

## BlackRock Greater Europe Investment Trust

Finding new opportunities in the market volatility

BlackRock Greater Europe Investment Trust (BRGE) is co-managed by Stefan Gries (developed markets) and Sam Vecht (emerging markets). Gries explains that one of their jobs as active investors is to identify parts of the market that will be problematic and therefore will not create value on a multi-year basis. This informs their focus on high-quality growth businesses that can be held for the long term and on avoiding 'value traps'. Gries believes that ultimately, the coronavirus-led market sell-off will provide a real opportunity for investors to return to Europe, a market that already had a low allocation from global investors. It will benefit from any improvement in the global economy as c 60% of its revenues are generated outside of the region, 'which makes me quite excited', he adds.

### NAV outperformance versus the European stock market over 12 months to end-April 2020



Source: Refinitiv, Edison Investment Research

### The market opportunity

The COVID-19-induced stock market sell-off has been brutal and swift. However, history shows that share prices have always recovered from periods of significant market weakness. Investors with a longer-term perspective may consider the current sell-off provides a good opportunity to revisit a region that has been out of favour for some time.

### Why consider investing in BRGE?

- Differentiated exposure to both developed and emerging European markets.
- Concentrated portfolio of high-conviction investments.
- Focus on investing in companies rather than trading in shares.
- Well-resourced investment team with disciplined, repeatable process.
- Long-term outperformance versus the continental European market.
- Top-performing fund in the AIC Europe sector over three and five years.

### Discount broadly in line with historical averages

BRGE's current 4.6% discount to cum-income NAV is not dissimilar to the average discounts of 3.9%, 4.4%, 4.3% and 4.1% over the last one, three, five and 10 years respectively. The trust has a progressive dividend policy and the annual distribution has increased every year since the trust was launched in 2004, using reserves to supplement income when required. It currently offers a 1.6% dividend yield.

### Investment trusts European equities

4 May 2020

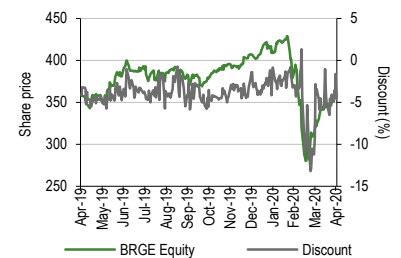
**Price** 356.0p  
**Market cap** £300m  
**AUM** £319m

NAV\* 375.1p  
Discount to NAV 4.2%  
NAV\*\* 373.1p  
Discount to NAV 4.6%

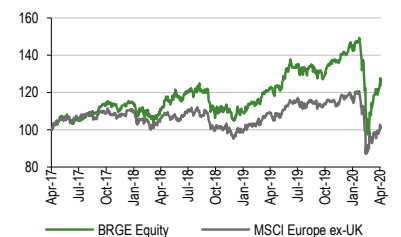
\*Excluding income. \*\*Including income. As at 30 April 2020.

Yield 1.6%  
Ordinary shares in issue 84.3m  
Code BRGE  
Primary exchange LSE  
AIC sector Europe

### Share price/discount performance



### Three-year performance vs index



52-week high/low 429.0p 280.0p  
NAV\*\* high/low 439.3p 307.3p

\*\*Including income.

### Gearing

Net\* 0.0%

\*As at 31 March 2020.

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**BlackRock Greater Europe  
Investment Trust is a research client  
of Edison Investment Research**

## Exhibit 1: Trust at a glance

### Investment objective and fund background

BlackRock Greater Europe Investment Trust's objective is to achieve capital growth, primarily through investment in a focused portfolio of large-, mid- and small-cap European companies, together with some investments in the developing markets of Europe. It aims to achieve a net asset value total return in excess of a broad index of European ex-UK equities (in sterling terms).

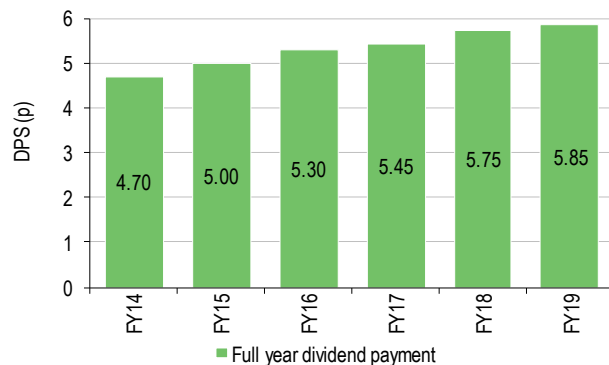
### Recent developments

- 27 April 2020: six-month results ending 28 February 2020. NAV TR -1.0% versus reference index TR -5.1%. Share price TR -0.5%.
- 23 March 2020: board announced its decision not to implement a semi-annual tender in May 2020.
- 22 October 2019: annual results ending 31 August 2019. NAV TR +6.3% versus reference index TR +4.8%. Share price TR +7.9%.
- 16 September 2019: board announced its decision not to implement a semi-annual tender in November 2019.

