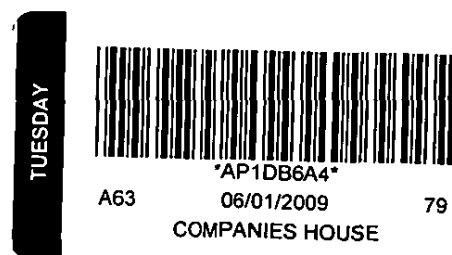


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Gartmore European Investment Trust p.l.c.

Report and Accounts for the year to 30 September 2008



www.gartmoreeuropeaninvtrust.co.uk

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The Company

Investment Objective

Gartmore European Investment Trust p.l.c. (the "Company") seeks capital growth over the longer term from investment in Continental Europe.

Investment Policy

Asset Allocation: The Managers will focus on stock selection, primarily investing in larger companies with strong balance sheets and above average growth prospects. Less emphasis will be given to adding value through country allocation, although the portfolio will maintain a broad geographical diversification. Up to 5% of gross assets may be invested in companies, which, although not listed in Continental Europe, derive the greater part of their earnings from its markets.

Risk Diversification: Portfolio risk is mitigated by investing in a diversified spread of investments, with holdings in any one company representing, on investment, no more than 10% by market value of the total assets of the Company. However, this limitation does not apply to gilts or investment company holdings. The Company will not invest more than 15% of its gross assets in other listed investment companies (including investment trusts). All of the Company's investments are listed on recognised exchanges and are realisable within a short period.

Gearing: The Company has the power to borrow money ("gearing") and does so when the Manager is confident that market conditions and opportunities exist to enhance investment returns. The Manager has discretion to borrow within limits set by the Board from time to time.

For details on the application of the Investment Policy in the year see the Business Review section of the Report of the Directors on page 16.

Benchmark Index

Performance is measured, in capital terms, against the FTSE World Index – Europe (ex UK) in sterling terms. The Company sources index and price data from Thomson Reuters Datastream (Datastream).

Net Assets and Equity Shareholders' Funds

£161,739,000 at 30 September 2008

Market Capitalisation of Ordinary shares

£148,309,000 at 30 September 2008

Capital Structure

The Company is an investment trust whose share capital at 30 September 2008 comprised 32,204,149 Ordinary shares of 50p, of which 29,339,162 were in issue, with full voting rights, and 2,864,987 were held in treasury.

Voting Rights

Holders of the Ordinary shares are entitled on a poll at a general meeting to one vote in respect of each share held. Shares held in treasury do not carry voting rights.

Management Company

The Company's investments are managed by Gartmore Investment Limited under an agreement that provides for six month's notice of termination to be given by either side.

Management Fees

The management fee is calculated monthly in arrear at 0.75% per annum on the value of the Company's Total Assets (before deducting bank loan). The investment management agreement provides for an additional performance-related fee. No performance related fee is payable for the year to 30 September 2008.

Individual Savings Account (ISA) Status

The maximum annual investment in an Individual Savings Account in the 2008/9 tax year is £7,200. This is currently expected to remain the case to 5 April 2010.

The Association of Investment Companies (AIC)

The Company is a member of The Association of Investment Companies.

Registered Office and Number

Gartmore House, 8 Fenchurch Place, London EC3M 4PB
427958 England and Wales

Overview

- Over the year to 30 September 2008, the Net Asset Value per Ordinary share decreased by 17.4% to 551.27p, compared with a decrease of 22.5% in the FTSE World Index – Europe (ex UK) in sterling terms.
- The middle-market price per Ordinary share decreased by 20.1% to 505.50p over the year.
- The average discount of the middle-market price per Ordinary share to Net Asset Value was 3.9% over the year to 30 September 2008.
- Over the year, 3.5 million Ordinary shares were bought-back at a cost to the Company of £21 million, of which 2.1 million were taken into treasury. A total of 4.11 million Ordinary shares were cancelled during the year.
- At 30 September 2008, 29,339,162 Ordinary shares were in issue, with full voting rights, and 2,864,987, representing 8.9% of the Company's share capital, were held in treasury, with no voting rights.
- An interim dividend, in lieu of a final dividend, payable in respect of the year ended 30 September 2008 has been declared at 14.0p per Ordinary share, a 75% increase. This includes a one-off windfall of 1.45p from the repayment of VAT on past Management fees.

The Board of Directors

The Board consists of five non-executive Directors and is accountable to shareholders for the governance of the Company's affairs. All of the Directors are independent of the Company's Manager.

Rodney Dennis *Chairman*

Age: 56

Length of Service: Appointed a director on 11 November 2003 and Chairman on 14 September 2006.

Experience: He runs an investment and pensions consulting business. He was formerly Deputy Chief Executive of the Prince's Trust, prior to which he held a number of senior positions at Prudential Portfolio Managers Limited.

Other connections with Trust or Manager: None

Beneficial Shareholding in Company: Nil

Jean Claude Banon *(French)*

Age: 60

Length of Service: Appointed a director on 18 March 1991

Experience: He is the Executive Representative of Veolia Environment SA with the EU Institutions, based in Brussels. Prior to that, he was, for 16 years, CEO of some of the VE Group operations in the UK.

Other connections with Trust or Manager: None

Beneficial Shareholding in Company: Nil

Alexander Comba

Age: 55

Length of Service: Appointed a director on 11 November 2003

Experience: He is a Chartered Accountant and is currently Group Finance Director of Vinci PLC. Prior to joining Vinci PLC, he gained extensive business experience through a number of appointments within Hanson PLC.

Other connections with Trust or Manager: None

Beneficial Shareholding in Company: 5,000 Ordinary shares

Michael Firth

Age: 66

Length of Service: Appointed a director on 17 November 2006

Experience: He is currently a non-executive director of Network Rail Limited and Communis plc. He was a non-executive director of Somerfield plc and First Technology PLC. Prior to that, he was head of Corporate and Institutional Banking at HSBC Bank plc.

Other connections with Trust or Manager: None

Beneficial Shareholding in Company: Nil

Dr Manfred Piehl *(German)*

Age: 70

Length of Service: Appointed a director on 9 April 1992

Experience: He was formerly head of the investment division of Provinzial Rheinland Versicherung AG and Provinzial Rheinland Lebensversicherung AG, general and life insurers in Dusseldorf, and is now retired.

Other connections with Trust or Manager: None

Beneficial Shareholding in Company: 2,500 Ordinary shares

Dr Piehl will retire at the conclusion of the Company's forthcoming Annual General Meeting on 30 January 2009

All of the Directors are members of the Audit Committee. (See "Committees of the Board" on page 29).

The Manager

Gartmore Investment Limited, a subsidiary of Gartmore Investment Management Limited, acts as the Investment Manager and Company Secretary to the Company.

Gartmore is an independent fund manager that has been managing clients' investments for over 30 years. It offers a wide range of investment products and services, tailored to meet the varying needs of its clients.

Gartmore's investment specialists are concentrated in small, dedicated teams. Within these specialised units investment professionals have wide discretion, within an overarching risk framework, to follow their own views, implement decisions that best suit their particular areas of expertise and to add value through their own flair and individual skill.

Gartmore Investment Management Limited is owned by Gartmore's senior fund managers and executives, together with Hellman & Friedman LLC, one of the world's leading private equity firms.

The day-to-day management of the Company's portfolio continues to be carried out by an award-winning team led by Roger Guy.

Roger Guy heads Gartmore's European team, one of the leading teams of European focused investment managers in the industry. He joined Gartmore in 1993 and has more than 16 years' investment experience in this sector. As well as managing the Company's portfolio, Roger also runs the Gartmore European Selected Opportunities Fund and its SICAV clone and the Alphagen Capella and Alphagen Tucana hedge funds.

At their regular meetings, the Directors and the Manager review the Company's activities and performance, and determine investment strategy.

Gartmore Investment Limited is authorised and regulated by the Financial Services Authority.

Chairman's Statement

In the half-year report I remarked that the first six months of the financial year had been a difficult period for stock markets. The second six months have proven to be even more challenging. From 31 March to 30 September the Company's benchmark, the FTSE World Index- Europe (ex UK) in sterling terms, fell 18.3% making a cumulative fall of 22.5 % for the financial year. We are grateful that our Manager was able to mitigate some of the effect of these falls. However, the net asset value per Ordinary share decreased over the year from 667.79 pence to 551.27 pence, a 17.4% fall, and the middle-market price of the Company's shares fell by 20.1%.

The net revenue, after taxation, for the year to 30 September 2008 was £4.7 million, compared with £3.4 million for the previous year. In comparing these figures it should be borne in mind that last year's revenue result was impacted by the costs of an additional general meeting and subsequent tender offer (These costs were recovered by the tender offer but accounting treatment required the recovery to be credited to the capital account). Although the yield on the portfolio increased quite substantially over the previous year, which can be clearly seen by dividing the total investment income by the weighted average shares in issue in each year, the absolute figures show a reduction due to the reduced size of the Company. On the other hand the revenue result benefitted from an accrual for the recovery of past VAT charged on management and performance fees.

HM Revenue & Customs accepted in November 2007 that VAT should not be charged on investment trust management fees. Our Manager reports that the process of recovering VAT previously charged on management fees is well advanced and thus a prospective recovery of £2.3 million has been accrued in the accounts, split between revenue and capital in the proportions originally charged.

The Directors have declared an interim dividend, in lieu of a final, of 14 pence per Ordinary share. The dividend will be paid on 30 January 2009 to shareholders on the register on 9 January 2009 and the shares will be marked ex-dividend on 7 January 2009. This is a substantial increase over last year, in part due to the VAT accrual which is non-recurring, and shareholders are therefore reminded that generation of income is not an objective of the Company so this level of dividend may not be maintained in the future.

As set out in the tender offer circular last year the Board intends to repurchase shares on an ongoing basis with the aim of establishing a long-term level of discount to net asset value per share of no wider than 3.5%. Shares bought back may be held in treasury or cancelled. Current market conditions have put considerable pressure on this policy but the discount was kept to an average of just 3.9% over the financial year. In the process 3.5 million shares were bought back (10.6% of the shares in issue at the start of the financial year). As a result of these buybacks and related cancellations 2.9 million shares were held in treasury at the year-end, being 8.9% of called-up share capital.

The Annual General Meeting will be held at 12.30 p.m. on 30 January 2009 at Gartmore House, 8 Fenchurch Place, London EC3M 4PB. We hope that shareholders will attend the meeting and take the opportunity to meet the Directors and Gartmore's representatives.

The Directors will again seek to renew the authorities previously granted to allot and to buy-back the Company's shares. The passing of these resolutions will continue to give the Board the flexibility to add shareholder value by buying-back shares, or issuing shares from treasury, should the opportunity arise. I hope you will give all of the resolutions in the Notice of Meeting on pages 53 and 54 your support. Shareholders unable to attend the meeting are encouraged to use their proxy votes.

At the conclusion of the Annual General Meeting Doctor Manfred Piehl, who has served as a Director for nearly 17 years, will retire from the Board. The Company has made considerable progress in that time, having made two acquisitions in the nineties and enjoyed enviable

Chairman's Statement

performance over much of the period. I would like to take this opportunity to thank Doctor Piehl for his contribution to the success of the Company since he joined the Board.

Since the year-end the Company's benchmark index has fallen further. The Company's net asset value per share has also fallen, but to a lesser degree. The Company held 11.7% of net assets in cash at the year-end and continues to hold a similar level as I write. This, together with the flexible loan facility we have in place from The Bank of New York Mellon, mean that the Company is well placed to take advantage of buying opportunities when we and our Manager consider that the bottom of the current cycle has been reached. On the whole we remain cautious in our outlook, but note that sector rotation favours stock pickers such as our Manager.

Rodney Dennis

Chairman

12 December 2008

Manager's Review

Economic Background

Over the year, fears over the state of the US economy caused global indices to tumble as investors worried about the deteriorating US sub prime housing market and its impact on banks' holdings of securities linked to the sector. However, some better-than-expected results in mid-July and a sharp decline in the price of crude oil provided some relief. Problems afflicting the two largest mortgage finance companies in the US, Freddie Mac and Fannie Mae, caused global reverberations. The swift action of the US Treasury and Federal Reserve demonstrated the responsiveness of the authorities to stresses in the financial system giving some respite to investors. By the end of the period under review, global markets were hit by news that Lehman Brothers had filed for bankruptcy sending shockwaves through the financial markets. The credit downgrade of American International Group, emergency sale of Merrill Lynch to Bank of America and JPMorgan's acquisition of Washington Mutual added further intensity to a very volatile year.

In Europe, there were striking signs of weakness in the German economy, the region's largest. German business surveys continued to worsen, while retail sales and industrial activity dropped. Consumers faced a decline in purchasing power, corporates cut back, and exports weakened, suggestive of a slowdown in global trade. With the three biggest eurozone economies contracting between April and June, fears grew that the eurozone was sliding towards recession. Housing markets (notably, Spain and Ireland) showed increasing fragility, which is likely to have a negative impact on the broader economy.

Investment Strategy

Over the year, we maintained our defensive stance. We believe that the current vigorous sector rotation provides opportunities to add to favoured long term positions where the key lies in picking stocks with attractive fundamentals. Defensive companies offering long-term growth potential that are cash rich are stocks we pay attention to. Other factors used to identify candidates for the portfolio include the experience of the management team, how valuations compare to their peers and other areas of the market and what short-term obstacles they may face.

Continued market volatility during July led us to exit a number of our positions in cyclical stocks. We cut car manufacturer Fiat from the portfolio following a marked drop in car sales in the US. Other disposals included tyre manufacturer Continental and Cie. de Saint-Gobain, Europe's biggest supplier of building material, who we felt were both at risk of suffering from a fall in demand. MAN, Adecco, Hochtief and Holcim fell into the same cyclical camp and were all cut from the portfolio. Holcim in particular has a large exposure to emerging market economies such as Mexico and Africa where volumes have fallen significantly. Industrial companies such as ABB, Alstom, Sika and Bouygues were all cut from the portfolio. We believe that the cycle of upgrades in these industrials is now behind us and order cancellations will lead to downgrades.

Oil and utilities continued to be an important theme in the portfolio. With the share price of oil majors at year lows, we took the opportunity to add to the sector which we felt had been oversold. Exposure to Iberdrola, Repsol, Royal Dutch Shell, Enagas and Galp Energia were all increased, although subsequently we have taken some profits.

We also added pharmaceutical stocks to the portfolio on the premise that the healthcare sector is less exposed to the current headwinds than other sectors. We would also expect the sector to be less directly exposed to higher commodity prices, the increased cost of credit, and an economic slowdown. Compelling valuations and a flight to quality encouraged us to increase our stance in Sanofi, Roche and Novartis.

Manager's Review

Relative to our benchmark Index we remain underweight in the financials sector, but we reduced our underweight position in September.

Although counterintuitive given the state of the Spanish economy, we favour a number of Spanish companies, namely BBVA, Telefonica, Santander, Repsol and Iberdrola. We believe these companies to be the best in their field and our conviction in the quality of these names validates our overweight position in Spain. We believe these companies to possess resilient earnings growth and are avoiding the smaller domestic plays where we believe the earnings are not as safe as our chosen investments.

