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Gartmore European Investment Trust p.l.c.

Report and Accounts for the year to 30 September 2010

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Company Summary

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 Manager 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. Cash and derivative instruments (such as futures and options) may be used for efficient portfolio management and as part of investment strategy, subject to the prior consent of the Board.

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 normally 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.

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 Shareholders' Funds

£144,945,000 at 30 September 2010

Market Capitalisation of Ordinary Shares

£131,397,000 at 30 September 2010

Management Company

The Company's investments are managed by Gartmore Investment Limited under an Agreement that provides for three months' notice of termination to be given by either party.

Capital Structure & Voting Rights

The Company is an investment trust whose share capital at 30 September 2010 comprised 24,704,149 Ordinary shares of 50 pence each, of which 22,441,860 were in issue, with full voting rights, and 2,262,289 were held in treasury. Ordinary shareholders 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 Fee

The management fee, which is payable monthly in arrear, is calculated at a rate of 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.

ISA Status

For the current tax year, the maximum permitted investment through an ISA is £10,200.

Registered Office

Gartmore House, 8 Fenchurch Place, London EC3M 4PB

Overview

of the year to
30 September 2010

- Winner of the Moneywise European Investment Trust Award, 2010
- The Net Asset Value per Ordinary share and the Company's benchmark, the FTSE World Index – Europe (ex UK) in sterling terms, each declined by 1.7%
- The middle market price per Ordinary share decreased by 4.5% to 585.5 pence over the year
- The Ordinary shares traded at an average discount of 5.3% to the Net Asset Value, excluding current year revenue, compared with the AIC Europe sector average of 11.5%
- During the year, 4,463,802 Ordinary shares were repurchased, to be held in treasury, at a cost of £26.5 million, 5,000,000 Ordinary shares were cancelled from treasury
- An interim dividend, in lieu of a final dividend, of 16.5 pence per Ordinary share has been declared payable in respect of the year ended 30 September 2010, an increase of 17.9% on the dividend of 14.0 pence paid in respect of the previous year

The Board of Directors

The Board comprises four non-executive Directors, all of whom are independent of the Company and the Manager

Rodney Dennis *Chairman*

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

Shareholding in Company Nil

Jean Claude Banon

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

Shareholding in Company Nil

Alexander Comba *Chairman of the Audit Committee*

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 experience through a number of appointments at Hanson PLC

Other connections with Trust or Manager None

Shareholding in Company 5,000 Ordinary shares

Michael Firth

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 having previously been Head of Corporate Banking at HSBC Bank plc

Other connections with Trust or Manager None

Shareholding in Company Nil

All Directors are members of the Audit Committee (see Committees of the Board on page 30)

Chairman's Statement

I am pleased to present the Annual Report and Accounts of Gartmore European Investment Trust plc for the year to 30 September 2010

Performance

Against a backdrop of difficult and turbulent equity markets, the twelve months under review proved to be another challenging period for your Company. Over the year to 30 September 2010, the net asset value per Ordinary share (including undistributed revenue) and the Company's benchmark, the FTSE World Index – Europe (ex UK) in sterling terms, each declined by 1.7%. Over the same period, the middle market price of the Company's Ordinary shares fell by 4.5%, from 613.0 pence to 585.5 pence. Though it is disappointing that the Company could not deliver a seventh consecutive year of outperformance of its benchmark, over the longer term, the Company's net asset value performance relative to the benchmark index remains strong. Over the five-year and ten-year periods to 30 September 2010, the net asset value per Ordinary share, in capital terms, increased by 35.1% and 31.8% respectively, compared with increases of 15.4% and 4.2% in the Company's benchmark index over each of these respective time periods.

Rodney Dennis

Revenue and Dividends

The revenue return for the year to 30 September 2010 was 15.69 pence per Ordinary share, compared with 15.63 pence for the previous year.

The Board has declared an interim dividend, in lieu of a final, of 16.5 pence per Ordinary share, an increase of 17.9% on the previous year. The dividend will be paid on 31 December 2010 to shareholders on the register on 10 December 2010.

The Manager

On 8 November 2010, Gartmore Group Limited announced a strategic review and business reorganisation of Gartmore and the retirement of Roger Guy, the fund manager responsible for the day-to-day management of the Company's portfolio. In light of these events, the Board has negotiated a reduced notice period of three months with Gartmore and has moved the management of your portfolio to John Bennett, the head of Gartmore's European Equity team, pending resolution of Gartmore's corporate future. We thank Roger for his commitment and successful management of the Company's portfolio over the past fifteen years.

Discount Management Policy

Despite the Company's relatively good long-term investment performance, the well-documented concerns over sovereign debt and speculation surrounding the future of the eurozone left European equities out-of-favour with investors for much of the financial year. This resulted in the Company having to purchase a significant number of Ordinary shares in an effort to prevent the share price discount from widening too far. As a consequence, it was necessary to seek Shareholder approval to renew the Company's buy-back authority at a General Meeting of the Company on 11 August 2010.

During the year to 30 September 2010, the Company repurchased 4,463,802 Ordinary shares (16.6% of shares in issue at the beginning of the reporting period), to be held in treasury, at a cost of £26.5 million. The prices paid represented an average discount to net asset value of around 5.4%. Over the reporting period, the Ordinary shares traded at a daily average discount of 5.3%, compared with a European investment trust sector average of 11.5%.

Since 30 September 2010, renewed concerns over sovereign debt issues, coupled with the announcement by Gartmore, has resulted in the Company buying back a further 2,672,674 Ordinary shares at an average discount to net asset value of 5.8%. Consequently, a second General Meeting was held on 1 December 2010 at which Shareholders approved the further renewal of the Company's share buy-back authority. The share price discount currently stands at 6.6%.

Chairman's Statement

The Board aims actively to manage the discount at which the Company's shares trade through the share buy-back authority. The Board remains committed to consistent application of this policy, despite the prevailing market conditions and challenges facing the Company, and the Ordinary shares have continued to trade at a comfortable premium to the sector average discount. However, the cost of maintaining a stable discount level has been the purchase of around 10.4 million Ordinary shares, approximately one-third of shares in issue, over the three-year period to 30 September 2010.

The Directors confirm that they will continue to seek to maintain the Company's share price rating through a policy of buying in shares on an ongoing basis at prices which provide an uplift in the net asset value of the remaining Ordinary shares.

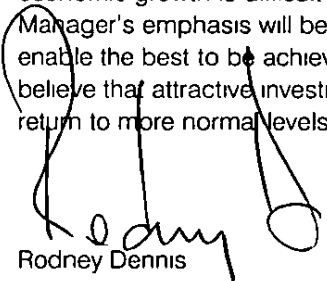
Special Business of the Annual General Meeting

At the forthcoming Annual General Meeting, the Directors will again be seeking to renew the authorities previously granted to allot and to buy-back shares for cancellation or to be held in treasury. The passing of these resolutions will continue to provide your Board with flexibility to add shareholder value should the opportunity arise. Shareholders are also being asked to renew the authority to call general meetings at short notice. Further details are provided in the Report of the Directors on pages 23 and 24. I hope you will give these resolutions your full consideration and support.

Outlook

The difficulties facing some of the peripheral European economies, particularly Ireland, are well-documented and remain at the fore as we head into 2011. The outlook for the current financial year is therefore clouded by uncertainty, with some European economies facing major headwinds to growth over the coming months. The European monetary authorities are taking a different approach to recovery than their counterparts in the United States as they are not yet convinced of the need for another round of quantitative easing, preferring instead short term austerity and budgetary conservatism in the expectation that these measures will yield long term stability and growth. This is likely to subdue economic activity in Europe over the medium term, as we begin to see the impact of reductions in government spending and increased taxes hit the consumer.

Nevertheless, the global economy is recovering and emerging markets in particular are continuing to deliver robust levels of growth. This provides a good backdrop for global demand in a number of European industries, which have been helped by a still competitive euro and by Europe's trade exposure to a resurgent China and other emerging markets. However, a return to strong economic growth is difficult to foresee. Therefore, in the short-term, the Manager's emphasis will be to invest in quality companies and this should enable the best to be achieved from equity markets. In the longer term, we believe that attractive investment opportunities will emerge as growth cycles return to more normal levels.



Rodney Dennis
Chairman

15 December 2010

The Manager

John Bennett

Gartmore Investment Limited is the Investment Manager and Secretary of the Company

Gartmore Investment Limited is a subsidiary of Gartmore Investment Management Limited, whose ultimate parent company is Gartmore Group Limited, a Cayman registered company listed on the main market of the London Stock Exchange

Gartmore is a leading asset management firm that provides a wide range of investment management products and services to retail and institutional investors in the UK, Continental Europe, the US, Japan and South America. As at 30 September 2010, Gartmore had £20.7 billion of assets under management.

Gartmore has been managing clients' investments for more than 40 years. 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.

The day-to-day management of the Company's portfolio is carried out by an award-winning team led by John Bennett.

John Bennett heads Gartmore's European Equities team, one of the leading teams of European focused investment managers in the industry. He joined Gartmore in January 2010 after spending 17 years at GAM and has over 20 years' experience of managing Continental and Pan European Equities. At GAM, he managed the GAM Star Continental European Equity Fund and the GAM Star European Equity Fund, both of which were awarded a AAA rating by Standard & Poor's and together received a total of 27 performance awards at the Lipper Fund Awards 2009. John qualified in 1986 as a Member of the Chartered Institute of Bankers in Scotland.

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

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

Performance Attribution

Over the year to 30 September 2010, the Net Asset Value per Ordinary share (including undistributed revenue) and the benchmark index, the FTSE World Index – Europe (ex UK) in sterling terms, each declined by 1.7%. The following analysis summarises the factors which contributed to the Company's relative performance.

Portfolio Performance

Performance of the investment portfolio	-3.6%
Performance of the benchmark index	-1.7%
Investment portfolio underperformance	-1.9%

Other Factors

Revenue return	+2.7%
Share buybacks	+1.4%
Exchange gain on currency transactions	+0.6%
Management fee and finance costs allocated to capital	-0.7%
Dividend paid	-2.1%
	+1.9%
	–

Manager's Review

Economic and Market Background

Over the last year, "macro" forces have significantly influenced investor sentiment and as a consequence global equity markets have been extremely volatile. During the first half of the Company's financial year, European equities delivered solid gains, as fresh signs that the global economic recovery was finally gathering some momentum broadly supported the outlook for corporate earnings growth, enabling equities to shrug off short-term setbacks such as Dubai's debt default in November and the Greek debt crisis which came to a head in early March. The market's rebound from each of these setbacks reflected the view that leading companies within the eurozone had emerged from the recession in relatively good shape.

In July, the health of the banking system was the focus of attention and, in particular, the outcome of stress tests designed to assess the ability of European banks to survive a repeat of the financial crisis. Of the 91 banks tested only 7 failed the health checks, with a total of just €3.5 billion of new capital required. Whilst the tests did not entirely eliminate concern about the medium-term risks, they did provide some much needed transparency and relieved fears of imminent financial contagion. Successful bond auctions by Spain and a number of European banks demonstrated the increasing appetite for risk.

Nevertheless, in spite of improving corporate fundamentals, heightened volatility persisted, as financial markets were driven by renewed fears of faltering economic growth, a double-dip recession and sovereign credit contagion. During August, investors refocused their attention on the continued fragility of the US economic recovery, with non-farm payrolls, durable goods orders, new home sales, the ISM manufacturing survey and the Philadelphia Fed index all indicating a slowdown in economic growth. This chorus of cheerless data steered global equity markets lower by the end of the review year.

Investment Strategy

With equity markets continuing to move higher towards the end of 2009, we found compelling arguments for investing in cyclical stocks. Defensive stocks also continued to offer attractive valuations and dividend yields. We therefore maintained the portfolio's broadly neutral balance between cyclical and defensive stocks over the final quarter of 2009. This position was held during the early part of 2010 as uncertainty reigned over Greek sovereign debt woes and contagion concerns. However, in March we considered the risk of contagion to be largely under control and looked for opportunities to increase cyclical exposure, seeking stocks where we had confidence in the underlying recovery prospects.

