Basel III.

### Detractors

The following table details the five stock positions which had the greatest negative impact on performance during the six months to 30 November 2023 on an absolute basis:

| Security           | Portfolio weight<br>at 30.11.2023<br>% | Benchmark weight<br>at 30.11.2023<br>% | 6 month price<br>performance<br>% | 6 month contribution<br>to portfolio return<br>% |
|--------------------|--|--|-----------------------------------|--|
| Bayer              | 2.0                                    | 0.3                                    | (39.4)                            | (1.9)  |
| Edenred            | 5.6                                    | 0.1                                    | (15.2)                            | (1.1)  |
| Genus              | 4.2                                    | -                                      | (21.0)                            | (1.0)  |
| Worldline          | 0.8                                    | 0.0                                    | (62.4)                            | (0.6)  |
| Oxford Instruments | 2.0                                    | -                                      | (23.2)                            | (0.6)  |

The most disappointing stock in the period under review was **Bayer**. Bayer is a German conglomerate operating globally with core competencies in life sciences, healthcare and technology for agriculture. Legal difficulties in the US, principally, but not only, relating to the use of glyphosate (roundup) in the retail channel in the US account for much of investors' concern. It also faces legal action over the marketing in the 1970s of polychlorinated biphenyls (PCBs) by Monsanto, the US company that Bayer bought in 2018. The US legal system appears to be hostile to Bayer. To date, the company has set aside approximately \$13 billion to settle with most plaintiffs. There is a risk of further costs. The company also has too much debt, the result of poor financial discipline. We have sold the position since the period end.

The next biggest detractor from performance was **Edenred**, the French provider of specific-purpose payment solutions for companies, employees and merchants. Edenred is the inventor of Ticket Restaurant, and now processes and promotes payment solutions for food (such as meal benefits), incentives (such as employee engagement platforms), mobility (such as multi-energy, maintenance, toll, parking and commuter solutions) and corporate payments (such as virtual cards). It operates schemes for governments and corporates which want to give benefits to employees for specific purposes. There has been no slowdown in its revenue growth and profits with guidance upgraded during 2023, driven by new government initiatives, digitalisation, and a dynamic Brazilian market. Management, in our opinion, is exceptionally good; we have great confidence in their strategy. However, the company's prospects are troubled by the threat of new regulations in France and Brazil which might clip returns. We do not believe the proposals are likely to be implemented and have decided to maintain our holding.

Shares in **Genus**, the world leader in the development and supply of porcine and bovine genetics, fell sharply. Trading is slightly weaker as the livestock industry shows some cyclicalities. Meat consumption worldwide is still rising even as consumption in Europe eases. The Chinese market, an important one for Genus, has weakened partly because of the ravages of African Swine Fever and partly because Covid-related lockdowns have dampened demand for pork. The company has filed its application for regulatory approval of its gene editing technology for Porcine Reproductive and Respiratory Syndrome virus (PRRSv)-resistant animals in the US. We think this is a huge, transformational opportunity for Genus. We expect regulatory approval in the US in the 2025 fiscal year, although it would take a number of years for the full commercial benefit to be seen as the supply of gene edited pigs would need to be ramped up. In due course, the company hopes to gain approval for this gene editing technology in China, another massive opportunity. We remain confident about the core business and see tremendous potential value in the company's gene editing technology. Accordingly, we retained our holding.

## INVESTMENT MANAGER'S REVIEW *continued*

Shares in the French-listed **Worldline** also fell. The company is a leading payment services provider, offering both acquiring and issuing solutions for mainly off-line services to consumer-facing retailers and hospitality businesses. It is a 'scale' player, being a consolidator with a strategy of being the lowest cost provider in Europe. The share price fall was due partly to the concern about weaker consumer demand in Europe as interest rates rose, but mainly because Worldline is closing some highly profitable accounts. This move was prompted by the German regulator, BaFin, which changed its approval criteria for online merchant accounts, believing some of them to be related to illegal activity. There are no implications for Worldline, having followed BaFin's guidance, other than closing these accounts.

**Oxford Instruments** shares also retreated despite the business performing well. There are some problems with obtaining export licenses to China for certain products, but this is not a material concern. The appointment of a new CEO may have unsettled investors, though we are happy with the transition and have engaged with the new CEO. We retain the holding as we believe Oxford Instruments to be an impressive company, well focused, and capable of building on its good track record.

### Portfolio activity

During the period under review, we raised approximately £97 million net, representing about 11% of the portfolio. We sold about £238 million of stocks (27% of the portfolio) and reinvested around £141 million (16% of the portfolio). The number of holdings in the portfolio reduced from 33 to 29. There were three new investments and seven complete sales.

| Largest net purchases | £'m  | Largest net sales     | £'m  |
|-----------------------|------|-----------------------|------|
| Camurus               | 12.8 | Novo Nordisk          | 32.9 |
| Worldline             | 10.7 | Experian              | 18.1 |
| Thales                | 6.2  | RELX                  | 16.7 |
| Genus                 | 4.0  | Bayer                 | 9.8  |
| BAE Systems           | 3.6  | Network International | 9.7  |

The biggest sale was that of shares in **Novo Nordisk**, a partial disposal as we retain a significant weighting. We reduced the holding to keep the weighting at what we regarded as a prudent level. We remain wholly confident in Novo Nordisk's outlook. We also reduced our holding of shares in **Experian**, for the same reason.