Forthcoming		Capital structure		Fund details	
AGM	December 2020	Ongoing charges	1.08% (FY19)	Group	BlackRock Investment Mgmt (UK)
Interim results	May 2020	Net gearing	0.0%	Managers	Stefan Gries, Sam Vecht
Year end	31 August	Annual mgmt fee	0.85%	Address	12 Throgmorton Avenue, London, EC2N 2DL
Dividend paid	May, December	Performance fee	None	Phone	+44 (0) 20 7743 3000
Launch date	20 September 2004	Trust life	Indefinite	Website	<a href="http://blackrock.co.uk/brge">blackrock.co.uk/brge</a>
Continuation vote	None	Loan facilities	See page 9		

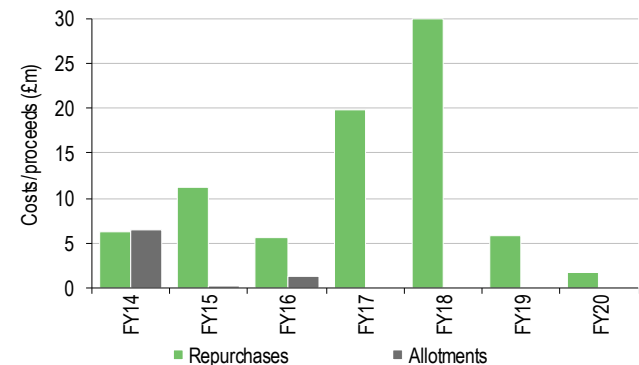
### Dividend policy and history (financial years)

BRGE pays two dividends a year in May and December. Ordinary dividends have increased every year since the trust's launch.

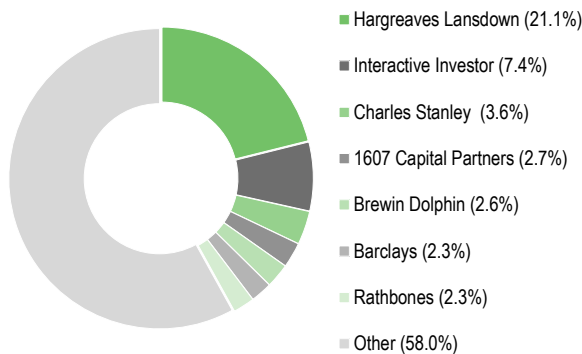


### Share buyback policy and history (financial years)

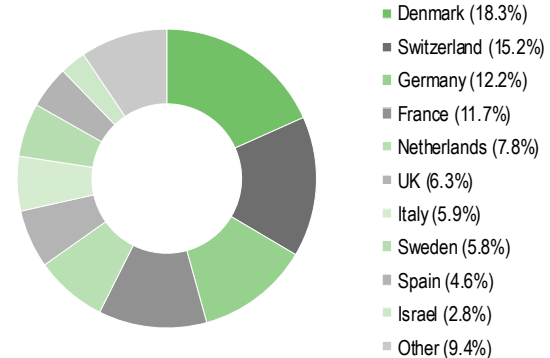
To help manage the discount, the board has the authority (alongside normal buyback powers) to implement a twice-yearly tender for up to 20% of shares outstanding, renewed annually.



### Shareholder base (at 31 December 2019)



### Portfolio exposure by geography (at 31 March 2020)



### Top 10 holdings (as at 31 March 2020)

Company	Country	Sector	Portfolio weight %	
			31 March 2020	31 March 2019*
Novo Nordisk	Denmark	Pharmaceuticals & biotechnology	7.1	6.1
SAP	Germany	Software & computer services	6.7	5.8
Sika	Switzerland	Construction & materials	6.3	5.1
RELX	UK	Media	6.3	3.7
Lonza Group	Switzerland	Pharmaceuticals & biotechnology	5.4	4.3
Kering	France	General retailers	5.3	N/A
ASML	Netherlands	Technology hardware & equipment	5.3	3.6
Royal Unibrew	Denmark	Beverages	5.3	N/A
DSV	Denmark	Industrial transportation	4.1	N/A
Safran	France	Aerospace & defence	3.9	6.3
<b>Top 10 (% of portfolio)</b>			<b>55.7</b>	<b>44.9</b>