Outlook

Financial market developments continue to dominate the headlines and shape our near term outlook. The combination of a stronger euro exchange rate, higher energy and food prices, credit and money market turmoil and slowing US growth weighed heavily on the euro-area economy in the third quarter of 2008. The degree of uncertainty and magnitude of the financial market crisis remains extreme and is now impacting the real economy. We will continue to underweight cyclical stocks and to stay generally defensive. We remain cautious in our outlook for the year ahead and expect any recovery to be conditional upon the stabilisation of the housing and financial markets.

GARTMORE INVESTMENT LIMITED

Manager

12 December 2008

Financial Statistics

	At 30 September 2008	At 30 September 2007	Change %
Shareholders' Funds			
Net Assets (£'000)	161,739	219,515	-26.3
Net Asset Value per Ordinary Share (NAV)	551.27p	667.79p	-17.4

Share Price

Market Capitalisation	148,309	207,913	-28.7
Mid-market Price per Ordinary Share	505.50p	632.50p	-20.1
Average Discount to NAV over the year	3.9%	3.5%	

Benchmark Index

FTSE World Index – Europe (ex UK) in Sterling Terms	333.59	430.52	-22.5
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Gearing

Actual Gearing	100	101
Maximum Gearing (as authorised by the Board)	115	115

Revenue

	Year to 30 September 2008	Year to 30 September 2007
Net Revenue after taxation (£'000s)	4,743	3,368
Revenue Return per Ordinary Share	15.12p	7.12p
Dividend per Ordinary Share	14.00p	8.00p
Total Expense Ratio (including performance-related fees)	1.0%	1.7%
Total Expense Ratio (excluding performance-related fees)	1.0%	1.3%

Total Return per Ordinary Share

Revenue	15.12p	7.12p
Capital	(123.85p)	117.41p
Total Return	(108.73p)	124.53p

Based on the weighted average of 31,374,975 (2007: 47,300,957) Ordinary shares in issue during the year

Highs and Lows

	High	Low
Year to 30 September 2008		
Net Asset Value per Ordinary Share	690.3p	528.0p
Mid-market Price per Ordinary Share	666.0p	505.5p

Principal Listed Investments

Company	Sector Classification	Geographical Area	Valuation at 30.9.2008 £'000	Percentage of Listed Investments 2008
Nestlé	Food Producers	Switzerland	6,962	5.0
Roche	Pharmaceuticals & Biotech.	Switzerland	5,615	4.0
Total	Oil & Gas Producers	France	5,504	3.9
E.ON	Gas & Multiutilities	Germany	4,923	3.5
Novartis	Pharmaceuticals & Biotech.	Switzerland	4,676	3.3
Telefonica	Fixed Line Telecommunications	Spain	4,176	3.0
Arcelor Mittal	Industrial Metals	Luxembourg	3,360	2.4
ENI	Oil & Gas Producers	Italy	3,287	2.3
BNP Paribas	Banks	France	3,245	2.3
KPN KON	Fixed Line Telecommunications	Netherlands	3,080	2.2
Ten Largest Investments			44,828	31.9
Unilever	Food Producers	Netherlands	2,996	2.1
Repsol YPF	Oil & Gas Producers	Spain	2,977	2.1
Gaz de France	Gas Water & Multiutilities	France	2,854	2.0
Royal Dutch Shell	Oil & Gas Producers	United Kingdom	2,813	2.0
Credit Suisse	Banks	Switzerland	2,674	1.9
Deutsche Telekom	Mobile Telecommunications	Germany	2,601	1.9
Iberdrola	Electricity	Spain	2,567	1.8
Bayer	Chemicals	Germany	2,462	1.8
Siemens	Electronic & Electrical Equip.	Germany	2,415	1.7
France Telecom	Fixed Line Telecommunications	France	2,394	1.7
Twenty Largest Investments			71,581	50.9
Heineken	Beverages	Netherlands	2,311	1.6
Sanofi-Aventis	Pharmaceuticals & Biotech.	France	2,263	1.6
BSCH	Banks	Spain	2,215	1.6
Deutsche Bank	Banks	Germany	2,042	1.5
Allianz	Non-Life Insurance	Germany	2,038	1.5
Societe Generale	Banks	France	1,980	1.4
Thyssen Krupp	General Industrials	Germany	1,823	1.3
Galp Energia	Oil & Gas Producers	Portugal	1,810	1.3
Enagas	Gas Water & Multiutilities	Spain	1,786	1.3
Givaudan	Chemicals	Switzerland	1,770	1.3
Thirty Largest Investments			91,619	65.3
Yara International	Chemicals	Norway	1,716	1.2
Daimler	Automobiles & Parts	Germany	1,696	1.2
BBV Argentaria	Banks	Spain	1,672	1.2
Nokia	Technology Hardware & Equip.	Finland	1,590	1.1
Reed Elsevier	Media	Netherlands	1,521	1.1
Christian Dior	Personal Goods	France	1,484	1.1
Intesa BCI	Banks	Italy	1,422	1.0
RWE	Gas Water & Multiutilities	Germany	1,417	1.0
L'Oreal	Personal Goods	France	1,358	1.0
Richemont	Personal Goods	Switzerland	1,313	0.9
Forty Largest Investments			106,808	76.1
Other 41 Investments (2007:57)			33,485	23.9
Total Listed Equity Investments			140,293	100.0

All securities are equity investments

Analysis of Net Assets

	Valuation at 30 September 2007 £'000	%	Net Transactions £'000	Appreciation/ (Depreciation) £'000	Valuation at 30 September 2008 £'000	%
Investment in Equities						
Austria	3,020	1.4	(492)	(1,277)	1,251	0.8
Belgium	2,069	0.9	893	(1,424)	1,558	1.0
France	42,714	19.5	(6,113)	(7,019)	29,582	18.3
Germany	47,634	21.7	(10,656)	(7,776)	29,202	18.1
Greece	4,179	1.9	(2,248)	(1,572)	359	0.2
Ireland	3,557	1.6	(3,416)	(141)	-	-
Italy	13,283	6.1	(3,753)	(3,683)	5,847	3.6
Luxembourg	6,169	2.8	(1,152)	(1,549)	3,468	2.1
Netherlands	16,109	7.3	105	(3,493)	12,721	7.9
Poland	-	-	(23)	23	-	-
Portugal	-	-	2,296	(486)	1,810	1.1
Russia	666	0.3	(298)	(368)	-	-
Scandinavia	17,498	8.0	(5,081)	(5,074)	7,343	4.5
Spain	27,207	12.4	(5,258)	(4,076)	17,873	11.1
Switzerland	39,855	18.1	(8,847)	(1,729)	29,279	18.1
Total Equities	223,980	102.0	(44,043)	(39,644)	140,293	86.8
Investment in Subsidiaries	327	0.1	(297)	-	30	-
Total Investments	224,307	102.1	(44,340)	(39,644)	140,323	86.8
Other Net Current Assets/(Liabilities)	(4,792)	(2.1)	26,208	-	21,416	13.2
Net Assets	219,515	100.0	(18,132)	(39,644)	161,739	100.0

Market and Currency Exposure

Sector	Euros £'000	Swiss Francs £'000	Swedish Krona £'000	Norwegian Kroner £'000	Danish Kroner £'000	US Dollars £'000	Net Assets at 30.09.2008 £'000	%
Oil & Gas	17,743	-	-	-	-	-	17,743	11.0
Basic Materials	7,780	3,016	-	1,716	-	-	12,512	7.7
Industrials	7,023	707	983	-	-	-	8,713	5.4
Consumer Goods	12,026	8,275	-	-	683	-	20,984	13.0
Healthcare	3,085	12,443	-	-	-	-	15,528	9.6
Consumer Services	4,244	-	1,086	-	-	-	5,330	3.3
Telecommunications	12,250	-	-	697	-	-	12,947	8.0
Utilities	17,763	-	-	-	-	-	17,763	11.0
Financials	20,445	4,837	-	-	-	-	25,282	15.6
Technology	2,901	-	590	-	-	-	3,491	2.2
Total Equities	105,260	29,278	2,659	2,413	683	-	140,293	86.8
Other Net Assets/(Liabilities)	21,850*	(162)	(133)	(98)	(32)	21	21,446	13.2
Net Assets	127,110	29,116	2,526	2,315	651	21	161,739	100.0

*Includes other net assets in sterling of £2,299,000.

Portfolio Weightings

Country Assets	Oil & Gas %	Basic Materials %	Industrials %	Consumer Goods %	Healthcare %	Consumer Services %	Telecoms %	Utilities %	Financials %	Technology %	Investments %	2008 Total %	2008 Index %
Austria	0.4	0.5	-	-	-	-	-	-	-	-	-	0.9	0.9
Belgium	-	-	-	0.4	-	-	-	-	0.7	-	-	1.1	1.8
France	4.4	-	0.4	2.7	1.6	1.9	1.7	3.4	4.9	-	-	21.0	23.8
Germany	-	2.7	4.2	1.8	0.6	-	1.9	4.5	4.4	0.9	-	21.0	18.3
Greece	-	-	-	-	-	-	-	0.3	-	-	-	0.3	1.4
Hungary	-	-	-	-	-	-	-	-	-	-	-	-	0.4
Ireland	-	-	-	-	-	-	-	-	-	-	-	-	0.8
Italy	2.3	-	-	-	-	-	-	-	1.8	-	-	4.1	8.0
Luxembourg	-	-	2.4	-	-	-	-	-	0.1	-	-	2.5	0.2
Netherlands	2.0	-	-	3.6	-	1.1	2.2	-	-	-	-	8.9	6.3
Poland	-	-	-	-	-	-	-	-	-	-	-	-	0.8
Portugal	1.3	-	-	-	-	-	-	-	-	-	-	1.3	0.8
Scandinavia	-	1.2	0.7	0.5	-	0.8	0.5	-	-	1.5	-	5.2	11.0
Spain	2.1	-	0.4	-	-	-	3.0	4.5	2.8	-	-	12.8	9.9
Switzerland	-	9.0	1.2	5.2	1.5	-	-	-	4.0	-	-	20.9	15.6
Total	12.5	13.4	9.3	14.2	3.7	3.8	9.3	12.7	18.7	2.4	-	100.0	
Index*	7.8	6.8	11.5	14.5	8.3	4.8	6.9	8.6	27.0	3.8	-		100.0

* FTSE World Index – Europe (ex UK) in sterling terms

Ten Year Historical Record

Net Asset Value Year ended 30 September	Net Assets (£'000)	per share (basic) p	per share (diluted) p	Mid-Market Price per share p	Dividend per share p	Revenue Return per share p	Total Return per share* p
1999	186,496	358.35	340.63	341.00	2.00	3.11	67.84
2000 (a)	280,066	510.43	476.76	511.00	2.00	2.70	154.00
2001 (b)	195,007	347.53	333.39	300.00	3.00	4.01	(159.14)
2002 (c)	147,930	263.54	258.73	227.50	3.00	3.11	(80.96)
2003 (d)	180,482	321.45	310.25	259.75	3.00	3.45	60.93
2004 (e)	210,877	352.03	352.03	312.00	4.35	4.79	45.45
2005 (f)	279,605	470.40	470.40	421.00	6.00	7.46	118.23
2006 (g)	322,093	555.42	555.42	538.00	8.00	8.78	96.35
2007 (h)	219,515	667.79	667.79	632.50	8.00	7.12	124.53
2008 (i)	161,739	551.27	551.27	505.50	14.00	15.12	(108.73)

*Equivalent to Earnings per share, based on the weighted average number of Ordinary shares in issue in the year.

- (a) Ordinary shares in issue increased by 2,825,228 (450,228 on the exercise of warrants and a further 2,375,000 shares issued under the powers taken at the AGM on 20 December 1999).
- (b) Ordinary shares in issue increased by 1,243,356 (193,356 on the exercise of warrants and a further 1,050,000 shares issued under the powers taken at the AGM on 3 November 2000).
- (c) Ordinary shares in issue increased by 19,743 on the exercise of warrants.
- (d) Ordinary shares in issue increased by 14,243 on the exercise of warrants.
- (e) Ordinary shares in issue increased by 3,757,297 (6,967,242 shares were issued on the exercise of warrants and 3,209,945 were repurchased for cancellation under the powers taken at the AGM on 26 January 2004).
- (f) Valuation restated to a bid basis.
- (g) Ordinary shares in issue decreased by 1,450,000 (shares were repurchased to be held in treasury under the powers taken at the AGM on 23 January 2006).
- (h) Ordinary shares in issue decreased by 25,118,727 (1,996,987 shares were repurchased to be held in treasury and 916,649 shares were repurchased for cancellation under the powers taken at the AGM on 28 February 2007. 22,205,091 shares were repurchased for cancellation under the Tender Offer approved by shareholders on 27 April 2007).
- (i) The dividend of 14p per Ordinary share contained a one-off repayment of 1.45p per Ordinary share from Her Majesty's Revenue & Customs regarding recovery of VAT on past management fees. Ordinary shares in issue decreased by 3,532,500 (2,118,000 were repurchased for treasury and a further 1,414,500 for cancellation under the powers taken at the AGM on 1 February 2008).

Capital Performance
10 years to 30 September 2008

Annual Net Asset Value Performance
Relative to the FTSE World Index – Europe (ex UK) £
10 years to 30 September 2008

Financial and Dividend Calendar

Key dates for 2008/2009 are set out below:

12 December 2008	Interim dividend announced
12 December 2008	Annual results announced
19 December 2008	Annual Report posted to Shareholders
7 January 2009	XD date for interim dividend
9 January 2009	Record date for interim dividend
30 January 2009	Interim dividend of 14.0p per share paid
30 January 2009	Annual General Meeting
by 18 February 2009	1st Interim Management Statement published
31 March 2009	Company's half-year
April 2009	Half-year results announced
May 2009	Half-year Report posted to Shareholders
by 19 August 2009	2nd Interim Management Statement published
30 September 2009	Company's year-end

The Directors have declared an interim dividend, in lieu of a final dividend, in respect of the year ended 30 September 2008 of 14.00 pence per Ordinary share.

The bi-annual Interim Management Statements will be published via a regulatory information service and will be available on the Company's and Gartmore websites. The Statements will not be mailed to shareholders, although a copy will be available on request from the Company Secretary.

Report of the Directors

The Directors present their report and the accounts for the year ended 30 September 2008.

Business Review

The Business Review has been prepared in accordance with the Companies Act 1985 and should be read in conjunction with the Chairman's Statement on pages 6 and 7, the Manager's Review on pages 8 and 9 and the analyses on pages 10 to 13.

Nature and Status of the Company

The Company is an investment trust company and is a member of The Association of Investment Companies. It is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. The Company's shares are listed on the London Stock Exchange.