In November, we took the opportunity to invest in the French life insurer AXA following the company's rights issue, which we considered to be a good entry point, as the capital raising went some way towards repairing AXA's balance sheet. The purchase was financed by proceeds from the partial disposal of our holdings in Zurich Financial, Munich Re and Allianz.

Towards the end of the year, we added a number of new positions to the portfolio including Luxottica, the world's largest eyewear company, whose best known brands include Ray-Ban and Oakley. We anticipated a recovery in wholesale luxury channels for licensed brands, with Luxottica offering good expected earnings on an attractive rating versus its historic average. We also purchased Richemont for similar reasons – a recovery in select luxury brands and wholesale restocking. Emerging market exposure added to the attraction of both of these stocks.

Manager's Review

Elsewhere we found new opportunities in chemical distributor Brenntag and invested during the company's IPO. Based on our research, the company enjoys high barriers to entry in developed countries, with an opportunity to replicate their existing successful Latin American business model in Asia. Brenntag is a highly cash generative business with an opportunity to undertake acquisitions which are cash accretive in a short period of time.

In spite of the market's volatility throughout the rest of the review year as concerns over a double dip recession and macroeconomic forces dominated, we continued to find compelling ideas at the stock level. We built our exposure to the telecom equipment sector as network operators are becoming increasingly saturated with mobile data demands. We added to Telenor which exhibits the qualities we look for such as a strong franchise and emerging market exposure. Telenor has delivered good results so far, and share buy backs and a solid economic backdrop in Scandinavia add to the stock's attraction.

After seeing a recovery in passenger traffic and cargo air transportation services, we initiated a position in Deutsche Lufthansa. Lufthansa Cargo is currently the group's second most profitable unit, producing solid revenues and beating market expectations. The stock is attractively valued in our opinion, trading very cheaply relative to historical valuations. We expect the company's financial strength to continue in correlation with the global economic recovery.

We took the decision to divest a number of stocks in the utilities sector. RWE, Red Electrica and Iberdrola were all removed from the portfolio as we anticipated poor earnings momentum due to a weak outlook for the sector following an increase in government taxes on utilities and economic fragility.

We also disposed of our holding in construction materials manufacturer CRH which we sold ahead of a profit warning on the stock. Our decision to sell the stock prior to its warning was prompted by the stock's significant exposure to the weak US construction sector and our belief that the market did not fully recognise the risks to earnings.

Prospects

Markets continue to be data-dependent and we believe that this will remain the case for the next few months. Although we are optimistic that global economic activity will grow over the forthcoming year, we believe that the strength of this recovery is likely to remain fragile. So far the economic recovery in core European countries has relied mainly on policy stimulus and an increase in exports. However, we are encouraged by signs of an even more accommodative policy stance in the US, Europe, China and Japan, as well as a pick-up in merger and acquisition activity.

At the stock level, the case for investing in European equities remains compelling. Currently, European equities are trading at very attractive levels, having achieved significant operational efficiencies creating a supportive profit backdrop. For these reasons, we believe that earnings will prove to be more robust than market valuations currently imply and we maintain our bullish view on stocks from a bottom up perspective. We keenly anticipate the upcoming reporting season where we seek to identify companies with unexpected earnings growth. Nevertheless, equity markets will remain turbulent until indicators point more conclusively and consistently towards stronger and sustainable economic growth.

Gartmore Investment Limited
Manager

15 December 2010

Financial Highlights

	At 30 September 2010	At 30 September 2009	Change %
Shareholders' Funds			
Net Assets (£'000)	144,945	176,766	-18.0*
Net Asset Value per Ordinary share	645.9p	657.0p	-1.7

* The Company's net assets were reduced during the year by £26,532,000 utilised in the repurchase of 4,463,802 Ordinary shares to be held in treasury. In broad terms, this reduction mainly reflects the difference between the decrease of 18.0% in Net Assets and the decrease of 1.7% in Net Asset Value per Ordinary share for the year to 30 September 2010.

Share Price

Market Capitalisation of Ordinary shares in issue, with full voting rights (£'000)	131,397	164,932	-20.3
Middle Market Price	585.5p	613.0p	-4.5
Average Discount to NAV over the year	5.3%	4.4%	

Benchmark Index

FTSE World Index – Europe (ex UK) in sterling terms	366.6	373.0	-1.7
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Gearing

Actual Gearing	6.3%	6.5%	
Maximum Gearing (as authorised by the Board)	15.0%	15.0%	

	Year to 30 September 2010	Year to 30 September 2009
Revenue and Dividends		
Net revenue after taxation (£'000)	3,906	4,346
Revenue return per Ordinary share †	15.69p	15.63p
Dividend per Ordinary share	16.50p	14.00p
Total Expense Ratio (excluding performance-related fee)	1.1%	1.2%
Total Expense Ratio (including performance-related fee)	1.1%	1.7%

Total Return to Equity Shareholders (£'000)

Revenue return after taxation	3,906	4,346
Capital (loss)/return after taxation	(5,490)	26,384
Total return after taxation	(1,584)	30,730

Total Return per Ordinary share †

Revenue	15.69p	15.63p
Capital	(22.06p)	94.92p
Total	(6.37p)	110.55p

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

	High	Low
Highs and Lows		
Year to 30 September 2010		
Net Asset Value per Ordinary share ‡	680.8p	545.0p
Middle Market Price per Ordinary share	656.0p	514.0p

‡ Excluding current year revenue

Analysis of Net Assets and Shareholders' Funds

	Valuation at 30 September 2009		Net Transactions	Appreciation/ (Depreciation)	Valuation at 30 September 2010	
Investment in Equities	£ 000	%	£ 000	£ 000	£'000	%
Austria	474	0.3	(433)	(41)	–	–
Belgium	3,320	1.9	1,082	(96)	4,306	3.0
France	40,317	22.8	(863)	(2,814)	36,640	25.3
Germany	46,482	26.3	(14,089)	(1,290)	31,103	21.4
Greece	–	–	84	(84)	–	–
Hungary	–	–	351	(351)	–	–
Ireland	892	0.5	(824)	(68)	–	–
Italy	7,425	4.2	(930)	(1,149)	5,346	3.7
Luxembourg	3,142	1.8	(1,977)	(99)	1,066	0.7
Netherlands	14,568	8.2	(290)	(117)	14,161	9.8
Poland	–	–	(30)	30	–	–
Portugal	1,054	0.6	453	(14)	1,493	1.0
Scandinavia	9,837	5.6	3,665	2,236	15,738	10.9
Spain	24,245	13.7	(6,829)	(3,143)	14,273	9.8
Switzerland	33,950	19.2	(7,154)	1,861	28,657	19.8
Total Equities	185,706	105.1	(27,784)	(5,139)	152,783	105.4
Investment in subsidiary	30	–	–	(30)	–	–
Total Investments	185,736	105.1	(27,784)	(5,169)	152,783	105.4
Net Current Liabilities	(8,970)	(5.1)	1,132	–	(7,838)	(5.4)
Net Assets	176,766	100.0	(26,652)	(5,169)	144,945	100.0
Attributable to Equity						
Shareholders' Funds	176,766	100.0	(26,532)¹	(5,289)²	144,945	100.0

¹ Represents the cost of 4,463,802 Ordinary shares repurchased during the year

² Comprises the total return together with the cost of dividends paid during the year

Market and Currency Exposure

Sector	Euros £ 000	Swiss Francs £ 000	Swedish Kronor £'000	Norwegian Kroner £ 000	Danish Kroner £ 000	Sterling £'000	Net Assets at 30 September 2010 £'000	%
Oil & Gas	9,902	–	–	1,166	–	–	11,068	7.6
Basic Materials	6,238	926	–	806	–	–	7,970	5.5
Industrials	13,515	3,088	2,135	–	–	–	18,738	12.9
Consumer Goods	21,702	9,591	799	–	841	–	32,933	22.7
Health Care	2,540	9,080	–	–	1,359	–	12,979	9.0
Consumer Services	8,620	–	1,115	–	–	–	9,735	6.7
Telecommunications	9,507	–	1,060	2,600	–	–	13,167	9.1
Utilities	4,382	–	–	–	–	–	4,382	3.0
Financials	24,645	5,972	–	949	–	–	31,566	21.8
Technology	8,255	–	1,990	–	–	–	10,245	7.1
Total Investments	109,306	28,657	7,099	5,521	2,200	–	152,783	105.4
Net Current Assets/ (Liabilities)	(8,694)*	1,411	–	98	90	(743)	(7,838)	(5.4)
Net Assets	100,612	30,068	7,099	5,619	2,290	(743)	144,945	100.0

*Includes other net current assets denominated in US dollars of £2,000

Principal Listed Investments

Company	Sector	Country of Listing	Valuation £'000	Percentage of Listed Investments %
Nestlé	Food Producers	Switzerland	6,758 (6,613)	4.4 (3.5)
Telefonica	Fixed Line Telecommunications	Spain	5,654 (6,398)	3.7 (3.4)
Novartis	Pharmaceuticals & Biotechnology	Switzerland	5,542 (4,429)	3.6 (2.4)
Daimler	Automobiles & Parts	Germany	4,208 (3,686)	2.8 (2.0)
Total	Oil & Gas Producers	France	3,541 (5,889)	2.3 (3.2)
Roche	Pharmaceuticals & Biotechnology	Switzerland	3,537 (4,811)	2.3 (2.6)
BNP Paribas	Banks	France	3,388 (3,388)	2.2 (1.8)
Siemens	Electronic & Electrical Equipment	Germany	3,261 (4,102)	2.1 (2.2)
Banco Santander	Banks	Spain	3,252 (5,856)	2.1 (3.2)
Christian Dior	Personal Goods	France	3,151 (2,870)	2.1 (1.5)
Top Ten Investments			42,292	27.6
ING Groep	Life Insurance	Netherlands	3,141 (2,836)	2.1 (1.5)
ABB	Industrial Engineering	Switzerland	3,088 (2,018)	2.0 (1.1)
Anheuser-Busch	Beverages	Belgium	2,691 (1,263)	1.8 (0.7)
Telenor	Mobile Telecommunications	Norway	2,600 (–)	1.7 (–)
GDF Suez	Gas, Water & Multiutilities	France	2,588 (1,652)	1.7 (0.9)
Sanofi-Aventis	Pharmaceuticals & Biotechnology	France	2,541 (3,881)	1.7 (2.1)
Alcatel	Telecommunications Equipment	France	2,530 (–)	1.7 (–)
SAP	Software & Computer Services	Germany	2,505 (2,534)	1.6 (1.4)
Deutsche Post	Delivery Services	Germany	2,458 (–)	1.6 (–)
Alianz	Non-Life Insurance	Germany	2,224 (3,134)	1.5 (1.7)
Top Twenty Investments			68,658	45.0
BBV Argentario	Banks	Spain	2,202 (3,044)	1.4 (1.6)
Philips	Leisure Goods	Netherlands	2,193 (2,964)	1.4 (1.6)
Société Générale	Banks	France	2,145 (3,221)	1.4 (1.7)
Vivendi	Media	France	2,038 (2,218)	1.3 (1.2)
UBS	Banks	Switzerland	2,018 (2,978)	1.3 (1.6)
Ericsson	Mobile Telecommunications	Sweden	1,990 (1,063)	1.3 (0.6)
Unicredit Italiano	Banks	Italy	1,948 (–)	1.3 (–)
BASF	Chemicals	Germany	1,843 (2,235)	1.2 (1.2)
Zurich Financial	Non-Life Insurance	Switzerland	1,818 (2,922)	1.2 (1.6)
E.ON	Gas, Water & Multiutilities	Germany	1,794 (3,631)	1.2 (2.0)
Top Thirty Investments			88,647	58.0
Bayer	Chemicals	Germany	1,697 (4,949)	1.1 (2.7)
KPN KON	Fixed Line Telecommunications	Netherlands	1,675 (1,852)	1.1 (1.0)
ENI	Oil & Gas Producers	Italy	1,573 (1,704)	1.0 (0.9)
Richemont	Personal Goods	Switzerland	1,545 (–)	1.0 (–)
Lufthansa	Travel & Leisure	Germany	1,540 (–)	1.0 (–)
Repsol	Oil & Gas Producers	Spain	1,535 (–)	1.0 (–)
Vinci	Construction & Materials	France	1,509 (2,380)	1.0 (1.3)
ASML	Technology Hardware & Equipment	Netherlands	1,502 (–)	1.0 (–)
Credit Suisse	Banks	Switzerland	1,502 (5,757)	1.0 (3.1)
Galp Energia	Oil & Gas Producers	Portugal	1,493 (1,054)	1.0 (0.6)
Top Forty Investments			104,218	68.2
Other listed investments (48 stocks – 2009: 46 stocks)			48,565	31.8
Total Listed Equity Investments at Fair Value			152,783	100.0

