The European Investment Trust plc

Annual Report and Financial Statements
for the year ended 30 September 2010

Contents

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares in The European Investment Trust plc, please forward this document 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 transmission to the purchaser or transferee.

Registered in England and Wales No. 1055384

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

Company Summary

Investment objective	To achieve long-term capital growth through a diversified portfolio of Continental European securities. A detailed description of the Company's investment policy is set out in the Directors' Report on page 12.
Shareholders' funds	£277,847,000 at 30 September 2010.
Market capitalisation	£232,719,000 at 30 September 2010.
Capital structure	At 30 September 2010, the Company had 42,700,748 ordinary shares of 25p each in issue. As at the date of this report, the Company had 42,400,748 ordinary shares in issue.
Savings plans	The Company's ordinary shares are eligible for inclusion in ISAs and SIPPs. Savings Plans and ISAs are available through the BNP Paribas – Edinburgh Partners Savings Scheme and ISA, both for lump sum investments and regular contributions. Details may be obtained from Edinburgh Partners, as detailed on page 10 or through the Company's website www.theeuropeaninvestmenttrust.com.
AIC	The Company is a member of the Association of Investment Companies.
Investment Manager	Edinburgh Partners Limited
Investment management fee	0.55% per annum of the Company's market capitalisation payable quarterly in arrears.

Financial Summary

Results for year	**30 September 2010**	30 September 2009	Change
Shareholders' funds	**£277.85m**	£290.16m	(4.2)%
Net asset value per ordinary share ("NAV")	**650.69p**	634.18p	2.6%
Share price per ordinary share	**545.00p**	554.00p	(1.6)%
Share price discount to NAV	**16.2%**	12.6%	

	Year to 30 September 2010	Year to 30 September 2009
Revenue return per ordinary share*	**13.79p**	13.24p
Capital return per ordinary share*	**7.60p**	25.53p
Total return per ordinary share*	**21.39p**	38.77p
Final dividend per ordinary share**	**11.00p**	10.20p
Special dividend per ordinary share**	**3.00p**	3.40p
Total dividend per ordinary share**	**14.00p**	13.60p

* Based on the weighted average number of shares in issue during the year.

** Proposed dividend for the year.

Year's high/low	**Year to 30 September 2010**	Year to 30 September 2009
NAV – high	**673.28p**	640.49p
– low	**559.84p**	391.53p
Share price – high	**576.00p**	554.00p
– low	**465.50p**	317.50p
Share price discount to NAV		
– low	**11.3%**	6.3%
– high	**18.4%**	20.7%

Performance	**Year to 30 September 2010**
NAV Total Return	**+4.8%**
FTSE All-World Europe ex UK Index Total Return*	**+2.3%**

* In sterling.

The NAV Total Return is sourced from Edinburgh Partners and includes dividends reinvested. Prior to 1 February 2010, the investment manager was F&C Management Limited ("F&C") and NAV returns were sourced from F&C. The index performance figure is sourced from Thomson Reuters Datastream. Past performance is not a guide to future performance.

Cost of running the Company	**Year to 30 September 2010**	Year to 30 September 2009
Total expense ratio*	**0.64%**	0.75%

* Based on total expenses for the year and average net asset value.

Chairman's Statement

Results

In what has been a significant period of change for your Company, in the year to 30 September 2010 the net asset value ("NAV") per share rose 2.6% from 634.2p to 650.7p. After taking account of dividends paid in the year the total return was 4.8%. This compares positively with the total return of 2.3% from the FTSE All-World Europe Index, excluding the UK and adjusted to sterling. It was encouraging to note this positive return given the significant portfolio restructuring that occurred during the year following the change of Manager from F&C Management Limited ("F&C") to Edinburgh Partners Limited.

The Company's share price fell by 1.6% from 554.0p to 545.0p as the discount widened from 12.6% to 16.2%.

Revenue

The revenue return per share increased by 4.2% from 13.2p to 13.8p in the year to 30 September 2010. This increase was achieved despite last year's revenue benefiting from a £2.2m credit in respect of VAT, and interest thereon, recovered on investment management fees paid in the past.

There were two principal reasons for this uplift. The first was the rise in dividend income which occurred partially as a result of a portfolio shift to higher yielding stocks, as detailed in the Manager's Report, as well as the benefit of a significant dividend from Ryanair, one of the new portfolio investments made during the year. The second reason was the reduction in the Company's tax charge, with the effective rate reducing from 26% to 11%. Changes to the taxation of overseas dividends, which resulted in the majority of overseas dividends being exempt from corporation tax, became effective on 1 July 2009. This benefited the revenue account for the whole of the current financial year, compared to only the final three months of the prior year.

Dividend

The Board is recommending a final dividend of 11.0p per share and a special dividend of 3.0p per share, a total of 14.0p per share, an increase of 2.9%. The special dividend is being proposed as a result of the high revenue return for the year. This compares with dividends in 2009 of 13.6p per share, consisting of a final dividend of 10.2p per share and a special dividend of 3.4p per share relating to the recovery of VAT and related interest on investment management fees.

Subject to the approval of shareholders at the Annual General Meeting on 18 January 2011, the final dividend and special dividend will be paid on 31 January 2011 to shareholders on the register as at the close of business on 7 January 2011. The ex-dividend date will be 5 January 2011.

Share buybacks

The Company bought back and cancelled 3,052,000 shares during the financial year, a period which covered the change of investment manager and the notice of withdrawal of the Company from the F&C savings plans. This was a marginally higher amount than last year, representing 6.7% of the share capital in issue at the beginning of the financial year. Since the year end, the Company has bought back and cancelled 300,000 shares. The Directors will propose at the Annual General Meeting that the Company's powers to make further purchases of its shares be renewed.

Management

As was intimated in last year's annual report, following disappointing investment performance in recent years, the Board conducted a review of the Company's investment management arrangements. A wide range of prospective investment managers were asked to submit proposals. Following careful consideration, the Board decided to appoint Edinburgh Partners as the Company's new Manager with effect from 1 February 2010.

Edinburgh Partners is an independent fund manager and is the manager of two other investment trusts, EP Global Opportunities Trust plc and Anglo & Overseas Plc. Edinburgh Partners' investment team is led by Dr Sandy Nairn, and Dale Robertson is the Company's portfolio manager.

Edinburgh Partners' appointment is for an initial fixed period of 12 months from 1 February 2010 and shall continue after that subject to termination on three months' notice. Edinburgh Partners is entitled to an annual management fee of 0.55% of the Company's market capitalisation. No performance fee will be paid. Edinburgh Partners agreed to waive its management fee for a period of three months from 1 February 2010 to 30 April 2010 as a contribution to the costs borne by the Company for the change of management arrangements, which included compensation to F&C for the unexpired period of notice under its management agreement.

Change of Name
The name of the Company was changed from Foreign & Colonial Eurotrust PLC to The European Investment Trust plc on 1 February 2010. There has been no change in the investment objective of the Company, which is to achieve long-term capital growth through a diversified portfolio of Continental European securities.

For shareholders on the main register who hold their shares in certificated form, your existing share certificates in the name of Foreign & Colonial Eurotrust PLC remain valid and you did not receive a new certificate as a result of the change of name. A new certificate will only be issued to shareholders as a result of a change of address or as a replacement for a lost certificate, when the new certificate will show the new name.

Savings Scheme
The previous manager, F&C, operated a number of savings plans. Upon the change of management to Edinburgh Partners a significant number of investors decided to keep their investment in F&C funds and therefore sold their shares in The European Investment Trust plc. This resulted in a number of share buy backs, which are included in the total mentioned above. Shares in the Company can now be bought or held in an ISA or Share Plan through the BNP Paribas – Edinburgh Partners Savings Scheme and ISA.

Portfolio Restructuring
Following the change of manager Edinburgh Partners undertook a significant portfolio restructuring in the first week of February 2010 and of the 46 holdings inherited, 20 investments were initially retained and 26 disposed of. A total of 20 new investments were made. The restructuring went seamlessly at a minimal cost to shareholders, with the most noteworthy change being in the financial sector, where exposure to investment banking and insurance was reduced, and in the food and drinks sector where three Irish-based companies were disposed of.

Developments in the Investment Trust Sector
As detailed above, your Company has benefited from legislative changes, including the refund of VAT on investment management fees and the change in taxation of overseas dividends, both of which have had a positive financial impact on the Company. Both these changes were initiatives undertaken by the Association of Investment Companies, of which your Company is a member. We continue to support their initiatives, including those on the Alternative Investment Fund Managers ("AIFM") Directive and the proposed investment trust tax reforms.

Annual General Meeting
We hope that as many shareholders as possible will attend the Annual General Meeting which will be held at 11.00 am on Tuesday, 18 January 2011 at Brewers' Hall, Aldermanbury Square, London EC2V 7HR. We look forward to meeting all of you who can attend.

Outlook
Investors remain concerned over the slow pace of economic growth in heavily indebted developed markets. In the Eurozone, fears of a financial crisis remain but better than expected growth in company profits and German exports has supported share prices. With the uncertain economic outlook, the principal portfolio focus has been on building a well diversified portfolio, with companies which either have high and defensible dividend yields or strong balance sheets. Portfolio valuations are consistent with the expectation of reasonable long-term returns, especially when compared to other asset classes, and we continue to remain relatively fully invested.

Douglas McDougall
Chairman

7 December 2010

Manager's Report and Portfolio Analysis

Introduction

I am delighted to be writing our first Annual Report as the Manager of your Company's assets. In the Half-Yearly Financial Report published in May 2010, I outlined some background on both Edinburgh Partners and our investment style. I would refer you to that source for more detail but also reiterate that the philosophical underpinning of our approach relates to time horizon. Put simply, we believe time horizon is the key imperfection in financial markets. Most investors have become shorter and shorter term in their outlook and this can create significant opportunities for an investor with a long-term perspective. Accordingly, we have structured our business and investment approach around having a five year, fundamental, patient approach.

Portfolio Structure

Your portfolio was repositioned swiftly after our stewardship started on 1 February 2010. In this report I would like to expand upon two of the principal themes reflected in your portfolio as it now stands, firstly the importance of dividends and secondly, the opportunities which balance sheet strength can bring.

Historical studies into equity market returns stretching back to the 19th Century show clearly that dividends form a significant part of an investor's total return. We are currently in a period of low economic growth with equity valuations slightly higher than historical averages. In this environment, dividends will form a significant part of total returns. In our analysis of companies we spend a lot of time looking at dividend growth prospects and what might cause a company to cut its dividend payout.

Of the 39 holdings in the portfolio, 23 are forecast to pay a dividend that will allow them to yield more than 3%. Included in this are 9 companies that have a forecast yield of more than 6%, mostly in the telecommunications and oil & gas sectors. Of the companies with a forecast yield below 3%, most have the ability to rapidly increase dividend payouts over the coming years. One example is Adidas which currently yields less than 1% with a payout ratio of 20%. Its two largest profit centres are in China and Russia, its earnings are rapidly increasing and it should be able to pay out a greater proportion of its earnings. Some companies, such as Ryanair, operate in a cyclical industry and choose to pay special dividends rather than make regular payments. In September 2010, Ryanair paid around 10% of its share price in a dividend to shareholders, something they could replicate in the years to come depending on the strategic choices they make.

Linked to dividend capacity is balance sheet strength. Outside of the financial sector, overall corporate balance sheets came through the financial crisis and related recession in very good condition. How companies use this strength and ongoing cashflow plays an important part in our investment decisions. With interest rates as low as they are, many companies can use their financial strength to enhance their earnings by funding research and development, capital expenditure, or the acquisition of other companies. It is our view that owning companies who will be acquirers over the coming years may be very rewarding for investors.

The portfolio includes 21 companies which we have identified have both strong financial positions and opportunities to deploy capital into value enhancing acquisitions. Examples include:

- Solvay – a Belgian chemical company which has half of its market capitalisation in net cash awaiting the right opportunity.
- Ahold – a food retailer with leading market positions in the Netherlands and north east United States. With a market value of €12bn the company has €4bn of cash it can use to make investments which will enhance its growth or fund payments to shareholders.
- United Internet – a German telecommunication and internet service provider. It currently has net debt which amounts to less than one year's cash flow. It has a range of interesting investment opportunities open to it, both organically and through acquisition, in the fields of consumer and business internet applications which could be very attractive to shareholders.