The Company was last approved by HM Revenue & Customs as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 in respect of the year ended 30 September 2007. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. The Company has been approved as an investment trust for all previous years. Since 30 September 2007, the Company has directed its affairs so as to be able to continue to qualify for approval by HM Revenue & Customs as an investment trust for tax purposes.

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Investment Objective

Gartmore European Investment Trust p.l.c. (the "Company") seeks capital growth over the longer term from investment in Continental Europe.

Investment Policy

Asset Allocation:

The Managers will focus on stock selection, primarily investing in larger companies with strong balance sheets and above average growth prospects. Less emphasis will be given to adding value through country allocation, although the portfolio will maintain a broad geographical diversification. Up to 5% of gross assets may be invested in companies, which, although not listed in Continental Europe, derive the greater part of their earnings from its markets.

Risk Diversification:

Portfolio risk is mitigated by investing in a diversified spread of investments, with holdings in any one company representing, on investment, no more than 10% by market value of the total assets of the Company. However, this limitation does not apply to gilts or investment company holdings. The Company will not invest more than 15% of its gross assets in other listed investment companies (including investment trusts). All of the Company's investments are listed on recognised exchanges and are realisable within a short period.

Gearing:

The Company has the power to borrow money ("gearing") and does so when the Manager is confident that market conditions and opportunities exist to enhance investment returns. The Manager has discretion to borrow within limits set by the Board from time to time.

Performance

Please refer to the Manager's review on pages 8 and 9 for an overview of the Company's investment activities in the year and to the analyses on pages 10 to 13. These together with the Business Review illustrate how the Company's assets have been invested with a view to spreading investment risk in accordance with the Company's published investment policy.

As the Company's primary investment objective is capital growth over the longer term from investment in Continental Europe, the Directors consider that the Company's key performance indicator is the movement of the Net Asset Value per Ordinary share (NAV) compared with the movement of the FTSE World Index – Europe (ex UK) in sterling terms (the 'Index'). This is reflected by the terms of the investment management agreement, which provides a performance-related fee to the Manager in years when the NAV increases based on the degree to which Net Asset Value performance exceeds that of the Index. The capital return of the index is used for calculating the performance fee and is considered to be the appropriate comparative because the Company does not particularly look to generate revenue returns.

Report of the Directors

Other performance indicators include the movement in the Ordinary share price, together with its discount to the NAV, and the total expense ratio (TER), which represents the cost of running the Company. Performance over the year is shown in the Financial Statistics on page 10.

Share Price

The NAV fell by 17.4% in the year under review (2007: +20.2%), compared with a decrease in the Index of 22.5% (2007: +16.9%). This outperformance relative to the Index reflects the effective stock selection by the investment manager and the management of gearing and cash levels over the year. Over the same period, the middle-market price of the Company's Ordinary shares decreased by 20.1% (2007: +17.6%) and the average discount over the year was 3.9% (2007: 3.5%). Further information on the factors contributing to the Company's performance over the year, together with information on investment activity within its portfolio, is provided in the Manager's Review on pages 8 and 9.

The Board regularly reviews the costs of running the Company. For the year to 30 September 2008, the Company's TER, which is an expression of the Company's ongoing management and administration expenses as a percentage of average shareholders' funds, was 1.0%, compared with 1.7% for the previous year.

Total Expense Ratio

Gearing

The Manager has been authorised by the Board to borrow money, up to a maximum of 15% of the Company's Net Assets, to make additional investments on top of shareholders' funds and flexible borrowing facilities are available for that purpose. Should the Manager wish to exceed the 15% limit, he must first consult the Chairman.

The borrowing facility with The Bank of New York Mellon was used to modest levels from time to time during the year, but at the year-end there were no borrowings and 11.7% of net assets were in cash (2007: gearing was 0.6%). Borrowing levels are limited by covenants and all borrowings must be covered 2.5 times by Net Assets, with maximum borrowings not to exceed £100 million.

Report of the Directors

Under an agreement with The Bank of New York Mellon, the Company has an uncommitted multi-currency loan facility in the sum of £40 million. The Company also has an overdraft facility of £5 million with The Royal Bank of Scotland plc.

Financial Position and Total Return

Net Assets at 30 September 2008 amounted to £161,739,000, compared with £219,515,000 at 30 September 2007.

The total loss to equity shareholders for the year was £34,115,000 compared with a total return of £58,903,000 for the previous year. Net revenue profit for the year, after expenses and taxation, was £4,743,000, compared with a revenue profit of £3,368,000 for the previous year.

The Directors have declared an interim dividend, in lieu of a final dividend, of 14.00 pence per share for the year (2007: 8.00p), payable on 30 January 2009, which will be paid out of the revenue earned in the year to 30 September 2008. Based on the shares in issue at 30 September 2008, this will cost £4,107,000 (2007: £2,630,000). 1.45 pence of the dividend relates to the repayment of VAT on past management fees, which is a one-off windfall.

Dividends paid in last 5 years

Socially Responsible Investment

The Company has delegated responsibility for making and holding investments to the Manager, Gartmore Investment Limited, on the basis that, subject to an overriding requirement to pursue the best economic interests of the Company and its shareholders, the Manager should take account of social, environmental and ethical factors.

Future Trends

The Company's benchmark index has continued to fall since the year-end and markets remain extremely uncertain. The portfolio has a defensive bias and the Company continues to hold over 10% of net assets in cash. This, together with the Company's loan facility, provide the Company with a measure of flexibility. We expect the unsettled conditions to continue for some time and consequently have a cautious outlook for the next year.

Principal Risks and Uncertainties

The Board policy on risk management has not changed from last year. As expanded on pages 29 to 31 the Directors have put in place processes to identify and manage significant risks to the Company, including internal controls to minimise operational risks.

The main areas of financial risk, in the opinion of the Board, are summarised below and are further discussed in Note 24 to the Accounts.

Market Risk

Since the Company is an investment company its performance is dependent on the performance of the companies and stock markets in which it invests and will also be affected by the strength of currencies in the regions in which it invests, relative to Sterling. Investment risk is spread by investing in larger companies with strong balance sheets and above average growth prospects. A significant proportion of the holdings in the Company's portfolio may not be represented in the benchmark index.

Gearing

The Manager has the ability to gear up to 15% of the Company's net assets. In the event of a significant or prolonged fall in equity markets gearing would exacerbate the effect of the falling market on the Company's net asset value and, consequently, its share price.

Other Financial Risks

The Company minimises its risk associated with a counter party failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by the Manager.

Net Currency Exposure at 30 September 2008

The Company holds its liquid funds, which are mostly denominated in Euro, almost entirely in UK interest bearing bank accounts or on short term deposit. This, together with the portfolio mainly comprising investments in large and medium sized companies listed on major equity markets, mitigates the Company's exposure to liquidity risk.

Internal Controls

The Board in conjunction with the Audit Committee regularly reviews the system of internal controls. These include controls to ensure that the Company's assets are safeguarded. A summary of the Company's approach to internal controls and risk can be found in the Corporate Governance section of this Report, on pages 29 to 31.

Discount Management

As mentioned above, the Directors also monitor the performance of the Company's Ordinary shares and, in particular, the level of discount at which the Ordinary shares trade relative to their Net Asset Value. In February 2008, the Company renewed its share buy-back authority

Report of the Directors

and intends to purchase shares on an ongoing basis, with the aim of establishing a long-term level of discount to Net Asset Value of no wider than 3.5%. The average discount over the year to 30 September 2008 was 3.9% (2007: 3.5%).

Details of the shares bought-back in the year can be found under "Issued Share Capital" below.

At 30 September 2008, the Company had authority to repurchase a further 2,183,159 Ordinary shares, such authority to expire at the conclusion of the forthcoming Annual General Meeting or on 28 May 2009, whichever is the earlier.

Share Price Discount to Net Asset Value (compared with European Investment Trust Sector)

Issued Share Capital

Over the year, the Company bought-back 3,532,500 Ordinary shares (2007: 2,913,636) at a net cost of around £21.09 million (2007: £17.74 million). Of the shares bought-back during the year 2,118,000 were bought into treasury (2007: 1,996,987). A total of 4,114,500 were cancelled (2007: 916,649).

At 30 September 2008, the Company's paid up share capital comprised 29,339,162 (2007: 32,871,662) Ordinary shares of 50p each in issue with full voting rights and 2,864,987 (2007: 3,446,987) Ordinary shares (equivalent to 8.90%) held in treasury. The shares held in treasury are available for resale.

Directors

Biographies of the Directors of the Company are shown on page 4. All of the Directors served throughout the year ended 30 September 2008. All Directors are non-executive and are independent of the Manager. All Directors are members of the Audit Committee.

Mr A Comba will be retiring in accordance with the Company's Articles of Association and, being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting. In accordance with the Combined Code on Corporate Governance, Mr JC Banon who has served as a Director for more than nine years, also retires and, being eligible, offers himself for re-appointment. Dr M Piehl will retire as a Director of the Company at the conclusion of the Annual General Meeting.

The Board confirms that Mr Banon and Mr Comba continue to demonstrate their commitment to the Company and to perform their roles effectively.

Report of the Directors

The Directors held the following beneficial interests in the Ordinary shares of the Company at 30 September 2008 and 1 October 2007. There have been no changes since 30 September 2008.

	At 30 September 2008	At 1 October 2007
R Dennis	–	–
JC Banon	–	–
A Comba	5,000	5,000
M Firth	–	–
M Piehl	2,500	2,500

No Director holds a non-beneficial interest.

No Director has a contract of service with the Company; nor has any Director had such a contract in the last six months. The Directors are covered under a policy of directors' liability insurance arranged by the Company at its own expense.

The Company's Articles of Association provide, subject to the provisions of UK legislation, that every director shall be indemnified out of the funds of the Company in respect of costs which they may incur relating to their defence of any proceedings, brought against them in connection with their positions as Directors, in which they are acquitted or judgment is given in their favour.

Save as aforesaid, there were no contracts or arrangements existing at any time during the year, or since, in which a Director of the Company was materially interested, either directly or indirectly.

Management and Administration

The Company's investments are managed by Gartmore Investment Limited in accordance with the terms of an Investment Management Agreement dated 1 November 2002, as subsequently amended, which provides for six month's notice of termination to be given by either party. This Agreement is reviewed by the Board annually. The management fee is calculated monthly in arrear at 0.75% per annum on the value of Total Assets, less Current Liabilities other than borrowings for the purpose of investment. No management fee would be payable on any Gartmore managed investments if held within the portfolio. An additional management fee, based on performance, of up to 0.5% per annum may be paid if the Managers meet certain targets for the year.

In the event of outperformance, the fee is calculated annually as follows:

- 10% of the amount that the percentage increase in the Company's Net Asset Value per Ordinary share exceeds the percentage increase in the Company's benchmark, the FTSE World Index – Europe (ex UK) capital only in sterling terms, in the same period, for the first 1.5% of outperformance (i.e. 0.15%); plus
- 20% of the amount that the percentage increase in the Company's Net Asset Value per share exceeds the percentage increase in the Company's benchmark, for outperformance between 1.5% and 2.0% (i.e. 0.10%); plus
- the amount that the percentage increase in the Company's Net Asset Value per share further exceeds the percentage increase in the Company's benchmark, for outperformance between 2.0% and 2.25% (i.e. 0.25%).

Each annual performance-related fee is in respect of the Company's financial year and the calculations are based on the relevant figures as audited and published in the relevant Annual Report.

There is no performance-related fee for the year ended 30 September 2008 (2007: £1,105,000).

Gartmore Investment Limited also provides the accounting, company secretarial and general administrative services required by the Company in connection with its business and operation under a Company Secretarial and Administration Agreement dated 1 November 2002, as subsequently amended. No separate fee is charged for these services.

The Bank of New York Mellon provides custodian services to the Company under a Custody Agreement with the Company dated 1 November 2002.

Report of the Directors

Continuing Appointment of the Manager

In accordance with the Listing Rules published by the Financial Services Authority, the Board, through the Management Engagement Committee, has reviewed the performance of the Manager in managing the Company's portfolio. The review considered the Company's investment performance over both the short and longer terms, together with the quality and adequacy of other services provided by Gartmore Investment Limited, including company secretarial, accounting and marketing. The Committee also reviewed the appropriateness of the terms of the Investment Management Agreement, in particular the length of notice period and the management fee structure, and of the Company Secretarial and Administration Agreement.

The Board remains satisfied with investment performance under Gartmore's management and, in particular, with the individual fund manager assigned by Gartmore to manage the Company's portfolio. It is, therefore, the Directors' opinion that the continuing appointment of the Manager on the existing terms is in the interests of the Company and its shareholders.

Substantial Shareholders

At the date of this Report, the Directors were aware of the following interests in 3% or more of the share capital of the Company having unrestricted voting rights:

	Number of Ordinary shares	Percentage of votes
Rensburg Sheppards Plc clients	4,310,778	15.2%
Gartmore Investment Management Limited clients	1,844,440	6.5%
Barclays Stockbrokers Limited clients	1,365,845	4.8%
Legal & General Investment Management Limited clients	1,240,681	4.4%
Brewin Dolphin Securities Limited clients	1,073,699	3.8%
Rathbone Investment Management Limited clients	1,072,605	3.8%
Charles Stanley & Co Limited clients	925,401	3.3%

Supplier Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the equity markets in which it operates. All other creditors are settled by the due date for payment. The Company does not have trade payables.

Section 992 Companies Act 2006

The following information is disclosed in accordance with Section 992 of the Companies Act 2006:

- The Company's capital structure and voting rights are summarised on page 20.
- Details of the most substantial shareholders in the Company are listed above.
- The rules concerning the appointment and replacement of directors, are contained in the Company's Articles of Association and are discussed on page 26.
- Amendment of the Company's Articles of Association and powers to issue or buy back the Company's shares require a special resolution to be passed by shareholders.
- 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; no agreements which the Company is party to that might affect its control following a takeover bid;
- There are no agreements between the Company and its directors concerning compensation for loss of office.

Going Concern

The Directors believe that it is appropriate to continue to prepare the accounts on a going concern basis as the Company's assets are readily realisable and the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Report of the Directors

Individual Savings Accounts

The Directors intend to ensure that the Company's Ordinary shares continue to qualify for retention in Individual Savings Accounts. Details of Gartmore's range of savings schemes are set out on page 59.

Audit Information

Each of the Directors confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and that they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office as Auditors, until the conclusion of the next general meeting of the Company at which accounts are presented.

Business of the Annual General Meeting

The Notice of the Annual General Meeting of the Company to be held on Friday, 30 January 2009 is on pages 53 and 54. Resolutions relating to the following items of business will be proposed at the Meeting;

Resolution 1 – To receive the Annual Report, Accounts and Auditors' Report

The Chairman will present the Annual Report and Accounts for the year ended 30 September 2008 to the meeting, together with the Auditors' Report relating to that period.

Resolution 2 – Directors' Remuneration Report

It is mandatory for listed companies to put their Report on Directors' Remuneration to an advisory shareholder vote. As the vote is advisory it does not affect the actual remuneration paid to any individual director. The Report on Directors' Remuneration is set out in full on pages 32 and 33 of the Annual Report.