Comparative valuations and percentages of portfolio for the previous year-end are shown in brackets

At 30 September 2009 the top 40 listed investments were valued at £135,281,000 and represented 72.8% of the portfolio

Portfolio Weightings

Country	At 30 September 2010												Portfolio Benchmark Index %
	Oil & Gas %	Basic Materials %	Industrials %	Consumer Goods %	Health Care %	Consumer Services %	Telecoms %	Utilities %	Financials %	Technology %	Investments %		
Austria	-	-	-	-	-	-	-	-	-	-	-	-	0.8
Belgium	-	-	-	1.8	-	-	-	-	1.1	-	2.9	2.1	
France	2.6	-	2.7	4.5	1.7	3.6	1.0	1.7	4.5	1.7	24.0	23.3	
Germany	-	2.7	6.2	4.3	-	1.0	0.5	1.2	2.9	1.6	20.4	17.2	
Greece	-	-	-	-	-	-	-	-	-	-	-	-	0.6
Hungary	-	-	-	-	-	-	-	-	-	-	-	-	0.4
Ireland	-	-	-	-	-	-	-	-	-	-	-	-	0.5
Italy	1.0	-	-	0.5	-	-	-	-	2.0	-	3.5	6.9	
Luxembourg	-	0.7	-	-	-	-	-	-	-	-	0.7	0.4	
Netherlands	0.8	0.7	-	3.0	-	-	1.1	-	2.1	1.5	9.2	6.3	
Poland	-	-	-	-	-	-	-	-	-	-	-	1.0	
Portugal	1.0	-	-	-	-	-	-	-	-	-	1.0	0.8	
Scandinavia	0.8	0.5	1.4	1.1	0.9	0.7	2.4	-	0.6	1.9	10.3	13.9	
Spain	1.0	-	-	-	-	1.1	3.7	-	3.6	-	9.4	9.0	
Switzerland	-	0.6	2.0	6.2	5.9	-	-	-	3.9	-	18.6	16.8	
Total	7.2	5.2	12.3	21.4	8.5	6.4	8.7	2.9	20.7	6.7	100.0		
Benchmark Index*	6.7	7.4	13.6	16.7	9.4	5.5	6.6	6.4	24.3	3.4		100.0	

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

Ten-Year Financial Record

Year ended 30 September	Net Assets £ 000	Net Asset Value per share (basic) p	Net Asset Value per share (diluted) p	Mid Market price per Ordinary share p	Dividend per share p	Revenue return per share p	Total return per share p
2000 (a)	280,066	510 4	476 8	511 00	2 00	2 70	154 00
2001 (b)	195,007	347 5	333 4	300 00	3 00	4 01	(159 14)
2002 (c)	147,930	263 5	258 7	227 50	3 00	3 11	(80 96)
2003 (d)	180,482	321 5	310 3	259 75	3 00	3 45	60 93
2004 (e)	210,877	352 0	352 0	312 00	4 35	4 79	45 45
2005 (f)	279,605	470 4	470 4	421 00	6 00	7 46	118 23
2006 (g)	322,093	555 4	555 4	538 00	12 00	8 78	96 35
2007 (h)	219,515	667 8	667 8	632 50	8 00	7 12	124 53
2008 (i)	161,739	551 3	551 3	505 50	14 00	15 12	(108 73)
2009 (j)	176,766	657 0	657 0	613 00	14 00	15 63	110 55
2010 (k)	144,945	645 9	645 9	585 50	16.50	15 69	(6 37)

- (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 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 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 issued on the exercise of warrants less 3,209 945 repurchased for cancellation under powers taken at the AGM on 26 January 2004)
- (f) Net Assets and Net Asset Value restated to include investments at bid prices
- (g) Ordinary shares in issue decreased by 1 450,000 shares repurchased to be held in treasury under powers taken at the AGM on 23 January 2006)
- (h) Ordinary shares in issue decreased by 25 118 727 (1 996 987 shares repurchased to be held in treasury and 916 649 shares repurchased for cancellation under powers taken at the AGM on 28 February 2007 A further 22 205,091 shares were repurchased for cancellation under the Tender Offer proposal issued on 27 April 2007)
- (i) Revenue return includes 1 45p per Ordinary share in respect of VAT recovery on past management fees Ordinary shares in issue decreased by 3,532 500 (2 118,000 repurchased to be held in treasury and 1,414 500 repurchased for cancellation under powers taken at the AGM on 1 February 2008)
- (j) Ordinary shares in issue decreased by 2 433 500 shares repurchased to be held in treasury under powers taken at the AGM on 30 January 2009
- (k) Ordinary shares in issue decreased by 4,463 802 shares repurchased to be held in treasury under powers taken at the AGM on 4 February 2010 and a General Meeting of the Company held on 11 August 2010

Report of the Directors

The Directors present their report and the audited accounts for the year ended 30 September 2010. The Corporate Governance Statement on pages 26 to 33 forms part of the Report of the Directors.

Business Review

The Business Review has been prepared in accordance with the Companies Act 2006. For additional information, please refer to the Chairman's Statement on pages 5 and 6, the Manager's Review on pages 8 and 9 and the portfolio analyses on pages 10 to 14.

Nature and Status

The Company is an investment trust company and is registered as a public limited company (Registration number 427958 England and Wales). It is an investment company as defined by section 833 of the Companies Act 2006 and is a member of The Association of Investment Companies. The Company's shares are listed on the Official List of the UK Listing Authority and are traded on the main market of the London Stock Exchange.

The Company was last approved by the Commissioners for Her Majesty's Revenue & Customs (HMRC) as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 (Section 842) in respect of the year ended 30 September 2009. 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 2009, the Company has directed its affairs so as to be able to continue to qualify for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010 (formerly Section 842).

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

Investment Objective

The Company seeks capital growth over the longer term from investment in Continental Europe.

Investment Policy

Asset Allocation

The Manager 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. Cash and derivative instruments (such as futures and options) may be used for efficient portfolio management and as part of investment strategy, subject to the prior consent of the Board.

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 normally 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.

Report of the Directors

Benchmark Index

Performance is measured, in capital terms, against the FTSE World Index – Europe (ex UK) in sterling terms

Performance

Please refer to the Manager's Review on pages 8 and 9 for an overview of the Company's investment activities during the year and to the portfolio analyses on pages 10 to 14. These, together with this Business Review, demonstrate how the Company's assets have been invested with a view to spreading investment risk in accordance with the Company's published investment policy.

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 Benchmark Index, as the Company's primary investment objective is capital growth over the longer term from investment in Continental Europe. This is reflected by the terms of the investment management agreement, which provides for a performance-related fee to be paid to the Manager based on the degree to which NAV performance exceeds that of the Benchmark Index. The capital return of the Benchmark Index is used for calculating the performance fee and is considered to be the appropriate comparator because the Company does not particularly look to generate revenue returns. Over the year to 30 September 2010, the NAV declined by 1.7%, the same as the Benchmark Index.

The Board also monitors the performance of the Company's Ordinary shares and, in particular, the level of discount at which the Ordinary shares trade relative to the NAV. Over the year to 30 September 2010, the middle-market price of the Company's Ordinary shares decreased by 4.5% to 585.5 pence. The Company has an active share buy-back policy, which seeks to reduce discount volatility as well as the level of discount when compared with its peers. During the year to 30 September 2010, the Ordinary shares traded at an average discount of 5.3%.

Additionally, the Board regularly reviews the costs of running the Company. The total expense ratio (TER) is a measure of the Company's total expenses (management fee and administration expenses), including those charged to capital, expressed as a percentage of average shareholders' funds over the year. For the year to 30 September 2010, the Company's TER, excluding performance fees, borrowing costs and the VAT recovery, was 1.1%, compared with 1.2% for the previous year.

Financial Position and Total Return

At 30 September 2010, Net Assets amounted to £144,945,000, compared with £176,766,000 at 30 September 2009. All of the Company's investments are listed on recognised exchanges and would normally be realisable within a relatively short timeframe.

The total loss for the year was £1,584,000, compared with a total return of £30,730,000 for the previous year. The Company made a net revenue surplus in the year, after expenses and taxation, of £3,906,000, compared with £4,346,000 for the previous year.

The Directors have declared an interim dividend, in lieu of a final dividend, of 16.5 pence (2009: 14.0 pence) per Ordinary share, payable on 31 December 2010 to shareholders on the register on 10 December 2010.

Gearing

The Manager is authorised to gear the portfolio through the use of flexible borrowing facilities, details of which are provided in note 13 to the accounts. In addition, the Board has authorised the Manager to use Contracts for Difference for gearing purposes, although these were not used during the year. The Board monitors the level of gearing regularly and has a policy that gearing shall not exceed 15% of the value of Net Assets.

Report of the Directors

During the year, net gearing ranged between 0% and 8.2% of net assets. At 30 September 2010, drawings on The Bank of New York Mellon loan facility represented 6.3% of net assets (2009: 6.5%).

Borrowing levels are restricted by financial covenants and aggregate borrowings must not exceed 20% of the Company's net assets.

Corporate Social Responsibility and Socially Responsible Investment

The Company has no employees and the Board is comprised entirely of non-executive Directors. As an investment trust, the Company has no direct impact on the environment. In carrying out its activities and in relationships with suppliers and the community, the Company aims to conduct its business responsibly, ethically and fairly.

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 outlook for the current financial year is clouded by uncertainty, with some European economies facing major headwinds to growth over the coming months. Unlike their counterparts in the United States, the European monetary authorities are not yet convinced of the need for another round of quantitative easing, preferring instead short-term austerity and budgetary conservatism in the expectation that these measures will yield long-term stability and growth. This is likely to subdue economic activity in Europe over the medium term, as we begin to see the impact of reductions in government spending and increased taxes. Therefore, in the short-term, the Manager's emphasis will be to invest in quality companies and this should enable the best to be achieved from equity markets. In the longer term, we believe that attractive investment opportunities will emerge as growth cycles return to more normal levels.

Principal Risks and Uncertainties

The Board's policy on risk management has not changed from last year. The Directors have put in place processes to identify and manage significant risks to the Company, including internal controls to minimise operational risks. The Board in conjunction with the Audit Committee regularly reviews the system of internal controls. These include controls to safeguard the Company's assets and shareholders' investment. 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 31 to 33.

Report of the Directors

Market Risk

The Company's performance is dependent on the performance of the companies and securities 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 holding a diversified portfolio of 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 authority to use gearing up to a maximum of 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 the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by the Manager.

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 which comprises mainly investments in large and medium-sized companies listed on major equity markets, mitigates the Company's exposure to liquidity risk.

The majority of the Company's assets and liabilities are denominated in currencies other than pounds sterling. No hedging of the currency exposure is currently undertaken. Consequently, exchange rate fluctuations have the potential to reduce or enhance returns for sterling-based investors.

The Company is an investment trust and as such, must satisfy the conditions of Section 1159 of the Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988). A breach of these requirements may result in the Company losing its investment trust status and, as a consequence, becoming

Report of the Directors

subject to tax on capital gains. The Board receives monthly reports from the Manager with regard to the Company's compliance with Section 1159 requirements.

Other principal risks, and the Company's policies for managing these risks, are summarised in note 22 to the accounts.

