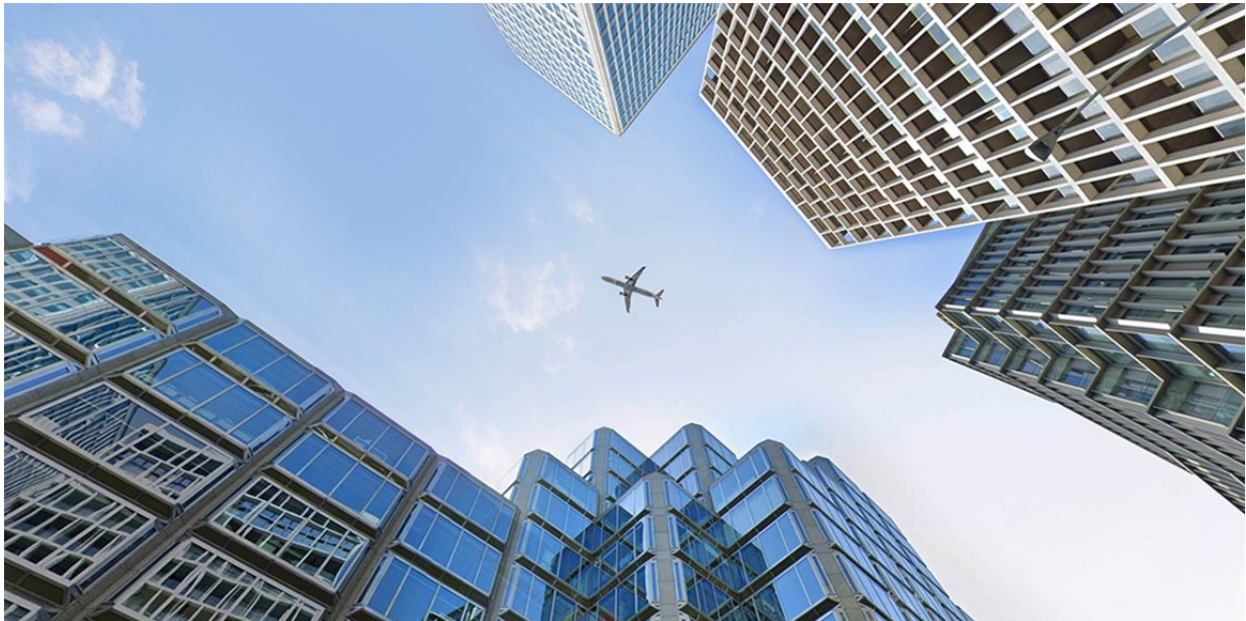


Subject: A monthly factsheet and commentary from Alexander Darwall
Date: Monday, 7 March 2022 at 15:04:44 Greenwich Mean Time
From: Alexander Darwall - Devon Equity Management
To: Richard Pavry

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Newsletter

Dear investor

A new [fact sheet for European Opportunities Trust PLC](#), comprising details of portfolio holdings and past performance statistics as at the end of February 2022 has been published to our [website](#).

The MSCI Europe index was down 2.8% in sterling in February; Your Company was down 1.9%.

Of course, the Russia invasion of Ukraine dominates investment considerations. Europe's response has huge inflationary effects. For example, inflation reached 7.4% in Spain in February. There will be more to come as food and energy supplies are disrupted. It is impossible to know how far this will go but clearly the supply side shock is profound; and Europe is the biggest loser.

The news from our companies was mixed: The worst contributor to performance was Genus, which reported slightly disappointing results. Their business in China has been weak. We remain confident that the company is well placed to succeed there. Their Russian exposure is potentially a problem. Nevertheless, the company's leading genetics and gene editing technology underpin a bright future.

BioMérieux shares were also negative contributors. The company reported excellent results but warned of weaker covid-related sales this year. We believe that the outlook for the company is very good: it announced new breakthrough technology and, leaving aside the 'covid factor', underlying demand is strong.

The biggest positive contributor was Novo Nordisk. Demand for their diabetes and obesity drugs is unlikely to be affected by macro factors. Supply and inflation concerns are, we think, less worrying than might be the case for most companies.

Edenred shares made a good contribution. They announced very good results. The company is the leader in a small, but growing niche of 'purpose money'. The demand trends are good.

Shares in Oxford Instruments surged following an approach from another company. However, the putative deal has fallen through already and shares in Oxford Instruments have fallen sharply. Nonetheless, the would-be bidder highlighted the attractions of Oxford Instruments, underscoring our confidence in this company.

The main trading decision was to sell the remaining shares in Ubisoft. The latest results showed that the company is struggling to turn the tide of difficulties: 'talent' management, poorly performing releases and lack of success in mobile games and in China. We also sold the residual holding in ASML. The company is peerless in its area of expertise, making machines for the production of semiconductors. However, this is reflected in the valuation. The proceeds of these two sales were invested in existing holdings, notably Mowi, Bayer, Nestle and ICG. Mowi's production of salmon should suffer less cost inflation than agriculture-based proteins like chicken and beef; Bayer reported good results and raised guidance for this year; Nestle continues to make good progress with its renewables business; and the sharp fall in ICG shares gave us a good opportunity to buy more.

Outlook

The war in Ukraine is causing trade disruption, higher costs, leading to entrenched inflation. These factors impact most companies. Whilst oil, metals and mining companies are near term winners, we will continue to invest in

what we call 'special' companies. Our investment style is underpinned by the belief that companies which provide differentiated, high value services, with good prospects to grow, should outperform over time, notwithstanding the type of shocks such as the Russian invasion of Ukraine. Moreover, we note that our companies typically are less burdened by debt than most companies and have more global activity than most European companies. Novo Nordisk is a case in point: it has net cash and is truly global.

We would like to thank you for your continuing support.

Yours faithfully

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[Please click here if you would like to be added to the subscriber list for these monthly updates.](#)

As a reminder, all of our companies are listed on European stock exchanges. The portfolio has no exposure to Ukrainian or Russian securities and we are compliant with all applicable sanctions regulations.

The ordinary shares of European Opportunities Trust PLC are traded on the London Stock Exchange with the following investor codes: ticker: EOT.LN, ISIN: GB0000197722 and SEDOL: 0019772. Market and exchange rate movements can cause the value of an investment to fall as well as rise. You may get back less than originally invested.

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