Resolutions 3, and 4 – Re-appointment of Directors

Biographical details of the Directors seeking re-appointment are set out on page 4 of the Annual Report. Resolution 4 deals with the annual re-appointment of Jean Claude Banon in accordance with the Combined Code on Corporate Governance (published by the Financial Reporting Council in June 2006) as he has served as a non-executive director for longer than nine years. The Board has confirmed that all Directors standing for re-appointment at the forthcoming AGM continue to perform effectively and demonstrate commitment to their roles.

Resolutions 5 and 6 – Re-appointment of Auditors

Grant Thornton UK LLP have expressed their willingness to continue to hold office until the conclusion of the next general meeting of the Company. Resolutions 5 and 6 relate to the re-appointment of the Auditors and authorise the Directors to fix their remuneration.

Resolution 7 – Directors' Authority to Allot Shares

At the AGM of the Company held on 1 February 2008, the Directors were given authority to allot Ordinary shares in the capital of the Company up to an aggregate nominal value of £5,358,194 representing approximately one-third of the Company's then issued Ordinary share capital. This authority expires at the conclusion of the forthcoming AGM. Accordingly, Shareholders are being asked to renew the Directors' authority to allot the Company's unissued Ordinary shares, up to an aggregate nominal value of £4,700,000, representing approximately one-third of the issued Ordinary share capital of the Company as at 5 December 2008, being the latest practicable date prior to the publication of this document. The allotment limit proposed for the current year follows the guidelines of the Association of British Insurers. The Directors have no present intention of exercising this authority but the resolution will allow the Directors flexibility to act in the best interests of the Company and its shareholders.

Resolution 8 – Authority to Disapply Pre-emption Rights

This resolution proposes to renew the Directors' authority to allot Ordinary shares in the capital of the Company for cash, or to transfer treasury shares for cash, up to an aggregate nominal value up to £1,400,000 (equal to just under 10% of the Company's issued Ordinary share capital as at 5 December 2008, being the latest practical date prior to the publication of this document), without first having to offer these shares to existing shareholders.

Report of the Directors

Resolution 9 – Authority to Purchase Own Shares

Under the Financial Services Authority Listing Rules, a company is permitted to purchase up to 14.99% of its equity share capital through market purchases pursuant to a general authority granted by shareholders in general meeting.

The current authority which permits the Company to purchase up to 14.99% of the Ordinary shares expires at the conclusion of the forthcoming Annual General Meeting.

The Board believes that the Company should continue to have authority to make market purchases of its own Ordinary shares for cancellation or to be held in Treasury. If Resolution 9 is passed at the Annual General Meeting, it is the Company's current intention that any buybacks will initially be held in treasury, although they may subsequently be cancelled. (The Company not permitted to hold more than 10% of its issued share capital in treasury).

Accordingly, a special resolution to authorise the Company to make market purchases of up to 14.99% of the Company's issued Ordinary share capital at the date of the Annual General Meeting is proposed. The authority will be limited to 4,245,000 Ordinary shares representing 14.99% of the Company's issued Ordinary share capital at 5 December 2008, being the latest practical date prior to the publication of this document.

Any purchase of shares would only be made at a discount to the prevailing Net Asset Value and hence would enhance the Net Asset Value of the remaining shares. The Company would also be better positioned to address any imbalance between supply and demand for its shares. Purchases of shares would be made at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions.

The resolution will restrict the price payable to the effect that it could not be less than the 50p nominal value of the shares and not more than the higher of (a) 105% of the average market value of the Ordinary shares of the Company for the five business days before the purchase is made, and (b) the higher of the last independent trade and the highest current independent bid price.

Whilst held in treasury, the shares are treated as if cancelled and, therefore, no dividends will be paid on the shares and no voting rights will attach to the shares.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Company Secretary

12 December 2008



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law, the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select accounting policies, which they consider suitable, and then apply them consistently;
- make judgements and estimates which they believe are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Directors' Remuneration Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Company, and for maintaining adequate systems of internal control, which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the Company's assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

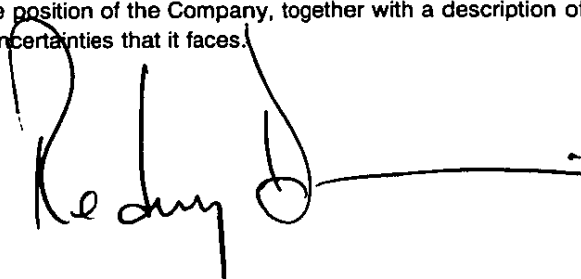
The accounts are published on the Company's website www.gartmoreeuropeaninvesttrust.co.uk or www.gartmore.com, which is the website maintained by the Company's Manager. The work undertaken by the Auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

Statement under DTR 4.1.12

The Directors of the Company, who are listed on page 4 of this Report, each confirm to the best of their knowledge that:

- the accounts, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- this Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Rodney Dennis
Chairman
12 December 2008



Corporate Governance Statement

Introduction

The Board is accountable to shareholders for the governance of the Company's affairs.

The Company is committed to maintaining high standards of corporate governance and to the principles of good governance as set out in the revised Combined Code on Corporate Governance issued by the Financial Reporting Council (FRC) in June 2006 (the Combined Code) and the revised and updated Association of Investment Companies' Code of Corporate Governance issued in May 2007 (the AIC Code).

Pursuant to the Listing Rules of the Financial Services Authority, the Company is required to provide Shareholders with a statement on how the main and supporting principles set out in Section 1 of the Combined Code have been applied and whether the Company has complied with the provisions of the Combined Code.

The Board has established corporate governance arrangements that it believes are appropriate to the business of the Company as an investment trust company.

Statement of Compliance

In February 2007, the Financial Reporting Council (the FRC), the UK's independent regulator for corporate reporting and governance responsible for the Combined Code, endorsed the revised AIC Code. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies are meeting their obligations under the Combined Code and related disclosure requirements of the Listing Rules.

The Board believes that the Company has complied with the provisions of the Combined Code throughout the financial year ended 30 September 2008, except as set out below.

The following statement describes how the Principles of Corporate Governance have been applied and how the Combined Code and the AIC Code have been followed.

Independence and Length of Service of Directors

The Board consists of five non-executive Directors, all of whom are independent of the Company's Manager.

The Board subscribes to the AIC Code principle that long-serving directors should not be prevented from forming part of an independent majority and does not believe that a director's length of tenure reduces his ability to act independently. Nevertheless, the Combined Code requires that directors who have served for more than nine years should be re-appointed by shareholders annually. Accordingly, Mr JC Banon will retire as a Director at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The Board, through the Nomination Committee, has carefully reviewed the independent status of each Director and of the Board as a whole, with individual Directors abstaining from discussion concerning their own status. The Board has determined that Mr Banon has demonstrated that he is independent in character and judgement and that his broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

Chairman and Senior Independent Director

Mr R Dennis was appointed Chairman of the Company on 14 September 2006. In view of the size and composition of the Board, it is not considered necessary to appoint a Senior Independent Director. Should a shareholder wish to raise issues, which they feel unable to discuss with the Chairman, any of the other Directors will make themselves available to such a shareholder's request for a meeting.

Appointment and Re-appointment of Directors

The appointment of new Directors is considered by a Nomination Committee, which comprises the whole Board. New Directors are offered access to external training facilities to assist the process of induction, and relevant information is provided in a Letter of Appointment. Ongoing training requirements are dealt with on an ad hoc basis. No Director has a contract of service with the Company. Directors appointed by the Board are subject to appointment by shareholders at the first Annual General Meeting following their appointment.

In accordance with the Articles of Association of the Company, each Director shall retire and, if so desired, be submitted for re-appointment at least every three years.

Corporate Governance Statement

Performance of the Board

The Board periodically conducts a review of its own performance, together with that of the Chairman and of each individual Director using aide-memoire checklists, and has concluded that in each case this has been satisfactory. In particular, it is considered that each of the Directors makes a significant contribution to the affairs of the Company and that Directors seeking re-appointment at the Company's forthcoming Annual General Meeting merit re-appointment by shareholders.

The Directors seek to ensure that the Board has an appropriate balance of skills, experience, ages and length of service. The biographies of the Directors, shown on page 4 of this Annual Report, demonstrate the wide range of investment, commercial and professional experience that they contribute to the Board's deliberations. The size and composition of the Board is considered adequate for the effective governance of the Company.

Subsequent to the year-end an independent third party, Stephenson & Co, was engaged to perform a review of the composition, function and remuneration of the Board, which concluded that the Board was well balanced and effective.

Role of the Board

The Board has contracted the management of the investment portfolio, custodian and registrar services, and the day-to-day accounting and company secretarial services to external providers under contracts entered into after proper consideration by the Board of the quality and cost of the services offered.

There is a formal schedule of matters specifically reserved for decision by the Board. At each Board Meeting the Directors follow a formal agenda, which includes reviews of the Company's net asset value, share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company. Further reports on the quality and effectiveness of investment controls, accounting records and management information maintained on behalf of the Company, and other relevant matters that should be brought to the Board's attention, are reviewed periodically. The Board regularly reviews investment strategy.

The Board meets formally at least four times a year. The Directors have regular contact with the Investment Manager and Company Secretary in the periods between formal meetings. Additional Board meetings and Committee meetings are arranged as and when required.

The number of meetings of the Board and its Committees held during the year to 30 September 2008 and the attendance of individual Directors are shown in the table below.

	Board*	Audit Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Number of Meetings	7	2	1	1	1
R Dennis	7	2	1	1	1
JC Banon	5	2	1	1	1
A Comba	6	2	1	1	1
M Firth	7	2	1	1	1
M Piehl	7	2	1	1	1

*During the year the Board met 5 times formally and 2 times on an *ad hoc* basis.

All Directors attended the Annual General Meeting on 1 February 2008.

Exercise of Voting Rights in Investee Companies

The Company has delegated the responsibility for voting on its behalf at investee company meetings to the Manager, Gartmore Investment Limited, on the basis that, subject to an overriding requirement to pursue the best economic interests of the Company and its shareholders, the Manager should take account of social, environmental and ethical factors in using the voting powers conferred by such investments. Resolutions of particular importance or contention are referred to the Board prior to exercise of a vote. The Manager reports to the Board on all votes exercised.

Corporate Governance Statement

Relationship with the Manager

The day-to-day management of the Company's portfolio has been delegated under contract to the Investment Manager, Gartmore Investment Limited. A representative of the Manager attends each Board meeting to report on portfolio transactions and performance during the period since the last Board meeting. Under the terms of the Investment Management Agreement, the Manager is required to follow specific investment objectives and restrictions. The Board reviews annually the controls in place to ensure compliance with the Company's investment objectives and restrictions and the Manager's policy statements on voting and corporate governance observance.

The Manager maintains regular communications with the Directors in the periods between Board meetings and, when necessary, contacts the Chairman and other Directors for guidance on specific issues as required.

Relationship with Shareholders

The Board recognises the importance of maintaining and improving communication between the Company and its shareholders, who are encouraged to attend and vote at the Company's Annual General Meeting. The Board's approach to risk is set out on pages 29 to 31 of this Report and financial risks are further described in note 24 to the Accounts, on pages 49 to 52. The Board supports the principle that the Annual General Meeting should in part be used to communicate with private investors. The Annual General Meeting provides private shareholders with a valuable opportunity to meet the Directors and the portfolio manager, to convey their views on the Company's performance and to discuss issues affecting their investment. Shareholder concerns should be addressed to the Board by writing to the Company at its Registered Office, as shown on page 57, or by telephoning the Manager, who will report such communications to the Board. The Manager also meets institutional shareholders on a regular basis and reports to the Board on matters raised at those meetings.

The Directors will be available at the Annual General Meeting to answer any questions raised by shareholders. At every Annual General Meeting, each substantial issue is dealt with in a separate resolution and, where a vote is decided on a show of hands, the Chairman will subsequently report on the number of proxy votes lodged, including any votes withheld. A poll will be taken in all circumstances where the show of hands does not reflect the result indicated by the proxy votes received. The Notice of the Annual General Meeting is contained in the Company's Annual Report that is sent to Shareholders at least 20 business days before the Meeting.

Detailed lists of shareholders are regularly reviewed at Board meetings and the Directors receive reports from the Manager's investor relations manager who is in regular direct contact with investors. The Company's Half-yearly and Annual Reports are designed to provide a full and readily understandable review of performance. Copies are despatched to shareholders by mail and are also available for downloading from Gartmore's website, www.gartmore.co.uk. The Company's Net Asset Value is released daily to the Regulatory Information Service and can be viewed on the London Stock Exchange website, www.londonstockexchange.com. The Board is directly responsible for all statements regarding corporate activity involving the Company.

Company Secretary

The Directors have direct access to the advice and services of the corporate Company Secretary, Gartmore Investment Limited. The Company Secretary is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met.

Independent Professional Advice

Procedures are in place for individual Directors to seek independent professional advice, on any matter concerning them in the furtherance of their duties, at the Company's expense.

Directors' Liability Insurance

Directors' Liability Insurance cover is provided at the expense of the Company.

Committees of the Board

The Board has established an Audit Committee with clearly defined written terms of reference and duties. The Board is satisfied that at least one of the Committee's members has recent and relevant financial experience. The Audit Committee comprises all the Directors of the Company and is chaired by Mr A Comba. The Audit Committee meets at least twice a year, including once with the external Auditors present. The Manager's compliance and operational risk departments report to the Committee at least once a year. There are formal arrangements for considering accounting policies, financial statements, the Annual Report and Accounts, the Half-year Report and internal controls, which are detailed below. The Audit Committee also reviews the terms of appointment and remuneration of the Company's Auditors, the effectiveness of the audit process and the maintenance of an appropriate relationship with them to ensure independence and objectivity. The provision of non-audit services by the Company's Auditors is approved by the Audit Committee on a case by case basis, having given consideration to the cost effectiveness of the services and the potential impact on the independence and objectivity of the auditors. The Audit Committee is satisfied that Grant Thornton UK LLP is independent of the Company.

The Combined Code recognises that investment companies may find some of its standard provisions inappropriate in their particular circumstances. In this regard, the whole of the Company's Board of Directors continues to fulfil the responsibilities of the under mentioned committees, each of which meets once a year and on such other occasions as are considered necessary. Each committee has defined duties and responsibilities and all are chaired by the Chairman of the Board.

- the Management Engagement Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders, and also for reviewing the performance and cost effectiveness of the Company's other service providers;
- the Nomination Committee is responsible for reviewing the performance of individual Directors and the Board as a whole, for Board succession planning and for the nomination of new Directors through an established formal procedure; and
- the Remuneration Committee is responsible for monitoring the remuneration of the Directors. The level of Directors' fees is reviewed by reference to the work involved, the level of responsibility and the fees paid by comparable investment trust companies.

Copies of the terms of reference for each Committee of the Board can be found on the Manager's website www.gartmore.co.uk or may be obtained from the Company Secretary.

Internal Control

The Directors are responsible for the Company's systems of internal control.