Discount Management

The Board monitors the performance of the Company's Ordinary shares and, in particular, the level of discount at which they trade relative to their net asset value. The Board aims to actively manage the discount at which the Company's shares trade through use of the share buyback authority and will continue to seek to maintain the Company's share price rating through a policy of buying in shares on an ongoing basis at prices which provide an uplift in the net asset value of the remaining Ordinary shares. Over the year to 30 September 2010, the average daily share price discount (excluding current year revenue) was 5.3% (2009: 4.4%), compared with a European investment trust sector average of 11.5% (2009: 9.9%).

Details of shares bought-back during the year can be found under "Share Capital" on page 21.

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 three months' notice of termination to be given by either party. The management fee is calculated monthly in arrear at 0.75% per annum on the value of the Company's Total Assets, less current liabilities other than borrowings for the purpose of investment. In determining the Total Assets on which the management fee is calculated, the value of any securities held by the Company in collective investment schemes managed by the Manager is excluded. An additional management fee, based on performance, of up to 0.5% per annum may be paid if the Manager meets certain targets for the year.

The performance fee is charged when the net asset value per share (NAV) at the end of the Company's financial year is higher than it was at the start and the NAV percentage increase over the year is greater than the percentage increase in the benchmark index, the FTSE World Index - Europe (ex UK) in sterling terms.

Performance fee levels

- 0.15% fee for the first 1.5% of outperformance,
- 0.10% fee for the outperformance between 1.5% and 2.0%,
- 0.25% fee for the outperformance between 2.0% and 2.25%,
- The maximum performance fee is capped at 0.5% p.a.

Report of the Directors

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. No performance-related fee is payable to the Manager in respect of the year ended 30 September 2010 (2009 £944,000).

Gartmore Investment Limited provides the accounting, company secretarial and general administrative services required by the Company in connection with its business and operations under the terms of a Company Secretarial and Administration Agreement dated 1 November 2002. 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.

Continuing Appointment of the Manager

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis. During the year, in accordance with the Listing Rules of the Financial Services Authority, the Board, through the Management Engagement Committee (the Committee), conducted a formal review of the performance of the Manager in managing the Company's assets. The Committee 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.

On 8 November 2010, Gartmore Group Limited announced a strategic review and business reorganisation of Gartmore and the retirement of Roger Guy, the fund manager responsible for the day-to-day management of the Company's portfolio. Since then, the Board has continued to monitor closely the investment management arrangements and has met with senior management at Gartmore. In light of these events, the Board has negotiated a reduced notice period of three months with Gartmore and has moved the management of your portfolio to John Bennett, the head of Gartmore's European Equity team. The Board considers John Bennett to be a high quality replacement as manager of the Company's assets. He is a well regarded investment professional and has a very good track record in managing Continental European investments. The Board is also encouraged by the commitment shown by the new team who will be responsible for managing the Company's portfolio.

The Board recognises that there is still uncertainty at Gartmore while the strategic review continues and will keep matters under review. In the meantime, the Directors consider the continued appointment of Gartmore Investment Limited as Manager, on the terms agreed, to be in the best interests of the Company and its shareholders as a whole.

Directors

The Directors of the Company are shown on page 4. All the present Directors served throughout the year ended 30 September 2010.

Mr Rodney Dennis retires by rotation in accordance with the Articles of Association of the Company, and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting. In accordance with the requirements of the Combined Code on Corporate Governance regarding long-serving Directors, Mr Jean Claude Banon, who has served as a Director for more than nine years, also retires and, being eligible, offers himself for re-election.

The Board confirms that, having conducted a formal performance evaluation, each of the Directors seeking re-election continues 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 1 October 2009 and 30 September 2010. There have been no changes since 30 September 2010.

	At 30 September 2010	At 1 October 2009
Rodney Dennis	—	—
Jean Claude Banon	—	—
Alexander Comba	5,000	5,000
Michael Firth	—	—

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, an indemnity for Directors 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.

Share Capital

At 30 September 2009, the Company's issued share capital comprised 26,905,662 Ordinary shares of 50 pence each in issue with full voting rights and 2,798,487 Ordinary shares (9.4% of the issued share capital) held in treasury. At the Annual General Meeting held on 4 February 2010, Shareholders granted the Company authority to repurchase 3,956,000 Ordinary shares, representing 14.99% of the issued share capital at that time. This authority was renewed by the Company at a General Meeting held on 11 August 2010 where Shareholder approval was granted to repurchase a further 3,435,795 Ordinary shares. During the year under review, the Company repurchased 4,463,802 Ordinary shares with a nominal value of £2,231,901, to be held in treasury. This represented approximately 16.6% of the shares in issue with full voting rights at 30 September 2009. The aggregate consideration paid by the Company was £26,532,000 (including expenses). 5,000,000 Ordinary shares held in treasury were cancelled during the year.

At 30 September 2010, the Company's paid up share capital comprised 22,441,860 Ordinary shares of 50 pence each in issue with full voting rights and 2,262,289 Ordinary shares (9.2% of the issued share capital) held in treasury. Ordinary shareholders are entitled on a poll at a general meeting to one vote in respect of each share held.

Since 30 September 2010, the Company has repurchased 2,672,674 Ordinary shares to be held in treasury and has cancelled 3,000,000 Ordinary shares held in treasury. At a General Meeting held on 1 December 2010, Shareholders granted the Company authority to repurchase a further 2,963,400 Ordinary shares. At the date of this report, the Company has authority to repurchase 2,963,400 Ordinary shares, such authority to expire at the conclusion of the next Annual General Meeting.

Substantial Shareholders

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

	Number of Ordinary shares	Percentage of votes
Rensburg Sheppard Investment Management	2,760,972	13.6
Gartmore Investment Management	1,670,135	8.2
Legal & General Investment Management	881,034	4.3
Rathbone Investment Management	807,329	4.0
Brewin Dolphin Securities	759,869	3.7

Report of the Directors

Schedule 7 Disclosures

The following information is disclosed in accordance with the requirements of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

- The Company's capital structure and voting rights are summarised on page 21
- Details of the most substantial shareholders in the Company are listed on page 21
- The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are considered on page 27
- 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

Having considered the Company's investment objective, the nature and liquidity of the Company's investment portfolio and income and expenditure projections, the Directors believe that it is appropriate for the Company to continue to prepare the accounts on a going concern basis. The assets of the Company consist almost entirely of securities that are readily realisable and the value of the Company's assets is significantly greater than its liabilities. Accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

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 on the due date for payment.

Individual Savings Accounts

The Company's shares are eligible investments for inclusion in Individual Savings Accounts. It is the intention of the Directors to manage the affairs of the Company to ensure continuing eligibility. Details of the Manager's range of savings schemes are provided on page 64.

Provision of Information to the Auditor

Each of the Directors confirms that

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and
- (b) all the steps that ought reasonably to have been taken to make the Director aware of any relevant audit information and to establish that the Company's Auditor is aware of such information were taken.

Auditor

Grant Thornton UK LLP have expressed willingness to continue in office as Auditor to the Company. A resolution proposing the firm's re-appointment and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Report of the Directors

Business of the Annual General Meeting

The Notice of Annual General Meeting of the Company to be held on 28 January 2011 can be found on pages 56 to 60

The first six resolutions to be put to shareholders are ordinary resolutions, which require a majority of not less than 50% of shareholders who vote, to vote in favour. Resolutions 7 to 9 are special resolutions, which require a majority of not less than 75% of shareholders who vote, to vote in favour.

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

The Chairman will present the Annual Report and Accounts for the year ended 30 September 2010 to the meeting, together with the Auditor's 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 on pages 34 and 35 of this Annual Report.

Resolutions 3 and 4 – Re-election of Directors

Mr Rodney Dennis retires by rotation in accordance with the Articles of Association of the Company and offers himself for re-election. Mr Jean Claude Banon, who has served as a Director of the Company for more than nine years, also retires in accordance with the requirements of the Combined Code on Corporate Governance and offers himself for re-election. Biographical details of the Directors seeking re-election are set out on page 4 of this Annual Report. The Board has confirmed that each of the Directors standing for re-election at the forthcoming Annual General Meeting continues to perform their duties effectively and to demonstrate commitment to their role.

Resolution 5 – Re-appointment of the Auditor

It is necessary for shareholders to agree each year to the appointment of the Auditor and how their remuneration will be fixed. Grant Thornton UK LLP have expressed their willingness to continue and this resolution seeks agreement to their re-appointment and for the Directors to fix their remuneration.

Resolution 6 – Directors' Authority to Allot Shares

At the Annual General Meeting of the Company held on 4 February 2010, the Directors were given authority to allot Ordinary shares in the capital of the Company up to an aggregate nominal value of £4,400,000 representing approximately one-third of the Company's then issued Ordinary share capital. 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 £3,300,000, representing approximately one-third of the issued Ordinary share capital of the Company as at 14 December 2010, being the latest practicable date prior to the publication of this document. This authority shall expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the next Annual General Meeting. 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 7 – 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 pursuant to Resolution 6, up to an aggregate nominal value of £1,000,000 (equal to approximately 10% of the Company's issued Ordinary share capital as at 14 December 2010, 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 8 – Authority to Purchase Own Shares

The Company's Articles of Association permit the Company to redeem or purchase its own shares out of capital profits. 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 8 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 Board does not presently intend for the Company 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 2,963,400 Ordinary shares representing 14.99% of the Company's issued Ordinary share capital at 14 December 2010, 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.

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.

Resolution 9 – Notice Period for General Meetings

At last year's annual general meeting, shareholders approved a resolution allowing the Company to call general meetings, other than an Annual General Meeting, on 14 clear days' notice. This followed changes to the Companies Act 2006 made by the Shareholders' Rights Regulations which increased the notice period required for general meetings of the Company to 21 clear days unless a shorter notice period is approved by shareholders. The shorter notice period, which cannot be less than 14 days, is conditional on the Company offering facilities to all shareholders to vote by electronic means. Annual General Meetings will continue to be held on at least 21 clear days' notice. The Board is therefore proposing Resolution 9 as a special resolution to approve 14 days as the minimum period of notice for all general meetings of the Company other than annual general meetings. The approval will be effective until the Company's next annual general meeting, when it is intended for the approval to be renewed.

Recommendation

The Board considers that Resolutions 1 to 9 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole and recommends that all shareholders vote in favour of each of the resolutions.



By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretary
15 December 2010

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). Under company law the Directors must not approve the accounts unless they are satisfied that they 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 suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including Business Review) and a Directors' Remuneration Report that comply with that law and those regulations.

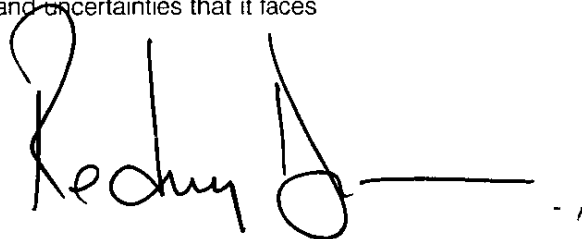
The accounts are published on www.gartmore.com, which is a website maintained by the Company's Manager. The part of the Manager's website specific to the Company can be accessed directly by using gartmoreeuropeaninvesttrust.co.uk. The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts 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 their own jurisdiction.

Statement under DTR 4.1.12

The Directors of the Company, whose names are shown 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 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
15 December 2010



Corporate Governance Statement

The Corporate Governance Statement on pages 26 to 33 forms part of the Report of the Directors

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 Combined Code on Corporate Governance (the Combined Code) issued in June 2008 and in the AIC Code of Corporate Governance and accompanying guide (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 2009, the Financial Reporting Council (the FRC), the UK's independent regulator for corporate reporting and governance responsible for the Combined Code, re-endorsed the AIC Code. The terms of the FRC's endorsement mean that AIC Members who report against the AIC Code and who follow the AIC Corporate Governance Guide for Investment Companies meet fully 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 2010

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

Independence of Directors

The Board consists of four non-executive Directors, all of whom are considered to be independent of the Company and the 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 length of tenure compromises a director's ability to act independently. Nevertheless, the Combined Code requires that directors who have served for more than nine years should seek re-election by shareholders annually. Accordingly, Mr Jean Claude Banon will retire as a Director at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. 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 individual skills, 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 Rodney 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 shareholder's request for a meeting

Corporate Governance Statement

Appointment and Re-election 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 is required to retire and, if so desired, submit himself or herself for re-election at least every three years.