The above are all companies where stated ambitions and recent management actions make us confident that they will spend their cash in a way that will enhance shareholder value.

Economic Overview

Across the globe many developed economies have suffered from weak fiscal positions in the aftermath of the financial crisis. European countries have been no exception; certain peripheral European countries have also been hit by a loss of competitiveness and, through membership of the euro, loss of the scope to devalue their currencies. Governments and the European Central Bank have responded by lowering interest rates, supplying liquidity to the markets and taking action to restore confidence in the bank sector.

Many companies we invest in have a strong international dimension to their profits or growth profile. It is clear, though, that the economic imbalances present will not unwind overnight and that the "margin of safety" factors of dividends and balance sheet strength will play a significant part in investment selection in the years to come.

Outlook

Low interest rates, weaker currencies and a recovering bank sector have all helped to improve the economic prospects for Europe and it is likely that 2009 marked a trough in economic activity for the region. Many European companies are directly or indirectly exposed to emerging markets and will benefit from the high growth rates we expect from these markets.

Fiscal imbalances and shortfalls in competitiveness still present headwinds and equity valuations are close to historical averages. These valuations suggest that your portfolio should continue to be fully invested and that a patient and disciplined investment approach will be rewarded.

Dale Robertson
Edinburgh Partners Limited

7 December 2010

Portfolio of Investments
as at 30 September 2010

20 largest investments

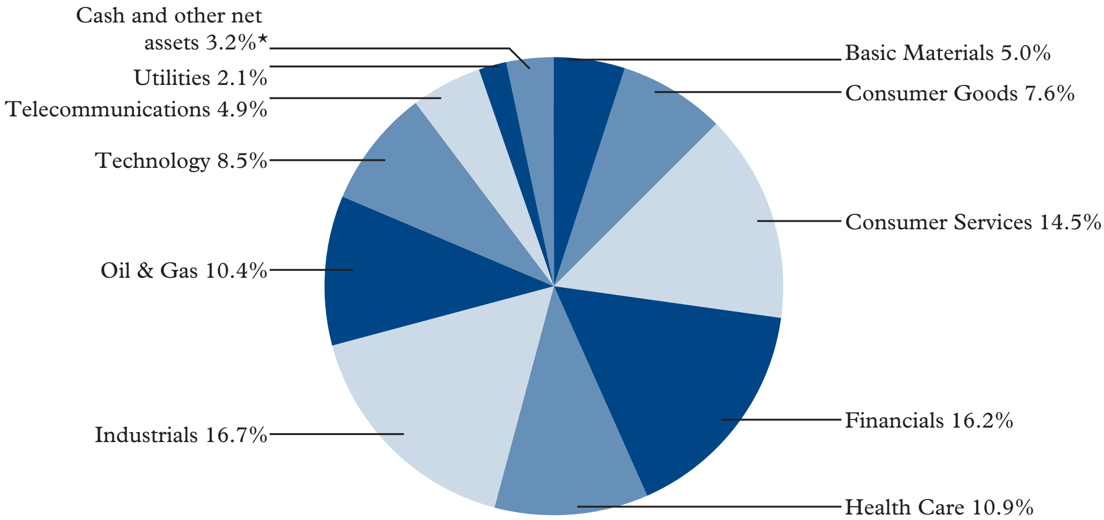
Company	Sector	Country	Valuation £'000	% of Net Assets
Nokia	Technology	Finland	8,751	3.2
Ahold	Consumer Services	Netherlands	8,640	3.1
Vivendi	Consumer Services	France	8,433	3.0
Amadeus	Industrials	Spain	8,312	3.0
Reed Elsevier	Consumer Services	Netherlands	8,124	2.9
Adidas	Consumer Goods	Germany	8,080	2.9
Deutsche Post	Industrials	Germany	7,995	2.9
United Internet	Technology	Germany	7,812	2.8
Ryanair	Consumer Services	Ireland	7,796	2.8
Bureau Veritas	Industrials	France	7,699	2.8
Teleperformance	Consumer Services	France	7,541	2.7
ENI	Oil & Gas	Italy	7,512	2.7
Royal Dutch Shell	Oil & Gas	Netherlands	7,478	2.7
Solvay	Basic Materials	Belgium	7,332	2.6
Belgacom	Telecommunications	Belgium	7,270	2.6
Sanofi-aventis	Health Care	France	7,253	2.6
Gazprom	Oil & Gas	Russia	7,065	2.6
Heineken	Consumer Goods	Netherlands	7,039	2.5
Gerresheimer	Health Care	Germany	7,019	2.5
Intesa Sanpaolo	Financials	Italy	6,928	2.5
Total – 20 largest investments			**154,079**	**55.4**
Other investments				
SAP	Technology	Germany	6,884	2.5
Banque Cantonale Vaudoise	Financials	Switzerland	6,774	2.4
BNP Paribas	Financials	France	6,752	2.4
Banco Bilbao Vizcaya Argentaria	Financials	Spain	6,730	2.4
Total	Oil & Gas	France	6,687	2.4
Syngenta	Basic Materials	Switzerland	6,655	2.4
DCC	Industrials	Ireland	6,585	2.4
AXA	Financials	France	6,433	2.3
France Telecom	Telecommunications	France	6,383	2.3
Nutreco	Consumer Goods	Netherlands	6,209	2.2
UBS	Financials	Switzerland	6,043	2.2
Andritz	Industrials	Austria	5,964	2.2
E.On	Utilities	Germany	5,914	2.1
Novartis	Health Care	Switzerland	5,781	2.1
Swedbank	Financials	Sweden	5,651	2.0
Prysmian	Industrials	Italy	5,575	2.0
Grifols	Health Care	Spain	5,214	1.9
Actelion	Health Care	Switzerland	4,903	1.8
CRH	Industrials	Ireland	3,728	1.4
Total – 39 investments			**268,944**	**96.8**
Cash and other net assets			**8,903**	**3.2**
Net assets			**277,847**	**100.0**

The geographic distribution is based on each investment's principal stock exchange listing, except in instances where this would not give a proper indication of where its activities predominate.

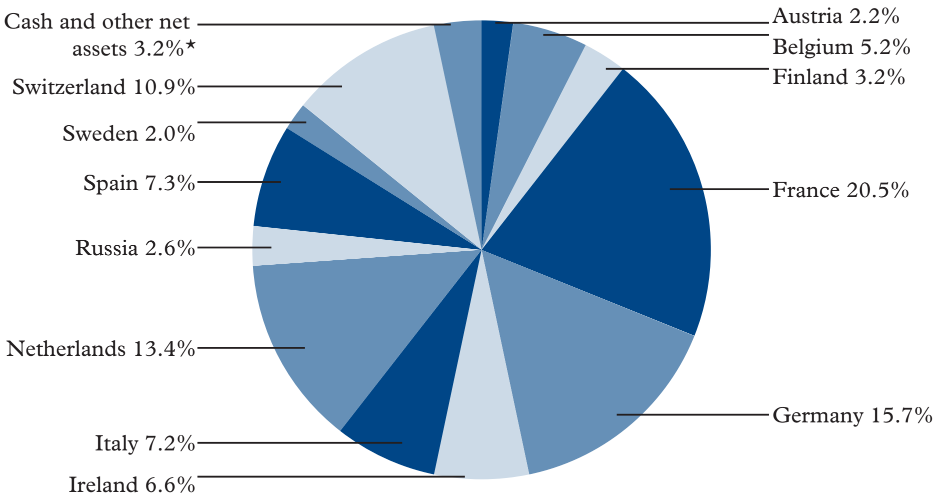
Of the ten largest portfolio investments as at 30 September 2010 the valuations at the previous year end, 30 September 2009, were: Nokia £9,709,000; Reed Elsevier £5,523,000; Adidas £7,323,000 and Deutsche Post £6,075,000. The remaining six investments, Ahold, Vivendi, Amadeus, United Internet, Ryanair and Bureau Veritas, were new purchases made during the year ended 30 September 2010.

Distribution of Investments
as at 30 September 2010 (% of net assets)

Sector distribution
as at 30 September 2010



Geographical distribution
as at 30 September 2010



* Cash and other net assets includes foreign currency balances of £9,716,000 (3.5%).

The geographic distribution is based on each investment's principal stock exchange listing, except in instances where this would not give a proper indication of where its activities predominate.

Directors and Investment Manager

Directors

All of the Directors are non-executive and independent of the Investment Manager.

Douglas C P McDougall OBE (Chairman)

Douglas McDougall is chairman of The Law Debenture Corporation PLC, The Independent Investment Trust PLC and The Scottish Investment Trust PLC. He is a non-executive director of Herald Investment Trust PLC, Pacific Horizon Investment Trust PLC, Stramongate Assets PLC and The Monks Investment Trust PLC. He is a former senior partner of Baillie Gifford and Co and former chairman of IMRO and The Association of Investment Companies. He was appointed as a Director of The European Investment Trust plc in February 1999, and became Chairman in May 1999.

William D Eason

William Eason is chairman of the investment committee of Cheviot Asset Management. He has been involved in the fund management business and private client investment management for over 30 years, mainly at Laing & Cruickshank. He is a former chairman of Henderson High Income Trust PLC. He was appointed a Director of The European Investment Trust plc in May 2007.

Ralph Kanza

Ralph Kanza is a senior adviser at Egerton Capital Limited and a former vice chairman of Schroder & Co Ltd, based in London. Previously he was chairman of the French stockbroking firm Cheuvreux de Virieu, and responsible for European equity markets at Banque Indosuez. He was appointed as a Director of The European Investment Trust plc in September 1997.

Michael B Moule (Senior Independent Director)

Michael Moule was an investment trust manager at Henderson Global Investors, where he managed two investment trusts until his retirement in 2003. He is a director of Polar Capital Technology Trust PLC and Montanaro UK Smaller Companies Trust PLC. Previously he was a director of The Bankers Investment Trust plc and Lowland Investment Company PLC. He was appointed as a Director of The European Investment Trust PLC in January 2004.

Investment Manager

Edinburgh Partners Limited

Edinburgh Partners Limited ("Edinburgh Partners") was founded in 2003 as a specialist investment management firm. It manages over £7 billion from institutional clients, including three investment trusts.

The investment manager of The European Investment Trust plc is Dale Robertson.

Dale Robertson BComm, CA, ASIP.

Dale is an Investment Partner with Edinburgh Partners. He has research responsibility for the global transport sector and manages Edinburgh Partners' European portfolios. Previously he spent two years at Scottish Widows Investment Partnership where he managed European equity growth funds. Prior to that he worked for Edinburgh Fund Managers for five years where he had responsibility for managing retail and institutional funds.

Corporate Information

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Directors' Report

The Directors present their Annual Report and Financial Statements for the year to 30 September 2010.

Business review

Financial reporting requirements direct that the Company is required to provide a business review within the Directors' Report. The business review must contain a review of the Company's business, the principal risks and uncertainties it faces, an analysis of its performance during the financial period, the position at the period end and the future business plans of the Company. It must also provide information about the Company's environmental, social and ethical policy and about persons with whom the Company has contractual or other arrangements essential to the business of the Company. To aid understanding of these areas the Board is required to include analysis using appropriate Key Performance Indicators.

Forward looking statements

This business review contains "forward looking statements" with respect to the Company's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events that are beyond the Company's control. Factors that could cause actual results to differ materially from those estimated by the forward looking statements include, but are not limited to:

- Continental European economic conditions and equity market performance and prices.
- Changes in Continental European Government policies and monetary and interest rate policies.
- Changes to regulations and taxes, both in the UK and Continental Europe.
- Changes to consumer spending or saving habits and the impact of inflation and deflation.
- European currency exchange rates.
- The Company's success in managing its assets and business to manage the above factors and use of gearing.

As a result, the Company's actual future condition, performance and results may differ materially from the plans set forth in the Company's forward looking statements. The Company undertakes no obligation to update the forward looking statements contained within this review or any other forward looking statements it makes.