The Combined Code requires the Directors to review, on at least an annual basis, the effectiveness of the Company's systems of internal control, covering all controls including business, operational, compliance and financial risk.

Unlike the boards of other listed companies, the boards of most investment trust companies obtain the majority of their evidence as to whether internal controls are operating effectively from third party suppliers to whom investment management, custody, accounting and secretarial matters have been delegated. This means that an appreciation of the internal controls for an investment trust company requires Directors to consider information from a number of independent sources, rather than from a consolidated single source covering a typical listed company's systems of internal control.

In particular, Gartmore Investment Limited is responsible for the provision of investment management, accounting and company secretarial services, under the terms of the Investment Management Agreement and the Company Secretarial and Administration Agreement, referred to on page 21, and The Bank of New York Mellon provides custodian services under a separate Custody Agreement.

Gartmore's systems of internal control include organisational arrangements with clearly-defined lines of responsibility and delegated authority, as well as control procedures and systems which are regularly evaluated and internally audited and which include control of delegated functions. Gartmore has delegated the provision of accounting, bookkeeping, valuation and trade

Corporate Governance Statement

processing services to HSBC Bank plc, but remains responsible to the Company for these functions. The Directors review reports from Gartmore on a regular basis concerning those aspects of Gartmore's systems relevant to the provision of services to the Company.

A clearly-defined investment strategy is set for the Manager and monitored by the Board, which regularly reviews the Company's investments, liquid assets and liabilities, investment transactions, and revenue and expenditure. The Manager is responsible for day-to-day monitoring of the Company's investments and for exercising voting rights effectively and responsibly, but overridingly in the best economic interests of the Company and its shareholders.

On behalf of the Board of Directors, the Audit Committee reviews the internal control reports (SAS-70) from Gartmore Investment Management Limited, the Manager's parent company, The Bank of New York Mellon and HSBC Bank plc.

Since the Company's operational functions are outsourced, the Company does not consider it necessary to establish its own internal audit function. Instead, the Audit Committee relies on internal control reports received from its service providers, particularly the Manager, to satisfy itself as to the controls in place.

Twice a year, the Board formally considers the effectiveness of the systems of internal control. The Board takes account of any risk management problems, or compliance breaches identified previously, and it receives reports from the Managers' compliance and operational risk officers. At the conclusion of that formal review, the Board decides whether any changes to the systems of internal control are required. The review covers the key business, operational, compliance and financial risks facing the Company in seeking to achieve its objectives. In arriving at its judgement of what constitutes a sound system of internal control, the Board considers 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 of those risks and their impact on the Company; and
- the costs and benefits to the Company, or third parties, of operating the relevant controls.

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

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

In assessing internal controls, the Board considers the following elements based on reports provided by third party suppliers:

- control environment;
- identification and evaluation of risks and control objectives;
- information and communication; and
- control procedures.

The Directors have reviewed the information provided to them. Whilst acknowledging their reliance in certain respects on third parties, the Directors have reviewed the effectiveness of internal controls and are able to confirm that the internal controls in operation during the period from 1 October 2007 up to the date of this Annual Report continue to be appropriate to the Company's business activities and methods of operation, and that they operate effectively.

Corporate Governance Statement

As described above, the ongoing process for identifying, evaluating and managing significant risks faced by the Company has been in place throughout the year under review and up to the date of approval of the Annual Report. Systems are in operation to safeguard the Company's assets and the shareholders' investment, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. The Company's systems of internal control are designed to manage rather than eliminate risk and the system of internal control provides reasonable, but not absolute, assurance against material misstatement or loss.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Company Secretary
12 December 2008

A handwritten signature in black ink, appearing to be 'N. Lin', is written over the text of the Company Secretary's name and the date.

Directors' Remuneration Report

This Report has been prepared in accordance with the requirements of Schedule 7A to the Companies Act 1985. An Ordinary resolution for the approval of this report will be put to Members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are so indicated. The Auditors' opinion is included in their report on pages 34 and 35.

Remuneration Committee

The Board is comprised solely of non-executive Directors. The Board as a whole fulfils the function of the Remuneration Committee.

Policy on Directors' Fees

In accordance with the Articles of Association of the Company, the aggregate remuneration of the Directors may not exceed £150,000 per annum or such higher amount as may, from time to time, be determined by an Ordinary resolution of the Company. Subject to this overall limit, the Board's policy is that remuneration of non-executive Directors should be set at a level sufficient to attract and retain directors of the calibre required to direct the Company. It is intended that this policy will continue for the year to 30 September 2009 and for subsequent years.

Non-executive Directors are not eligible to receive bonuses, pension benefits, share options or other benefits.

During the year to 30 September 2008, Directors' fees were paid at an annual rate of £20,000 for the Chairman of the Board, £16,000 for the Chairman of the Audit Committee and £15,000 for each of the other Directors.

The Board has had an independent evaluation carried out, which considered the balance of skills, experience, ages and length of service of the Directors, and their remuneration. This independent review recommended that the Directors fees be increased. The Board is still considering the review.

Directors' Terms of Appointment

It is the Board's policy that none of the Directors should have a service contract. The terms of their appointment provide that Directors shall retire and be subject to appointment by shareholders at the first Annual General Meeting following their appointment by the Board, and be subject to re-appointment at least every third year thereafter. Directors who have served for more than nine years and who wish to continue in office are required to submit themselves for re-appointment annually. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

The table below shows the original date of appointment of the Directors and the expected Annual General Meeting at which they will offer themselves for re-appointment.

	Original Date of Appointment	Annual General Meeting for next re-appointment
Jean Claude Banon	18 March 1991	2009
Alec Comba	11 November 2003	2009
Michael Firth	17 November 2006	2010
Rodney Dennis	11 November 2003	2011

Directors' Remuneration Report

Performance Graph

The graph below compares the total return on the middle-market price of the Company's Ordinary shares (with dividends reinvested) for the five years to 30 September 2008 with the total return on the FTSE World Index – Europe (ex UK) in sterling terms, the Company's benchmark index, over the same period.

Directors' Emoluments for the Year (Audited)

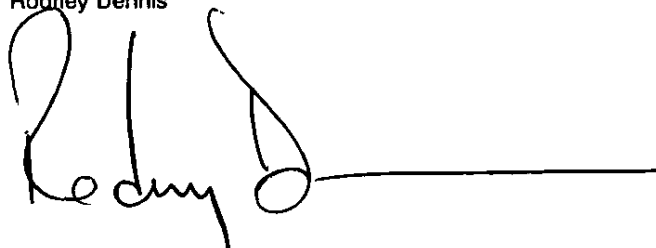
The Directors received the following emoluments in the form of fees:

	Annual Fees 2008 £'000	Annual Fees 2007 £'000
Rodney Dennis	20	65
Jean Claude Banon	15	19
Alec Comba	16	20
Michael Firth	15	19
Manfred Piehl	15	19
Total Fees paid	81	142

Additional fees totalling £63,000 were paid to Directors in 2007 to cover the substantial extra workload in relation to the reconvened Annual General Meeting and subsequent Tender Offer.

No other emoluments or pension contributions were paid to or on behalf of any Director.

Rodney Dennis



Approved by the Board
on 12 December 2008

Independent Auditor's Report

To the Shareholders of Gartmore European Investment Trust p.l.c.

We have audited the accounts of Gartmore European Investment Trust p.l.c. for the year ended 30 September 2008 (the "accounts") which comprise the principal accounting policies, the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the Notes 1 to 26. These accounts have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the accounts in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts. The information given in the Directors' Report includes that specific information that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Manager's Review, the Corporate Governance Statement, the Financial Statistics and the Portfolio Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

Independent Auditor's Report

Independent Auditors' Report

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2008 and of its net loss for the year then ended;
- the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Grant Thornton UK LLP
Grant Thornton UK LLP

Registered Auditor
Chartered Accountants London
12 December 2008

Income Statement

to 30 September 2008

		Year to 30 September 2008		Total
	Notes	Revenue £'000	Capital £'000	£'000
Income and Capital Profits				
Losses on investments held at fair value through profit or loss	2	-	(39,644)	(39,644)
Dividends and other income	3	7,048	453	7,501
Change in fair value of investment in subsidiary	10	-	-	-
Return/(Loss) before Expenses, Finance Costs and Taxation		7,048	(39,191)	(32,143)
Expenses				
Management fee		(375)	(1,126)	(1,501)
VAT recoverable		454	1,846	2,300
Performance fee		-	-	-
Other fees and expenses		(419)	(261)	(680)
Total Expenses	4	(340)	459	119
Return/(Loss) before Finance Costs and Taxation		6,708	(38,732)	(32,024)
Finance Costs				
Interest payable	5	(68)	(138)	(206)
Exchange loss on currency transactions		-	(879)	(879)
Return/(Loss) on Ordinary Activities before Taxation		6,640	(39,749)	(33,109)
Taxation	6	(1,897)	891	(1,006)
Return/(Loss) to Equity Shareholders after Taxation		4,743	(38,858)	(34,115)
Return/(Loss) per Ordinary share	7	15.12p	(123.85p)	(108.73p)

The total column above represents the Profit and Loss Account of the Company.

The revenue and capital items derive from continuing activities.

A Statement of Total Recognised Gains and Losses has not been presented as all gains and losses are recognised in the Income Statement.

No operations were acquired or discontinued during the year.

The Notes on pages 41 to 52 form part of these Accounts.

Income Statement

to 30 September 2007

		Year to 30 September 2007		
	Notes	Revenue £'000	Capital £'000	Total £'000
Income and Capital Profits				
Gains on investments held at fair value through profit or loss	2	-	59,878	59,878
Dividends and other income	3	8,406	51	8,457
Change in fair value of investment in subsidiary	10	-	(37)	(37)
Return before Expenses, Finance Costs and Taxation		8,406	59,892	68,298
Expenses				
Management fee		(705)	(2,114)	(2,819)
VAT recoverable		-	-	-
Performance fee		-	(1,105)	(1,105)
Other fees and expenses		(1,931)	(694)	(2,625)
Total Expenses	4	(2,636)	(3,913)	(6,549)
Return before Finance Costs and Taxation		5,770	55,979	61,749
Finance Costs				
Interest payable	5	(370)	(1,040)	(1,410)
Exchange loss on currency transactions		-	(337)	(337)
Return on Ordinary Activities before Taxation		5,400	54,602	60,002
Taxation	6	(2,032)	933	(1,099)
Return to Equity Shareholders after Taxation		3,368	55,535	58,903
Return per Ordinary share	7	7.12p	117.41p	124.53p

The total column above represents the Profit and Loss Account of the Company.

The revenue and capital items derive from continuing activities.

A Statement of Total Recognised Gains and Losses has not been presented as all gains and losses are recognised in the Income Statement.

No operations were acquired or discontinued during the year.

The Notes on pages 41 to 52 form part of these Accounts.

Reconciliation of Movements in Shareholders' Funds

for the year to
30 September
2008

	Notes	Called-up Share capital £'000	Share premium £'000	Special distributable reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 30 September 2007		18,159	–	53,001	61,344	364	86,647	219,515
Net loss from ordinary activities		–	–	–	–	–	(34,115)	(34,115)
Equity dividends paid	8	–	–	–	–	–	(2,569)	(2,569)
Cost of Ordinary shares repurchased to be held in treasury		–	–	–	–	–	(12,281)	(12,281)
Cost of Ordinary shares repurchased for cancellation		(2,057)	–	–	–	2,057	(8,811)	(8,811)
At 30 September 2008		16,102	–	53,001	61,344	2,421	28,871	161,739
At 30 September 2006								
		29,720	39,967	–	61,344	1,837	189,225	322,093
Net return from ordinary activities		–	–	–	–	–	58,903	58,903
Equity dividends paid	8	–	–	–	–	–	(1,156)	(1,156)
Cost of Ordinary shares repurchased to be held in treasury		–	–	–	–	–	(12,054)	(12,054)
Cost of Ordinary shares repurchased for cancellation		(11,561)	–	–	–	11,561	(148,271)	(148,271)
Creation of special distributable reserve		–	(39,967)	53,001	–	(13,034)	–	–
At 30 September 2007		18,159	–	53,001	61,344	364	86,647	219,515

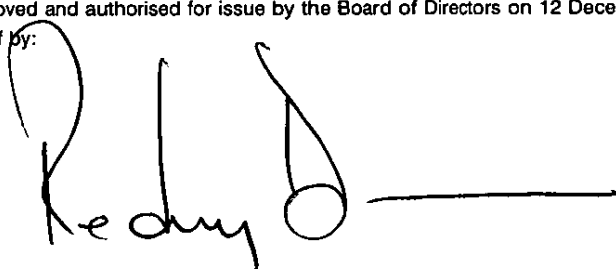
The Notes on pages 41 to 52 form part of these Accounts.

Balance Sheet at 30 September 2008

	Notes	At 30 September 2008 £'000	At 30 September 2007 £'000
Fixed Asset Investments			
Investments designated at fair value through profit or loss	9	140,293	223,980
Investments in subsidiaries	10	30	327
		140,323	224,307
Current Assets			
Debtors – amounts receivable within one year	11	9,685	4,831
Cash at bank and short-term deposits		18,857	770
		28,542	5,601
Current Liabilities			
Creditors – amounts payable within one year	12	(7,126)	(10,393)
Net Current Assets/(Liabilities)		21,416	(4,792)
Net Assets		161,739	219,515
Capital and Reserves			
Called-up share capital	13	16,102	18,159
Special distributable reserve	15	53,001	53,001
Merger reserve	16	61,344	61,344
Capital redemption reserve	17	2,421	364
Capital reserve	18	18,991	78,941
Revenue reserve	19	9,880	7,706
Equity Shareholders' Funds		161,739	219,515
Net Asset Value per Ordinary share	20	551.27p	667.79p

The accounts were approved and authorised for issue by the Board of Directors on 12 December 2008 and were signed on its behalf by:

Rodney Dennis
Chairman



The Notes on pages 41 to 52 form part of these Accounts.

Cash Flow Statement

to 30 September 2008

	Notes	Year to 30 September 2008 £'000	Year to 30 September 2007 £'000
Operating Activities			
Dividends and interest received from investments		5,701	6,452
Interest received on deposits		172	357
Other income		–	4
Expenses paid, allocated to revenue		(867)	(2,718)
Expenses paid, allocated to capital		(2,317)	(4,308)
Special dividends received, allocated to capital		385	41
Overseas tax (paid)/recovered		(62)	271
Net Cash Inflow from Operating Activities		3,012	99
Servicing of Finance			
Interest paid, allocated to revenue		(68)	(370)
Interest paid, allocated to capital		(138)	(1,041)
Net Cash Outflow from Servicing of Finance		(206)	(1,411)
Investment Activities			
Acquisitions of investments		(318,901)	(575,490)
Disposals of investments		360,330	751,087
Liquidation proceeds		297	–
Net Cash Inflow from Investment Activities		41,726	175,597
Equity Dividends Paid			
Ordinary shares		(2,569)	(1,156)
Management of Liquid Resources			
Increase in deposits		(7,945)	–
Financing Activities			
Shares repurchased for cancellation		(9,314)	(147,561)
Shares repurchased to be held in treasury		(12,281)	(12,079)
Loans repaid		(1,396)	(13,523)
Net Cash Outflow from Financing Activities		(22,991)	(173,163)
Net Cash Inflow/(Outflow)	21 and 22	11,027	(34)

The Notes on pages 41 to 52 form part of these Accounts.