We also reduced positions in **Bayer**, disappointed with the company's litigation problems and the poor performance of its pharmaceutical division. The position has been completely sold since the period end. The main outright sales during the period under review, **Network International**, **OHB** and **SUSE**, were all subject to successful bids from private equity. Whilst this represents a small, positive boost to the fund, it is concerning that some smaller companies become almost completely ignored by the public markets, leaving them vulnerable to bids from private equity, which, in our opinion, undervalues these companies.

We also sold two Norwegian holdings, **Borregaard** and **Elkem**. This follows our sale in a previous reporting period of **Mowi**. The Norwegian government imposed new taxes on activities undertaken by these three companies and prompted us to sell. The Norwegians are not the only ones looking to raise new taxes which they justify as necessary to combat climate change. France, which does not enjoy strong public finances, has also imposed new taxes on airports, and it is looking for other areas to tax, all in the cause, they say, of fighting climate change. We will avoid as far as possible those activities which we believe may become subject to new taxes.

We made a new investment in **Camurus** because we believe that its proprietary extended-release technology for therapeutic drugs can be widely adopted. It is particularly effective in the prevention of withdrawal symptoms caused by stopping the use of opioids for pain management therapy. We believe that the opportunity is huge.

## INVESTMENT MANAGER'S REVIEW *continued*

We also established a new position in **Thales**, the French multinational company that designs, develops and manufactures systems, devices and equipment for the aerospace, defence and security sectors. It is a leader in cyber security and data protection. Increasing demand for their products and services is evident. A further new investment for the portfolio was **BAE Systems**, the UK-listed defence and aerospace company. The company is gaining business in the US and also looks well placed to grow in Asia where there is clearly increasing long-term demand for defence solutions. Both Thales and BAE Systems endeavour to offer services in land, sea, air, space and cyber. Competence across all these areas is thought to improve the value proposition of each offering.

We decided to add to the holding of **Worldline**, the payment services provider, as we believe that sentiment, as reflected in the share price, is unduly negative. We also judged that the weak share price of **Genus** presented a good buying opportunity.

Since the period-end we have raised approximately £220m in cash in order to meet the cost of the tender offer at the end of January. Portfolio weightings in the continuing portfolio remain similar to those prior to the corporate action. During the month of January we held cash raised against the cost of the tender offer in two ETFs linked to the total return on our Benchmark, the MSCI Europe index, in order to minimise the impact of 'cash drag' on the portfolio during the interim.

### Gearing

At the period end we had reduced drawn down borrowings to £10 million (increasing to £40 million or 6% of net assets as at the date of this report). In a period of higher interest rates we are not inclined to gear the portfolio significantly further at this time. Nevertheless, the Company's flexible borrowing facility is important, a key feature of the investment trust structure, allowing us to take strategic advantage of market opportunities.

### Outlook

The outlook for the portfolio is shaped against a more difficult economic backdrop. Whilst interest rates are expected to decline over the next eighteen months, this is only one factor to consider. Buoyancy of European consumer spending is likely to be tested in 2024. The market has been sustained by the resilience of the European economies but as household savings are used up, and as quantitative tightening grinds on to reverse the expansionary effects of quantitative easing, in due course, the present benign economic conditions will give way to a much tougher economic climate.

There are signs of weaker consumer spending. Energy costs are at present lower than might be expected with various conflicts around the world causing disruption to energy trading. Yet the risk of higher energy costs remains a significant consideration not least because Europe's rapid energy transition risks putting European manufacturers at a relative disadvantage. The combination of weak public finances and the need for increased defence spending, is likely to squeeze discretionary consumer spending. This provides a further incentive to invest in companies that have strong extra-European businesses.

Trade conflicts are an increasing concern. Globalisation has been a salient feature of economic growth in recent years and the growing threats to efficient global trade flows are clearly damaging. We are careful to try and identify companies whose overseas trading falls below the radar of political interest.

The outlook for the portfolio is, we think, improving. Our portfolio is less exposed to weaker consumer demand and the risk of higher input costs. The extent to which the portfolio delivers is much less macro related, and more driven by individual companies crystallising their transformational opportunities. Concluding successful clinical trials, continued innovation, resiliency of business models, and geographic expansion are some of the outcomes that we anticipate from our investee companies this year. These companies have the necessary ingredients for success: we expect them to deliver.