Performance of the Board

The Board has conducted a review of its own performance, together with that of its Committees, the Chairman and each individual Director, through questionnaires and discussion, 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-election at the Company's forthcoming Annual General Meeting merit re-election by shareholders.

The Directors seek to ensure that the Board has an appropriate balance of skills, experience 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.

Responsibilities 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 and guidelines within which the Manager is required to implement investment policy. At each Board Meeting the Directors follow a formal agenda, which includes review 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 five times a year. The Directors have regular contact with the portfolio manager and company secretary in the periods between the 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 2010 and the attendance record of each Director are shown in the following table.

Corporate Governance Statement

	Board	Audit Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Number of Meetings	5	3	2	2	2
Rodney Dennis	5	3	2	2	2
Jean Claude Banon	5	3	2	2	2
Alexander Comba	5	3	2	2	2
Michael Firth	5	3	2	2	2

Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company (situational conflicts). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any situational conflicts considered, and any authorisations given, are recorded in the relevant minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively.

Exercise of Voting Rights in Investee Companies

The Company has delegated 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 the vote. The Manager reports to the Board quarterly on all votes exercised.

The Manager aims to vote at general meetings of all companies in which the Company invests, but practical difficulties may prevent this in some markets. In particular, various factors including practicality, restrictions on dealing and cost may inhibit voting in some international markets and must be taken into account. The Manager supports good practice in business and endorses the OECD Principles of Corporate Governance as part of the development of codes of best practice for individual markets.

The Manager's process involves the expertise of fund managers, research analysts and a specialist corporate governance team in applying written voting principles and guidelines. These voting principles and guidelines can be seen on the Company's web site www.gartmoreeuropeaninvestments.co.uk, in the "Corporate governance" section under the "about the trust" tab. The Manager also retains the services of an outside independent research provider.

The Manager recognises that circumstances can occur where it faces an actual or perceived material conflict of interest in effecting its voting responsibilities. Where such conflicts arise, arrangements are made to ensure that decisions are taken in the long term interests of the Manager's clients. These arrangements may include

Corporate Governance Statement

- referring decisions to a senior manager unconnected with the day-to-day management of the fund concerned,
- using the advice of an outside body, and
- consulting clients directly

In the event that the Manager also manages assets, a pension plan, or a related entity of the company on which it is voting, it has undertaken to ignore this relationship and vote in the manner it judges to be in the best interests of the investing client

During the financial year to 30 September 2010, the Manager voted at 54 general meetings on behalf of the Company. At these meetings the Manager voted in favour of most resolutions, as should be expected when investing in well-run companies, but voted against 49 resolutions and abstained from 8. The majority of the votes against were in respect of the remuneration and election of directors and most of the abstentions also related to the election of directors

Relationship with Manager

The day-to-day management of the Company's portfolio has been delegated under contract to the Manager, Gartmore Investment Limited. One or more representatives of the Manager attend 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 ongoing communication with the Board between Board meetings and contacts the Board for specific guidance on significant issues.

Relationship with Shareholders

The Board recognises the importance of good communication between the Company and its shareholders, who are encouraged to attend and vote at the Company's Annual General Meeting. The Board supports the principle that the Annual General Meeting should in part be used to communicate with private investors. A short presentation on the fund and its prospects for the forthcoming year is given by the portfolio manager. The Annual General Meeting also 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 62, or by telephoning the Manager, who reports such communications to the Board.

The Manager meets institutional shareholders on a regular basis and reports to the Board on matters raised at these 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 abstentions. A poll will be taken in all circumstances where the result of a show of hands does not represent the votes indicated by the proxies received. The Notice of Annual General Meeting is contained in the Annual Report and Accounts that is published at least 20 working days before the Meeting.

Detailed lists of shareholders are reviewed regularly by the Board and the Directors receive reports from the Manager's investor relations director for investment trusts, who is in regular direct contact with investors.

Corporate Governance Statement

The Company's Interim 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 the Manager's website, www.gartmore.co.uk. The part of the Manager's website specific to the Company can be accessed directly using www.gartmoreeuropeaninvtrust.co.uk. This information is supplemented by the bi-annual publication of the Interim Management Statement and a monthly factsheet, which can be viewed on the Manager's website, and by the daily publication of the net asset value to the Regulatory Information Service, which can be viewed on the London Stock Exchange website, www.londonstockexchange.com. The Board is directly responsible for all statements regarding any 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.

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 Alexander Comba. The Audit Committee meets at least twice a year, once with the external Auditor present and once with members of the Manager's compliance and corporate risk team in attendance. There are formal arrangements for considering accounting policies, financial statements, the Annual Report and Accounts, the Interim Report and internal controls, which are detailed below. The Audit Committee also reviews the terms of appointment and remuneration of the Company's Auditor, 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 Auditor is considered and 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 Auditor. 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 undermentioned committees, each of which meets once a year and on such additional occasions as are considered necessary. Each committee has defined duties and responsibilities and is 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,

Corporate Governance Statement

- 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

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 most other listed companies, the boards of 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 19, and The Bank of New York Mellon provides custodian services under a separate Custody Agreement. Gartmore's system 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 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 internal control reports, prepared to the standard set out by the American Institute of Certified Public Accountants in their auditing standard SAS70, from Gartmore Investment Management Limited, the Manager's immediate parent company, and from The Bank of New York Mellon

Corporate Governance Statement

As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function. Instead, the Audit Committee relies on SAS70 and other internal control reports received from its principal 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 system of internal control. The Board takes account of any risk management problems or compliance breaches identified previously and receives reports from the Manager's 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 and impact of risk events, 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 considered 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 some 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 2009 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.

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 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.

Corporate Governance Statement

The Company has complied fully throughout the year ended 30 September 2010, and up to the date of approval of the Annual Report and Accounts, with the provisions set out in the revised guidance on internal control published by the Financial Reporting Council

A handwritten signature in black ink, appearing to be 'N. Li'.

By Order of the Board
Gartmore Investment Limited
Secretary
15 December 2010

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006. An Ordinary Resolution for the approval of this report will be put to shareholders at the Annual General Meeting on 28 January 2011.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are so indicated. The Auditor's opinion is included in their report on pages 36 and 37.

Remuneration Committee

The Board is comprised solely of non-executive Directors. The Company has no employees other than the non-executive Directors. The Board as a whole fulfils the function of the Remuneration Committee, which is chaired by Mr Rodney Dennis.

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 decided by Ordinary resolution of the Company. Subject to this overall limit, the Board's policy is that remuneration of the non-executive Directors should be comparable to that of other investment trusts of a similar size which have a similar capital structure and similar investment objectives, and 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 2011 and for subsequent years.

During the year to 30 September 2010, Directors' fees were paid at an annual rate of £25,000 for the Chairman of the Board, £21,000 for the Chairman of the Audit Committee and £18,000 for each of the other Directors.

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

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 after that. The terms also provide that the appointment may be terminated at any time by and at the discretion of either party upon one month's written notice. No compensation is payable to a Director on leaving office.

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

	Original Date of Appointment	Annual General Meeting for re-election
Jean Claude Banon	18 March 1991	2011
Rodney Dennis	11 November 2003	2011
Alexander Comba	11 November 2003	2012
Michael Firth	17 November 2006	2013

Directors' Remuneration Report

Performance Graph

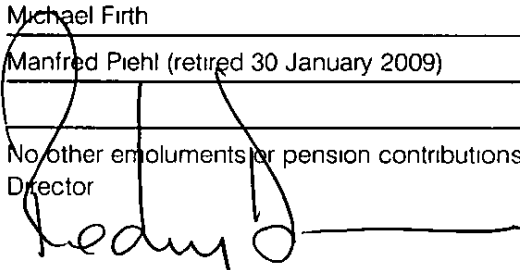
The Company's performance is measured against the Company's benchmark, the FTSE World Index – Europe (ex UK) in sterling terms. The graph below compares the total return on the middle-market price of the Company's Ordinary shares over the five-year period to 30 September 2010 with the total return on the FTSE World Index – Europe (ex UK) in sterling terms over the same period.

Directors' Emoluments for the Year (Audited)

The Directors who served during the year ended 30 September 2010 received the following emoluments in the form of fees:

	2010 £	2009 £
Rodney Dennis	25,000	23,750
Jean Claude Banon	18,000	17,250
Alexander Comba	21,000	19,750
Michael Firth	18,000	17,250
Manfred Piehl (retired 30 January 2009)	–	5,250
	82,000	83,250

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



Rodney Dennis
Chairman of the Remuneration Committee

Approved by the Board on 15 December 2010

Independent Auditor's Report

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

We have audited the financial statements of Gartmore European Investment Trust p.l.c for the year ended 30 September 2010 which comprise the income statement, the reconciliation of movement in shareholders' funds, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and Auditors

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

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its return for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or

Independent Auditor's Report

- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- the Directors' statement, set out on page 22, in relation to going concern, and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review



Julian Bartlett

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

15 December 2010

Income Statement
for the year to
30 September 2010

	Notes	Revenue £'000	Year to 30 September 2010 Capital £'000	Total £'000
Income and Capital Losses				
Losses on investments held at fair value through profit or loss	2	–	(5,139)	(5,139)
Realised gains on index futures		–	–	–
Exchange gain on currency transactions		–	884	884
Income from investments	3	5,263	–	5,263
Other income	3	2	–	2
Fair value adjustment to subsidiary	11	–	(30)	(30)
Return before Expenses, Finance Costs and Taxation		5,265	(4,285)	980
Expenses				
Management fees	4	(301)	(904)	(1,205)
VAT on management fees recovered	4	–	–	–
Performance fee	4	–	–	–
Other fees and expenses	5	(421)	(124)	(545)
Total Expenses		(722)	(1,028)	(1,750)
Return before Finance Costs and Taxation		4,543	(5,313)	(770)
Finance Costs				
Interest payable	6	(40)	(118)	(158)
Return on Ordinary Activities before Taxation		4,503	(5,431)	(928)
Taxation	7	(597)	(59)	(656)
Return to Equity Shareholders after Taxation		3,906	(5,490)	(1,584)
Return per Ordinary share	8	15 69p	(22 06p)	(6 37p)

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 43 to 55 form part of these Accounts

Gartmore European Investment Trust plc

Income Statement
for the year to
30 September 2009

	Notes	Revenue £ 000	Year to 30 September 2009 Capital £ 000	Total £ 000
Income and Capital Profits				
Gains on investments held at fair value through profit or loss	2	–	25,886	25,886
Realised gains on index futures		–	109	109
Exchange gain on currency transactions		–	1,382	1,382
Income from investments	3	5,758	–	5,758
Other income	3	731	–	731
Fair value adjustment to subsidiary	11	–	–	–
Return before Expenses, Finance Costs and Taxation		6,489	27,377	33,866
Expenses				
Management fees	4	(277)	(832)	(1,109)
VAT on management fees recovered	4	151	418	569
Performance fee	4	–	(944)	(944)
Other fees and expenses	5	(577)	(181)	(758)
Total Expenses		(703)	(1,539)	(2,242)
Return before Finance Costs and Taxation		5,786	25,838	31,624
Finance Costs				
Interest payable	6	(8)	(24)	(32)
Return on Ordinary Activities before Taxation		5,778	25,814	31,592
Taxation	7	(1,432)	570	(862)
Return to Equity Shareholders after Taxation		4,346	26,384	30,730
Return per Ordinary share	8	15 63p	94 92p	110 55p

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 43 to 55 form part of these Accounts