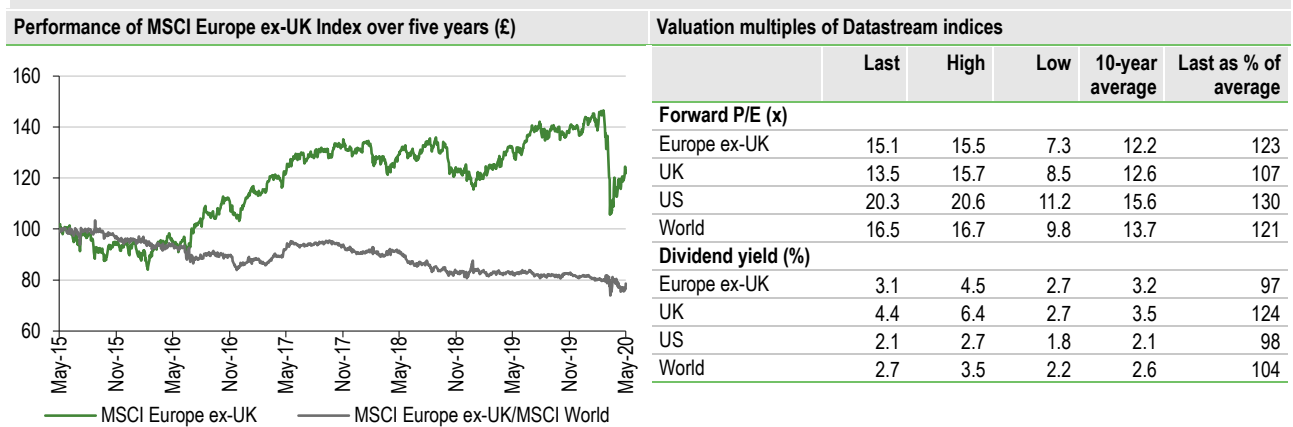
Source: BRGE, Edison Investment Research, Bloomberg, Morningstar. Note: \*N/A where not in end-March 2019 top 10.

## Market outlook: Pullback may provide opportunity

As shown in Exhibit 2 (LHS) European equities have not been immune to the global stock market sell-off in response to the COVID-19 outbreak, giving up the meaningful gains achieved in recent years. While the lockdowns are having a significant impact on global economic activity, governments' policy responses have been swift and aggressive, which should help mitigate some of the negative impacts of the pandemic.

Europe is geared into the global economy, as c 60% of its revenues are generated outside of the region, and has been out of favour with global investors for some time, providing potential for a relative pickup versus other markets when conditions improve. History shows share prices do recover from significant adverse market events, as witnessed in recent decades by the dotcom bust in 2001–02 and the global financial crisis in 2007–09. For fundamental investors, the current market pullback may provide an opportunity to revisit high-quality growth businesses with credible management teams, that can be held for the long term.

**Exhibit 2: Market performance and valuation**



Source: Refinitiv, Edison Investment Research. Note: Valuation data as at 1 May 2020.

## Fund profile: Developed and emerging exposure

Launched in September 2004, BRGE is listed on the Main Market of the London Stock Exchange. It has two co-managers: Stefan Gries (since June 2017, focusing on developed Europe) and Sam Vecht (since launch, focusing on emerging Europe). They aim to generate long-term capital growth from a concentrated portfolio of 30–45 (currently 37) high-conviction holdings, across the market-cap spectrum. The ability to invest in both developed and emerging markets in Europe is an important differentiating feature of BRGE.

There are no constraints on the trust's sector exposure. Up to 25% of the portfolio risk allocation may be held in emerging European markets (currently at the lower end of the 6% to 18% historical range, across six holdings) and up to 5% may be held in unquoted securities (together these two exposures may not exceed 25%). Investment in developing Europe may be direct or via funds (up to a maximum 15% of the portfolio) and direct exposure to Russia is limited to 10%. BRGE may invest in debt securities and derivatives are permitted for efficient portfolio management. Gearing is limited to 15% of NAV at the time of drawdown; at end-March 2020, net gearing was 0.0%.

## The fund managers: Stefan Gries and Sam Vecht

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### The manager's view: 'Glass half full' despite near-term issues

Going into 2020, Gries believed the outlook for the European macro backdrop was looking more constructive. There was an end to destocking in a number of sectors, removal of the Brexit deadlock with the UK and progress in resolving the US-China trade war, which had been an overhang for much of 2019. The manager says there were reasons to be optimistic, a view that was corroborated during company meetings; '2020 was thought to be a recovery year' he adds. However, things have since changed due to the coronavirus pandemic. Gries says the magnitude of the decline in activity, with entire economies in lockdown in multiple countries, is 'something we have not seen in our careers'. There have been, and will continue to be, many corporate earnings downgrades; the question is which companies will be the least or most affected? The manager explains that Europe is geared into the global economy, with c 60% of its revenues generated outside of the region, and has thus been severely affected by the pandemic. He suggests there will be four stages in getting back to normal, although the timing of each is uncertain:

- Lockdown measures announced (the stock market took this very badly).
- Very quick responses from central banks and governments to provide support to fixed income markets and corporates, which was a very different approach compared with during the global financial crisis.
- Navigating a host of very negative macro data, which is likely to persist.
- Signs of recovery.