### Alexander Darwall

CIO, Devon Equity Management Limited  
29 February 2024

# INVESTMENT PORTFOLIO

as at 30 November 2023

| Company                    | Sector                 | Country of Listing | 30 November 2023       |                     | 31 May 2023         |
|----------------------------|------------------------|--------------------|------------------------|---------------------|---------------------|
|                            |                        |                    | Market value<br>£ '000 | % of<br>Investments | % of<br>Investments |
| Novo Nordisk               | Health Care            | Denmark            | 112,312                | 12.7                | 13.0                |
| Dassault Systèmes          | Information Technology | France             | 74,019                 | 8.4                 | 8.3                 |
| RELX                       | Industrials            | Netherlands        | 72,957                 | 8.2                 | 8.0                 |
| Experian                   | Industrials            | United Kingdom     | 72,575                 | 8.2                 | 9.4                 |
| Deutsche Boerse            | Financials             | Germany            | 57,537                 | 6.5                 | 6.1                 |
| BioMérieux                 | Health Care            | France             | 53,957                 | 6.1                 | 5.6                 |
| Edenred                    | Information Technology | France             | 49,343                 | 5.6                 | 6.2                 |
| Genus                      | Health Care            | United Kingdom     | 37,044                 | 4.2                 | 4.6                 |
| Intermediate Capital Group | Financials             | United Kingdom     | 36,001                 | 4.1                 | 3.4                 |
| SOITEC                     | Information Technology | France             | 31,274                 | 3.5                 | 3.4                 |
| Infineon Technologies      | Information Technology | Germany            | 30,726                 | 3.5                 | 3.5                 |
| Grifols                    | Health Care            | Spain              | 30,549                 | 3.4                 | 2.7                 |
| Gaztransport & Technigaz   | Energy                 | France             | 23,436                 | 2.6                 | 2.2                 |
| Darktrace                  | Information Technology | United Kingdom     | 20,127                 | 2.3                 | 1.7                 |
| Ryanair Holdings           | Industrials            | Ireland            | 19,609                 | 2.2                 | 1.6                 |
| Merck                      | Health Care            | Germany            | 19,282                 | 2.2                 | 2.4                 |
| Neste                      | Energy                 | Finland            | 18,813                 | 2.1                 | 2.0                 |
| Bayer                      | Health Care            | Germany            | 17,563                 | 2.0                 | 4.7                 |
| Oxford Instruments         | Information Technology | United Kingdom     | 17,502                 | 2.0                 | 2.0                 |
| Camurus                    | Health Care            | Sweden             | 16,104                 | 1.8                 | -                   |
| Prysmian                   | Industrials            | Italy              | 13,695                 | 1.5                 | 1.3                 |
| Air Liquide                | Materials              | France             | 13,479                 | 1.5                 | 1.4                 |
| Genmab                     | Health Care            | Denmark            | 11,597                 | 1.3                 | 1.4                 |
| Grenke                     | Financials             | Germany            | 8,937                  | 1.0                 | 1.0                 |
| Worldline                  | Information Technology | France             | 7,245                  | 0.8                 | 0.2                 |
| Thales                     | Industrials            | France             | 5,902                  | 0.7                 | -                   |
| Grifols Preference         | Health Care            | Spain              | 4,790                  | 0.5                 | 0.5                 |
| Bachem Holding             | Health Care            | Switzerland        | 4,317                  | 0.5                 | 0.5                 |
| BAE Systems                | Industrials            | United Kingdom     | 3,673                  | 0.4                 | -                   |
| BFF Bank                   | Financials             | Italy              | 1,810                  | 0.2                 | 0.2                 |
| <b>Total Investments</b>   |                        |                    | <b>886,175</b>         | <b>100.0</b>        |                     |

## CLASSIFICATION OF INVESTMENTS

as at 30 November 2023

| Country of Listing | % of Investments<br>30 November 2023 | % of Investments<br>31 May 2023 |
|--------------------|--------------------------------------|---------------------------------|
| Denmark            | 14.0                                 | 14.4                            |
| Finland            | 2.1                                  | 2.0                             |
| France             | 29.2                                 | 27.3                            |
| Germany            | 15.2                                 | 18.0                            |
| Ireland            | 2.2                                  | 1.6                             |
| Italy              | 1.7                                  | 1.5                             |
| Luxembourg         | –                                    | 0.2                             |
| Netherlands        | 8.2                                  | 8.2                             |
| Norway             | –                                    | 0.6                             |
| Spain              | 3.9                                  | 3.2                             |
| Sweden             | 1.8                                  | –                               |
| Switzerland        | 0.5                                  | 0.5                             |
| United Kingdom     | 21.2                                 | 22.5                            |
| <b>Total</b>       | <b>100.0</b>                         | <b>100.0</b>                    |

| Industry Sector        | % of Investments<br>30 November 2023 | % of Investments<br>31 May 2023 |
|------------------------|--------------------------------------|---------------------------------|
| Energy                 | 4.7                                  | 4.2                             |
| Financials             | 11.8                                 | 10.7                            |
| Health Care            | 34.7                                 | 35.8                            |
| Industrials            | 21.2                                 | 20.8                            |
| Information Technology | 26.1                                 | 26.5                            |
| Materials              | 1.5                                  | 2.0                             |
| <b>Total</b>           | <b>100.0</b>                         | <b>100.0</b>                    |

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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## Going Concern

The Half Yearly Financial Report has been prepared on a going concern basis. The Directors consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its financial commitments as they fall due for a period of at least twelve months from the date of approval of the unaudited financial statements. In considering this, the Directors took into account the Company's investment objective, risk management policies and capital management policies, the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments and the ability of the Company to meet all of its liabilities and ongoing expenses.

The Directors continue to pay particular attention to the operational resilience and ongoing viability of the Investment Manager and the Company's other key service providers. Following review, the Directors are satisfied that Devon and the Company's other key service providers, notably JP Morgan, have the necessary contingency planning measures in place to ensure that operational functionality continues to be maintained.