Gartmore European Investment Trust p l c

39

**Reconciliation of
Movement in
Shareholders' Funds**
for the year to
30 September 2010

	Notes	Called-up share capital £ 000	Special distributable reserve £ 000	Merger reserve £ 000	Capital redemption reserve £ 000	Retained Earnings £'000	Total £ 000
At 30 September 2009		14,852	53,001	61,344	3,671	43,898	176,766
Net return from ordinary activities		-	-	-	-	(1,584)	(1,584)
Equity dividend paid	9	-	-	-	-	(3,705)	(3,705)
Cost of Ordinary shares repurchased to be held in treasury		-	-	-	-	(26,532)	(26,532)
Cancellation of Ordinary shares from treasury		(2,500)	-	-	2,500	-	-
At 30 September 2010		12,352	53,001	61,344	6,171	12,077	144,945
At 30 September 2008		16,102	53,001	61,344	2,421	28,871	161,739
Net return from ordinary activities		-	-	-	-	30,730	30,730
Equity dividend paid	9	-	-	-	-	(3,946)	(3,946)
Cost of Ordinary shares repurchased to be held in treasury		-	-	-	-	(11,757)	(11,757)
Cancellation of Ordinary shares from treasury		(1,250)	-	-	1,250	-	-
At 30 September 2009		14,852	53,001	61,344	3,671	43,898	176,766

The Notes on pages 43 to 55 form part of these Accounts

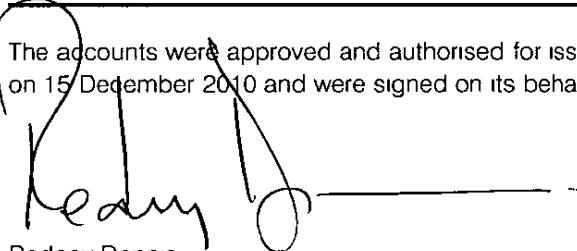
Gartmore European Investment Trust plc

Balance Sheet

at 30 September 2010

	Notes	At 30 September 2010 £ 000	At 30 September 2009 £ 000
Fixed Asset Investments			
Investments at fair value through profit or loss	10	152,783	185,706
Investment in subsidiary	11	–	30
		152,783	185,736
Current Assets			
Debtors – amounts receivable within one year	12	5,609	3,073
Cash at bank and short-term deposits		501	1,187
		6,110	4,260
Current Liabilities			
Creditors – amounts payable within one year	13	(13,948)	(13,230)
Net Current Liabilities		(7,838)	(8,970)
Net Assets		144,945	176,766
Capital and Reserves			
Called-up share capital	14	12,352	14,852
Special distributable reserve	15	53,001	53,001
Merger reserve	16	61,344	61,344
Capital redemption reserve	17	6,171	3,671
Retained earnings			
Capital reserve	18	1,596	33,618
Revenue reserve	19	10,481	10,280
Equity Shareholders' Funds		144,945	176,766
Net Asset Value per Ordinary share	20	645 9p	657 0p

The accounts were approved and authorised for issue by the Board of Directors on 15 December 2010 and were signed on its behalf by



Rodney Dennis
Chairman

The Notes on pages 43 to 55 form part of these Accounts

Cash Flow Statement
for the year to
30 September 2010

	Year to 30 September 2010 £'000	Year to 30 September 2009 £'000
Operating Activities		
Dividends and interest received from investments	4,176	4,761
Interest received on deposits	–	274
Other income	2	458
Expenses paid	(2,735)	(1,536)
VAT on management fees recovered	–	2,869
Overseas tax recovered/(paid)	41	(118)
Net Cash Inflow from Operating Activities	1,484	6,708
Taxation		
Corporation tax repaid/(paid)	183	(350)
Servicing of Finance		
Interest paid	(155)	(32)
Investment Activities		
Acquisitions of investments	(148,777)	(261,656)
Disposals of investments	176,939	240,630
Realised gains on index futures	–	109
Net Cash Inflow/(Outflow) from Investment Activities	28,162	(20,917)
Equity Dividend Paid		
Ordinary shares	(3,705)	(3,946)
Management of Liquid Resources		
Decrease in short-term deposits	14	7,898
Financing Activities		
Shares repurchased and held in treasury	(25,225)	(11,939)
Loans (repaid)/drawn	(2,327)	11,424
Net Cash Outflow from Financing Activities	(27,552)	(515)
Net Cash Outflow	(1,569)	(11,154)
Reconciliation of Net Cash Outflow to Movement in Net Debt		
Net (debt)/cash brought forward	(10,237)	18,857
Net cash outflow	(1,569)	(11,154)
Decrease in short-term deposits	(14)	(7,898)
Decrease/(increase) in borrowings	2,327	(11,424)
Exchange gain on currency transactions	884	1,382
Net debt at 30 September	(8,609)	(10,237)
Comprising		
Cash at bank	468	1,140
Short-term deposits	33	47
Bank loan	(9,097)	(11,424)
Bank overdraft	(13)	–
	(8,609)	(10,237)

The Notes on pages 43 to 55 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 2010 and are set out below

Basis of Preparation

The accounts have been prepared on a going concern basis in accordance with the Companies Act 2006, applicable UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and with the Statement of Recommended Practice ('SORP') for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in January 2009 by The Association of Investment Companies

In the opinion of the Directors, the Company is engaged in a single segment business and therefore no segmental reporting is provided

The accounting policies applied for the year ended 30 September 2010 are unchanged from the previous year

Consolidation

The balance sheet of Aberdeen European Investment Trust PLC (in liquidation), the Company's only subsidiary at 30 September 2010, has not been consolidated as control over this subsidiary is now exercised by the liquidator, not the Company

Revenue, Expenses and Interest Payable

Investment income includes dividends receivable from investments marked ex-dividend on or before the Balance Sheet date. Investment income is treated as revenue in the Income Statement, with the exception that dividends of a capital nature are treated as capital. Where the Company elects to receive its dividend in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as revenue in the Income Statement. Other income, management fees, other administrative 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 Company's benchmark, the FTSE World Index - Europe (ex UK) capital only in sterling terms.

Expenses which are incidental to the acquisition of an investment are expensed through the Income Statement as a capital item. Expenses which are incidental to the disposal of an investment are deducted from the proceeds of the sale of the investment.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the Balance Sheet date where transactions or events that result in any 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.

Dividends Payable

Dividends payable to shareholders are recognised in the period in which they are paid and are shown in the Reconciliation of Movement in Shareholders' Funds.

Notes to the Accounts

1 Accounting Policies (continued)

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 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 expensed through the Income Statement as a capital item 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.

Investment in Subsidiary

As the subsidiary company is in liquidation, the fair value is the net realisable as estimated by the liquidator. Any change in fair value, save for distributions, is recognised as capital in the Income Statement.

Rates of Exchange

The Company is a UK listed company with a predominantly UK shareholder base. The results and financial position of the Company are expressed in pounds sterling, which is the functional and presentational currency of the Company. Transactions denominated in currencies other than sterling are recorded at the rate of exchange ruling on the transaction date. At the balance sheet date, assets and liabilities which are denominated in foreign currencies are retranslated at the closing rates of exchange, and the resulting gains or losses are taken to the capital return.

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

	2010 £'000	2009 £'000
Realised gains/(losses) on disposal of investments	15,162	(25,559)
Movement in fair value of investments	(20,301)	51,445
	(5,139)	25,886

3 Dividends and Other Income

	2010 £'000	2009 £'000
Revenue		
Income from listed investments		
Overseas dividends	5,146	5,758
Stock dividends	117	–
	5,263	5,758
Other income		
VAT reclaim interest received	–	458
Interest on short-term bank deposits	–	273
Other interest	2	–
	2	731

Notes to the Accounts

4 Management Fees and Performance Fee

A summary of the terms of the investment management agreement and the basis of calculation of the performance fee are provided in the Report of the Directors on page 19

Management fees are allocated 25% to revenue and 75% to capital. The performance fee (when payable) is allocated 100% to capital.

During the year to 30 September 2009, the Company recovered £2,869,000 in respect of VAT paid on management fees in prior years. Of this amount, £2,300,000 was accrued in the accounts for the year ended 30 September 2008.

The VAT recovery was allocated between revenue and capital in the same proportions as it was originally charged in the relevant periods.

5 Other Fees and Expenses	2010 £'000	2009 £'000
Revenue		
Directors' fees	82	83
Auditor's remuneration - statutory audit	21	19
Other administrative expenses	318	475
	421	577
Capital		
Transaction costs incurred on acquisitions of investments	124	181
	545	758

Details of Directors' fees paid during the year are provided in the Director's Remuneration Report on page 35.

Other administrative expenses include £25,000 (2009: £85,000) in respect of non-audit fees payable to Grant Thornton UK LLP for the provision of services in respect of the Company's EU tax claims following recent European case law.

6 Interest Payable	2010 £'000	2009 £'000
On borrowings repayable within five years		
Bank overdraft	3	16
Multi-currency loan facility	155	16
	158	32

Interest payable is allocated 25% to revenue and 75% to capital.

Notes to the Accounts

7 Taxation

(a) Analysis of tax charge for the year

	Revenue 2010 £'000	Capital 2010 £'000	Total 2010 £'000	Revenue 2009 £'000	Capital 2009 £'000	Total 2009 £'000
UK corporation tax	63	59	122	851	–	851
Tax relief to capital	–	–	–	570	(570)	–
	63	59	122	1,421	(570)	851
Double tax relief	(122)	–	(122)	(686)	–	(686)
	(59)	59	–	735	(570)	165
Overseas tax suffered	659	–	659	708	–	708
Overseas tax credits	(3)	–	(3)	(11)	–	(11)
Total current tax charge for the year	597	59	656	1,432	(570)	862

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an investment trust of 28% (2009 28%). The differences are explained below

	2010	2009
Total return on ordinary activities before taxation	(928)	31,592
Corporation tax at 28%	(260)	8,846
Effects of		
Capital profits not subject to corporation tax	–	(7,279)
Capital losses not deductible for tax purposes	1,553	–
Income not subject to corporation tax	(1,195)	(267)
Expenses not deductible for tax purposes	41	60
Allowable expenses allocated to capital	–	(509)
Overseas tax	659	708
Overseas tax credits	(3)	(11)
Double tax relief claim	(122)	(686)
Marginal relief on corporation tax	(17)	–
Total current tax charge for the year	656	862

Due to the Company's status as an investment trust and the intention to continue to meet the conditions required to obtain approval in the foreseeable future, the Company has not provided for 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 (2009 nil)

Notes to the Accounts

8 Total Return per Ordinary Share	2010 £'000	2009 £'000
Revenue return after taxation	3,906	4,346
Capital (loss)/return after taxation	(5,490)	26,384
Total return after taxation	(1,584)	30,730
Weighted average number of shares in issue	24,891,714	27,796,631

Revenue return per Ordinary share	15 69p	15 63p
Capital (loss)/return per Ordinary share	(22 06p)	94 92p
Total return per Ordinary share	(6 37p)	110 55p

9 Dividends on the Ordinary Shares	2010 £'000	2009 £'000
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Amounts recognised in these accounts as distributions to Ordinary shareholders in the year

	Rate per share	No. of shares	Payment date		
2008 interim	14 00p	28 183,462	30 January 2009	–	3,946
2009 interim	14 00p	26,464,644	29 January 2010	3,705	–
				3,705	3 946

The declared interim dividend in respect of the year to 30 September 2010 which is in lieu of a final dividend, has not been included as a liability in these accounts. The dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1159 Corporation Tax Act 2010 are considered, is set out below

	Rate per share	No. of shares	Payment date		
2009 interim	14 0p	26,464 644	29 January 2010	–	3,705
2010 interim	16 5p	19 769,186	31 December 2010	3,262	–
				3,262	3,705

Revenue available for distribution by way of dividend	3,906	4 346
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10 Investments at Fair Value through Profit or Loss	2010 £'000	2009 £'000
Book-cost brought forward	148,046	154,078
Acquisitions at cost (excluding transaction costs)	151,540	255,244
Proceeds of disposals (net of transaction costs)	(179,324)	(235,717)
Realised gains/(losses) on disposals	15,162	(25,559)
Book-cost at 30 September	135,424	148,046
Unrealised investment holding gains	17,359	37,660
Valuation of investments at 30 September	152,783	185 706

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. There were no contingent liabilities in respect of the investments held at the year-end.