Notes to the Accounts

1. Accounting Policies

The principal accounting policies have been applied consistently throughout the year ended 30 September 2008 and are set out below.

Basis of Preparation

The accounts have been prepared on a going concern basis, in accordance with UK Generally Accepted Accounting Practice and the Statement of Recommended Practice ("SORP") for "Financial Statements of Investment Trust Companies" issued by the Association of Investment Companies in January 2003 (revised in December 2005). They have also been prepared on a historical cost basis, modified to include fixed asset investments at fair value.

The Directors are of the opinion that the Company is engaged in a single segment of business and therefore no segmental reporting is provided.

The accounting policies used for the year ended 30 September 2008 have remained unchanged from the previous year.

Consolidation

The balance sheets of Aberdeen European Investment Trust PLC (in liquidation) and The German Investment Trust plc (in liquidation), the Company's only subsidiaries at 30 September 2008, have not been consolidated as the control of these subsidiary companies is exercised by their liquidators, rather than the Company.

The Accounts therefore reflect the position of the parent Company, Gartmore European Investment Trust p.l.c., only and do not represent the accounts of the Group.

Income, Expenses and Interest Payable

Income includes dividends receivable from investments marked ex-dividend during the period.

Deposit and other interest receivable, expenses and interest payable are accounted for on an accruals basis.

The annual management fee and loan interest charges are allocated 75% to capital and 25% to revenue, in line with the Board's expected long-term split of returns in the form of capital and income profits respectively. In accordance with the SORP, tax relief, if applicable, is credited in respect of such allocations between capital and revenue using the marginal method.

In accordance with the SORP, the performance-related fee (when payable) is allocated 100% to capital, together with the tax relief in respect of such allocations, as the fee is based on outperformance against the FTSE World Index - Europe (ex UK) capital only in sterling terms.

Expenses that are incidental to the acquisition of an investment are expensed through the capital column of the Income Statement. Expenses that are incidental to the disposal of an investment are deducted from the proceeds of the sale of the investment.

Taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. 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 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. Deferred tax is measured without discounting on the basis of enacted tax rates.

Dividends

In accordance with FRS21, dividends declared and approved by the Company after the balance sheet date have not been recognised as a liability of the Company at the balance sheet date.

Investments

The Company's business is investing in financial assets, with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the Company designates the investments as 'at fair value through profit or loss'.

Investments are included initially at fair value, which is taken to be their cost at the trade date (excluding expenses incidental to the acquisition which are written off in the Income Statement, and allocated to 'capital' at the time of acquisition). Subsequent to initial recognition, investments continue to be designated at fair value through profit or loss, which is deemed to be the bid price where one is available, or otherwise at fair value based on published price quotations. Changes in fair value are included in the Income Statement as a capital item and are not distributable by way of a dividend.

No provision for taxation is required in respect of any realised or unrealised appreciation of investments which arises, as the Company expects to continue to qualify as an investment trust for tax purposes, thereby rendering capital profits exempt from tax.

Notes to the Accounts

1. Accounting Policies (continued)

Investments in subsidiaries

All investments in subsidiaries are unlisted.

They are initially recognised on the trade date and measured, then and subsequently, at fair value. As the subsidiary companies are in liquidation, the fair value is the net realisable value as estimated by the liquidators.

Any change in fair value of these investments, save for distributions, is recognised in the capital column of the Income Statement. All such unlisted investments are subject to an assessment of impairment on an annual basis.

Rate of exchange

The currency of the primary economic environment in which the Company operates (the functional currency) is pounds sterling ("Sterling"), which is also the presentational currency of the Company.

Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date.

At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange.

2. (Losses)/Gains on Investments held at Fair Value through Profit or Loss

	2008 £'000	2007 £'000
Realised (losses)/gains on disposal of investments	(1,830)	76,094
Fair value gains recognised in earlier years	(18,137)	(28,932)
Net realised (losses)/gains on carrying values at the previous balance sheet date	(19,967)	47,162
Fair value (losses)/gains arising during the year	(19,677)	12,716
	(39,644)	59,878

3. Dividends and Other Income

	2008 £'000	2007 £'000
Revenue:		
Income from investments:		
Unfranked dividends	6,876	8,011
Franked dividends	–	34
	6,876	8,045
Interest on deposits	172	357
Other income	–	4
	7,048	8,406
Capital:		
Special dividends allocated to capital	453	51

Notes to the Accounts

	2008 £'000	2007 £'000
4. Expenses		
Allocated to Revenue:		
Management Fee:		
Management fee	(1,501)	(2,399)
VAT charged on management fee*	-	(420)
	(1,501)	(2,819)
Allocated to capital	1,126	2,114
Management fee allocated to revenue	(375)	(705)
VAT Recoverable*:		
VAT recoverable on past management and performance fees	2,300	-
Allocated to capital	(1,846)	-
VAT recoverable allocated to revenue	454	-
Other Fees and Expenses:		
Fees payable to the Company's auditor for the statutory audit of the accounts	(20)	(19)
Fees payable to the Company's auditor for other services		
supplied pursuant to legislation	-	(1)
supplied in relation to other services	-	(20)
Directors' fees	(81)	(142)
General expenses	(318)	(447)
Tender offer expenses	-	(1,302)
Other fees and expenses allocated to revenue	(419)	(1,931)
Total fees and expenses allocated to revenue	(340)	(2,636)
Allocated to Capital:		
Management fee	(1,126)	(2,114)
VAT recoverable	1,846	-
Performance fee	-	(1,105)
Other fees and expenses:		
Transaction costs incurred on acquisitions of investments	(281)	(738)
Commission rebated	20	44
	(261)	(694)
Total fees and expenses allocated to capital (see Notes 1 and 18)	459	(3,913)
Total fees and expenses	119	(6,549)

*No VAT has been charged on management fees since November 2007 when HM Revenue & Customs announced acceptance that VAT was not chargeable on investment trust management fees. Recovery of £2,300,000 of past VAT is considered to be virtually certain and so has been accrued (see notes 11 and 25). The accrued VAT recovery has been allocated between revenue and capital on the same basis as it was originally charged in the relevant periods.

Notes to the Accounts

	2008 £'000	2007 £'000
5. Interest Payable		
On borrowings repayable within five years:		
Bank overdraft	22	23
Multi-currency loan facility	184	1,387
	206	1,410
Interest payable allocated to capital (see Notes 1 and 18)	(138)	(1,040)
	68	370

6. Taxation

(a) Analysis of tax charge for the year:

	Revenue 2008 £'000	Capital 2008 £'000	Total 2008 £'000	Revenue 2007 £'000	Capital 2007 £'000	Total 2007 £'000
Tax relief to capital	959	(959)	–	941	(941)	–
Corporation tax	1,037	–	1,037	1,184	–	1,184
	1,996	(959)	1,037	2,125	(941)	1,184
Double tax relief	(1,037)	–	(1,037)	(1,184)	–	(1,184)
	959	(959)	–	941	(941)	–
Foreign tax suffered	941	68	1,009	1,103	8	1,111
Overseas tax credits	(3)	–	(3)	(12)	–	(12)
Total current tax for period (see Note 6(b))	1,897	(891)	1,006	2,032	(933)	1,099

(b) Factors affecting current tax charge for the year:

	2008 £'000	2007 £'000
Net income before taxation	6,640	5,400
Corporation tax at 30%	996	1,620
Corporation tax at 28%	930	–
Effects of:		
Income not subject to corporation tax	(37)	(10)
Expenses not deductible for tax purposes	77	431
Allowable expenses in capital	(157)	(861)
Transfer to capital	959	941
Utilisation of excess interest brought forward	(772)	–
Overseas tax	941	1,103
Overseas tax credits	(3)	(8)
Double tax relief claim	(1,037)	(1,184)
Current revenue tax charge for the period (see note 6(a))	1,897	2,032

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.

(c) Provision for deferred taxation

There are no unrecognised deferred tax assets (2007: £799,000) in respect of excess interest but £58,000 (2007: £229,000) in respect of eligible unrelieved foreign tax. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise the unrelieved foreign tax and, therefore, no deferred tax asset has been recognised.

*Under the Finance Act 2008, the rate of corporation tax was lowered to 28% from 1 April 2008.

Notes to the Accounts

7. Total Return per Ordinary Share

- (i) The Total Return per Ordinary share is calculated on the adverse return to Ordinary shareholders of £34,115,000 (2007: Positive Return of £58,903,000) and 31,374,975 (2007: 47,300,957) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year, excluding Ordinary shares purchased by the Company and held as treasury shares.
- (ii) The Revenue Return per Ordinary share is calculated on the return of £4,743,000 (2007: £3,368,000) and the weighted average Ordinary shares in issue as per(i) above.
- (iii) The Capital Return per Ordinary share is calculated on the adverse return of £38,858,000 (2007: Positive return of £55,535,000) and the weighted average Ordinary shares in issue as per (i) above.

8. Dividends on Ordinary Shares

2008
£'000

2007
£'000

Amounts recognised in these Accounts as distributions to Ordinary shareholders in the year:

Interim dividend in respect of the year to 30 September 2007 of 8.00p

per share paid on 31 January 2008 on 32,107,162 shares.

(2007: 2.00p per share paid on 31 January 2007 on 57,791,389 shares)

2,569

1,156

Total dividends of 8.00p (2007: 2.00p) per share

2,569

1,156

The declared interim dividend in respect of the year to 30 September 2008, which is in lieu of a final dividend, has not been included as a liability in these Accounts. This dividend, which is used to assess compliance with the requirements of Section 842 Income and Corporation Taxes Act 1988, is set out below:

Final dividend of 14.00p (2007: 8.00p) per share payable on 30 January 2009 on 29,339,162 (2007: 32,107,162) shares

4,107

2,569

Total dividends of 14.00p (2007: 8.00p) per share

4,107

2,569

9. Listed Investments

2008
£'000

2007
£'000

Movements of investments held as fixed assets:

Book cost brought forward

199,951

298,299

Acquisitions at cost

318,582

576,363

Proceeds of disposals

(362,625)

(750,805)

Net gain realised on disposals

(1,830)

76,094

Book cost at 30 September

154,078

199,951

Changes in fair value of investments

(13,785)

24,029

Valuation of investments at 30 September

140,293

223,980

The Company's investments are registered in the name of nominees of, and held to the order of, The Bank of New York Mellon, as custodians to the Company.

2008
£'000

2007
£'000

The following transaction costs were incurred during the year:

On acquisitions

281

738

On disposals

353

570

634

1,308

Notes to the Accounts

10. Investments in Subsidiaries

The undernoted companies are wholly-owned subsidiaries of the Company. They have been classified as unlisted investments at fair value, due to them being in liquidation.

(a) Aberdeen European Investment Trust PLC:

Aberdeen European Investment Trust PLC was placed in members' voluntary liquidation on 26 February 1999 and is included in these accounts at fair value based on its net asset value as estimated by the liquidators.

Fair value of Aberdeen European Investment Trust PLC at 30 September 2008 was as follows:

	2008 £'000	2007 £'000
Fair value brought forward	327	364
Change in fair value	-	(37)
Liquidation proceeds	(297)	-
Fair value carried forward	30	327

(b) The German Investment Trust plc:

The German Investment Trust plc was placed in members' voluntary liquidation on 20 May 1997 and is included in these accounts at its net realisable value as estimated by the liquidators.

Fair value of The German Investment Trust plc at 30 September 2008 was as follows:

	2008 £'000	2007 £'000
Valuation at 30 September	-	-

11. Debtors

	2008 £'000	2007 £'000
Amounts receivable within one year:		
Investments sold	6,142	3,847
Currency transaction	-	1
Accrued income	3	65
Prepaid expenses	14	16
Taxation	1,197	835
VAT recoverable	2,300	-
Other debtors	29	67
	9,685	4,831

12. Creditors

	2008 £'000	2007 £'000
Amounts payable within one year:		
Investments purchased	6,763	7,391
Currency transaction	7	-
Accrued expenses	356	1,600
Bank overdraft	-	6
Bank loans	-	1,396
	7,126	10,393

The Company has an overdraft facility of £5,000,000 with The Royal Bank of Scotland. Interest is charged at 1% over the base rate set by the Bank of England.

The Company has an uncommitted multi-currency loan facility of £40,000,000 with The Bank of New York Mellon. Interest is charged at a rate of 0.5% over LIBOR.

Borrowings are repayable on demand.

Notes to the Accounts

13. Called-up Share Capital

	2008 £'000	2007 £'000
Authorised:		
100,000,000 (100,000,000) Ordinary shares of 50p	50,000	50,000
Allotted, Called-up and Fully-paid		
29,339,162 (2007: 32,871,662) Ordinary shares of 50p in issue	14,670	16,436
2,864,987 (2007: 3,446,987) Ordinary shares of 50p held in treasury	1,432	1,723

During the year, 2,118,000 Ordinary shares were repurchased to be held in treasury at a cost of £12,281,000 (2007: 1,996,987 Ordinary shares repurchased and held in treasury at a cost of £12,054,000).

2,700,000 of the Ordinary shares held in treasury were cancelled during the year.

In addition, 1,414,500 Ordinary shares were repurchased and cancelled at a cost of £8,811,000.

The Ordinary shares held in treasury have no voting rights and are not entitled to dividends.

14. Share Premium

	2008 £'000	2007 £'000
Balance brought forward	-	39,967
Cancellation of reserve (see note 15)	-	(39,967)
Balance at 30 September	-	-

15. Special Distributable Reserve

	2008 £'000	2007 £'000
Balance brought forward	53,001	-
Created on cancellation of share premium and capital redemption reserves	-	53,001
Balance at 30 September	53,001	53,001

The Special Distributable Reserve was created on 11 July 2007 following the cancellation of the Share Premium and the Capital Redemption Reserve.

16. Merger Reserve

	2008 £'000	2007 £'000
Balance at 30 September	61,344	61,344

17. Capital Redemption Reserve

	2008 £'000	2007 £'000
Balance brought forward	364	1,837
Nominal value of shares repurchased and cancelled	707	95
Nominal value of shares cancelled that were held in Treasury	1,350	-
Share redemption from tender offer	-	11,102
Cancellation of reserve (see note 15)	-	(13,034)
Nominal value of shares repurchased and cancelled subsequent to cancellation of reserve	-	364
Balance at 30 September	2,421	364

Notes to the Accounts

	2008 £'000	2007 £'000
18. Capital Reserve		
Balance brought forward	78,941	183,731
(Losses)/gains on investment held at fair value through profit or loss	(39,644)	59,878
Impairment of investment in subsidiary	–	(37)
Cost of shares repurchased during the year	(21,092)	(160,325)
Exchange loss on currency transactions	(879)	(337)
Dividends allocated to capital	453	51
Management fee allocated to capital	(1,126)	(2,114)
VAT recoverable on management fees allocated to capital	1,846	–
Performance fee allocated to capital	–	(1,105)
Net transaction costs incurred on acquisitions of investments	(261)	(694)
Interest charge allocated to capital	(138)	(1,040)
Tax relief on fees and interest charged to capital	959	941
Foreign tax suffered on dividends allocated to capital	(68)	(8)
Balance at 30 September	18,991	78,941

Capital reserve includes gains and losses on investments.