The Directors continue to adopt the going concern basis of accounting in preparing the unaudited financial statements while recognising that the Articles of Association of the Company require a continuation vote at every third AGM, the next of which will take place at the AGM in November 2026.

## Principal and emerging risks and uncertainties

The principal risks facing the Company are investment strategy risk, market risk, operational risk and legal and regulatory risk. Full details of these risks and how they are managed are set out on pages 31 to 34 of the Company's Annual Report for the year ended 31 May 2023 which is available on the Company's website at [www.europeanopportunities.com](http://www.europeanopportunities.com). The principal risks have not changed since those detailed in the Annual Report. The Board continues to monitor the principal risks facing the Company.

In addition, the Board monitors emerging risks. No new emerging risks were identified during the period under review. As part of its assessment of the viability of the Company, the Board has reviewed and considered the principal risks and uncertainties that may affect the Company, including emerging risks and ongoing matters relating to the economic turmoil following the invasion of Ukraine, the war in the Middle East, rises in interest rates and inflation across Europe and worldwide. The Board has also considered the Company's business model including its investment objective and investment policy, a forecast of the Company's projected income and expenses and the liquidity of the Company's portfolio to ensure that it will be able to meet its liabilities as they fall due.

## Directors' responsibility statement

We, the Directors of European Opportunities Trust PLC, confirm to the best of our knowledge that:

- (a) the condensed set of financial statements have been prepared in accordance with the Accounting Standards Board's statement 'Half Yearly Financial Reports' and give a true and fair view of the assets, liabilities, financial position and profit/(loss) of the Company for the period ended 30 November 2023;
- (b) the Half Yearly Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R; and
- (c) the Half Yearly Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R on related party transactions.

The Half Yearly Financial Report has not been audited or reviewed by the Company's auditors.

By Order of the Board

**Matthew Dobbs**

Chair

29 February 2024

# INCOME STATEMENT

for the six months ended 30 November 2023

|  | Notes | Six months ended<br>30 November 2023<br>(unaudited) |                  |                | Six months ended<br>30 November 2022<br>(unaudited) |                  |                |
|--|-------|---|------------------|----------------|---|------------------|----------------|
|  |       | Revenue<br>£'000                                    | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                                    | Capital<br>£'000 | Total<br>£'000 |
| Gains/(losses) on investments                                  |       | –   | 34,914           | 34,914         | –   | (7,075)          | (7,075)        |
| Other exchange (losses)/gains                                  |       | –   | (100)            | (100)          | –   | 609              | 609            |
| Income from investments  |       | 5,985   | –                | 5,985          | 6,455   | –                | 6,455          |
| Other Income   |       | 38  | –                | 38             | 6   | –                | 6              |
| <b>Total income/(loss)</b>                                     |       | <b>6,023</b>  | <b>34,814</b>    | <b>40,837</b>  | <b>6,461</b>  | <b>(6,466)</b>   | <b>(5)</b>     |
| Investment management fee                                      | 7     | (3,425)   | –                | (3,425)        | (3,745)   | –                | (3,745)        |
| Other expenses   |       | (627)   | –                | (627)          | (489)   | –                | (489)          |
| <b>Total expenses</b>  |       | <b>(4,052)</b>                                      | <b>–</b>         | <b>(4,052)</b> | <b>(4,234)</b>                                      | <b>–</b>         | <b>(4,234)</b> |
| <b>Net return/(loss) before<br/>finance costs and taxation</b> |       | <b>1,971</b>  | <b>34,814</b>    | <b>36,785</b>  | <b>2,227</b>  | <b>(6,466)</b>   | <b>(4,239)</b> |
| Finance costs  |       | (1,780)   | –                | (1,780)        | (1,036)   | –                | (1,036)        |
| <b>Return/(loss) before<br/>taxation</b>                       |       | <b>191</b>  | <b>34,814</b>    | <b>35,005</b>  | <b>1,191</b>  | <b>(6,466)</b>   | <b>(5,275)</b> |
| Taxation   |       | (341)   | –                | (341)          | (374)   | –                | (374)          |
| <b>Net (loss)/return after<br/>taxation*</b>                   |       | <b>(150)</b>  | <b>34,814</b>    | <b>34,664</b>  | <b>817</b>  | <b>(6,466)</b>   | <b>(5,649)</b> |
| <b>(Loss)/return per ordinary<br/>share</b>                    | 2     | <b>(0.15)p</b>                                      | <b>35.85p</b>    | <b>35.70p</b>  | <b>0.80p</b>  | <b>(6.35)p</b>   | <b>(5.55)p</b> |

\* There is no other comprehensive income and therefore the 'Net (loss)/return after taxation' is the total comprehensive income/(loss) for the financial period.

The total column of this statement is the income statement of the Company, prepared in accordance with IFRS.

The supplementary revenue return and capital return columns are both prepared under guidance produced by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the period.