Business and status of the Company

The Company is registered as a public limited company and is an investment company within the terms of Section 833 of the Companies Act 2006. The Company has received approval from HM Revenue & Customs as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the period from inception to 30 September 2008 and for the year to 30 September 2009 under Sections 1158 and 1159 of the Corporation Tax Act 2010 ("CTA"). This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to seek approval each year.

The Company's shares are listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange. The Company has a secondary listing on the New Zealand Stock Exchange.

A review of the Company's activities during the year is given in the Chairman's Statement on pages 3 and 4 and in the Manager's Report and Portfolio Analysis on pages 5 and 6.

Objective

The objective of The European Investment Trust plc is to achieve long-term capital growth through a diversified portfolio of Continental European securities.

Investment policy
The Board believes that investment in the diverse and increasingly accessible markets of this region provides opportunities for capital growth over the long-term. At the same time it considers the structure of the Company as a UK listed investment trust, with fixed capital and an independent Board of Directors, to be well suited to investors seeking longer-term returns.

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

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

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

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

The Manager's compliance with the limits set out in the investment policy is monitored by the Board.

Investment strategy
Investments are selected for the portfolio only after extensive research which the Investment Manager believes to be key. The whole process through which an equity must pass in order to be included in the portfolio is very rigorous. Only a security where the Investment Manager believes that the price will be significantly higher in the future will pass the selection process. The Company's Investment Manager believes the key to successful stock selection is to identify the long-term value of a company's shares and to have the patience to hold the shares until that value is appreciated by other investors. Identifying long-term value involves detailed analysis of company's earning prospects over a five-year time horizon. The portfolio will normally consist of 40 to 50 investments.

Portfolio analysis

The Company has observed and intends to observe the investment restrictions necessary to achieve and maintain approved investment trust status in the United Kingdom and to comply with the Listing Rules of the Financial Services Authority ("FSA"). No single investment will represent more than 15% of the Company's gross assets at the time of its acquisition.

A detailed review of how the Company's assets have been invested is contained in the Manager's Report and Portfolio Analysis on pages 5 and 6. A detailed list of all the Company's investments is contained in the Portfolio of Investments on page 7. The Portfolio of Investments details that the Company held 39 investments, excluding cash and other net assets, as at 30 September 2010, with the largest representing 3.2% of net assets, thus ensuring that the Company has a suitable spread of investment risk. A sector and geographical distribution of investments is shown on page 8.

Principal risks and uncertainties
The Board considers that the following are the principal risks associated with investing in the Company: investment and strategy, discount volatility risk, market risk (comprising interest rate risk, currency risk and other price risk), liquidity risk, credit risk and gearing risk. An explanation of these risks and how they are managed and the policy and practice with regard to financial instruments are contained in note 18 on pages 42 to 45.

In addition, the Board also considers the following as principal risks:

Regulatory risk
Relevant legislation and regulations which apply to the Company include the Companies Act 2006, the Corporation Tax Act 2010 ("CTA") and the FSA Listing Rules. A breach of the CTA could result in the Company losing its status as an investment company and becoming subject to capital gains tax, whilst a breach of the Listing Rules might result in censure by the FSA. The Company has noted the recommendations of the Combined Code on Corporate Governance, the AIC Code of Corporate Governance ("AIC Code") and the relevant AIC Corporate Governance Guide for Investment Companies. Its statement of compliance appears on page 20.

At each Board meeting the status of the Company is considered and discussed, so as to ensure that all regulations are being adhered to by the Company and its service providers.

The Board is not aware of any breaches of laws or regulations during the period under review and up to the date of this report.

Operational risk
In common with most other investment companies the Company has no employees; the Company therefore relies upon the services provided by third parties. There are a number of operational risks associated with the fact that third parties undertake the Company's administration and custody. The main risk is that the third parties may fail to ensure that statutory requirements, such as compliance with the Companies Act and FSA Listing Rules, are met.

The Board regularly receives and reviews management information from third parties which the Secretary compiles. In addition, each of the third parties provides a copy of its report on internal controls (SAS 70, AAF or equivalent) to the Board each year.

Financial risk
Inappropriate accounting policies or failure to comply with current or new accounting standards may lead to a breach of regulations.

The Investment Manager employs independent administrators to prepare all Financial Statements and the Audit Committee meets with the independent Auditor at least once a year to discuss all financial matters including appropriate accounting policies.

The Company is a member of the AIC, a trade body intended to promote investment trusts which also develops best practice for all its members.

The Board undertakes an annual assessment and review of all the risks stated above and in note 18 on pages 42 to 45, together with a review of any new risks which may have arisen during the year. These risks are formalised within the Company's risk assessment matrix.

Performance

Net asset value
The net asset value per ordinary share ("NAV") at 30 September 2010 was 650.69p (2009: 634.18p).

Results
The results for the year are set out in the Income Statement on page 28 and the Reconciliation of Movements in Shareholders' Funds on page 30.

Dividends
The Directors recommend a final dividend of 11.0p per ordinary share and a special dividend of 3.0p per ordinary share (2009: final dividend of 10.2p and special dividend of 3.4p), a total of 14.0p per ordinary share (2009: 13.6p). If approved by shareholders, these dividends will be payable on 31 January 2011 to shareholders on the register at the close of business on 7 January 2011. The ex-dividend date will be 5 January 2011.

Key performance indicators
At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objective. The key performance indicators used to measure progress and performance of the Company over time are established industry measures and are as follows:

- Net asset value per ordinary share total return compared to the FTSE All-World Europe ex UK Total Return Index.
- Share price premium/discount to net asset value per share.
- Total expense ratio.

The records of the key performance indicators are shown in the Financial Summary on page 2 and the Ten Year Record on pages 46 and 47.

The Board also takes into consideration how the Company performs compared to other investment trusts investing in Europe.

Share capital
During the year ended 30 September 2010 the Company purchased 3,052,000 ordinary shares (with a nominal value of £763,000) for cancellation, representing 6.67% of the issued share capital at 30 September 2009, for an aggregate amount of £15,476,000.

Subsequent to the year end and up to the date of this report, a further 300,000 ordinary shares (with a nominal value of £75,000) have been purchased for cancellation representing 0.66% of the issued share capital at 30 September 2009, for an aggregate amount of £1,736,000.

The Company made no share issues during the year ended 30 September 2010.

At general meetings of the Company, one vote is attached to each ordinary share in issue.

Current and future developments
A review of the main features of the year and the outlook for the coming year is to be found in the Chairman's Statement on pages 3 and 4 and the Manager's Report and Portfolio Analysis on pages 5 and 6. The Board's main focus is on the investment return and approach. Attention is paid to the integrity and success of the investment approach and on factors which may have an impact on this approach. Due regard is paid to the promotion of the Company including communication with shareholders and other external parties. The Board is regularly updated on wider investment trust industry issues. Detailed papers are presented to the Board which lead to extensive discussion on development and strategy.

Social, environmental and ethical policy
The European Investment Trust plc seeks to invest in companies that are well managed, with high standards of corporate governance as the Directors believe this creates the proper conditions to enhance long-term value for shareholders. The Company adopts a positive approach to corporate governance and engagement with companies.

In pursuit of the above objective, the Directors believe that proxy voting is an important part of the corporate governance process and considers seriously its obligation to manage the voting rights of companies in which it is invested, for which it has delegated responsibility to its Investment Manager. It is the policy of the Company to vote, as far as is practicable, at all shareholder meetings of investee companies. The Company follows the relevant applicable regulatory and legislative requirements in the UK, with the guiding principles being to make proxy voting decisions which favour proposals that will lead to maximising shareholder value while avoiding any conflicts of interest. Voting decisions are based on an agreed policy framework, with the key issues on which the Investment Manager focuses being corporate governance, including disclosure and transparency, board composition and independence, control structures, remuneration and social and environmental issues.

The Company itself has no employees and all the Directors are non-executive. The day-to-day management of the Company's business has been delegated to the Company's Investment Manager, Edinburgh Partners, who have an Environmental, SRI and Corporate Governance ("ESG") policy in place, which can be found on their website www.edinburghpartners.com.

Directors

The Directors in office during the year and at the date of this report are as shown below:

Douglas C P McDougall OBE	(appointed 22 February 1999)
William D Eason	(appointed 16 May 2007)
Ralph Kanza	(appointed 19 September 1997)
Michael B Moule	(appointed 23 January 2004)

Directors' interests

The interests of the Directors in the ordinary shares of the Company are set out below:

	30 September 2010	30 September 2009
	Beneficial	Beneficial
Mr D C P McDougall OBE	**10,000**	10,000
Mr W D Eason	**10,000**	10,000
Mr R Kanza	**10,000**	10,000
Mr M B Moule	**5,000**	2,000

There have been no changes to these holdings between 30 September 2010 and the date of this report.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Substantial share interests

At the date of this report, the Company has been informed of the following notifiable interests in the voting rights of the Company:

	No of shares	% of voting rights
1607 Capital Partners, LLC	7,095,144	16.73
Legal & General Group PLC	1,714,424	4.04
Rensburg Sheppards Investment Management Limited	1,295,675	3.05

Information about securities carrying voting rights

The following information is disclosed in accordance with the Large and Medium-sized Companies and Groups (Accounting and Reports) Regulations 2008 and DTR 7.2.6 of the FSA's Disclosure and Transparency Rules.

- The Company's capital structure and voting rights are summarised on pages 1 and 14.
- Details of the substantial shareholders in the Company are listed above.
- The giving of powers to issue or buy back the Company's shares require the relevant resolution to be passed by shareholders. The Board's current powers to issue and buy back shares and proposals for their renewal are detailed on pages 16 and 17.
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Investment Management Agreement

The Company's investments are managed by Edinburgh Partners under an Investment Management Agreement dated 29 January 2010. The Investment Manager receives a management fee of 0.55% per annum of the Company's market capitalisation, payable quarterly in arrears. The Investment Management Agreement is initially for a fixed period of twelve months from 1 February 2010 and shall continue after that subject to termination on three months' notice. No additional compensation is payable to Edinburgh Partners on the termination of this agreement other than the fees payable during the notice period. No performance fee is payable. Further details relating to the Investment Management Agreement are detailed in Note 3.

Appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under review through the Audit and Management Engagement Committee. The Company terminated its management agreement with F&C Management Limited and appointed Edinburgh Partners as Investment Manager with effect from 1 February 2010. It is the opinion of the Directors that the continuing appointment of Edinburgh Partners on the terms agreed is in the interests of shareholders as a whole. The reasons for this view are that the investment performance is satisfactory relative to that of the markets in which the Company invests and because the remuneration of the Investment Manager is reasonable both in absolute terms and compared to that of managers of comparable investment companies. The Directors believe that by paying the investment management fee calculated on a market capitalisation basis, rather than a percentage of assets basis, the interests of the Investment Manager are more closely aligned with those of shareholders.

Related parties

There were no related party transactions during the period. Under the Statement of Recommended Practice ("SORP") issued by the AIC in January 2009, the Investment Manager is not considered to be a related party of the Company, therefore neither Edinburgh Partners nor their predecessor F&C Management Limited are considered to be related parties.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review on pages 11 to 14. In addition, notes 18 and 19 to the Financial Statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its risk exposure. The Company's principal risks are market related and include market risk, liquidity risk, credit risk and foreign currency risk. The Company's assets consist principally of a diversified portfolio of listed European equity shares, which in most circumstances are realisable within a short period of time and exceed its liabilities by a significant amount.

The Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the Financial Statements.

Payment of suppliers

It is the Company's payment policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to terms used. The Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms.

There were no trade creditors at 30 September 2010.

Donations

The Company made no political or charitable donations during the year.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Board to determine their remuneration will be put to shareholders at the forthcoming Annual General Meeting to be held on 18 January 2011. Non-audit services provided by the Auditors during the year ended 30 September 2010 amounted to £35,000 for consultancy services relating to VAT.

Special business at the Annual General Meeting

At the Annual General Meeting held on 20 January 2010 the Company was granted authority to purchase up to 14.99% of the Company's ordinary shares in issue at that date, being 6,825,358 ordinary shares. Details of shares bought back during the year can be found on page 14. As at the date of this report, the Company may purchase up to 3,693,358 ordinary shares under this existing authority.