According to guidance issued by the Institute of Chartered Accountants in England and Wales (TECH 01/08) both gains and losses on realisation of investments and changes in the fair value of investments held that are considered to be readily convertible into cash should be treated as realised.

At the year-end all of the Company's portfolio was considered to be sufficiently liquid to be regarded as readily convertible into cash. Consequently the whole of the capital reserve may be treated as realised and is therefore distributable.

Under the terms of the Company's Articles of Association, sums standing to the credit of the capital reserve are available for distribution only by way of redemption or purchase of the Company's own shares.

	2008 £'000	2007 £'000
19. Revenue Reserve		
Balance brought forward	7,706	5,494
Net revenue return for the year	4,743	3,368
Dividends paid on Ordinary shares	(2,569)	(1,156)
Balance at 30 September	9,880	7,706

20. Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary share is calculated on net assets of £161,739,000 (2007: £219,515,000) and 29,339,162 (2007: 32,871,662) Ordinary shares in issue at the year-end.

Shares held in treasury are excluded from the calculation of the Net Asset Value per Ordinary share.

21. Analysis of Net Cash/(Debt)	At 30 September 2007 £'000	Cash flow £'000	Movement in borrowings £'000	Movement in deposits £'000	Exchange loss £'000	At 30 September 2008 £'000
Cash at bank	770	11,021	–	–	(879)	10,912
Short term deposits	–	–	–	7,945	–	7,945
Bank overdraft	(6)	6	–	–	–	–
Net cash at 30 September	764	11,027	–	7,945	(879)	18,857
Bank loans	(1,396)	–	1,396	–	–	–
Net cash/(debt) at 30 September	(632)	11,027	1,396	7,945	(879)	18,857

Notes to the Accounts

22. Reconciliation of Net Cash Flow to Movement in Net Cash/(Debt)	2008 £'000	2007 £'000
Increase/(decrease) in cash	11,027	(34)
Increase in deposits	7,945	-
Decrease in borrowings	1,396	13,523
Change in net balances resulting from cash flows	20,368	13,489
Net debt brought forward	(632)	(13,784)
Exchange loss on currency transactions	(879)	(337)
Net cash/(debt) at 30 September	18,857	(632)

23. Transactions with Manager

During the year, total management fees of £1,501,000 (2007: £3,924,000, including VAT) were payable to Gartmore Investment Limited for the provision of investment management and secretarial services to the Company. The basis of management fees charged is disclosed in the Directors' Report. At the balance sheet date, management fees of £209,000 (2007: £1,429,000) had been accrued.

24. Financial Instruments: Risk Management

The Directors manage investment risk principally through setting an investment policy (see page 2) that is approved by shareholders, by delegating management of the Company's investments to an investment manager under an agreement which incorporates appropriate duties and restrictions, and by monitoring performance in relation thereto. The Board's relationship with the investment manager is discussed on page 28 of this Report. Internal control procedures and the Board's general approach to risk is discussed on pages 29 to 31. There have been no material changes to the management or nature of the Group's investment risks from the prior year.

In pursuit of its investment objective (see page 2), the Company is faced with a variety of risks which could result in either a reduction in the Company's net assets or a reduction in the revenue available for distribution by way of dividend. The principal risks associated with the Company's financial instruments are market risk, liquidity risk and credit risk. The effects of these can also be increased by gearing.

Market risk

Market risk comprises three types of risk: market price risk, currency risk and interest rate risk.

Market price risk

The Company is an investment company and as such its performance is dependent on changes in the valuations of its investments. Consequently, market price risk is the most significant risk to which the Company is exposed. The Company's investment objective and policy require it to invest predominantly in larger continental European listed companies.

At 30 September 2008, the fair value of the Company's assets exposed to market price risk was £140,293,000 (2007: £223,980,000). The fair value of the investments in the portfolio is normally their bid-market price. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the companies, their industry sectors or their domicile. The 37% reduction in the value of assets exposed to market risk was mainly attributable to the combination of declines in the market prices of investments held, buybacks of the Company's own shares and moving from a modestly geared position to a net cash position in the current economic environment, offset to degree by the depreciation of sterling against Continental European currencies.

The Company normally holds approaching 100 stocks which significantly spreads the risk of individual investments performing poorly. The largest individual stock at the year-end represented just 5.0% of the value of the portfolio.

The level of risk, relative to the benchmark, is increased by holding stocks not represented in the benchmark index and by over or underweighting industry sectors and, to a lesser extent, country exposures relative to the benchmark, which tends to concentrate risk in those over and underweighted areas. As can be seen from the chart on page 13 the largest industry sector weighting variances at the year-end were in the Financials, Healthcare (underweight), Basic Materials, Oil & Gas and Utilities (overweight) sectors. These weightings reflect the strategy outlined in the Manager's Review on pages 8 and 9.

Although the net movement in the benchmark index over the 10-year period to 30 September 2008 was an increase of 35.8%, the annual movement over that period averaged 21.3%. Whilst recognising that some of these movements relate to currency fluctuations, this none-the-less illustrates the volatility of continental investments and indicates that the portfolio valuation could move by a similar percentage in the forthcoming financial year. Accordingly, to illustrate the Company's sensitivity to market prices, a 21.3% change to the market value (in sterling terms) of the equity portfolio at 30 September 2008 would generate a corresponding increase or decrease in the net asset value per Ordinary share of 18.3% (because of the level of cash held) and, because of the effect on the management fee, would have a converse effect on revenue return of around 0.2p per Ordinary share. The effect on capital return would be materially the same as the effect on net assets.

Notes to the Accounts

24. Financial Instruments: Risk Management (continued)

Currency risk

The majority of the Company's assets are denominated in currencies other than sterling so the Company's total return and balance sheet can be significantly affected by currency fluctuations. No hedging of the currency exposure is currently undertaken. Revenue received in currencies other than sterling is converted into sterling on, or shortly after, the date of receipt. Whilst the Board and the Manager monitor geographical and currency exposure it is not a key determinant of investment decisions. At the year-end approximately 98.3% (2007: 99.3%) of the Group's total assets were denominated in currencies other than sterling, the largest proportion being Euro, at 76.9% (2007: 75.3%) of Total Assets.

The table below shows, by currency, the split of the Company's non-sterling monetary assets and investments at the year-end:

	2008 £'000	2007 £'000
Monetary Assets		
Cash and short-term receivables		
Euro	24,542	2,057
Swiss franc	1,060	608
Norwegian krone	97	510
US dollar	21	20
Danish krone	2	-
Non-Current Asset investments held at fair value		
Euro	105,260	170,141
Swiss franc	29,278	39,855
Swedish krona	2,659	9,441
Norwegian krone	2,413	3,878
Danish krone	683	-
US dollar	-	665
Total	166,015	227,175

The level of assets exposed to currency risk reduced by approximately 26% during the year. In common with the exposure to market price risk, this was mainly through the combination of declines in the market prices of investments held, buybacks of the Company's own shares and moving from a modestly geared position to a net cash position, offset to a degree by the depreciation of sterling against Continental European currencies. Subject to this the relative levels of exposure to currencies at the beginning and end of the year were broadly representative of levels through the period.

As can be seen from the table above the most significant currency exposures are to Euro and Swiss francs. During the financial year sterling depreciated by 11.4% against the Euro (2007: by 2.8%) and by 16.0% against the Swiss franc (2007: appreciated by 1.6%). It is not possible to forecast how much exchange rates might move in the next year, but based on the movements in the above two major currencies in the last two years, it appears reasonably possible that rates could change by 10%. To illustrate the Company's sensitivity to currency fluctuations using the Company's year-end position, if sterling were to appreciate 10% compared with all of the other currencies held the value of Company net assets would reduce by approximately 8.9% (2007: 9.0%) or £14.4 million (2007: £19.8 million) and revenue return for the forthcoming financial year would reduce by approximately £361,000 (2007: £340,000). Applying the same 10% change in rate to each of the largest (Euro and Swiss franc) exposures listed above would individually affect net assets and revenue return as follows (The effect on capital return would be materially the same as the effect on net assets):

	2008 Net Assets £'000	2009 Revenue £'000	2007 Net Assets £'000	2008 Revenue £'000
Euro	11,259	309	14,935	270
Swiss franc	2,627	39	3,642	48
Other currencies	497	13	1,264	22
	14,383	361	19,841	340

Notes to the Accounts

24. Financial Instruments: Risk Management (continued)

It should be noted that a number of investee companies derive a proportion of their profits from markets subject to currencies other than that in which their shares are denominated so changes in the relevant currency exchange rates relative to each other are also likely to have an indirect impact. Also, the above illustration is based on exposures at the year-end. Exposures may be subject to change during the year as a result of investment decisions. Liabilities denominated in foreign currencies at the year-end relate to investment transactions awaiting settlement. The balance outstanding at the year-end was not material in the context of currency risk (2007: not material). However, when gearing is used borrowings are normally in euro so such borrowings (nil at the year-end) will mitigate some of the currency risk associated with the investments held (2007: Euro 2 million).

Interest rate risk

The Company finances part of its activities through the use of a multi-currency revolving credit facility from The Bank of New York Mellon which has a limit of £40,000,000 (2007: £50,000,000). Interest rates are set at the time drawings are made based on the London inter-bank offered rate (libor) plus a contracted margin. Drawings are normally in euro. During the year, the maximum drawn under the facility was Euro 16,000,000 (2007: Euro 75,000,000) and the weighted average interest rate was 4.65% (2007: 4.23%). No hedging of the interest rate is undertaken. At 30 September 2008 there were no drawings outstanding (2007: Euro 2 million, equivalent to £1,396,000).

The Company also has a short-term overdraft facility of £5,000,000 (2007: £5,000,000) provided by The Royal Bank of Scotland. The interest rate is 1% above the Bank's fluctuating base rate and no hedging is undertaken. The Manager minimises the risk of exposure to excessive interest costs by continuously monitoring the Company's cash position.

The Company also earns interest on its cash and short-term deposits. Loan drawings and deposits are rarely fixed for periods of more than one week.

At 30 September 2008, financial assets and liabilities exposed to floating interest rates were as follows:

	2008 £'000	2007 £'000
Financial Assets:		
Cash balances	18,857	770
Financial Liabilities:		
Multi currency loan facility	-	(1,396)
Bank overdraft	-	(6)

The Company has no direct exposure to fixed interest rates.

The year-end amounts are not representative of the exposure to interest rates during the year just ended nor for the year ahead, since the level of borrowings and/or cash held will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time. However, to illustrate the potential sensitivity to changes in interest rates, if the revolving credit facility of £40,000,000 was fully drawn, a change of 0.5% in the rate of interest charged would, over the course of a year, amount to £200,000 (ignoring any exchange rate movements), less than 0.2% of year-end net assets.

Credit risk

Credit risk is the Company's exposure to financial loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company manages credit risk by using brokers from a database of approved financial institutions who have undergone rigorous due diligence tests by the Manager's Risk Management Team and by dealing through Gartmore Investment Limited with banks approved by the Financial Services Authority.

At 30 September 2008, the maximum exposure to credit risk was £24,999,000 (2007: £4,617,000), comprising:

	2008 £'000	2007 £'000
Cash at bank	18,857	770
Investments sold awaiting settlement	6,142	3,847

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of default is considered to be low.

Notes to the Accounts

24. Financial Instruments: Risk Management (continued)

Liquidity risk

Liquidity risk is the possibility of the Company failing to realise sufficient assets to meet its financial obligations. The Company minimises this risk by investing primarily in larger listed companies, whose shares are normally more liquid than those of smaller companies, and by ensuring that it has adequate cash and credit facilities in place to meet its obligations. The Company's liquidity is mostly held in euro, almost entirely on interest-bearing current accounts or short-term deposits in the money market. Deposits are rarely fixed for terms in excess of one week. Cash requirements are monitored constantly.

At 30 September 2008, the fair value of financial liabilities was £7,126,000 (2007: £10,393,000), comprising:

	2008 £'000	2007 £'000
Due within one month:		
Investments purchased awaiting settlement	6,763	7,391
Bank loan	-	1,396
Overdraft	-	6
Currency transaction	7	-
Accrued expenses and interest	356	1,600

Gearing risk

Market risks can be amplified by gearing. As discussed above, in addition to using shareholders' funds to finance investments the Company can also invest funds available from drawings on its loan and overdraft facilities. Such gearing will exaggerate the effect on net asset value of a change in the value of the portfolio. If the Company's revolving credit facility was fully extended the bank gearing would amount to 25% of net assets and in those circumstances a change of 10% in the value of the portfolio would be expected to change the net asset value by approximately 12.5%.

As noted on page 51 in the interest rate risk section, the level of borrowings and/or cash held during the year will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time.

At the year-end there was no bank gearing (2007: 0.6%).

25. Contingent Assets

In November 2007 HM Revenue & Customs (HMRC) declared its acceptance that fund management services to investment trusts were exempt from VAT. From that time the Company has ceased to be charged VAT on management fees. The Manager has confirmed that it has lodged claims with HMRC to recover VAT paid from 2001 and, following a further HMRC brief published in February 2008, for the period from 1990 to 1996 and that it will remit any recoveries to the Company. There is currently no prospect of recovering VAT paid in the 1997 to 2000 period.

The VAT amount considered to be virtually certain of recovery by the Company from the claims lodged, as advised by Gartmore following meetings it has had with the relevant VAT inspector, has been accrued in these Accounts (see note 11). No accrual has been made for interest that may also be recoverable, such interest is estimated to be in the range of £320,000 to £400,000.

26. Capital

The Company's capital, or equity, is represented by its net assets which are managed to achieve the Groups' investment objective as set out on page 2.

The main risks to the Company's investments are shown in Note 24. Note 24 also explains that the company is able to gear and that gearing will amplify the effect on equity of changes in the value of the investment portfolio.

The Board can also manage the capital structure directly since it determines dividend payments and has taken the powers, which it is seeking to renew, to issue and buy-back shares.

The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by section 842 Income and Corporation Taxes Act 1988 and by the Companies Act, respectively, and with respect to the availability of borrowing facilities, by the covenant imposed by The Bank of New York Mellon (see page 17).

The Board regularly monitors, and has complied with, the externally imposed capital requirements. This is unchanged from the prior year.

Total Equity at 30 September 2008, the composition of which is shown on the Balance Sheet on page 39, was £161,739,000 (2007: £219,515,000).