# STATEMENT OF FINANCIAL POSITION

as at 30 November 2023

|   | Notes | 30 November<br>2023<br>(unaudited)<br>£'000 | 31 May<br>2023<br>(audited)<br>£'000 |
|---|-------|---|--------------------------------------|
| <b>Fixed assets</b>                           |       |   |                                      |
| Investments                                   | 6     | 886,175                                     | 936,318                              |
| <b>Current assets</b>                         |       |   |                                      |
| Debtors                                       |       | 3,600                                       | 3,445                                |
| Cash and cash equivalents                     |       | 3,055                                       | 6,951                                |
|   |       | 6,655                                       | 10,396                               |
| <b>Total assets</b>                           |       | <b>892,830</b>                              | <b>946,714</b>                       |
| <b>Current liabilities</b>                    |       |   |                                      |
| Creditors – amounts falling due within 1 year |       | (15,756)                                    | (83,776)                             |
| <b>Total assets less current liabilities</b>  |       | <b>877,074</b>                              | <b>862,938</b>                       |
| <b>Capital and reserves</b>                   |       |   |                                      |
| Called up share capital                       |       | 1,129                                       | 1,129                                |
| Share premium                                 |       | 204,133                                     | 204,133                              |
| Special reserve                               |       | 33,687                                      | 33,687                               |
| Capital redemption reserve                    |       | 45  | 45                                   |
| Reserves                                      | 3     | 638,080                                     | 623,944                              |
| <b>Total shareholders' funds</b>              |       | <b>877,074</b>                              | <b>862,938</b>                       |
| <b>Net asset value per ordinary share</b>     | 4     | <b>910.81p</b>                              | <b>876.46p</b>                       |



## STATEMENT OF CHANGES IN EQUITY

for the six months to 30 November 2023

| For the six months to<br>30 November 2023 (unaudited) | Share<br>Capital<br>£'000 | Share<br>Premium<br>£'000 | Special<br>Reserve<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>£'000 |
|---|---------------------------|---------------------------|-----------------------------|---|-------------------------------|----------------|
| Balance at 1 June 2023                                | 1,129                     | 204,133                   | 33,687                      | 45  | 623,944                       | 862,938        |
| Net profit after taxation                             | -                         | -                         | -                           | -   | 34,664                        | 34,664         |
| Repurchase of ordinary shares into<br>treasury        | -                         | -                         | -                           | -   | (17,153)                      | (17,153)       |
| Dividends declared and paid                           | -                         | -                         | -                           | -   | (3,375)                       | (3,375)        |
| <b>Balance at 30 November 2023</b>                    | <b>1,129</b>              | <b>204,133</b>            | <b>33,687</b>               | <b>45</b>                                 | <b>638,080</b>                | <b>877,074</b> |

| For the six months to<br>30 November 2022 (unaudited) | Share<br>Capital<br>£'000 | Share<br>Premium<br>£'000 | Special<br>Reserve<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>£'000 |
|---|---------------------------|---------------------------|-----------------------------|---|-------------------------------|----------------|
| Balance at 1 June 2022                                | 1,129                     | 204,133                   | 33,687                      | 45  | 633,623                       | 872,617        |
| Net loss after taxation                               | -                         | -                         | -                           | -   | (5,649)                       | (5,649)        |
| Repurchase of ordinary shares into<br>treasury        | -                         | -                         | -                           | -   | (7,827)                       | (7,827)        |
| Dividends declared and paid                           | -                         | -                         | -                           | -   | (2,536)                       | (2,536)        |
| <b>Balance at 30 November 2022</b>                    | <b>1,129</b>              | <b>204,133</b>            | <b>33,687</b>               | <b>45</b>                                 | <b>617,611</b>                | <b>856,605</b> |

# CASH FLOW STATEMENT

## for the six months to 30 November 2023

|   | Six months<br>ended<br>30 November<br>2023<br>(unaudited)<br>£'000 | Six months<br>ended<br>30 November<br>2022<br>(unaudited)<br>£'000 |
|---|--|--|
| <b>Cash flows from operating activities</b>                                   |  |  |
| Investment income received (gross)  | 6,812  | 7,493  |
| Deposit interest received   | 38   | 6  |
| Investment management fee paid  | (3,674)  | (3,846)  |
| Other cash expenses   | (659)  | (500)  |
| <b>Net cash inflow from operating activities before taxation and interest</b> | <b>2,517</b>   | <b>3,153</b>   |
| Interest paid   | (2,412)  | (830)  |
| Taxation  | (332)  | (578)  |
| <b>Net cash (outflow)/inflow from operating activities</b>                    | <b>(227)</b>   | <b>1,745</b>   |
| <b>Cash flows from investing activities</b>                                   |  |  |
| Purchases of investments  | (70,849)   | (49,883)   |
| Sales of investments  | 157,850  | 64,681   |
| <b>Net cash inflow from investing activities</b>                              | <b>87,001</b>  | <b>14,798</b>  |
| <b>Cash flows from financing activities</b>                                   |  |  |
| Repurchase of ordinary shares into treasury                                   | (22,195)   | (8,573)  |
| Equity dividends paid   | (3,375)  | (2,536)  |
| Repayment of loan   | (65,000)   | (15,000)   |
| Drawdown of loan  | -  | 5,000  |
| <b>Net cash outflow from financing activities</b>                             | <b>(90,570)</b>  | <b>(21,109)</b>  |
| <b>Decrease in cash</b>   | <b>(3,796)</b>   | <b>(4,566)</b>   |
| Cash and cash equivalents at the start of the period                          | 6,951  | 5,973  |
| Realised (loss)/gain on foreign currency                                      | (100)  | 609  |
| <b>Cash and cash equivalents at end of period</b>                             | <b>3,055</b>   | <b>2,016</b>   |

The Notes on pages 17 to 19 form part of these Accounts.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies

The Accounts comprise the unaudited financial results of the Company for the period to 30 November 2023. The functional and reporting currency of the Company is pound sterling because that is the currency of the prime economic environment in which the Company operates.