Resolution 11 (a Special Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to purchase for cancellation up to 6,355,872 ordinary shares (being 14.99% of the issued share capital as at the date of this report, or if less, 14.99% of the issued share capital immediately following the passing of the resolution). In accordance with the Listing Rules of the FSA, the price paid for shares will be not less than 25p per ordinary share, and not more than the higher of (i) 5% above the average mid-market prices of those shares as derived from the Daily Official List of the London Stock Exchange for the five business days before the shares are purchased and (ii) the amount stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulations 2003 (being a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out).

It is the Board's policy that purchases of shares will only be made through the market for cash at prices below the prevailing net asset value of the shares. The authority will be used where the Directors consider it to be in the best interests of shareholders and the Company. Shares purchased will be cancelled. The authority, if given, will lapse at the conclusion of the Company's next Annual General Meeting after the passing of this resolution (which must be held no later than 31 March 2012).

Resolution 12 (an Ordinary Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue up to an aggregate nominal value of £3,533,395 representing 14,133,582 ordinary shares (being approximately one-third of the issued share capital as at the date of this report) in accordance with statutory pre-emption rights. In addition, in accordance with the guidance from the Association of British Insurers on the expectations of institutional investors in relation to the authority of directors to allot shares, paragraph (b) of Resolution 12 will authorise the Directors to allot additional ordinary shares up to a maximum nominal amount of £3,533,395 which is approximately a further one-third of the issued share capital as at the date of this report. However, the Directors will only be able to allot those shares for the purpose of a rights issue in which the new shares are offered to shareholders in proportion to their then shareholdings. The Company holds no shares in treasury. The authority, if given, will lapse at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 31 March 2012). The authority will be used where Directors consider it to be in the best interests of shareholders. The Directors will only issue new ordinary shares at a price at or above the prevailing net asset value per share.

Resolution 13 (a Special Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue shares (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions), and (iii) to persons other than existing shareholders up to an aggregate nominal value of £530,009, representing 2,120,037 ordinary shares (being approximately 5% of the issued share capital as at the date of this report) without first having to offer such shares to existing shareholders. The authority, if given, will lapse at the conclusion of the Company's next Annual General Meeting after the passing of this resolution (which must be held no later than 31 March 2012). The authority will be used where Directors consider it to be in the best interests of shareholders. The Directors will only issue new ordinary shares at a price at or above the prevailing net asset value per share.

Resolution 14 (a Special Resolution), as set out in the notice of meeting, if passed, will renew the approval to convene all general meetings of the Company, other than annual general meetings, on a minimum of 14 clear days notice. The notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's next Annual General Meeting, when it is intended that renewal will be sought. The Directors will only call general meetings on 14 clear days notice where they consider it in the best interests of shareholders to do so and the relevant matter requires to be dealt with expediently.

Directors' recommendation

The Directors consider each resolution being proposed at the Annual General Meeting to be in the best interests of shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do so in respect of their own beneficial shareholdings.

By order of the Board
Kenneth J Greig
Secretary

7 December 2010

Directors' Remuneration Report

The Directors submit this Report in accordance with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008. An ordinary resolution will be put to the members to receive the Report at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 26 and 27.

Remuneration Committee

The Board consists entirely of independent non-executive Directors and it is therefore not considered appropriate for the Company to establish a separate remuneration committee.

Policy on Directors' fees

The Company follows the recommendation of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. It is intended that this policy will continue for the year ending 30 September 2011 and for subsequent financial years.

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £150,000 per annum. They are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors.

Directors' service contracts

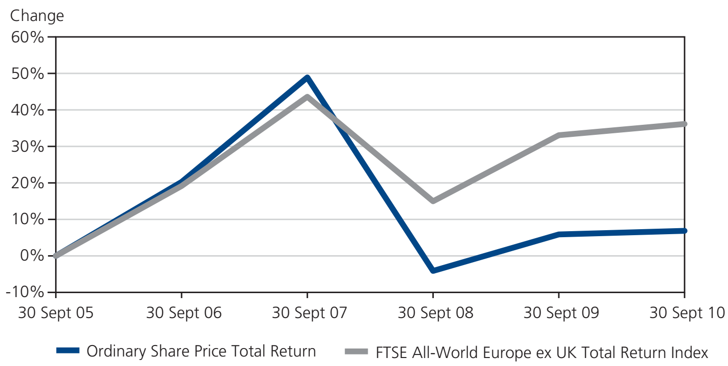
The Company does not enter into service contracts with its Directors. Instead, the Company has a policy of entering into a letter of appointment with each of its Directors. The Company's policy when determining the duration of and notice periods, and termination payments, under such letters of appointment is to follow prevailing best practice guidelines. It is the Company's policy for all Directors to stand for re-election annually.

There is no notice period and no provision for compensation upon early termination of appointment.

Your Company's performance

The graph below compares the total return (assuming all dividends are reinvested) to shareholders, compared to the total shareholder return of the FTSE All-World Europe ex UK Total Return Index. This index is the benchmark against which the Company's performance is measured.

5 year performance



Source: Edinburgh Partners Limited

Directors' emoluments for the year ended 30 September 2010 (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Year to 30 September 2010	Year to 30 September 2009
	£	£
Mr D C P McDougall (Chairman)	**26,500**	26,500
Mr W D Eason	**17,000**	17,000
Mr R Kanza	**17,000**	17,000
Mr M B Moule	**17,000**	17,000
	77,500	77,500

Approval

The Directors' Remuneration Report was approved by the Board on 7 December 2010 and signed on its behalf by:

Douglas McDougall
Chairman

Corporate Governance

Statement of Compliance with the AIC Code of Corporate Governance

The Board of The European Investment Trust plc has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"), both of which can be found on the AIC website www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code on Corporate Governance ("Combined Code") as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders. A copy of the Combined Code can be found at www.frc.org.uk. Investors in New Zealand should note that the corporate governance rules and principles applicable to the Company in the UK may differ materially from those of the New Zealand Stock Exchange's Corporate Governance Best Practice Code.

In February 2009, the Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the Combined Code, reconfirmed its endorsement of the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the Combined Code and the related disclosure requirements contained in the Listing Rules.

The Board has noted the recent publication of the new UK Corporate Governance Code, which will replace the Combined Code, and that the AIC has updated the AIC Code where relevant. These new Codes are applicable for accounting periods beginning on or after 29 June 2010 and will be relevant for the Company's next Annual Report. The Board will be considering its compliance with these new Codes during the forthcoming year.

The Board considers that it has managed its affairs throughout the year ended 30 September 2010 in compliance with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, to the extent they are relevant to the Company's business, except as set out below.

The Combined Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide and in the pre-amble to the AIC Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment trust. The Company has therefore not reported further in respect of these provisions.

Board of Directors

The Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk assessment and overall investment policy. The Board consists of four non-executive Directors whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and they consider that they commit sufficient time to the Company's affairs. Brief biographical details of the Directors can be found on page 9.

A process of performance evaluation has been undertaken by which the performance of the Chairman, each Director and the Board as a whole has been evaluated in respect of the year ended 30 September 2010. This process consisted of a series of appraisal meetings and discussions between the Chairman and each of the Directors. The performance of the Chairman was similarly evaluated by the other Directors. The Board does not consider the use of external consultants to conduct this evaluation as likely to provide any meaningful advantage over the process that has been adopted, however the option of doing so will be regularly reviewed.

Each Director has signed a letter of appointment to formalise in writing the terms of his engagement as a non-executive Director, copies of which are available on request from the Secretary. None of the Directors has a contract of service with the Company.

The Board has agreed a procedure for the induction and training of new Board appointees and ongoing training requirements are dealt with as required.

The Directors of the Company meet formally at least six times a year to review and receive reports on a full range of relevant matters, including investments, marketing, administration and risks. During the year ended 30 September 2010 six scheduled meetings were held and all Directors attended these meetings. The Directors have adopted a formal schedule of matters reserved for the Board that cannot be delegated to a committee or to any other party.

The Board delegates decisions regarding the day-to-day investment of the Company's portfolio to the Investment Manager. Representatives from the Investment Manager are invited to Board meetings to provide reports on investments, financial, marketing, operational and administrative matters. The Investment Manager is authorised by the Board to exercise the Company's voting rights in respect of those investments held in the portfolio.

Re-election of Directors
It is the Company's policy for all Directors to stand for re-election annually. Each of the Directors has made a valuable and effective contribution to your Company and the Board therefore recommends that you vote in favour of their re-election.

Directors' independence
The Board regularly reviews the independence of its members in accordance with current guidelines. The Board feels that length of service does not necessarily compromise the independence or contribution of directors of investment trust companies, where experience and continuity can be a significant strength. Therefore no limit has been imposed on the length of service of any Director. The Board believes that its four non-executive Directors, including Mr McDougall and Mr Kanza, who have served as Directors for 11 years and 13 years respectively, are independent in character and judgement.

Board Committees
The Board has established an Audit and Management Engagement Committee to assist with its operations. The terms of the delegated responsibilities are clearly defined in formal terms of reference, copies of which are available from the Company's Registered Office. The Committee meets twice a year and consists of Mr Eason, Mr Moule and Mr McDougall, who is Chairman. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit and Management Engagement Committee. The Committee met twice during the year and all Committee members were present.

The Board believes it is appropriate for the Chairman of the Company, Mr McDougall, to also chair the Audit and Management Engagement Committee because it does not believe that the provisions of the Combined Code relating to Audit Committees are relevant to an investment company with a small Board comprised wholly of independent, non-executive Directors. It believes that Mr McDougall provides a valuable contribution to the Audit Committee and that his chairmanship enhances the operation of the Committee and its interaction with the Board.

The primary responsibilities of the Audit and Management Engagement Committee are to review the integrity and contents of the Company's Financial Statements and accounting policies; to consider compliance with regulatory and financial reporting requirements; to review the Company's internal control and risk management systems; to review annually the need for the Company to have its own internal audit function; to consider the independence and objectivity of the Auditors and the effectiveness of the audit; and to make recommendations to the Board in relation to the appointment and remuneration of the Auditors. The Committee has direct access to the Auditors, PricewaterhouseCoopers LLP, who attend the relevant Audit and Management Engagement Committee meeting to report on the audit of the Company and its review of the Annual Report and Financial Statements. The Committee has the opportunity to meet with the Auditors without the Manager being present.

All non-audit work proposed to be carried out by the Auditors must be approved by the Committee in advance to ensure that auditor objectivity and independence is safeguarded, and the Auditors may be excluded from carrying out certain types of non-audit work. Non-audit services amounting to £35,000 in connection with consultancy services relating to VAT recovery claims were provided during the year ended 30 September 2010.

Following consideration of the performance of the Auditors, the service provided during the year and a review of their independence and objectivity, the Committee recommended to the Board the re-appointment of PricewaterhouseCoopers LLP as Auditors to the Company.

The Company's management functions are delegated to the Investment Manager, Edinburgh Partners. The Audit and Management Engagement Committee considers the performance of the Investment Manager, the terms of their engagement and, on an annual basis, the continued appointment of the Investment Manager.

The Company has no executive Directors and no employees and consequently does not have a remuneration committee. The Directors' Remuneration Report on pages 18 and 19 provides information on the remuneration arrangements for the Directors of the Company.

The Board is formed entirely of non-executive Directors and, being small in size, operates without a nomination committee.

Conflicts of interest

A Director must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict"). The Company's Articles of Association give the Directors authority to approve such situations, where appropriate. It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

Internal control review

The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness.

In accordance with the guidance of the Financial Reporting Council on internal controls, a process has been implemented for identifying, evaluating and managing risks faced by the Company. This process has been in place throughout the year ended 30 September 2010 and up to the date the Financial Statements were approved. Key procedures established with a view to providing effective financial control have also been in place for the year ended 30 September 2010 and up to the date the Financial Statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objective. It should be recognised that such systems can only provide reasonable, not absolute assurance against material misstatement or loss.

Internal control assessment process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

Against this background, the Board has split the review of risk and associated controls into four sections reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- published information, compliance with laws and regulations;
- relationship with service providers; and
- investment and business activities.