Gries is taking comfort in the fact that some of the countries that entered lockdowns early are now starting to normalise. One by one there will be announcements that European operations are restarting; as an example, Volkswagen is planning to restart production in its Eastern European operations in early May. However, the manager acknowledges that normalisation will take time, and there will be a period of readjustment to the new reality. The construction sector could be one of the first to get back on track, as workers are able to keep their distance. Gries says that, as investors, the focus for him and his team is to determine what 2021 and 2022 will look like for businesses, as 2020 will be very difficult. 'What will the shape of the recovery be?', he questions. The manager says that while there is the risk of a second wave of infections and restrictions being re-imposed, his base case is economic normalisation in 2021 with higher activity levels. However, he acknowledges that European Q220 GDP will be very bad, with rising unemployment. Gries comments that 'China is coming back' – luxury goods companies such as portfolio holding Kering were negatively affected by the Chinese lockdown, which occurred during an important selling period during the new year celebrations, but the company is now seeing higher footfall and strong online sales in China. The manager says economic improvement in Europe will be staggered; countries that went into lockdown early are starting to normalise and there are exit strategies in Germany, such as schools planning to reopen in May.

Commenting on his investment philosophy, Gries stresses the importance of having a long-term, three- to five-year view. He says the stock market sell-off has provided great opportunities to add to some of BRGE's holdings, as well as initiating positions in companies that have seen significant share price falls. The manager's view is that the 'glass is half full' and the stock market is starting to focus on 2021; he suggests that some companies are getting a free pass on lowered earnings and dividend expectations as a result of the coronavirus pandemic – recently SAP cut its earnings guidance; however, this was followed by a significant rally in its shares. Gries is evaluating company managements on how they are reacting to the current situation in terms of cost cutting and ensuring they have sufficient liquidity, along with whether they are making what appear to be sensible decisions about their medium- and long-term operations.

Commenting on the 2020 stock market sell-off, the manager suggests the speed of the decline was surprising and reflected high levels of uncertainty, as investors did not know how to deal with a health-induced crisis rather than a financial system imbalance. The market volatility was exacerbated by an oil price war between Saudi Arabia and Russia; Gries says the negative effects of COVID-19 on its own were bad enough, but coupled with oil price weakness there was even more pressure on the stock market. In another instance, a weaker oil price would effectively provide a 'tax cut' for the global economy, but it occurred during a period of depressed demand due to the coronavirus outbreak, generating even more deflationary pressure.

## Asset allocation

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### Investment process: Diligent fundamental stock selection

BRGE's holdings are selected on a bottom-up basis. Managers Gries and Vecht are able to draw on the broad resources of BlackRock's investment platforms; the European equity team has 18 portfolio managers and there are seven analysts in the global emerging markets team who focus on emerging Europe. Meeting company managements is an integral part of the process, with the teams conducting more than 1,200 meetings each year.

Gries and Vecht aim to generate long-term capital growth from a relatively concentrated portfolio of 30–45 European equities in both developed and emerging markets, selected from an investible universe of more than 2,000 companies. The majority of the portfolio is invested in larger-cap companies (above €5bn). The first step of the investment process is idea generation, using a formal research pipeline to ensure team resources are deployed efficiently and to prioritise the most interesting investment opportunities. Analysts conduct thorough industry and company analysis, including a firm's market dynamics, revenue drivers, financials, valuations and risks to the investment thesis. A proprietary research template is used to provide a consistent approach and researched companies are assigned a rating between 1 (strong buy) and 5 (sell).

There are four primary investment criteria:

- **quality management** – with a clearly defined strategy and a strong track record of value creation;
- **a unique aspect** – such as a product, brand or contract structure, which shields a business and allows sustainable returns;
- **investment in growth** – options to deploy cash in areas of high and sustainable returns; and
- **a high and predictable return on capital and strong free cash flow conversion.**

The managers look through short-term noise in the stock market, focusing on being 'owners of companies, not traders of shares'. They aim to align themselves with the best management teams, which have the ability to create medium to long-term value for shareholders. Gries comments that while there may be a rally in European banks, given their current depressed valuations – a sector where the trust is under-represented – he will not chase them, instead focusing on those businesses that he is comfortable owning with a three- to five-year view.