	2010 £'000	2009 £'000
The following transaction costs were incurred during the year		
On acquisitions	124	181
On disposals	121	184
	245	365

Notes to the Accounts

11 Investment in Subsidiary

The Company owns the whole of the issued share capital of Aberdeen European Investment Trust PLC, an unlisted company which was placed in members' voluntary liquidation on 26 February 1999. The investment is included in these accounts at its net realisable value as estimated by the liquidator. At 30 September 2010, the fair value of Aberdeen European Investment Trust PLC was as follows

	2010 £'000	2009 £'000
Fair value brought forward	30	30
Fair value adjustment	(30)	–
Fair value carried forward	–	30

12 Debtors

	2010 £'000	2009 £'000
Amounts receivable within one year		
Investments sold awaiting settlement	3,614	1,229
Accrued income	–	12
Prepaid expenses	14	13
UK corporation tax	–	184
Overseas withholding tax recoverable	1,959	1,606
Other debtors	22	29
	5,609	3,073

Following recent European tax discrimination case law, the Company has made claims for the repayment of withholding tax deducted from dividends not already recovered under treaty claims. The Company has submitted claims to tax authorities in several EU member states. However, it is not possible at this stage to quantify with any degree of accuracy the amount receivable or the timing of such recoveries. Consequently, no asset has been recognised in these accounts.

13 Creditors

	2010 £'000	2009 £'000
Amounts payable within one year		
Investments purchased awaiting settlement	4,430	381
Currency transactions (net)	9	–
Accrued expenses and interest	331	1,425
UK corporation tax	68	–
Bank loan	9,097	11,424
Bank overdraft	13	–
	13,948	13,230

The Company has an uncommitted multi-currency loan facility of £20,000,000 (2009 £20,000,000) with The Bank of New York Mellon. Interest is charged at prevailing interbank market rates, plus a margin of 1.6% per annum. Borrowings are repayable on demand.

The Company has an overdraft facility of £5,000,000 (2009 £5,000,000) with The Royal Bank of Scotland plc. Interest on drawings is charged at 1.5% above the bank's fluctuating base rate. Borrowings are repayable on demand.

Notes to the Accounts

14 Called-up Share Capital	2010 £'000	2009 £'000
Authorised		
100 000,000 Ordinary shares of 50p each	50,000	50,000
Allotted, Called-up and Fully-Paid		
22,441,860 (2009 26,905,662) Ordinary shares of 50p each	11,221	13 453
2,262,289 (2009 2,798,487) Ordinary shares of 50p each held in treasury	1,131	1,399
	12,352	14,852

During the year to 30 September 2010, the Company repurchased 4,463,802 (2009 2 433 500) Ordinary shares, to be held in treasury, at a cost of £26 532 000 (2009 £11,757 000) 5 000,000 (2009 2,500,000) Ordinary shares held in treasury were cancelled during the year. The Ordinary shares held in treasury have no voting rights and are not entitled to dividends.

15 Special Distributable Reserve

The Special Distributable Reserve was created on 11 July 2007 following the cancellation of the Share Premium Account and Capital Redemption Reserve and is available to fund market purchases and the subsequent cancellation of own shares, to fund the payment of dividends and for other distributable purposes.

16 Merger Reserve

The Merger Reserve represents the premium over the nominal value of Ordinary shares issued in March 1997 in connection with the acquisition of The German Investment Trust plc.

17 Capital Redemption Reserve	2010 £'000	2009 £'000
Balance brought forward	3,671	2,421
Nominal value of Ordinary shares cancelled from treasury	2,500	1,250
Balance at 30 September	6,171	3 671

The Capital Redemption Reserve represents the nominal value of Ordinary shares repurchased and cancelled subsequent to 11 July 2007.

18 Capital Reserve	2010 £'000	2009 £'000
Balance brought forward	33,618	18,991
Gains/(losses) on disposal of investments	15,162	(25,559)
Movement in fair value of investments	(20,301)	51,445
Fair value adjustment to subsidiary	(30)	–
Realised gains on index futures	–	109
Cost of shares repurchased	(26,532)	(11,757)
Exchange gain on currency transactions	884	1,382
Management fee allocated to capital	(904)	(832)
VAT recoverable on management fees allocated to capital	–	418
Performance fee allocated to capital	–	(944)
Interest payable allocated to capital	(118)	(24)
Tax relief on fees and interest charged to capital	(59)	570
Transaction costs incurred on acquisitions of investments	(124)	(181)
Balance at 30 September	1,596	33,618

Notes to the Accounts

19 Revenue Reserve	2010 £'000	2009 £'000
Balance brought forward	10,280	9,880
Net revenue return for the year	3,906	4,346
Dividends paid on Ordinary shares	(3,705)	(3,946)
Balance at 30 September	10,481	10,280

20 Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary share and Net Assets attributable to the Ordinary shares at the year-end was as follows

	2010	2009
Net Assets attributable to Ordinary shareholders	£144,945,000	£176,766,000
Ordinary shares in issue	22,441,860	26,905,662
Net Asset Value per Ordinary share	645 9p	657 0p

21 Transactions with the Manager

During the year, management and performance fees of £1,205,000 in aggregate (2009 £2,053,000) were payable to Gartmore Investment Limited for the provision of investment management and secretarial services to the Company. The basis of calculation is provided in the Report of the Directors on page 19.

At the Balance Sheet date, management and performance fees of £177,000 (2009 £1,169,000) were accrued.

22 Financial Instruments Risk Management

The Directors manage investment risk principally through setting an investment policy (see page 2) that is approved by shareholders, by contracting management of the Company's investments to an investment manager under a contract which incorporates appropriate duties and restrictions, and by monitoring performance in relation to these. There have been no material changes to the management or nature of the Company's risks from the previous 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 which can 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 the valuation of its investments. Consequently, market price risk is the most significant 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 2010, the fair value of the Company's assets exposed to market price risk was £152,783,000 (2009: £185,706,000). 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 and the countries in which they operate. The 18% fall in the value of assets exposed to market risk was attributable to a combination of factors including decreases in the market prices of investments held, appreciation of sterling against Continental European currencies, buybacks of the Company's own shares and moving to a lower geared position.

Notes to the Accounts

22 Financial Instruments Risk Management (continued)

The Company normally holds approximately 100 stocks which significantly spreads the risk of individual investments performing poorly. The largest individual stock at the year-end represented 4.4% of the portfolio by value.

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 and Basic Materials (underweight), Technology, and Consumer Goods (overweight) sectors. These weightings reflect the strategy outlined in the Manager's Review on pages 8 and 9.

Although the benchmark index increased by 4.2% over the 10-year period to 30 September 2010, the annual movement over that period averaged 18.7%. Whilst recognising that some of these movements relate to currency fluctuations, this nonetheless illustrates the volatility of Continental European equity investments and indicates that the portfolio valuation could move by a similar percentage in the forthcoming financial year. To illustrate the Company's sensitivity to market prices, an 18.7% change to the market value (in sterling terms) of the equity portfolio at 30 September 2010 would generate a corresponding increase or decrease in the net asset value per Ordinary share of 19.6% or £28.4 million 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.

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 exchange rate 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 99.4% (2009: 99.7%) of the Group's total assets were denominated in currencies other than sterling, the largest proportion being euro, at 69.7% (2009: 77.3%) 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.

	2010 £ 000	2009 £ 000
Monetary Assets		
Cash and short-term receivables		
Euro	1,274	2,388
Swiss franc	2,859	1,420
Norwegian krone	98	–
US dollar	84	5
Danish krone	1,348	–
Non-current asset investments held at fair value		
Euro	109,305	144,532
Swiss franc	28,657	33,950
Swedish krona	7,099	3,954
Norwegian krone	5,522	1,489
Danish krone	2,200	1,781
	158,446	189,519

Notes to the Accounts

22 Financial Instruments Risk Management (continued)

The level of assets exposed to currency risk decreased by approximately 16% during the year. In common with the exposure to market price risk, this was attributable to a combination of decreases in the market prices of investments held, appreciation of sterling against Continental European currencies, buybacks of the Company's own shares and moving to a lower geared position. Subject to this, the relative levels of exposure to currencies at the beginning and at the end of the year were broadly representative of levels throughout the period.

As can be seen from the table above the most significant currency exposures are to euro and Swiss franc. Over the year to 30 September 2010, sterling appreciated by 5.5% against the euro (2009 depreciated by 13.8%) and depreciated by 7.2% against the Swiss franc (2009 17.0%). It is not possible to forecast how much exchange rates might move in the next financial year, but based on movements in the above two major currencies over the last two years, it appears reasonably possible that exchange rates could move by 10%.

The following table illustrates the Company's sensitivity to movements in exchange rates relative to sterling. The sensitivity analysis is based on the Company's non-sterling monetary assets and investments held at the balance sheet date and assumes a 10% appreciation or depreciation of sterling against each of the currencies to which the Company is exposed, with all other variables held constant. A 10% appreciation of sterling would reduce the value of net assets by approximately 9.1% or £13.1 million (2009 9.1% or £16 million). Revenue return for the forthcoming year would be reduced by £340,000 (2009 £461,000). The effect on capital return would be materially the same as the effect on net assets.

	2010 Net Assets £'000	2010 Revenue £'000	2009 Net Assets £'000	2009 Revenue £'000
Euro	9,078	252	12,191	386
Swiss franc	2,713	59	3,191	56
Other currencies	1,354	29	653	19
	13,145	340	16,035	461

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 and the prior year relate to the bank loan and investment transactions awaiting settlement. The balance outstanding at the year-end was not material in the context of currency risk.

However, when gearing is used borrowings are normally in euro, so such borrowings (€10,500,000 at the year-end, 2009 €12,500,000) will mitigate some of the currency risk associated with the investments held.

Interest rate risk

The Company finances part of its activities through the use of an uncommitted multi-currency revolving credit facility of £20,000,000 (2009 £20,000,000) provided by The Bank of New York Mellon. Interest rates are set at the time drawings are made based on the London Inter-Bank Offered Rate (LIBOR) plus a margin of 1.6% per annum. Drawings are normally in euros. During the year, the maximum amount drawn under the facility was €21,000,000 (2009 €12,500,000) and the weighted average interest rate was 1.67% (2009 1.81%). No hedging of the interest rate is undertaken. At 30 September 2010, there were drawings outstanding of €10,500,000 (2009 €12,500,000), equivalent to £9,097,000 (2009 £11,424,000).

Notes to the Accounts

22 Financial Instruments Risk Management (continued)

The Company also has a short-term overdraft facility of £5,000,000 (2009 £5,000,000) provided by The Royal Bank of Scotland plc. Interest on drawings is charged at 1.5% above the bank's fluctuating base rate and no hedging of the rate is undertaken. The Manager minimises the risk of exposure to excessive interest costs by monitoring the Company's cash position on a regular basis. The facility was not used during the year.

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 2010, financial assets and liabilities exposed to floating interest rates were as follows:

	2010 £'000	2009 £'000
Financial Assets		
Cash at bank and on deposit	501	1,187
Financial Liabilities		
Bank loan	(9,097)	(11,424)
Bank overdraft	(13)	–

The Company has no direct exposure to fixed interest rates.

The year-end amounts are not representative of the exposure to interest rates either during the year just ended or in 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 the 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 £20,000,000 was fully drawn, a change of 0.5% in the rate of interest charged would, over the course of a year, amount to £100,000 (ignoring exchange rate movements), less than 0.1% 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 managed 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.

The Company's short-term borrowing facilities comprise an uncommitted multi-currency loan facility of £20,000,000 and an overdraft facility of £5,000,000. Drawings on each of these credit facilities are repayable on demand.

At 30 September 2010, the maximum exposure to credit risk was £4,115,000 (2009 £2,416,000), comprising:

	2010 £'000	2009 £'000
Cash at bank and on deposit	501	1,187
Investments sold awaiting settlement	3,614	1,229

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.