The Company has appointed agents (including Edinburgh Partners) to provide administrative services to the Company. In performing its functions, Edinburgh Partners delegates certain administrative tasks to third parties. The Company has obtained from Edinburgh Partners and the other service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- assessment of communication procedures;
- assessment of the control procedures; and
- details of the "whistle blowing" policy in place.

The key procedures which have been established to provide internal financial controls are as follows:

- investment management is provided by Edinburgh Partners. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings;
- administration and company secretarial duties for the Company are performed by Edinburgh Partners. Kenneth J Greig, a director of Edinburgh Partners, is the Company Secretary and Capita Sinclair Henderson Limited provides certain accounting, administrative and secretarial support services to Edinburgh Partners;
- custody of assets is undertaken by JPMorgan Chase Bank, NA;
- the duties of investment management, accounting and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information provided by Edinburgh Partners and Capita Sinclair Henderson Limited in detail on a regular basis.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Edinburgh Partners.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control during the year ended 30 September 2010, as set out above. No significant failings or weaknesses were identified.

Independent professional advice, insurance and indemnity

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the expense of the Company. The Company also maintains directors' and officers' liability insurance, which includes cover of defence expenses.

The Company's Articles of Association provide the Directors of the Company, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. On 14 December 2006, the Company entered into a deed poll providing the Directors with indemnities against liability to third parties arising in connection with any negligence, default, breach of duty or breach of trust by the Directors (such indemnities being qualifying third party indemnities and providing for the funding of defence costs, in each case as permitted under the Companies Act 2006). No such indemnity is provided in relation to a liability incurred by a Director to the Company in respect of proceedings in which he is convicted or a liability to pay a fine is imposed in criminal proceedings or by a regulatory authority. Any funding provided to a Director who is not exonerated must be repaid. Save for these, there are no qualifying third party indemnity provisions in force.

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Kenneth J Greig, who is responsible for ensuring that Board procedures are followed and that the applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and also for compliance with the statutory obligations of the Company.

Dialogue with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. A regular dialogue is maintained with the Company's institutional shareholders and private client asset managers through the Investment Manager, which regularly reports to the Board on any such contact, the views of shareholders and any changes to the composition of the share register. All shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and Investment Manager are available to discuss issues affecting the Company. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the registered office address.

Copies of the Half-Yearly and Annual Reports are dispatched to shareholders by mail and are also available for downloading from the Company's website www.theeuropeaninvestmenttrust.com.

By order of the Board
Kenneth J Greig
Secretary

7 December 2010

Management Report and Statement of Directors' Responsibilities in Relation to the Annual Report and the Financial Statements

Management report
Listed companies are required by the FSA's Disclosure and Transparency Rules (the "Rules") to include a management report within their Annual Report and Financial Statements.

The information required to be included in the management report for the purpose of these Rules is included in the Chairman's Statement on pages 3 and 4, the Manager's Report and Portfolio Analysis on pages 5 and 6 and the Business Review contained in the Directors' Report on pages 11 to 17. Therefore no separate management report has been included.

Statement of Directors' responsibilities in relation to the Annual Report and Financial Statements
The Directors are responsible for preparing the Annual Report and the 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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the net return of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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, to the best of their knowledge, state that:

- the Financial Statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Chairman's Statement, the Manager's Report and Portfolio Analysis and the Directors' Report include 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 that it faces.

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that ought to have been taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006 and include the information required by the Listing Rules of the FSA. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by the Auditors does not include consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

On behalf of the Board
Douglas McDougall
Chairman
7 December 2010

Independent Auditors' Report

to the Members of The European Investment Trust plc
for the year ended 30 September 2010

We have audited the Financial Statements of The European Investment Trust plc for the year ended 30 September 2010 which comprise the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its net return and cash flows 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.

Opinion 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; and
- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 20 to 24 with respect to internal control and risk management systems is consistent with the Financial Statements.

Independent Auditors' Report (continued)
to the Members of The European Investment Trust plc
for the year ended 30 September 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 16, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Karyn Lamont (Senior statutory auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

7 December 2010

Income Statement

for the year ended 30 September 2010

		2010			2009		
		Revenue	**Capital**	**Total**	Revenue	Capital	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Gains on investments at fair value	9	**–**	**3,616**	**3,616**	–	11,105	11,105
Foreign exchange (losses)/gains		**(10)**	**(287)**	**(297)**	22	1,029	1,051
Income	2	**8,554**	**–**	**8,554**	9,261	–	9,261
Investment management fee	3	**(1,199)**	**–**	**(1,199)**	(1,151)	–	(1,151)
Refund of VAT paid on investment management fees	4	**–**	**–**	**–**	1,103	–	1,103
Other expenses	5	**(531)**	**2**	**(529)**	(693)	(19)	(712)
Net return before finance costs and taxation		**6,814**	**3,331**	**10,145**	8,542	12,115	20,657
Finance costs							
Interest payable and similar charges		**–**	**–**	**–**	(68)	–	(68)
Net return before taxation		**6,814**	**3,331**	**10,145**	8,474	12,115	20,589
Taxation	6	**(772)**	**–**	**(772)**	(2,190)	–	(2,190)
Net return after taxation		**6,042**	**3,331**	**9,373**	6,284	12,115	18,399
		pence	**pence**	**pence**	pence	pence	pence
Return per ordinary share*	8	**13.79**	**7.60**	**21.39**	13.24	25.53	38.77

* Based on weighted average number of shares in issue during the year.

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

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

A separate Statement of Total Recognised Gains and Losses has not been prepared as all such gains and losses are included in the Income Statement.

Dividend information

A final dividend for the year ended 30 September 2010 of 11.0p per ordinary share and a special dividend of 3.0p per ordinary share, total 14.0p (2009: final dividend of 10.2p and special dividend of 3.4p, total 13.6p) has been proposed, subject to the approval of shareholders at the Annual General Meeting. These dividends will be payable on 31 January 2011 to shareholders on the register at the close of business on 7 January 2011. The ex-dividend date will be 5 January 2011. Based on 42,400,748 ordinary shares in issue at the date of this report, the total dividend payment will amount to £5,936,000. In accordance with Financial Reporting Standard 21: "Events after the Balance Sheet date", final dividends and special dividends are accounted for in the period in which they are approved by shareholders. Further information on dividend distributions can be found in note 7 on page 37.

The notes on pages 32 to 45 form part of these Financial Statements.

Balance Sheet
as at 30 September 2010

	Note	2010 £'000	2009 £'000
Fixed asset investments:			
Investments at fair value through profit or loss	9	**268,944**	290,067
Current assets:			
Debtors	11	**4,474**	1,276
Cash at bank and short-term deposits		**9,789**	2,200
		14,263	3,476
Creditors: amounts falling due within one year	12	**5,360**	3,388
Net current assets		**8,903**	88
Net assets		**277,847**	290,155
Capital and reserves:			
Called-up share capital	13	**10,675**	11,438
Share premium account		**123,749**	123,749
Capital redemption reserve		**8,136**	7,373
Capital reserve		**125,185**	137,330
Revenue reserve		**10,102**	10,265
Total shareholders' funds		**277,847**	290,155
		pence	pence
Net asset value per ordinary share	14	**650.69**	634.18

These Financial Statements were approved and authorised for issue by the Board of Directors on 7 December 2010 and were signed on its behalf by:

Douglas McDougall
Chairman

The notes on pages 32 to 45 form part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2010

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Year ended 30 September 2010							
At 30 September 2009		**11,438**	**123,749**	**7,373**	**137,330**	**10,265**	**290,155**
Net return after taxation for the year		**–**	**–**	**–**	**3,331**	**6,042**	**9,373**
Dividends paid	7	**–**	**–**	**–**	**–**	**(6,205)**	**(6,205)**
Shares purchased and cancelled	13	**(763)**	**–**	**763**	**(15,476)**	**–**	**(15,476)**
At 30 September 2010		**10,675**	**123,749**	**8,136**	**125,185**	**10,102**	**277,847**
Year ended 30 September 2009							
At 30 September 2008		12,195	123,749	6,616	138,618	11,200	292,378
Net return after taxation for the year		–	–	–	12,115	6,284	18,399
Dividends paid	7	–	–	–	–	(7,219)	(7,219)
Shares purchased and cancelled		(757)	–	757	(13,403)	–	(13,403)
At 30 September 2009		11,438	123,749	7,373	137,330	10,265	290,155

The notes on pages 32 to 45 form part of these Financial Statements.

Cash Flow Statement
for the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Operating activities:			
Investment income received		**7,855**	8,046
Interest received		**10**	120
Other income		**–**	52
Refund of VAT, including interest, on investment management fees		**–**	4,166
Investment management fees paid		**(1,164)**	(1,276)
Other cash payments		**(493)**	(671)
Net cash inflow from operating activities	15	**6,208**	10,437
Servicing of finance:			
Interest paid		**(21)**	(87)
Taxation:			
UK tax paid		**(863)**	(2,019)
Overseas tax paid		**(801)**	(1,022)
Overseas tax recovered		**39**	257
Total taxation		**(1,625)**	(2,784)
Capital expenditure and financial investment:			
Purchases of investments		**(225,428)**	(257,803)
Sales of investments		**251,252**	282,172
Exchange gains/(losses) on settlement		**406**	(136)
Other capital charges		**–**	(21)
Net cash inflow from capital and financial investment		**26,230**	24,212
Equity dividends paid	7	**(6,205)**	(7,219)
Net cash inflow before financing		**24,587**	24,559
Financing:			
Loans redeemed		**–**	(11,912)
Own shares purchased and cancelled		**(16,306)**	(12,576)
Net cash outflow from financing		**(16,306)**	(24,488)
Increase in cash	16	**8,281**	71

The notes on pages 32 to 45 form part of these Financial Statements.

1 Accounting policies

Basis of accounting

The Financial Statements are prepared on a going concern basis, under the historical cost convention (modified to include fixed assets investments at fair value), in accordance with the Companies Act 2006, UK Generally Accepted Accounting Practice ("UK GAAP") and with the AIC Statement of Recommended Practice issued in January 2009 relating to the Financial Statements of Investment Trust Companies and Venture Capital Trusts. All the Company's activities are continuing.

Income recognition

Dividend and other investment income is included as revenue (except where in the opinion of the Directors, its nature indicates it should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Income arising on holdings of fixed income securities is recognised on a time apportionment basis so as to reflect the effective interest rate on that security. Deposit interest and underwriting commission receivable is included on an accruals basis.

Dividends are accounted for in accordance with Financial Reporting Standard 16: "Current Taxation" on the basis of income actually receivable, without adjustment for the tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital reserve.

Borrowings

Loans and overdrafts are recorded at the proceeds received, net of issue costs, irrespective of the duration of the instrument.

Finance costs, including interest, are accrued using the effective interest rate method. See below for allocation of finance costs within the Income Statement.

Expenses and finance costs

All expenses are accounted for on an accruals basis. All operating expenses are charged through revenue in the Income Statement except costs that are incidental to the acquisition or disposal of investments, which are charged to capital in the Income Statement. Transaction costs are included within the gains and losses on investment sales, as disclosed in the Income Statement. No performance fees are charged by the Investment Manager.

Investments

All investments held by the Company are classified as 'fair value through profit or loss'. Investments are initially recognised at cost, being the fair value of the consideration given. Interest accrued on fixed interest rate securities at the date of purchase or sale is accounted for separately as accrued income, so that the value or purchase price or sale proceeds is shown net of such items.

After initial recognition, investments are measured at fair value, with changes in the fair value of investments and impairment of investments recognised in the Income Statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset. Investments which are not quoted or which are not frequently traded are stated at Directors' best estimate of fair value, using the guidelines on valuation published by the International Private Equity and Venture Capital Association. This represents the Directors' view of the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have any intention to sell their holding in the near future. Where no reliable fair value can be estimated, investment may be carried at cost less any provision for impairment.

1 Accounting policies (continued)

Foreign currency

The functional and reporting currency of the Company is sterling because that is the currency of the primary economic environment in which the Company operates.

Transactions denominated in foreign currencies are converted to sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange to sterling at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in revenue depending on whether the gain or loss is of a capital or revenue nature.