The manager reiterates the only reasons to sell a position are due to 'competition for capital' within the portfolio where a better investment opportunity is identified; where the investment case has played out and there is limited upside remaining; or if a company's medium to long-term opportunities are impaired. He typically trims and adds to existing positions, which has proved to be a successful strategy over the long term. The managers and their teams work with BlackRock's independent Risk and Quantitative Analysis group to ensure the trust's portfolio risk is closely monitored and understood.

## Current portfolio positioning

At end-March 2020, BRGE's top 10 holdings made up 55.7% of the portfolio, which was a higher concentration than 44.9% a year earlier. Seven positions were common to both periods. As shown in Exhibit 3, the largest changes in sector exposure over the 12 months to 31 March 2020, were a lower weighting in industrials (-9.9pp) and a higher weighting in consumer services (+5.0pp) and technology (+4.2pp). The trust retains overweight positions in technology, consumer services, industrials and healthcare, with underweight exposures to the other six sectors (the telecom weighting is broadly in line with the reference index).

**Exhibit 3: Portfolio sector exposure vs reference index (% unless stated)**

	Portfolio end-March 2020	Portfolio end-March 2019	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/index weight (x)
Healthcare	21.7	22.0	(0.3)	18.4	3.4	1.2
Technology	20.0	15.8	4.2	8.0	12.0	2.5
Industrials	18.9	28.7	(9.9)	15.1	3.8	1.3
Consumer services	11.6	6.5	5.0	4.2	7.4	2.8
Consumer goods	11.5	10.2	1.3	19.6	(8.1)	0.6
Financials	7.7	10.8	(3.1)	17.3	(9.6)	0.4
Basic materials	3.3	4.0	(0.7)	5.1	(1.8)	0.6
Telecommunications	3.2	2.0	1.2	3.3	(0.1)	1.0
Oil & gas	2.2	0.0	2.2	4.1	(1.9)	0.5
Utilities	0.0	0.0	0.0	5.0	(5.0)	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>		

Source: BlackRock Greater Europe Investment Trust, Edison Investment Research. Note: Rebased for net current assets/liabilities.

The managers have looked very carefully at the entire fund to determine where they believe the earnings risk lies and where share prices have acted contrary to expectations. Car-maker Ferrari has performed relatively better during the market sell-off, hitting relative highs. Gries wants to own this stock on a multi-year basis, but believes a lower weighting is prudent at the moment, so the position was trimmed. He has also reduced the holding in premium cognac manufacturer Rémy Cointreau, whose business has been negatively affected by the slump in travel and retail demand, although its share price has held up relatively well. There is also a new CEO who is reviewing the company's strategy, which introduces a higher element of risk, although the manager is keen to maintain exposure to the company and will look to increase the position size when deemed appropriate given the firm's longer-term prospects and market position.

Gries highlights important changes to BRGE's portfolio in recent months. There is a new position in family-owned, French-listed software company Dassault Systèmes, one of the leading providers of design software for a number of different industries such as aerospace and defence, autos, consumer and healthcare. The company has 80% recurring revenues and earnings, which provides good visibility from an installed base of clients and is benefiting from faster innovation, digitisation and greater use of data, including in the healthcare industry. The manager likes to own businesses with high returns, that generate free cash flow and have long-term growth opportunities; he says that Dassault Systèmes 'ticks all the boxes' and its management team make decisions with a long-term mindset. This new position was funded by the sale of the holding in airport operator Vinci; given the deterioration in air traffic this disposal has proved to be opportune.

BRGE has a new position in Swedish industrial manufacturer Atlas Copco (funded by the sale of another Swedish industrial company, Assa Abloy). Gries says he has followed Atlas Copco for a long time and considers the company to be a best-in-class operator with a management team that deploys capital efficiently; it has a very high return on capital employed and a large percentage of high-margin aftermarket sales. Atlas Copco provides exposure to the compressor market, in which it is a leading player providing mission-critical systems.

The trust now has modest exposure to the oil and gas sector via a new holding in Neste, which is a Finnish oil refining and marketing company. It is an important producer of biodiesel, which helps to

cut CO<sub>2</sub> emissions; the company has a very high (60–70%) share in a nascent market. Neste can use different feedstocks to produce biodiesel and has a best-in-class global supply chain. Before the COVID-19 outbreak, climate change was a very hot topic, so when conditions return to normal there should continue to be a high demand for renewable diesel in an under-supplied market, affording Neste the opportunity to raise prices. Gries believes the company can be a multi-year holding for BRGE; it is signing supply agreements with airlines to provide renewable jet fuel, which should be in high demand once air traffic recovers, while the firm already generates high returns and allocates capital effectively.