The Accounts have been prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006.

Where presentational guidance set out in the Statement of Recommended Practice for Investment Trusts issued by the Association of Investment Companies in April 2021 (the 'AIC SORP') is consistent with the requirements of UK-adopted International Accounting Standards in conformity with the Companies Act 2006, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the AIC SORP. The Accounts have also been prepared in accordance with the Disclosure and Transparency Rules issued by the Financial Conduct Authority. The accounting policies applied are consistent with those of the audited annual financial statements for the year ended 31 May 2023 and are described in those financial statements. In this regard, comparative figures from previous periods are prepared to the same standards as the current period, unless otherwise stated.

The Board continues to adopt the going concern basis in the preparation of the financial statements.

### (a) Income

Ordinary dividends from investments are recognised when the investment is quoted ex-dividend on or before the date of the Statement of Financial Position.

Ordinary dividends receivable from equity shares are taken to the revenue return column of the Income Statement. Deposit and other interest receivable are accounted for on an accruals basis. These are classified within operating activities in the cash flow statement. Special dividends are reviewed on a case by case basis to determine if the dividend is to be treated as revenue or capital.

### (b) Presentation of Income Statement

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the Association of Investment Companies (AIC), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the statement. In accordance with the Company's Articles of Association, net capital returns may not be distributed by way of dividend. An analysis of retained earnings broken down into revenue (distributable) items and capital (non-distributable) items is given in Note 3. All other operational costs including administration expenses and finance costs are charged to revenue.

### (c) Basis of valuation of investments

Investments are recognised and derecognised on a trade date where a purchase and sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, being the consideration given.

The investments are designated as fair value through profit or loss on initial recognition as this is consistent with the Company's documented investment strategy.

All investments are measured at fair value with changes in their fair value recognised in the Income Statement in the period in which they arise. The fair value of listed investments is based on their quoted bid price at the reporting date without any deduction for estimated future selling costs.

Foreign exchange gains and losses on fair value through profit or loss investments are included within the changes in the fair value of the investments.

For investments that are not actively traded and/or where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques. These techniques may draw, without limitation, on one or more of: the latest arm's length traded prices for the instrument concerned; financial modelling based on other observable market data; independent broker research; or the published accounts relating to the issuer of the investment concerned.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. (Loss)/return per ordinary share

|   | Six months to<br>30 November<br>2023<br>£'000 | Six months to<br>30 November<br>2022<br>£'000 |
|---|---|---|
| Net revenue (loss)/profit   | (150)   | 817   |
| Net capital profit/(loss)   | 34,814  | (6,466)                                       |
| <b>Net total profit/(loss)</b>  | <b>34,664</b>                                 | <b>(5,649)</b>                                |
| Weighted average number of ordinary shares in issue during the period | 97,105,597                                    | 101,840,177                                   |
| Revenue (loss)/return per ordinary share (p)                          | (0.15)  | 0.80  |
| Capital return/(loss) per ordinary share (p)                          | 35.85   | (6.35)  |
| <b>Total return/(loss) per ordinary share (p)</b>                     | <b>35.70</b>                                  | <b>(5.55)</b>                                 |

### 3. Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items.

|   | Revenue*<br>£'000 | Capital<br>£'000 | Total<br>£'000 |
|---|-------------------|------------------|----------------|
| At 1 June 2023                              | 11,791            | 612,153          | 623,944        |
| Net (loss)/return for the period            | (150)             | 34,814           | 34,664         |
| Repurchase of ordinary shares into treasury | –                 | (17,153)         | (17,153)       |
| Dividends declared and paid                 | (3,375)           | –                | (3,375)        |
| <b>At 30 November 2023</b>                  | <b>8,266</b>      | <b>629,814</b>   | <b>638,080</b> |

\* These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments.

### 4. Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shareholders of £877,074,000 (31 May 2023: £862,938,000) and on 96,296,322 (31 May 2023: 98,457,598) ordinary shares, being the number of ordinary shares in issue at the period end.

### 5. Comparative information

The financial information contained in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six months to 30 November 2023 and 30 November 2022 has not been audited. The information for the year ended 31 May 2023 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 May 2023 have been filed with the Register of Companies. The report of the auditors on those accounts contained no qualification or statement under section 498(2) of the Companies Act 2006.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 6. Fair valuation of investments

IFRS 13 Fair Value Measurement requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The fair value hierarchy for investments held at fair value at the period end is as follows:

|             | 30 November 2023 |                  |                  |                | 31 May 2023      |                  |                  |                |
|-------------|------------------|------------------|------------------|----------------|------------------|------------------|------------------|----------------|
|             | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| Investments | 886,175          | -                | -                | 886,175        | 936,318          | -                | -                | 936,318        |

### 7. Related parties

Devon Equity Management Limited ('Devon') has served as Investment Manager to the Company since 15 November 2019 and became AIFM on 1 July 2022.