Taxation

The charge for taxation is based on the net return for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not been reversed by the Balance Sheet date, unless such provision is not permitted by Financial Reporting Standard 19: "Deferred Tax". This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements which are capable of reversal in one or more subsequent periods.

Capital redemption reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve on the relevant trade date.

Capital reserve

Capital reserve – arising on investments sold
The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised foreign exchange differences of a capital nature;
- costs of professional advice (including related irrecoverable VAT) relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- costs of purchasing ordinary share capital.

Capital reserve – arising on investments held
The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

Dividends payable to shareholders

Under Financial Reporting Standard 21: "Events after the Balance Sheet Date", final and special dividends are recognised as a liability in the period in which they have been approved by shareholders in a general meeting.

2 Income

	2010	2009
	£'000	£'000
Income from investments:		
Overseas dividends	**8,527**	7,795
UK net dividend income	**17**	231
	8,544	8,026
Other income:		
Bank interest	**10**	120
Underwriting commission	**–**	52
Interest on VAT refund on investment management fees	**–**	1,063
	10	1,235
Total income	**8,554**	9,261

3 Investment management fee

	2010	2009
	Total	Total
	£'000	£'000
Investment management fee	**1,199**	1,151

Edinburgh Partners Limited was appointed to provide investment management, marketing and general administrative services to the Company with effect from 1 February 2010. Under the agreement Edinburgh Partners Limited is entitled to a fee paid quarterly in arrears, at the rate of 0.55% per annum of the market capitalisation of the Company. No performance fee will be paid.

Until 31 January 2010, F&C Management Limited provided investment management, marketing and general administrative services to the Company for a management fee payable in arrears of 0.125% per quarter on the funds under management at the quarter end.

In addition, F&C Management Limited was entitled to a performance related management fee payable at the rate of 0.05% per 1% of annual outperformance by the net asset value ("NAV") per share (inclusive of revenue return attributable to shareholders) of target performance. Target performance was defined as a margin of 1.5% over the FTSE All-World Europe ex UK Index (total return, sterling adjusted). The combined management fee and performance related management fee could not be greater than 0.1875% per quarter of the first £400m of funds under management and 0.125% per quarter of funds under management in excess of £400m at each quarter end. No performance fee is payable for the year ended 30 September 2010 (2009: £nil).

Notice to terminate the management agreement with F&C Management Limited was given by the Company on 10 December 2009, to take place on 31 January 2010. Compensation was paid by the Company to F&C Management Limited for the unexpired period of two months' notice under the management agreement.

Edinburgh Partners Limited agreed to waive its investment management fee for a period of three months as a contribution to the costs borne by the Company for the change of management arrangements, including compensation to F&C Management Limited for the unexpired period of notice under its management agreement.

During the year ended 30 September 2010 the investment management fees payable to Edinburgh Partners Limited totalled £497,000 (2009: £nil) and F&C Management Limited £702,000 (2009: £1,151,000).

At 30 September 2010 there was £307,000 outstanding payable to Edinburgh Partners Limited (2009: £272,000 payable to F&C Management Limited).

4 Recoverable VAT

	2010 £'000	2009 £'000
Refund of VAT paid on investment management fees	**–**	1,103

No VAT has been charged on investment management fees since 2007. The Company has now recovered £3,103,000 from HMRC in relation to VAT paid on such fees in the periods 1990 to 1996 and 2001 to 2007 which was recognised in the Income Statement in the years ended 30 September 2008 and 30 September 2009. In addition, interest of £1,063,000 relating to the VAT recovered has been received and was recognised in the Income Statement in the year ended 30 September 2009. Amounts relating to VAT paid on investment management fees during the period 1997 to 2000 have not been accrued or recognised as a contingent asset as their recovery remains uncertain under law.

5 Other expenses

	2010 £'000	2009 £'000
Auditors' remuneration for:		
Audit services	**28**	28
Other services*	**35**	2
Directors' remuneration**	**78**	78
Other	**390**	585
	531	693

* Consultancy services relating to VAT recovery claims.

** See the Directors' Remuneration Report on page 19.

6 Taxation

a) Analysis of charge for the year	**2010**			2009		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Current tax:						
UK Corporation Tax	**–**	**–**	**–**	2,246	–	2,246
Overseas tax suffered	**801**	**–**	**801**	688	–	688
Double taxation relief	**–**	**–**	**–**	(701)	–	(701)
Additional tax credits	**(29)**	**–**	**(29)**	(32)	–	(32)
Current tax charge for the year	**772**	**–**	**772**	2,201	–	2,201
Deferred tax:						
Timing differences	**–**	**–**	**–**	(11)	–	(11)
Total tax charge for the year	**772**	**–**	**772**	2,190	–	2,190

6 Taxation (continued)

b) The current taxation charge for the year ended 30 September 2010 is lower than the standard rate of Corporation Tax in the UK of 28% (2009: 28%). The differences are explained below:

		2010			2009	
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Net return before taxation	**6,814**	**3,331**	**10,145**	8,474	12,115	20,589
Theoretical tax at UK Corporation Tax rate of 28%	**1,908**	**933**	**2,841**	2,373	3,392	5,765
Effects of:						
– UK dividends that are not taxable	**(5)**	**–**	**(5)**	(65)	–	(65)
– Foreign dividends that are not taxable	**(2,030)**	**–**	**(2,030)**	(126)	–	(126)
– Accrued income taxable on receipt	**–**	**–**	**–**	21	–	21
– Non-taxable investment gains	**–**	**(933)**	**(933)**	–	(3,392)	(3,392)
– Disallowed expenses	**15**	**–**	**15**	34	–	34
– Unrelieved excess expenses	**133**	**–**	**133**	–	–	–
– Overseas tax suffered	**801**	**–**	**801**	688	–	688
– Additional tax credits	**(29)**	**–**	**(29)**	(23)	–	(23)
– Double taxation relief	**(21)**	**–**	**(21)**	(701)	–	(701)
	772	**–**	**772**	2,201	–	2,201

c) Provision for deferred taxation

		2010			2009	
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Balance brought forward	**–**	**–**	**–**	11	–	11
Credit for the year (note 6a)	**–**	**–**	**–**	(11)	–	(11)
Balance carried forward	**–**	**–**	**–**	–	–	–

d) Factors that may affect future tax charges

At 30 September 2010 the Company had unrelieved management expenses of £476,000 (30 September 2009: £nil). It is unlikely that the Company will generate sufficient taxable income in the future to use these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

In addition due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7 Dividends

Declared and paid	Payment date	2010 £'000	2009 £'000
Final dividend for the year ended 30 September 2009 of 10.2p	25 January 2010	**4,654**	–
Special dividend for the year ended 30 September 2009 of 3.4p	25 January 2010	**1,551**	–
Final dividend for the year ended 30 September 2008 of 12.0p	22 December 2008	**–**	5,814
Special dividend for the year ended 30 September 2008 of 2.9p	22 December 2008	**–**	1,405
		6,205	7,219

The Directors recommend a final dividend in respect of the year ended 30 September 2010 of 11.0p and a special dividend of 3.0p payable on 31 January 2011 to all shareholders on the register at close of business on 7 January 2011, a total of 14.0p (2009: 13.6p). The ex-dividend date will be 5 January 2011. The recommended final dividend and special dividend are subject to approval by shareholders at the Annual General Meeting to be held on 18 January 2011. The recommended final dividend and special dividend have not been included as a liability in these Financial Statements.

Proposed	2010 £'000	2009 £'000
2010 final dividend of 11.0p (2009: 10.2p) per ordinary share*	**4,664**	4,654
2010 special dividend of 3.0p (2009: 3.4p) per ordinary share*	**1,272**	1,551
	5,936	**6,205**

* Based on 42,400,748 shares in issue at 7 December 2010.

8 Return per ordinary share

	2010			2009		
	Net return £'000	**Ordinary shares***	**Per share pence**	Net return £'000	Ordinary shares*	Per share pence
Revenue return after taxation	**6,042**	**43,818,474**	**13.79**	6,284	47,455,798	13.24
Capital return after taxation	**3,331**	**43,818,474**	**7.60**	12,115	47,455,798	25.53
Total return	**9,373**	**43,818,474**	**21.39**	18,399	47,455,798	38.77

* Weighted average number of ordinary shares in issue during the year.

9 Listed investments

	2010 £'000	2009 £'000
Analysis of investment portfolio movements		
Opening book cost	**247,335**	385,391
Opening investment holding gains/(losses)	**42,732**	(99,366)
Opening valuation	**290,067**	286,025
Movements in the year:		
Purchases at cost	**229,071**	258,169
Sales – proceeds	**(253,810)**	(265,232)
Sales – realised gains/(losses) on sales	**27,628**	(130,993)
Decrease in investment holding (gains)/losses	**(24,012)**	142,098
Closing valuation	**268,944**	290,067
Closing book cost	**250,224**	247,335
Closing investment holding gains	**18,720**	42,732
	268,944	290,067

	2010 £'000	2009 £'000
Analysis of capital gains and losses		
Realised gains/(losses) on sales	**27,628**	(130,993)
Investment holding (losses)/gains	**(24,012)**	142,098
Gains on investments	**3,616**	11,105

The Capital Reserve includes investment holding gains of £18,720,000 (2009: gains of £42,732,000) and unrealised foreign exchange losses of £8,000 (2009: £nil).

Fair value hierarchy

In accordance with Financial Reporting Standard 29: "Financial Instruments: Disclosures", the Company must disclose the fair value hierarchy that classifies 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 valuation techniques using observable inputs other than quoted prices included within Level 1
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

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 note 1. All of the Company's financial instruments fall into Level 1, being valued at quoted prices in active markets.

During the year ended 30 September 2010 the investment in Remedial (Cyprus) was written off through realised gains and losses on sales and the total cost of £1,206,000 has been recognised as a loss in the realised capital reserve.

9 Investments (continued)

Transaction costs

During the year ended 30 September 2010 the Company incurred transaction costs of £384,000 (2009: £532,000) and £255,000 (2009: £494,000) on purchases and sales of investments respectively. These amounts are included in gains on investments at fair value, as disclosed in the Income Statement on page 28.

10 Significant holdings

The Company had no holdings of 3% or more of the share capital of any portfolio companies.

11 Debtors

	2010 £'000	2009 £'000
Due from brokers	**3,268**	711
Dividends receivable	**796**	117
Prepayments and accrued income	**23**	23
Taxation recoverable	**387**	425
	4,474	1,276

12 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Due to brokers	**4,872**	1,229
Own shares purchased and cancelled	**–**	830
Other creditors and accruals	**181**	165
Management fee accrued	**307**	272
Corporation Tax	**–**	892
	5,360	3,388

13 Share capital

	2010 £'000	2009 £'000
Allotted called-up and fully paid:		
42,700,748 (2009: 45,752,748) ordinary shares of 25p each	10,675	11,438

During the year to 30 September 2010 3,052,000 ordinary shares were purchased and cancelled at a cost of £15,476,000. Since the year end a further 300,000 shares have been purchased and cancelled at a cost of £1,736,000.

Duration of the Company

The Company does not have a termination date or the requirement for any periodic continuation votes.

14 Net asset value per share

	30 September 2010	30 September 2009
Net asset value per ordinary share	**650.69p**	634.18p

The net asset value per ordinary share is based on net assets of £277,847,000 (2009: £290,155,000) and on 42,700,748 (2009: 45,752,748) ordinary shares, being the number of ordinary shares in issue at the year end.