Within emerging Europe, the trust has a new position in Sberbank, which has a very high share in the Russian mortgage market; within the country home ownership is low but rising. The bank is well capitalised, generates high returns and offers an attractive dividend yield.

## Performance: Long-term record of outperformance

**Exhibit 4: Five-year discrete performance data**

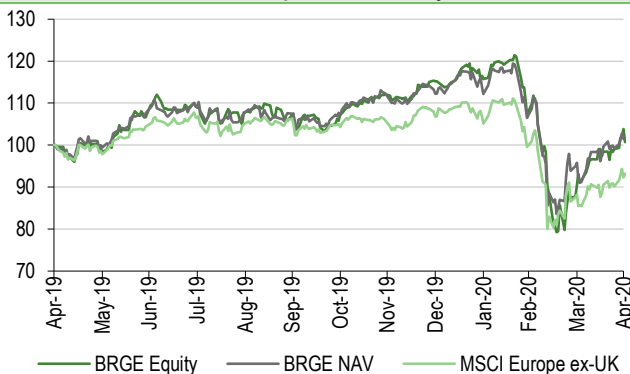
12 months ending	Share price (%)	NAV (%)	MSCI Europe ex-UK (%)	CBOE UK All Companies (%)	MSCI World (%)
30/04/16	(1.6)	0.2	(4.9)	(5.6)	1.1
30/04/17	25.1	25.2	27.6	20.3	30.6
30/04/18	10.8	11.2	6.5	8.1	6.9
30/04/19	11.0	9.3	2.2	2.5	13.1
30/04/20	3.9	1.4	(7.7)	(17.2)	(0.2)

Source: Refinitiv. Note: All % on a total return basis in pounds sterling.

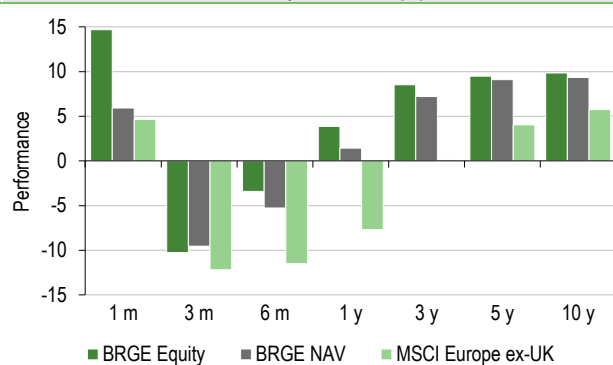
While stock market weakness as a result of the coronavirus pandemic has affected BRGE's long-term absolute returns, over the last decade to the end of April 2020 its NAV and share price generated respectable total returns of 9.1% pa and 9.5% pa respectively, well in excess of the continental European market's 4.0% pa total return (Exhibit 5, RHS).

**Exhibit 5: Investment trust performance to 30 April 2020**

Price, NAV and index total return performance, one-year rebased



Price, NAV and index total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

BRGE's relative returns are shown in Exhibit 6; the trust's NAV and share price have outperformed the broad continental European market over all periods shown. It has also performed considerably better than the UK market over the short, medium and long term.

Gries highlights some of the largest contributors and detractors to BRGE's performance in recent months. Successful positions include Lonza Group, Novo Nordisk, Sika, DiaSorin and RELX. Lonza is a leading contractor providing high-end drugs and has been in the portfolio for a number of years. Its business should be one of those less affected by the coronavirus pandemic as Lonza provides production capacity to large-cap pharma companies under multi-year strategic contracts, which provides earnings resilience with good visibility. Novo Nordisk has a global diabetes franchise and

demand for its products should remain constant. Sika manufactures chemicals for the construction sector. The company has strong environmental, social and governance (ESG) credentials, which is becoming a greater focus for an increasing number of investors. Once governments have assisted companies through the worst of the effects of the virus outbreak, they are likely to turn their attention to infrastructure spending to help grow their economies, which should benefit Sika's operations. DiaSorin provides high-margin diagnostics tests and equipment and is developing a test for COVID-19; its shares have rallied meaningfully during the recent period of stock market weakness. RELX is in the 'defensive bucket' in BRGE's portfolio and the manager says 'it did what it was supposed to do in the major market sell-off' by outperforming the broader market.