Notice of Annual General Meeting

THIS NOTICE OF ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your Ordinary shares in Gartmore European Investment Trust p.l.c., please send this document, together with the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Gartmore European Investment Trust p.l.c. will be held at Gartmore House (see page 57), 8 Fenchurch Place, London EC3M 4PB, on Friday, 30 January 2009 at 12.30 p.m. to transact the following business. Resolutions 1 to 7 will be proposed as ordinary resolutions and Resolutions 8 and 9 will be proposed as special resolutions.

1. To receive the Report of the Directors and the Accounts for the year ended 30 September 2008, together with the Report of the Auditors.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2008.
3. To re-appoint Mr A Comba as a Director.
4. To re-appoint Mr JC Banon as a Director.
5. To re-appoint Grant Thornton UK LLP as Auditors of the Company.
6. To authorise the Directors to fix the remuneration of the Auditors.
7. THAT, the Directors be and are hereby generally and unconditionally authorised, in accordance with Section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal value of £4,700,000 provided that such authority expires on the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the powers and authorities hereby granted had not expired; and all unexercised authorities previously granted to the Directors to allot relevant securities be and are hereby revoked.
8. THAT, the Directors be and they are hereby empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) or the Company may make offers or agreements to allot equity securities for cash pursuant to the authority conferred by Resolution 7 and to sell equity securities which are held by the Company in treasury as if Section 89(1) of the Act did not apply to any such allotments and sales provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with rights issues, open offers or other offers of securities in favour of the holders of Ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them on any such record date(s) (subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or any stock exchange in any territory or by virtue of shares being represented by depository receipts, or otherwise howsoever); and
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal value of £1,400,000.

This power shall expire at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the

Notice of Annual General Meeting

Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

9. THAT, in substitution for any prior authority, the Company be generally and unconditionally authorised, in accordance with Section 166 of the Act, to make market purchases (within the meaning of Section 163(3) of the Act) of Ordinary shares of 50 pence each of the Company provided that:
 - (a) the maximum number of Ordinary shares that may be purchased shall be 14.99% of the Company's issued share capital at 30 January 2009, the date of the Annual General Meeting (equivalent to approximately 4,245,000 shares at 5 December 2008);
 - (b) the minimum price which may be paid for an Ordinary share shall be 50p;
 - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the higher of (a) 105% of the average market value of the Ordinary shares of the Company for the five business days before the purchase is made, and (b) the higher of the last independent trade and the highest current independent bid price for the five business days;
 - (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company;
 - (e) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares pursuant to any such contract; and
 - (f) any Ordinary shares so purchased shall be cancelled or, if the Directors so determine and subject to the provision of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 and any applicable regulations of the United Kingdom Listing Authority, held as Treasury shares.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Company Secretary

12 December 2008



Registered Office:
Gartmore House
8 Fenchurch Place
London EC3M 4PB
Registered No: 427958

NOTES:

- (1) A Member entitled to attend and vote is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. Such proxy need not be a Member of the Company. A Form of Proxy is enclosed. To be effective, the Form of Proxy must be deposited at the offices of the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA not less than 48 hours before the time fixed for the Meeting.
- (2) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of Ordinary Shares registered on the Company's Register of Members at 6.00 p.m. on the date two days prior to the Meeting or any adjournment of it shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend and vote at the Meeting or adjourned meeting.
- (3) Copies of the terms of appointment for the Non-Executive Directors will be available for inspection during normal business hours on Monday to Friday (public holidays excepted) at the registered office of the Company from the date of this document up to and including the date of the Meeting, and also at Gartmore House, 8 Fenchurch Place, London EC3M 4PB on the morning of the AGM from 15 minutes prior to the Meeting until its conclusion.
- (4) As at 5 December 2008 (being the latest practicable date prior to publication of this notice), the Company's issued share capital consisted of 28,324,962 Ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 5 December 2008 was 28,324,962.
- (5) Members are requested to notify the Company's Registrar of any change of address. This Report is forwarded to the address at present registered for communications.

Shareholder Information

Annual General Meeting

This year's Annual General Meeting will be held at Gartmore House, 8 Fenchurch Place, London EC3M 4PB, on Friday, 30 January 2009 at 12.30 p.m.

Payment of Dividends

Cash dividends will be sent by cheque to the first-named shareholder on the Register at their registered address, together with a tax voucher. At a shareholder's request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System (BACS). This may be arranged by contacting the Company's Registrar on 0870-601 5366. Calls are charged at 8p per minute from a BT landline. Calls from other telephone networks may be higher.

Price and Performance Information

The Company's Ordinary shares are listed on the London Stock Exchange and the prices are published in the Financial Times under 'Investment Companies'.

Real-time share price information is available on 09058 171 690. Calls are charged at 75p per minute from a BT landline. Calls from other telephone networks may be higher.

The Company's Net Asset Value is calculated daily and can be viewed on the London Stock Exchange website at www.londonstockexchange.com. Further information can be obtained from Gartmore as follows:

Free Investor Helpline	– 0800-289 336
Internet address	– www.gartmore.co.uk
E-mail address	– helpline@gartmore.com

Internet

Information on the Company is available on the Company's website www.gartmoreeuropeaninvest.co.uk or Gartmore's internet site, www.gartmore.co.uk. Information available on the Company's website including the latest annual and interim reports, fact sheets and corporate governance documents such as committee terms of reference that can be downloaded, together with access to the latest regulatory news announcements and net asset values.

Share Dealing

Investors wishing to purchase Ordinary shares in the Company, or sell all or part of their existing holdings, may do so through a stockbroker. The Company's Registrar and most banks also offer this service. See also pages 58 and 59 for investing in Gartmore investment trusts.

Share Register Enquiries

The Company's Registrar, Equiniti Limited, maintains the share register. In the event of queries regarding your holding, please contact the Registrar on 0871 384 2457. Alternatively, there is now a range of information online. You can check your holding and find practical help on transferring shares or updating your details at www.shareview.co.uk. Changes of name or address must be notified in writing to the Registrar.

Gartmore SAVE*It* and Gartmore Investment ISA*It* Enquiries

Details of the Gartmore Savings Plan, SAVE*It*, and the Gartmore Investment tax-free Individual Savings Account, ISA*It*, are set out on page 59 of this Report. These enable individuals to buy shares in the Company in a straightforward and accessible way.

*Enquiries about SAVE*It*, and ISA*It*, should be directed to:*

Investor helpline	– Call free on 0800-289 336
Administration helpline	– Call on 0870-601 6163
Administration fax	– 0870-888 3033
E-mail address	– helpline@gartmore.com

Shareholder Information

Factsheets

A Factsheet booklet, which contains statistics for the whole range of Gartmore managed investment trusts, is published regularly and is available on request from Gartmore Investment Limited, Gartmore House, 8 Fenchurch Place, London EC3M 4PB, or call free on 0800-289 336. Individual company Fact sheets are also available on the internet at www.gartmore.co.uk.

Capital Gains Tax

The annual capital gains of private individuals in excess of £9,200 will be subject to capital gains tax.

Investment trust companies are able to switch investments without liability to capital gains tax.

The Association of Investment Companies

The Company is a member of The Association of Investment Companies, which produces monthly publications of detailed information on the majority of investment trusts. This information is also available on The Association's internet site, www.theaic.co.uk. The Association of Investment Companies can be contacted by telephone on 020-7282 5555, or by post to the 9th Floor, 24 Chiswell Street, London EC1Y 4YY.

Corporate Information

Manager and Company Secretary

Gartmore Investment Limited
Gartmore House
8 Fenchurch Place
London EC3M 4PB
Tel: 020-7782 2000

Company Stockbroker

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Registered Office

Gartmore House
8 Fenchurch Place
London EC3M 4PB

Registered No. 427958

England and Wales

Independent Auditors

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
30 Finsbury Square
London EC4Y 8BB

Registrar and Transfer Office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DX
Tel: 0871 384 2457

Portfolio service:

www.shareview.com

Share dealing service:

www.shareviewdealing.com

How to Find Us

Gartmore Investment Trusts

The aims of the investment trusts managed by Gartmore are as follows:

Gartmore Fledgling Trust plc (www.gartmorefledlingtrust.co.uk)

Long-term growth in capital and dividends from investment principally in the constituents of the FTSE Fledgling Index (ex Investment Companies). The investment policy combines indexation with an active overlay.

Gartmore Global Trust PLC (www.gartmoreglobaltrust.co.uk)

Long-term capital growth from a concentrated portfolio of international equities. Although not a primary objective, the dividend is expected to rise over the longer term.

Gartmore Growth Opportunities plc (www.gartmoregrowthopps.co.uk)

Capital appreciation from investment primarily in the shares of UK smaller companies.

Gartmore Irish Growth Fund PLC (www.gartmoreirishgrowthfund.co.uk)

Long-term capital growth from investment in companies incorporated in the Republic of Ireland or Northern Ireland.

Investing in Gartmore Investment Trusts

Gartmore Investment Limited offers savings schemes that provide a simple and cost effective means of buying Gartmore investment trust shares. You can use these schemes to invest on a regular savings basis, for lump sum investments or a combination of each. Details of these products are listed below.

You can also buy Gartmore investment trust shares through a stockbroker, the Company's registrar or indirectly via a lawyer, accountant or other independent financial adviser. A number of banks also offer this service.

Before investing please read the Key Features Document, which is available on request and on the Gartmore website.

Gartmore SAVEit ("SAVEit") – a low-cost, easy to use and flexible savings scheme

Regular savings from £50 per month

Lump sum Investments from £1,000

SAVEit is the savings scheme for investment trusts managed by Gartmore. Any income can be reinvested or, alternatively, paid to your bank or building society account. There is a dealing fee on share purchases of just 1% and no annual* or exit fees. Moreover, you may switch from one Gartmore trust to another within the scheme at a cost of only 1% of the repurchase value. There is no maximum investment level.

Gartmore Investment ISAit ("ISAit") – a tax-efficient way to invest

Regular savings from £50 per month

Lump sum Investments from £1,000

ISAit is the Individual Savings Account (ISA) for investment trusts managed by Gartmore. An ISA is a tax-efficient savings account. Investments held within Gartmore Investment ISAit are not subject to capital gains tax. ISAit allows you to invest, via a Stocks and Shares ISA, up to a maximum of £7,200 per person each tax year. There is an annual fee of 0.5%* (plus VAT) and no initial charge. Switches from one Gartmore trust to another within the scheme are available at a cost of only 1% of the repurchase value.

* Please note that in addition to any scheme charges paid by savers the investment trust companies bear their own operating costs which include investment management fees (see website).

How to receive further information

Write to: Gartmore Investor Services, Gartmore House, 8 Fenchurch Place, London EC3M 4PB

Call free: 0800 289 336 E-mail: help@gartmore.com Internet: www.gartmore.co.uk

Telephone calls may be recorded for monitoring and training purposes.

Important Information

If you have any doubts as to whether these products are suitable for you and wish to obtain personal advice, please contact an Independent Financial Adviser. The value of investment trust shares and the income from them may go down as well as up and you may not get back your original investment. The past performance of investment trusts is not a guide to future performance. Funds investing in overseas securities are exposed to and can hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to decrease or increase. Emerging markets tend to be more volatile than more established stock markets and therefore your money is at greater risk. Other risk factors such as political and economic conditions should also be considered. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). If these investments fall in value, gearing will magnify the impact on performance. Particular share classes may also be structurally geared by other share classes that have earlier entitlement to the investment trust's assets up to a predetermined limit. If an investment trust incorporates a large amount of gearing, its value may be subject to sudden and large falls in value and you could get back nothing at all. Where investment trust companies are involved in corporate activity, this may change the risk profile of individual shares, as well as impacting on the portfolio strategy, capital structure and duration of the overall company. Gartmore's investment trusts are permitted to use derivative instruments with the intention of improving returns or reducing the fund's volatility, although this outcome is not guaranteed. Derivatives are financial instruments which derive their value from an underlying security, such as equities or bonds. A rigorous risk management process runs alongside our use of derivatives to ensure that funds do not take undue levels of risk. The value of current tax relief depends on individual circumstances. If you have doubts about your tax position you should seek professional advice. The level of yield may be subject to fluctuation and is not guaranteed. Some or all, of the annual management fee may be currently charged to the capital of the company. Whilst this increases the yield, it will restrict the potential for capital growth. Investment trust shares may trade at a discount or a premium to the value of the investment trust's assets. Net Asset Value performance is not the same as share price performance and investors' returns may not equate to Net Asset Value performance. Where an investment trust holds a limited number of investments and one or more of those investments declines or is otherwise adversely affected, it may have a more profound effect on the investment trust's value than if a larger number of investments were held. If you choose to reinvest dividends to buy more shares in the same investment trust that paid the dividend, you should be aware that this will increase your investment risk exposure to the investment performance of that company. Investment trusts which specialise by investing in a particular region or market sector are more risky than those which hold a very broad spread of investments. ISA regulations have recently been reviewed by HM Treasury. However, they are still subject to Government legislation and as such their tax benefits and investment levels may be changed in the future.

Issued by Gartmore Investment Limited, which is authorised and regulated by the Financial Services Authority.

Glossary of Terms

Discount

The amount by which the mid-market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Gearing

The term applied to the effect produced by borrowings and prior charge securities, which tends to exaggerate the return attributable to shareholders. This is often expressed as a percentage indicating the extra amount by which shareholders' funds would rise or fall if the total assets, before deducting borrowings and prior charges, were to rise or fall. This is calculated by dividing total assets, before deducting borrowings and prior charges, by Net Asset Value, expressed as a percentage. A figure of 100 would indicate that a company had no gearing.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation (Market Cap)

The market value of a company is calculated by multiplying the mid-market price per share by the number of shares in issue.

Net Assets

Also described as Equity Shareholders' Funds, Net Assets is the value of Total Assets less liabilities. Liabilities for this purpose include borrowings and prior charge securities as well as current liabilities.

Net Asset Value per share (NAV)

'Basic' or 'Undiluted' Net Asset Value per share is calculated by dividing the Net Assets by the number of shares in issue. 'Diluted' Net Asset Value per share accounts for the dilutive effect that would be caused by the exercise of any Warrants in issue. It is calculated by adding, to the Net Asset Value, the proceeds receivable if all the Warrants in issue were exercised, and dividing that sum by the new total number of shares that would consequently be in issue.

Premium

The amount by which the mid-market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Prior charge

The term given to either borrowings or any class of security which, in a winding-up of the company, ranks ahead of the final beneficiary of surplus assets, usually ordinary or capital shares.

Total Expense Ratio (TER)

The total ongoing expenses (excluding interest and taxation) incurred in running the Company, as a percentage of the average net assets.

Warrant

A class of security, which confers the right to subscribe for a predetermined number of shares at a predetermined price on a specific date or series of dates.

Yield

The annual dividend expressed as a percentage of the share price.

Gartmore European Investment Trust p.l.c.

Registered Office:

Gartmore House

8 Fenchurch Place

London EC3M 4PB

Telephone: 020 7782 2000

Registered No. 427958 England and Wales

Summerhall 49725