15 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2010 £'000	2009 £'000
Net return before finance costs and taxation	**10,145**	20,657
Adjust for returns from non-operating activities:		
– Gains on investments	**(3,616)**	(11,105)
– Foreign exchange losses/(gains) of a capital nature	**287**	(1,029)
– Non-operating expenses of a capital nature	**(2)**	19
Return from operating activities	**6,814**	8,542
Adjustment for non-cash flow items:		
– Foreign exchange gains of a revenue nature	**–**	(22)
– Decrease in recoverable VAT debtor	**–**	2,000
– (Increase)/decrease in debtors and accrued income	**(679)**	20
– Increase/(decrease) in creditors and accruals	**73**	(103)
Net cash inflow from operating activities	**6,208**	10,437

16 Reconciliation of net cash flow to movement in net cash

	2010 £'000	2009 £'000
Increase in cash for the period	**8,281**	71
Decrease in short-term loans	**–**	11,912
Movement in net cash resulting from cash flows	**8,281**	11,983
Foreign exchange movement	**(692)**	1,160
Movement in net cash	**7,589**	13,143
Net cash/(debt) brought forward	**2,200**	(10,943)
Net cash carried forward	**9,789**	2,200

	At 1 October 2009 £'000	Cash flows £'000	Foreign exchange movement £'000	**At 30 September 2010 £'000**
Cash at bank	2,200	8,281	(692)	**9,789**
	2,200	**8,281**	**(692)**	**9,789**

	At 1 October 2008 £'000	Cash flows £'000	Foreign exchange movement £'000	At 30 September 2009 £'000
Cash at bank	877	71	1,252	2,200
Short-term loans	(11,820)	11,912	(92)	–
	(10,943)	11,983	1,160	2,200

17 Analysis of financial assets and liabilities

Interest rate and currency profile

The interest rate and currency profile of the Company's financial assets and liabilities were:

	2010 Total £'000	2010 No interest rate exposure £'000	2010 Cash flow interest rate risk exposure £'000	2009 Total £'000	2009 No interest rate exposure £'000	2009 Cash flow interest rate risk exposure £'000
Equity shares						
Euro	**226,073**	**226,073**	**–**	188,455	188,455	–
Swiss franc	**30,155**	**30,155**	**–**	58,132	58,132	–
Norwegian krone	**–**	**–**	**–**	3,866	3,866	–
US dollar	**7,065**	**7,065**	**–**	–	–	–
Swedish krona	**5,651**	**5,651**	**–**	31,653	31,653	–
Sterling	**–**	**–**	**–**	7,961	7,961	–
Cash at bank and short-term deposits						
Euro	**9,716**	**–**	**9,716**	1,420	–	1,420
Sterling	**73**	**–**	**73**	780	–	780
Debtors						
Euro	**978**	**978**	**–**	816	816	–
Swiss franc	**133**	**133**	**–**	205	205	–
US dollar	**72**	**72**	**–**	–	–	–
Swedish krona	**3,268**	**3,268**	**–**	169	169	–
Sterling	**19**	**19**	**–**	86	86	–
NZ dollar	**4**	**4**	**–**	–	–	–
Short-term creditors						
Euro	**(4,276)**	**(4,276)**	**–**	(1,229)	(1,229)	–
US dollar	**(596)**	**(596)**	**–**	–	–	–
Sterling	**(488)**	**(488)**	**–**	(2,159)	(2,159)	–
	277,847	**268,058**	**9,789**	290,155	287,955	2,200

18 Risk analysis

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the United Kingdom ("UK") as an investment trust under the provisions of Sections 1158 and 1159 of the Corporation Tax Act 2010. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of investments.

As an Investment Trust, the Company invests in equities and makes other investments so as to achieve its investment objective of long-term capital growth through a diversified portfolio of Continental European securities. In pursuing its investment objective, the Company is exposed to risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. The Board, together with the Investment Manager, is responsible for the Company's risk management, as set out in detail in the Directors' Report and Business Review.

The principal risks the Company faces are:

- Investment and strategy
- Discount volatility
- Market risk (including; interest rate risk, currency risk and other price risk)
- Liquidity risk
- Credit risk
- Gearing risk

The Investment Manager monitors the risks affecting the Company on an ongoing basis within the policies and guidelines determined by the Board. The Directors receive financial information, which is used to identify and monitor risk, quarterly. The Company may enter into derivative contracts to manage risk but has not done so to date. A description of the principal risks the Company faces is detailed below and in the Business Review.

Investment and strategy risk

There can be no guarantee that the objective of the Company will be achieved due to poor stock selection or as a result of being geared in a falling market or ungeared in a rising market.

The Investment Manager meets regularly with the Board to discuss the portfolio performance and strategy. The Board receives bi-monthly reports from the Investment Manager detailing all portfolio transactions and any other significant changes in the market or stock outlooks. Details of the investment policy are given on page 12 of the Directors' Report.

Discount volatility risk

The Board recognises that it is in the long-term interests of shareholders to reduce discount volatility and believes that the prime driver of discounts over the longer term is investment performance. The Company is permitted to employ gearing, a process whereby funds are borrowed principally for the purpose of purchasing securities should the Board feel that it is appropriate to do so. The use of gearing can magnify discount volatility.

The Board actively monitors the discount at which the Company's shares trade but it does not intend to issue a precise discount target at which shares will be bought back as it believes that the announcement of specific targets is likely to hinder rather than help the successful execution of a buy-back policy. Equally, the Company will issue shares in order to meet demand as it arises.

The Board's commitment to allot or repurchase ordinary shares is subject to them being satisfied that any offer to allot or to purchase shares is in the best interests of shareholders of the Company as a whole.

18 Risk analysis (continued)

Interest rate risk

The Company's assets and liabilities, excluding short-term debtors and creditors, may comprise financial instruments which include investments in fixed interest securities.

Details of the Company's interest rate exposure as at 30 September 2010 are disclosed in note 17 on page 41 of these Financial Statements.

The majority of the Company's assets were non-interest bearing as at 30 September 2010. There was limited exposure to interest bearing liabilities during the year ended 30 September 2010.

If interest rates had reduced by 0.25% (2009: 0.25%) from those obtained as at 30 September 2010 it would have the effect, with all other variables held constant, of reducing the net revenue return before taxation on an annualised basis by £24,000 (2009: £6,000). If there had been an increase in interest rates of 0.25% (2009: 0.25%) there would have been an equal and opposite effect in the net revenue return before taxation. The calculations are based on cash at bank and short-term deposits as at 30 September 2010 and these may not be representative of the year as a whole.

Currency risk

The base currency of the Company is sterling. The international nature of the Company's investment activities gives rise to a currency risk which is inherent in the performance of its overseas investments. The Company's overseas income is also subject to currency fluctuations.

It is not the Company's policy to hedge this risk on a continuing basis.

Details of the Company's foreign currency risk exposure as at 30 September 2010 are disclosed in note 17 on page 41 of these Financial Statements.

If sterling had strengthened by 1% against all other currencies on 30 September 2010, with all other variables held constant, it would have the effect of reducing the net capital return before taxation by £93,000 (2009: £14,000). If sterling had weakened by 1% against all other currencies there would have been an equal and opposite effect on the net capital return before taxation.

Other price risk

The Company is exposed to market risk due to fluctuations in the market prices of its investments. Market 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 Investment Manager monitors the prices of financial instruments held by the Company on an ongoing basis.

The Investment Manager actively monitors market and economic data and reports to the Board, which considers investment policy on a regular basis. The net asset value per share of the Company is issued daily to the London Stock Exchange and the New Zealand Stock Exchange and is also available on the Company's website www.theeuropeaninvestmenttrust.com or the Edinburgh Partner's www.edinburghpartners.com.

Fixed asset investments are valued at their fair value. Details of the Company's investment portfolio as at 30 September 2010 are disclosed on page 7 of these Financial Statements. In addition an analysis of the investment portfolio by sector and geographical distribution is detailed on page 8 of these Financial Statements.

The maximum exposure to other price risk at 30 September 2010 is the fair value of investments of £268,944,000 (2009: £290,067,000).

18 Risk analysis (continued)

Other price risk (continued)

If the investment portfolio valuation fell by 20% from the amount detailed in the Financial Statements as at 30 September 2010 it would have the effect, with all other variables held constant, of reducing the net capital return before taxation by £53,789,000 (2009: £58,013,000). An increase of 20% in the investment portfolio valuation would have an equal and opposite effect on the net capital return before taxation. The calculations are based on the Company's other price risk at 30 September 2010 and may not be representative of the year as a whole.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's policy with regard to liquidity is to ensure continuity of funding. Short-term flexibility is achieved through cash management and increased borrowing including the use of overdraft facilities.

Liquidity risk is not considered significant as the Company's assets comprise mainly of readily realisable securities which are industrially and geographically diverse and which can be sold freely to meet funding requirements if necessary. Securities listed on a recognised stock exchange have been valued at bid prices and exchange rates ruling at the close of business on 30 September 2010. In certain circumstances, the market prices at which investments are valued may not represent the realisable value of those investments, taking into account both the size of the Company's holding and the frequency with which such investments are traded. The Company does not normally invest in derivative products. The Investment Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

Credit risk

Credit risk is the risk of financial loss to the Company if the contractual party to a financial instrument fails to meet its contractual obligations.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Balance Sheet date.

The Company's listed investments are held on its behalf by JPMorgan Chase Bank, NA acting as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal controls reports.

Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered in its obligations before any transfer of cash or securities away from the Company is completed.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.

The maximum exposure to credit risk as at 30 September 2010 was £283,207,000 (2009: £293,543,000). The calculation is based on the Company's credit risk exposure as at 30 September 2010 and this may not be representative of the year as a whole.

18 Risk analysis (continued)

Gearing risk

The aim of gearing is to enhance long-term returns to shareholders by investing borrowed funds in equities and other assets. The Company is permitted to employ gearing should the Board feel it appropriate to do so. The Board's policy is that the level of gearing should not exceed 20% in normal market conditions. The use of gearing can cause both gains and losses in the asset value of the Company to be magnified.

The Company did not have any gearing as at 30 September 2010 (2009: £nil).

The Board undertakes an annual assessment and review of all the risks stated above and in the Directors' Report on pages 12 and 13 together with a review of any new risks which may have arisen during the year. This risk is formalised within the Company's risk assessment matrix.

19 Capital management policies

The objective of the Company is to achieve long-term capital growth through a diversified portfolio of Continental European securities. In pursuing this long-term objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buyback share capital within limits set by the shareholders in general meeting; borrow monies in the short and long-term and pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue reserves.

Changes to ordinary share capital are set out in note 13 on page 39. Dividend payments are set out in note 7 on page 37.

The Company's capital comprises:

	2010	2009
	£'000	£'000
Called-up share capital	**10,675**	11,438
Share premium account	**123,749**	123,749
Capital redemption reserve	**8,136**	7,373
Capital reserve	**125,185**	137,330
Revenue reserve	**10,102**	10,265
Total shareholders' funds	**277,847**	290,155

The Company's objectives for managing capital are the same as the previous year and have been complied with throughout the year.

20 Transactions with the Investment Manager

Information with respect to transactions with the Investment Manager is provided in note 3 on page 34 of these Financial Statements and on page 15 in the Directors' Report.

Ten Year Record

Assets

at 30 September (£'000)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Total assets	563,974	359,895	271,468	332,448	350,088	415,207	437,207	495,931	304,198	290,155	**277,847**
Loans	44,370	–	6,913	12,617	20,728	23,853	30,517	31,411	11,820	–	**–**
Net assets	519,604	359,895	264,555	319,831	329,360	391,354	406,690	464,520	292,378	290,155	**277,847**

Net asset value ("NAV")

at 30 September	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
NAV per share – pence	690.5	478.3	351.8	433.7	484.4	624.9	731.2	897.3	599.4	634.2	**650.7**
NAV total return on 100p – 5 years (per AIC)											**112.4**
NAV total return on 100p – 10 years (per AIC)											**104.7**

Share price

at 30 September	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Middle market price per share	653.5	438.5	277.0	349.5	417.0	560.0	664.5	812.5	518.0	554.0	**545.0**
Discount to NAV – %	5.4	8.3	21.3	19.4	13.9	10.4	9.1	9.5	13.6	12.6	**16.2**
Share price high – pence	763.5	723.0	529.5	388.5	430.0	561.5	690.0	864.0	840.0	554.0	**576.0**
Share price low – pence	491.0	385.5	277.0	258.5	352.0	418.0	533.5	653.0	514.0	317.5	**465.5**
Share price total return on 100p – 5 years (per AIC)											**107.2**
Share price total return on 100p – 10 years (per AIC)											**96.5**

Revenue

for the year ended 30 September

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Available for ordinary shares – £'000s	765	2,737	3,659	4,864	3,623	4,680	5,043	4,321	7,264	6,284	**6,042**
Earnings per share – pence	1.0	3.6	4.9	6.5	5.1	7.0	8.7	8.0	14.3	13.2	**13.8**
Dividends per share – pence	1.7	2.3[1]	4.7[1]	6.5[1]	5.4[1]	7.5[1]	9.0[1]	8.3[1]	14.9[2]	13.6[3]	**14.0**[4]

Performance

(rebased to 100 at 30 September 2000)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
NAV per share	100	69.3	50.9	62.8	70.2	90.5	105.9	129.9	86.8	91.8	**94.2**
Mid price per share	100	67.1	42.4	53.5	63.8	85.7	101.7	124.3	79.3	84.8	**83.4**
Earnings per share	100	356.9	476.5	641.2	501.0	683.3	855.9	788.2	1,402.0	1,298.0	**1,352.0**
Dividends per share	100	135.3	276.5	382.4	317.6	441.2	529.4	488.2	876.5	800.0	**823.5**
RPI	100	101.7	103.4	106.3	109.6	112.5	116.5	121.1	127.2	125.4	**131.2**

[1] Comprises a final dividend of 1.7p together with a special dividend.
[2] Comprises a final dividend of 12.0p together with a special dividend.
[3] Comprises a final dividend of 10.2p together with a special dividend.
[4] Comprises a final dividend of 11.0p together with a special dividend.