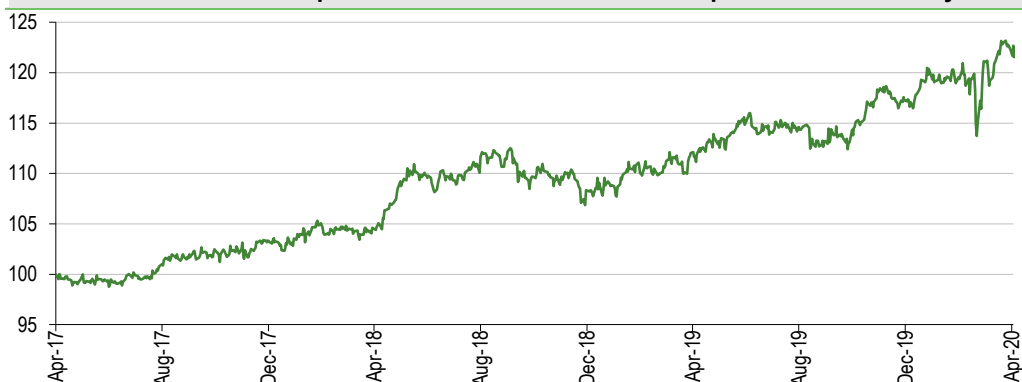
Companies that have detracted from BRGE's relative performance include large index stocks such as Nestlé, Novartis and Roche, which are not represented in the portfolio and have been favoured by investors in the 'flight to quality'. Holdings that have been less successful include Safran and Amadeus IT Group. Aero engine manufacturer Safran's share price has been negatively affected by crushed demand in the travel and leisure sectors, but Gries and his team have maintained close contact with the company and are very confident in the strength of its balance sheet, while the firm is also undertaking cost-reduction initiatives to help mitigate the effects of the downturn in its business. Helped by the 2018 acquisition of Zodiac Aerospace, the manager thinks Safran is well positioned over the medium to long term given the company's very large installed base; although its aftermarket business will be very weak in 2020, Gries says this is reflected in the company's valuation and the focus should be on the 2021/22 outlook. Travel Booker Amadeus IT Group operates in a concentrated market, and its booking volumes have been significantly affected by the coronavirus pandemic. However, the manager says that the company provides a 'must-own service that is embedded in the global distribution chain', so its business is very sticky. Competitor Travelport is struggling, so Gries envisages that there could be further consolidation in the sector, and he believes that demand for air travel will bounce back, as it did following the terrorist attacks in the US in September 2001.

**Exhibit 6: Share price and NAV total return performance, relative to indices (%)**

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI Europe ex-UK	9.6	2.2	9.1	12.5	27.2	29.2	46.6
NAV relative to MSCI Europe ex-UK	1.2	3.0	7.1	9.9	22.7	26.9	40.1
Price relative to CBOE UK All Companies	9.2	10.9	17.4	25.3	39.3	51.1	56.5
NAV relative to CBOE UK All Companies	0.9	11.8	15.2	22.4	34.4	48.4	49.6
Price relative to MSCI World	5.1	(2.7)	1.3	4.1	5.9	(1.3)	(4.8)
NAV relative to MSCI World	(2.9)	(1.9)	(0.7)	1.7	2.1	(3.0)	(9.0)

Source: Refinitiv, Edison Investment Research. Note: Data to end-April 2020. Geometric calculation.

**Exhibit 7: NAV total return performance relative to MSCI Europe ex-UK over three years**



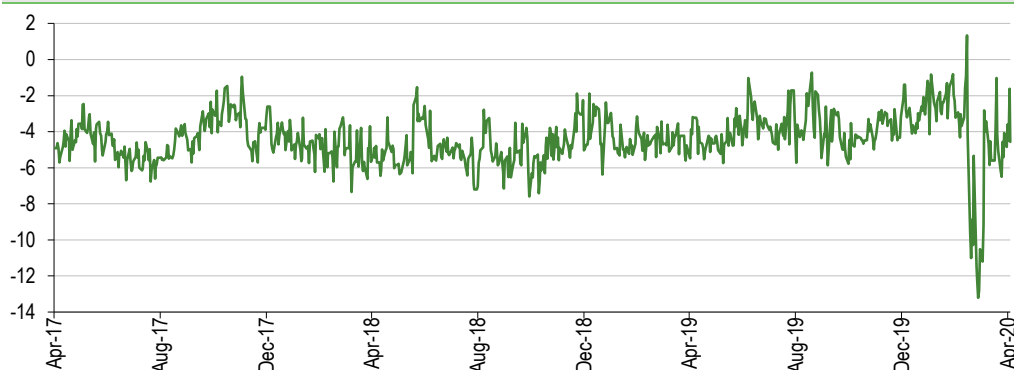
Source: Refinitiv, Edison Investment Research



## Valuation: Recent coronavirus-led volatility

In keeping with many other investment trusts, BRGE's valuation has been volatile in response to the coronavirus pandemic. Its current 4.6% discount to cum-income NAV compares to a range of a 1.3% premium to a decade-wide 13.2% discount over the last 12 months. This is modestly wider than the 3.9% to 4.4% range of average discounts over the last one, three, five and 10 years. BRGE's board actively manages the discount via periodic share repurchases and discretionary semi-annual tender offers for up to 20% of shares outstanding, although the last tender offer was in November 2018.