With effect from 1 June 2023, Devon has been entitled to reduced aggregate management fees of 0.80% per annum of net assets up to £1 billion; 0.70% per annum on any net assets over £1 billion up to £1.25 billion; and 0.60% per annum on any net assets over this amount. All other terms and conditions in the investment management agreement remain unaltered. No performance fee is payable to Devon.

Although Devon is named as our Company Secretary at Companies House, J.P. Morgan Europe Limited provides company secretarial services to the Company as part of its mandate to provide fund administration services. In line with good governance practice and fostered by the independence between key suppliers, the Company has put safeguards in place to ensure effective shareholder communication and direct shareholder engagement for the Board.

### 8. Post balance sheet events

On 6 November 2023 the Board announced a tender offer for up to 25% of the issued share capital. The tender offer was set at a 2% discount to the prevailing net asset value per share as the Calculation Date (after costs of implementation of the proposals). The number of shares acquired under the tender offer was 24,074,030 shares, representing 25% of the shares in issue (excluding shares held in treasury) as at the date of publication of the proposals. Shareholders approved the tender offer at a General Meeting held on 21 December 2023. The tender offer opened to Shareholders on the register at 6.00 p.m. on 29 January 2024 and was completed on 31 January 2024. Implementation resulted in a reduction in the Company's net assets to £696 million as at 31 January 2024.

# GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

**Alternative Investment Fund** – an Alternative Investment Fund ('AIF') is a collective investment undertaking, including investment compartments of such an undertaking, which (1) raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and (2) does not require authorisation under the UK UCITS regime. The Company is a UK AIF.

**AIFM/Alternative Investment Fund Manager** – an Alternative Investment Fund Manager ('AIFM') is an entity that provides certain investment services, including portfolio and risk management services in accordance with applicable FCS Rules. Devon serves as the Company's AIFM.

**Alternative Performance Measures** – The European Securities and Markets Authority ('ESMA') published its guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.'

**Benchmark** – The Company's primary Benchmark Index, against which its performance is measured, is the MSCI Europe Index, total return in GBP.

**Discount or Premium\*** – the share price of the Company is derived from buyers and sellers trading its shares on the stock market. The share price is not identical to the net asset value per share of the Company. If the share price is lower than NAV per share, the shares are trading at a discount. The discount is shown as a percentage of the NAV per share. Shares trading at a price above NAV per share are deemed to be at a premium.

|  |            | 30 Nov 2023<br>pence | 31 May 2023<br>pence |
|--|------------|----------------------|----------------------|
| Net asset value per share                  | (a)        | 910.8                | 876.5                |
| Share price                                | (b)        | 838.0                | 781.0                |
| <b>(Discount) or premium (c = (b-a)/a)</b> | <b>(c)</b> | <b>(8.0%)</b>        | <b>(10.9%)</b>       |

**Discount management** – Discount management is the process of the buyback or issuance of the Company's own shares by the Company, with the intention of managing any imbalance between supply and demand for the Company's shares and thereby the market price. The authority to repurchase or issue the Company's own shares is voted upon by the shareholders at each Annual General Meeting.

**Gearing\*** – Gearing is the borrowing of cash to buy more assets for the portfolio with the aim of making a gain on those assets larger than the cost of the loan. However, if the portfolio doesn't perform well the gain might not cover the costs. The more an investment company gears, the higher the risk. Gearing is typically expressed as a percentage of shareholders' funds.

Borrowings have a prior charge over the assets of the Company, ranking before ordinary shareholders in their entitlement to capital and/or income. They may include preference shares; debentures; overdrafts and short and long-term loans from banks. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a "net" or "effective" gearing percentage, or to be used to buy investments, giving a "gross" or "fully invested" gearing figure. Where cash assets exceed borrowings, the Company is described as having "net cash". The Company's maximum permitted level of gearing is set by the Board and is not expected to exceed 20% of the Company's total assets (calculated at the time of borrowing).

## GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES continued

### Gearing (continued)

|   |            | 30 Nov 2023<br>£'000 | 31 May 2023<br>£'000 |
|---|------------|----------------------|----------------------|
| Loan  |            | 10,000               | 75,000               |
| Less cash and cash equivalents <sup>1</sup> |            | 1,143                | 1,479                |
| Net debt                                    | (a)        | 11,143               | 76,479               |
| Net asset value                             | (b)        | 877,074              | 862,938              |
| <b>Net gearing (c = a/b)</b>                | <b>(c)</b> | <b>1.3%</b>          | <b>8.9%</b>          |

Gross gearing (unadjusted for cash and cash equivalents) as at 30 November 2023 was 1.1% (31 May 2023 8.7%)

<sup>1</sup> Includes unsettled transactions of £4,198,000 as at 30 November 2023 (31 May 2023: £8,430,000). The settlement of these transactions resulted in a temporary creditor of £1,143,000. This amount is added to the loan amount in the table above.

**Middle market price** – The mid-market price is the mid-point between the buy and the sell prices of the Company's shares.

**Net asset value** – The net asset value in relation to a fund is the market value of its assets less its liabilities (and is sometimes also referred to as Shareholders' Funds). The market value is usually determined by the price at which an investor can redeem a share. For valuation purposes it is common to express the net asset value on a per share basis.