Definitions

Total assets	Total assets less current liabilities (excluding loans).
NAV total return	Return on net assets per share with dividends paid to shareholders reinvested.
AIC	Association of Investment Companies.
Discount to NAV	Amount that the middle market share price is less than the NAV.
Share price total return	Return on the middle market share price with dividends paid to shareholders reinvested.
RPI	All-items retail price index.

Costs of running the Company (total expense ratio)

for the year ended 30 September	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Operating costs (£'000s)	5,439	3,619	2,977	2,577	2,769	3,069	3,153	3,514	2,549	1,863	**1,728**
Operating costs as a percentage of:											
Average net assets – %	1.0	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.7*	0.8*	**0.6**
Average total assets – %	0.9	0.8	0.8	0.8	0.7	0.8	0.7	0.7	0.7*	0.8*	**0.6**

* Excludes VAT recovered in respect of management fees.

Gearing

at 30 September	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Effective gearing– %	7.9	(0.6)	2.5	1.5	5.9	2.8	6.5	8.1	(2.0)	(0.3)	**(2.9)**
Fully invested gearing – %	8.5	–	2.6	3.9	6.3	6.2	7.5	6.8	4.0	0.0	**0.0**

Definitions

Operating costs	All costs charged to revenue and capital, other than interest costs, taxation, the costs of purchase of share capital and the costs of buying and selling investments.
Average net assets	The average of net assets.
Average total assets	The average of total assets.
Effective gearing	Loans, less cash (adjusted for settlements), as a percentage of net assets.
Fully invested gearing	Loans as a percentage of net assets.

Glossary of Investment Trust Technical Terms

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

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

ISAs and SIPPs
Individual Savings Accounts and Self-Invested Personal Pensions.

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

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

Total expense ratio
The total operating expenses incurred by a company, including any charged to capital (excluding interest costs) as a percentage of average net assets.

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

Shareholder Information

Investing in the Company
The Company's ordinary shares are traded on the London Stock Exchange and the New Zealand Stock Exchange. You can buy or sell shares through your stockbroker, bank or other professional investment adviser. Shares in the Company may also be bought and held in an ISA or Share Plan through the BNP Paribas – Edinburgh Partners Savings Scheme and ISA. Further information is available on the Company's website www.theeuropeaninvestmenttrust.com or on the Edinburgh Partners' website www.edinburghpartners.com or by telephone on 0845 358 1100.

Frequency of NAV publication
The Company's ordinary share NAV is released daily to the London Stock Exchange and the New Zealand Stock Exchange and published on the Company's website www.theeuropeaninvestmenttrust.com and on the Edinburgh Partners' website www.edinburghpartners.com.

Share price and sources of further information
The Company's ordinary share price is quoted daily in the Financial Times, the Daily Telegraph and the Times under "Investment Companies". Investors in New Zealand can obtain share prices from leading newspapers in that country. Previous day closing price, daily NAV and other portfolio information is published on the Company's website www.theeuropeaninvestmenttrust.com and on the Edinburgh Partners' website www.edinburghpartners.com. Other useful information on investment trusts, such as prices, net asset values and company announcements, can be found on the websites of the London Stock Exchange www.londonstockexchange.com and the Association of Investment Companies www.theaic.co.uk.

Share register enquiries
The register for the ordinary shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0870 889 4086 or email: web.queries@computershare.co.uk. Changes of name and/or address must be notified in writing to the Registrar, at the address shown on page 10. You can check your shareholding and find practical help on transferring shares or updating your details at www.computershare.co.uk.

Key dates

Company's year end	30 September
Annual results announced	December
Annual General Meeting	January
Annual dividend paid	January
Company's half-year end	31 March
Interim results announced	May

Interim management statements
In accordance with the Disclosure and Transparency Rules, the Company will be releasing Interim Management Statements ("IMS") for the quarters ending 31 December 2010 and 30 June 2011. These will be released to the London Stock Exchange and the New Zealand Stock Exchange and may be viewed at the Company's website www.theeuropeaninvestmenttrust.com.

Risk warning
This document is not a recommendation, offer or invitation to buy, sell or hold shares of the Company. If you wish to deal in shares of the Company, you may wish to contact an authorised professional investment adviser. The value of the Company's shares may fluctuate and investors may not get back the full value of their investment. Past performance is no guarantee of future performance. The Company invests in overseas securities; changes in the rates of exchange may also cause the value of your investment (and any income received) to go down or up.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at Brewers' Hall, Aldermanbury Square, London, EC2V 7HR on Tuesday, 18 January 2011, at 11.00 am to transact the business set out in the resolutions below.

		Resolution on Form of Proxy
	Ordinary business	
	To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:	
1	To receive and, if thought fit, to accept the Reports of the Directors and Auditors and the audited Financial Statements for the year ended 30 September 2010.	Resolution 1
2	To receive and approve the Directors' Remuneration Report for the year ended 30 September 2010.	Resolution 2
3	To reappoint PricewaterhouseCoopers LLP as Auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next meeting at which accounts are laid before the Company.	Resolution 3
4	To authorise the Directors to determine the remuneration of the Auditors of the Company.	Resolution 4
5	To re-elect Mr D C P McDougall as a Director of the Company.	Resolution 5
6	To re-elect Mr W D Eason as a Director of the Company.	Resolution 6
7	To re-elect Mr R Kanza as a Director of the Company.	Resolution 7
8	To re-elect Mr M B Moule as a Director of the Company.	Resolution 8
9	To declare a final dividend of 11.0p per ordinary share for the year ended 30 September 2010.	Resolution 9
10	To declare a special dividend of 3.0p per ordinary share for the year ended 30 September 2010.	Resolution 10
	Special business	
11	To consider and, if thought fit, pass the following resolution as a Special Resolution:	Resolution 11

THAT the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act"), to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors of the Company shall from time to time determine, provided that:

(i) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 6,355,872 (or, if less, 14.99% of the number of ordinary shares in issue immediately following the passing of this resolution);

(ii) the minimum price (exclusive of expenses) which may be paid by the Company for an ordinary share shall be 25p;

(iii) the maximum price (exclusive of expenses) which may be paid by the Company for an ordinary share shall be no more than the higher of (a) 105% of the average of the closing mid-market price of such shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days prior to the date of the purchase; and (b) the amount stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulations 2003;

(iv) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 31 March 2012), unless previously renewed, varied or revoked by the Company in general meeting; and

(v) the Company may at any time make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract or contracts.

12 To consider and, if thought fit, pass the following resolution as an Ordinary Resolution: Resolution 12

THAT the Directors of the Company be and they are hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused), pursuant to and 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 and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights"):

(a) up to an aggregate nominal amount of £3,533,395 (being approximately one-third of the issued share capital as at 7 December 2010); and

(b) comprising equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £3,533,395 in connection with an offer by way of a rights issue:

(i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings: and

(ii) to holders of other equity securities (if any) as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that 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 the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts),

provided that the authorities conferred on the Directors by paragraph (a) and (b) above shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, (which must be held no later than 31 March 2012) save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so the Directors of the Company may allot shares or grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

13 To consider and, if thought fit, pass the following resolution as a Special Resolution: Resolution 13

THAT, subject to the passing of Resolution 12 above (and in substitution for all subsisting authorities to the extent unused but without prejudice to the exercise of any such power prior to the date hereof), the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of Resolution 12, by way of a rights issue only):

(i) to holder of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities (if any) as required by the rights of those securities or as Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and

(b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £530,009 (being approximately 5% of the issued share capital as at 7 December 2010)

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 31 March 2012), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

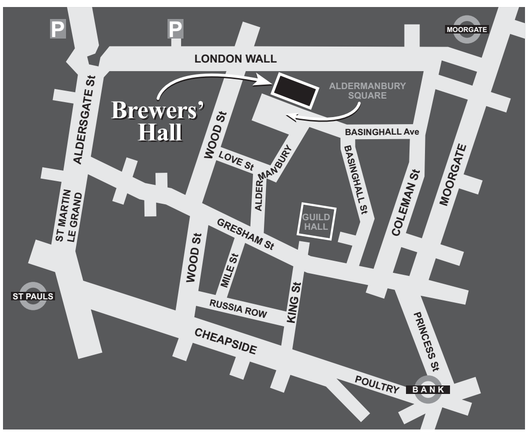
14 To consider and, if thought fit, pass the following resolution as a Special Resolution: Resolution 14

THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company.

By order of the Board
Kenneth J Greig
Secretary
Registered Office:
Beaufort House
51 New North Road
Exeter
EX4 4EP

7 December 2010

Location of Meeting



Note 1: Pursuant to Section 324 of the Companies Act 2006, a member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy or proxies to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed, they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, should be lodged at the office of the Company's Registrar, Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS99 6ZY together with any power of attorney (if any) under which it is signed (or a certified copy thereof) not later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment thereof. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.

To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appears in the Company's Register of Members in respect of the joint holders (the first named being the most senior).

Note 2: The "vote withheld" option on the proxy form is provided to enable a shareholder to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculations of the proportion of votes "for" or "against" a particular resolution.

Note 3: Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours (excluding non-working days) before the start of the meeting or any adjournment thereof. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically as required by Section 333A.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment thereof by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/crest). The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 1 above. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Note 4: A 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/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Note 1 above do not apply to a Nominated Person. The rights described in this Note can only be exercised by registered members of the Company.

Note 5: As at 6 December 2010 (the business day prior to the publication of this notice) the Company's issued share capital amounted to 42,400,748 ordinary shares carrying one vote each.

Note 6: Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, as amended and/or the purposes of Section 360B of the Companies Act 2006, the Company specifies that only those shareholders registered on the Register of Members of the Company as at 6.00 pm on 16 January 2010 (or, in the event that the meeting is adjourned, only those shareholders registered on the Register of Members of the Company as at 6.00 pm on the day which is two days (excluding non-working days) prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Note 7: In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:

a) to do so would:

(i) interfere unduly with the preparation for the meeting, or
(ii) involve the disclosure of confidential information;

b) the answer has already been given on a website in the form of an answer to a question; or

c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Note 8: A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 1. On a vote on a resolution on a show of hands, each authorised person has the same voting rights to which the corporation would be entitled. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:

a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way;

b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

Note 9: Members should note that 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 a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. 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 Auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Note 10: Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his/her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

Note 11: A copy of this notice of Annual General Meeting is available on the Company's website: www.theeuropeaninvestmenttrust.com

Note 12: The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at Brewers' Hall, Aldermanbury Square, London, EC2V 7HR from 10.45 am until the conclusion of the meeting:

a) letters of appointment of the Directors of the Company;

b) the Articles of Association of the Company.

Note 13: This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 6 December 2010 (the business day prior to the publication of this Notice) and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice, will be available on the Company's website: www.theeuropeaninvestmenttrust.com.

Notes