**Exhibit 8: Share price premium/discount to NAV (including income) over three years (%)**



Source: Refinitiv, Edison Investment Research

## Capital structure and fees

BRGE is a conventional investment trust, with one class of share. There are currently 84.3m ordinary shares in issue, with a further 26.0m held in treasury. At end-FY19, the trust had an available overdraft facility of the lower of £23.5m or 15% of NAV (the maximum permitted at the time of drawdown). The manager actively employs gearing, aiming to enhance the trust's total returns. At end-March 2020, net gearing was 0.0% (versus a historical range of c 15% geared to c 10% net cash).

BlackRock is paid an annual management fee of 0.85% of NAV and no performance fee is payable. Ongoing charges in FY19 were 1.08%, 1bp lower than 1.09% in FY18.

## Dividend policy and record

BRGE has a progressive dividend policy, with the annual distribution increasing each year since the trust was launched in 2004. Since 2014, dividends have been paid twice a year, in May and December, rather than via a single annual payment.

The FY19 total dividend of 5.85p per share was a 1.7% increase versus the prior financial year. BRGE's board is prepared to dip into reserves to fund the dividend when required; the FY19 payment was c 0.8x covered. During this period, the trust's revenue return declined by 18.2% year-on-year to 4.87p per share, due to the portfolio shift in recent years to lower-yielding growth stocks and the absence of one-off French withholding tax reclaims, which boosted receipts in FY18. At the end of FY19, BRGE had revenue reserves of £10.1m (c 2x the last annual dividend).

Based on its current share price, BRGE offers a 1.6% dividend yield.

## Peer group comparison

There are eight funds in the AIC Europe sector (Exhibit 9). BRGE's investment performance has improved since the appointment of Gries in June 2017; he has tightened up the investment process and moved to a more concentrated portfolio. The trust's NAV total returns (net of fees) are above average over all periods shown and it is the top-performing fund over three and five years, and only marginally behind the top performing fund over the last 12 months. BRGE currently has the narrowest discount, the highest ongoing charge, and is the sole ungeared fund in the peer group. In keeping with the trust's focus on capital growth rather than income, it offers one of the lowest dividend yields in the sector.

**Exhibit 9: AIC Europe peer group as at 30 April 2020\***

% unless stated	Market cap (£m)	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
BlackRock Greater Europe	300.2	2.2	24.2	54.4	145.5	(4.2)	1.1	No	100	1.6
Baillie Gifford European Growth	286.1	(0.7)	1.6	16.9	78.5	(12.9)	0.6	No	102	3.9
European Opportunities Trust	786.7	(5.2)	15.3	47.6	234.2	(8.9)	0.9	No	110	0.8
Fidelity European Values	942.3	(1.3)	19.7	45.4	139.8	(8.6)	0.9	No	107	2.8
Henderson European Focus Trust	232.2	(3.4)	2.4	30.7	147.7	(13.7)	0.8	No	102	2.9
Henderson EuroTrust	227.7	2.2	14.8	48.3	167.1	(12.0)	0.8	No	105	2.9
JPMorgan European Growth Pool	173.8	(8.5)	(4.1)	23.8	93.0	(16.0)	1.0	No	114	3.8
JPMorgan European Income Pool	92.5	(19.5)	(12.3)	11.9	93.0	(17.1)	1.1	No	113	6.5
<b>Average</b>	<b>380.2</b>	<b>(4.3)</b>	<b>7.7</b>	<b>34.9</b>	<b>137.3</b>	<b>(11.7)</b>	<b>0.9</b>		<b>107</b>	<b>3.1</b>
<b>BRGE rank in sector (8 trusts)</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>1</b>		<b>8</b>	<b>7</b>

Source: Morningstar, Edison Investment Research. Note: \*Performance to 29 April 2020 based on ex-par NAV. TR: total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

## The board

There are four directors on BRGE's board, all of whom are non-executive and independent of the manager. The chairman is Eric Sanderson, who joined the board in April 2013 and assumed his current role in November 2016. The other three directors and their dates of appointment are Davina Curling (December 2011), Peter Baxter (April 2015) and Paola Subacchi (July 2017).

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