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 mainly 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 and, if amounts are substantial, are placed with different deposit takers so that, at any given time, deposits do not exceed €8,000,000 with any one deposit taker. Cash requirements are monitored on a regular basis by the Manager.

Notes to the Accounts

22 Financial Instruments Risk Management (continued)

The Company's short-term borrowing facilities comprise an uncommitted multi-currency loan facility of £20,000,000 and an overdraft facility of £5,000,000. Drawings on each of these credit facilities are repayable on demand.

At 30 September 2010, the fair value of financial liabilities was £13,948,000 (2009 £13,230,000), comprising

	2010 £'000	2009 £'000
Due within one month		
Investments purchased awaiting settlement	4,430	381
Bank loan	9,097	11,424
Bank overdraft	13	–
Accrued expenses and interest	331	1,425
Currency transactions (net)	9	–
UK Corporation tax	68	–

Gearing

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 14% 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 11.3%.

As noted on page 53 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, bank gearing was 6.3% (2009 6.5%).

Fair Value Hierarchy

The Company has adopted the amendments to FRS 29 'Financial Instruments Disclosures' effective for periods beginning on or after 1 January 2009. These amendments require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of these inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset.

Financial assets and liabilities measured at fair value are grouped into the fair value hierarchy at 30 September 2010 as follows:

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	152,783	–	–	152,783

a) Quoted equities

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Level 1 are actively traded on recognised stock exchanges.

Notes to the Accounts

23 Capital Management Policies and Procedures

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

The principal risks to the Company's investments are summarised in Note 22. Note 22 also explains that the Company is able to use gearing to 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 to buy-back shares.

The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by Section 1159 Corporation Tax Act 2006 and by the Companies Act 2006, respectively, and with respect to the availability of borrowing facilities, by the covenant imposed by The Bank of New York Mellon (see page 17).

As described on page 19, the Board operates an active share buy-back policy and regularly monitors, and has complied with, the externally imposed capital requirements. This is unchanged from the previous year.

Total Equity at 30 September 2010, the composition of which is shown on the Balance Sheet on page 41, was £144,945,000 (2008: £176,766,000).

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 holding 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 63), 8 Fenchurch Place, London EC3M 4PB, on Friday, 28 January 2011 at 12 30 p m for the following purposes

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions, which will be proposed as Ordinary Resolutions

TO

- 1 receive the Report of the Directors and the Accounts for the year ended 30 September 2010, together with the Report of the Auditors,
- 2 approve the Directors' Remuneration Report for the year ended 30 September 2010 be approved,
- 3 re-elect Mr Rodney Dennis as a Director,
- 4 re-elect Mr Jean Claude Banon as a Director,
- 5 re-appoint Grant Thornton UK LLP as Auditor and to authorise the Directors to fix the Auditor's remuneration

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution, which will be proposed as an Ordinary Resolution

THAT

- 6 the Directors of the Company be and are hereby generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006 ("the Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal value of £3,300,000. This authority shall expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), but that such authority shall allow the Company to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot such shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked,

Notice of Annual General Meeting

To consider and, if thought fit, to pass the following resolutions, which will be proposed as **Special Resolutions**

THAT

- 7 the Directors of the Company be and they are hereby empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) or make offers or agreements to allot equity securities for cash pursuant to the authority conferred by Resolution 6 and to sell equity securities which are held by the Company in treasury as if Section 561(1) of the Act did not apply to any such allotments 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 £1,000,000

This power shall expire on the earlier of the date falling 15 months after the passing of this resolution and 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 or sold after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired

- 8 the Company be and is hereby generally and unconditionally authorised, in accordance with Section 701 of the Act, to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 50p each in the capital of the Company provided that
- (a) the maximum number of Ordinary shares hereby authorised to be purchased shall be 14.99% of the Company's issued Ordinary share capital at 28 January 2011, the date of the Annual General Meeting (equivalent to approximately 2,963,400 Ordinary shares at 14 December 2010),
 - (b) the minimum price which may be paid for one Ordinary share shall be 50p,
 - (c) the maximum price which may be paid for one Ordinary share shall be an amount equal to the highest of (i) 105% of the average of the middle market quotations for an Ordinary share as derived from the Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share is purchased, or (ii) the price of the last independent trade, or (iii) the highest current independent bid,

Notice of Annual General Meeting

- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, and
 - (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 expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract
- 9 the period of notice required for calling general meetings of the Company, other than annual general meetings, shall be not less than 14 clear days



By Order of the Board
Gartmore Investment Limited
Company Secretary
15 December 2010

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

Notice of Annual General Meeting

Notes

- 1 Please refer to the Report of the Directors on pages 23 and 24 for further information on the Business of the Meeting
- 2 A Form of Proxy is enclosed for use in connection with the business set out above. To be effective, the Form of Proxy must be deposited at the offices of the Company's Registrars not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
- 3 A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend, speak and on a poll vote instead of him/her provided that each proxy is appointed to exercise rights attached to different shares. A member can only appoint a proxy using the procedures set out in these notes and the notes on the Form of Proxy. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not also be a member of the Company but must attend the Meeting to represent you.
- 4 The return of a completed Form of Proxy or such other instrument or any CREST Proxy Instruction (as described in the Special Notes on electronic proxy appointment through CREST on page 60) will not prevent a member from attending the Meeting and voting in person if he/she wishes to do so.
- 5 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 26 January 2011 shall be entitled to attend and vote at the Meeting in respect of Ordinary shares registered in their name at that time. Changes to entries on the Register of Members after 6.00 p.m. on 26 January 2011 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
- 6 Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes on the Form of Proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 7 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it he/she may under any such agreement have a right to give instructions to the member by whom he/she was nominated as to the exercise of voting rights. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- 8 The statement of the rights of members in relation to the appointment of proxies in Note 3 does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.
- 9 Corporate representatives have the same rights to attend and vote at the meeting as the shareholder that appointed them could have exercised if it were an individual member (provided in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares they vote those shares in the same way). To be able to attend and vote at the Meeting corporate representatives will be required to produce prior to their entry to the Meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 3. However if multiple corporate representatives purport to vote the same block of shares in different ways they will be treated as not having voted. It is no longer necessary to nominate a designated corporate representative.
- 10 In the case of joint holders the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.
- 11 If the Chairman, as a result of any proxy appointments is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result any member holding 3 per cent or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

Notice of Annual General Meeting

- 12 As at 14 December 2010 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprises 19 769 186 Ordinary shares, with each share carrying the right to one vote. Therefore, the total voting rights in the Company as at 14 December 2010 are 19 769,186
- 13 Pursuant to section 319A of the Companies Act 2006 the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the meeting except in certain circumstances including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information
- 14 In accordance with section 311A of the Companies Act 2006 the contents of this Notice of Annual General Meeting details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable any members statements members resolutions or members matters of business received by the Company after the date of this notice will be available on the Company's website www.gartmoreeuropeaninvesttrust.co.uk
- 15 Members should note that it is possible that pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006 the Company may be required to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Company's annual general meeting or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006 it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Company's annual general meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website
- 16 The Register of Directors' Interests in the capital of the Company will be available for inspection at the Meeting
- 17 No Director has a contract of service with the Company. A copy of the generic terms and conditions of appointment for the non-executive Directors will be available for inspection at the registered office of the Company during normal business hours on Monday to Friday (public holidays excepted) from the date of this document up to and including the date of the Meeting and on the morning of the Meeting from 15 minutes prior to the Meeting until its conclusion
- 18 A copy of this Notice of Annual General Meeting is available on the Company's website, www.gartmoreeuropeaninvesttrust.co.uk and from the Manager's website www.gartmore.co.uk
- 19 You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated
- 20 This Report is forwarded to the address at present registered for communications. Members are requested to notify the Company's Registrars of any change of address

Special Notes on electronic proxy appointment through CREST

- (i) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST)
- (ii) CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual
- (iii) The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must (in order to be valid) be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST
- (iv) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001

Financial Calendar

Key dates for 2010/2011 are set out below

2 December 2010	Interim dividend announced
8 December 2010	XD date for interim dividend
10 December 2010	Record date for interim dividend
16 December 2010	Annual results announced
31 December 2010	Interim dividend payable
28 January 2011	Annual General Meeting
January 2011	Interim Management Statement
31 March 2011	Company's half-year
April 2011	Half-year results announced
July 2011	Interim Management Statement
30 September 2011	Company's year-end

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, 28 January 2011 at 12 30 p m

Price and Performance Information

The Company's Ordinary shares are listed on the Official List of the UK Listing Authority and are traded on the main market of the London Stock Exchange. The closing mid-market price is 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. The cost of calls from other telephone networks may be higher and from mobiles will be considerably more.

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

Investor helpline	0800-289 336 (calls are free from a BT landline)
Internet address	www.gartmoreeuropeaninvtrust.co.uk or www.gartmoreeuropeaninvtrust.com
E-mail address	helpline@gartmore.com

ISIN/SEDOL Number

The International Securities Identifying Number (ISIN) of the Company's Ordinary shares is GB0005268858. The SEDOL (Stock Exchange Daily Official List) number is 0526885. The TIDM code is GEO.

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 shareholders' 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 Registrars, whose contact details are provided below.

Share Register Enquiries

The Company's Registrars, Equiniti Limited, maintain the share register. In the event of queries regarding your holding, please contact the Registrars on 0871-384 2457. Calls are charged at 8p per minute from a BT landline. Calls from other telephone networks may be higher and from mobiles will be considerably more. Alternatively, there is now a range of shareholder information available 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 Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

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. Most banks also offer this service. See also page 64 for investing in Gartmore investment trusts.

Shareholder Information

Gartmore SAVE*it* and Gartmore Investment ISA*it* Enquiries

Details of the Gartmore Savings Plan, Gartmore SAVE*it*, and the tax-free Individual Savings Account, Gartmore Investment ISA*it*, are set out on page 64 of this Report. These offer individuals a simple and cost effective means of buying shares in the Company. Enquiries about SAVE*it* and ISA*it* should be directed to:

Investor helpline	– 0800-289 336 (calls are free from a BT landline)
Administration helpline	– 0870-601 6133
Administration fax	– 0870-888 3033
e-mail address	– helpline@gartmore.com

Factsheets

A Factsheets 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.

Capital Gains Tax

Under present legislation, the annual capital gains of private individuals in excess of £10,100 are subject to tax at a flat rate of 28%. Investment trust companies are able to switch investments without liability to capital gains tax subject to satisfying the conditions of Section 1159 of the Corporation Tax Act 2010 for the period in question.

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 website, www.theaic.co.uk. The Association of Investment Companies can be contacted by telephone on 020-7282 5555, or by post to 9th floor, 24 Chiswell Street, London EC1Y 4YY.

Corporate Information

Administration

Manager and Secretary

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

Independent Auditor

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

Registrars

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

Company Broker

Winterflood Securities
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

Gartmore Investment Trusts

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

Gartmore European Investment Trust p l c

Long-term capital growth from investment in Continental Europe, with a focus on larger companies

Gartmore Fledgling Trust plc

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

Gartmore Global Trust PLC

Long-term capital growth from a concentrated portfolio of international equities with a secondary objective to increase dividends over the longer term

Gartmore Irish Growth Fund PLC

Long-term capital growth through investment in quoted companies, which are either incorporated in the Republic of Ireland or Northern Ireland or, if elsewhere, derive the majority of their turnover or profits from the Republic of Ireland or Northern Ireland

How to Find Us

The entrance to Gartmore House is adjacent to Fenchurch Street Railway Station on Fenchurch Place

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 £10,200 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 helpline@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 middle-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.

Dividend Yield

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

Gearing

The term applied to the effect produced by borrowings and prior charge securities which tend 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 assets, expressed as a percentage.

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

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

Net Asset Value

Also described as 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)

Net Asset Value divided by the number of shares in issue gives the Net Asset Value per share.

Premium

The amount by which the middle-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

The total expenses (excluding interest) incurred by an investment trust expressed as a percentage of average monthly equity shareholders' funds.

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