**Ongoing charges ratio\*** – Ongoing charges are the total expenses including both the investment management fee and other costs. The costs of buying and selling investments are excluded, as are interest costs, taxation, performance fees, non-recurring costs and the costs of buying back or issuing shares. The ongoing charges ratio is expressed as a percentage of net asset value.

**Return** – The return generated in a given period from the investments:

- **Revenue return** reflects the dividend and interest from investments and other income net of expenses, finance costs and taxation;
- **Capital return** reflects the capital gain, excluding any revenue return; and
- **Total return\*** reflects the aggregate of revenue and capital returns and is the theoretical return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the share price or net asset value in the period. The dividends are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the shares were quoted ex-dividend.

## GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES continued

### Total return (continued)

|  | 2023            |             |
|--|-----------------|-------------|
|  | Net asset value | Share price |
| Net asset value/share price per share at 31 May 2022 (pence) | 876.5           | 781.0       |
| Net asset value/share price per share at 30 Nov 2022 (pence) | 910.8           | 838.0       |
| Change in Net Asset Value in the period                      | 3.9%            | 7.3%        |
| Impact of dividend reinvested                                | 0.4%            | 0.4%        |
| <b>Total return for the period</b>                           | <b>4.3%</b>     | <b>7.7%</b> |

**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.

**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 share calculation.

\* An Alternative Performance Measure.



## COMPANY INFORMATION

|  |  |
|--|--|
| <b>Directors</b>   | <p>Matthew Dobbs (Chair)<br/>         Sharon Brown<br/>         The Rt Hon Lord Lamont of Lerwick<br/>         Jeroen Huysinga<br/>         Manisha Shukla (appointed on 1 September 2023)<br/>         Neeta Patel CBE (appointed on 1 January 2024)<br/>         Virginia Holmes (retired on 15 November 2023)</p>   |
| <b>Registered office</b>   | <p>123 Victoria Street<br/>         London SW1E 6DE</p> <p>www.europeanopportunities.com<br/>         www.devonem.com<br/>         Telephone: 0203 985 0445<br/>         Email: enquiries@devonem.com</p>  |
| <b>Investment Manager, Company Secretary and AIFM (with effect from 1 July 2022)</b> | <p>Devon Equity Management Limited<br/>         123 Victoria Street<br/>         London SW1E 6DE</p> <p>Authorised and regulated by the Financial Conduct Authority</p>  |
| <b>Custodian</b>   | <p>J.P. Morgan Chase Bank N.A.<br/>         25 Bank Street<br/>         Canary Wharf<br/>         London E14 5JP</p> <p>Authorised and regulated by the Financial Conduct Authority</p>  |
| <b>Depository</b>  | <p>J.P. Morgan Europe Limited<br/>         25 Bank Street<br/>         Canary Wharf<br/>         London E14 5JP</p> <p>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority</p>  |
| <b>Registrars</b>  | <p>Link Group<br/>         Central Square<br/>         29 Wellington Street<br/>         Leeds<br/>         LS1 4DL</p> <p><b>Telephone:</b> 0371 664 0300<br/>         Lines are open from 9.00am to 5.30pm Monday to Friday. Calls are charged at the standard geographic rate and will vary by provider.</p> <p><b>Telephone (international):</b> +44 (0)371 664 0300<br/>         Calls outside the United Kingdom will be charged at the applicable International rate.</p> <p>www.linkgroup.eu<br/>         Email: enquiries@linkgroup.co.uk</p> |
| <b>Independent Auditors</b>  | <p>PricewaterhouseCoopers LLP<br/>         7 More London Riverside<br/>         London SE1 2RT</p>   |

## COMPANY INFORMATION continued

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### Broker

Singer Capital Markets  
1 Bartholomew Lane  
London EC2N 2AX

Authorised and regulated by the Financial Conduct Authority

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### Company information

Registered at Companies House in England & Wales with number 4056870  
An investment company under s.833 of the Companies Act 2006  
**LEI:** 549300XN7RXQWHN18849  
**FATCA GIIN:** G0YWMG.99999.SL.826  
**Sedol:** 0019772  
**ISIN:** GB0000197722  
**Ticker:** EOT.LN

## FURTHER INFORMATION

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### Share Portal

Link Group offer shareholders a free online service called Share Portal, enabling shareholders to access a comprehensive range of shareholder related information. Through Share Portal, shareholders can: view their current and historical shareholding details; obtain an indicative share price and valuation; amend address details; view details of dividend payments; and apply for dividends to be paid directly to a bank or change existing bank details. Shareholders can access these services at [www.signalshares.com](http://www.signalshares.com). Shareholders will need to register for a Share Portal Account by completing an on-screen registration form. An email address is required.

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### Further Information

Visit [www.europeanopportunities.com](http://www.europeanopportunities.com) for monthly newsletters from the Investment Manager, factsheets containing key information about performance, portfolio and pricing and the most recent annual and half-yearly reports and accounts. For investors who do not have access to the internet, these documents are also available on request from Devon on 0203 985 0445.

Should you wish to be added to an email distribution list for future editions of the monthly newsletter, please send an email to [enquiries@devonem.com](mailto:enquiries@devonem.com). Further information about the Company is also available from third party websites such as [www.morningstar.co.uk](http://www.morningstar.co.uk) and [www.theaic.co.uk](http://www.theaic.co.uk).





# DEVON

Equity Management

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