

Portfolio Update

The information contained in this release was correct as at **31 January 2025**. Information on the Company's up to date net asset values can be found on the London Stock Exchange website at:

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

BLACKROCK GREATER EUROPE INVESTMENT TRUST PLC (LEI - 5493003R8FJ6I76ZUW55)
All information is at **31 January 2025** and unaudited.

Performance at month end with net income reinvested

	One Month	Three Months	One Year	Three Years	Launch (20 Sep 04)
Net asset value (undiluted)	9.8%	8.7%	7.6%	13.7%	804.5%
Share price	10.3%	9.9%	7.0%	6.0%	755.7%
FTSE World Europe ex UK	8.2%	6.0%	11.1%	26.5%	474.5%

Sources: BlackRock and Datastream

At month end

Net asset value (capital only):	643.69p
Net asset value (including income):	643.70p
Share price:	601.00p
Discount to NAV (including income):	6.6%
Net gearing:	9.7%
Net yield ¹ :	1.2%
Total assets (including income):	£627.9m
Ordinary shares in issue ² :	97,540,476
Ongoing charges ³ :	0.95%

1 Based on an interim dividend of 1.75p per share and final dividend of 5.25p per share for the year ended 31 August 2024.

2 Excluding 20,388,462 shares held in treasury.

3 The Company's ongoing charges are calculated as a percentage of average daily net assets and using the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, write back of prior year expenses and certain non-recurring items for the year ended 31 August 2024.

Sector Analysis	Total Assets (%)	Country Analysis	Total Assets (%)
Industrials	27.8	France	20.6
Consumer Discretionary	23.9	Netherlands	19.4
Technology	16.1	Switzerland	17.9
Health Care	14.1	Denmark	9.0
Financials	10.2	United Kingdom	6.2
Basic Materials	6.8	Sweden	5.6
Real Estate	1.8	Germany	5.3
Net Current Liabilities	-0.7	Ireland	5.2
	-----	Italy	4.0
	100.0	United States	3.7

=====	Belgium	2.0
	Finland	1.8
	Net Current Liabilities	-0.7

		100.0
		=====

<u>Top 10 holdings</u>	<u>Country</u>	<u>Fund %</u>
Novo Nordisk	Denmark	6.7
RELX	United Kingdom	6.1
Safran	France	5.8
ASML	Netherlands	5.5
Hermès	France	4.9
Schneider Electric	France	4.9
Partners Group	Switzerland	4.5
Ferrari	Italy	4.0
Compagnie Financière Richemont	Switzerland	3.8
Allied Irish Banks (AIB)	Ireland	3.7

Commenting on the markets, Stefan Gries and Alexandra Dangoor, representing the Investment Manager noted:

During the month, the Company's NAV rose by 9.8% and the share price by 10.3%. For reference, the FTSE World Europe ex UK Index returned 8.2% during the period.

European ex UK markets delivered a strong start to the year. This was driven by a number of strong company results and improving sentiment towards the region. Additionally, the first few days of President Trump's term have, so far, seen fewer tariff announcements than anticipated - although this narrative looks to be changing in the early days of February. Strong market returns are also attributed to a recovery from a weaker H2 2024, with consumer stocks rebounding following better data towards the end of Q4 and into Q1, along with some signs of stabilisation from China.

Whilst we are still at the early stages of Q4 earnings in Europe, the earnings season has, so far, fared better than expected. We would note expectations had been lowered through the year, but that we are now seeing encouraging signs from luxury, banks and life sciences reports coming through.

Towards the end of January, global markets were shaken by news that Chinese company DeepSeek had trained an Artificial Intelligence (AI) model comparable to those developed in Silicon Valley, but at a fraction of the cost, and were offering the technology as open source. While perceived as a shock by markets, the cost improvement was less of a surprise for some of the leaders in the space, who view the decreases in cost as 'on trend' with the historical cost curve decrease. What is clear is that this industry is developing very quickly and adoption could follow suit. There are uncertainties that remain around the impact to long-term capital expenditure (capex) plans and the return on this investment, a debate that has been persistent in the market since last year. In the meantime, the hyperscalers have since confirmed strong capex plans for 2025, as the ultimate goal towards Artificial General Intelligence remains a key focus.

The Company outperformed its reference index during the month, driven by both stock selection and sector allocation. In sector terms, the Company's lower allocation to defensive sectors such as consumer staples was positive for returns as the market moved up strongly. An overweight to both consumer discretionary and technology was also positive. However, a lower exposure to financials detracted.

Strong contribution came from a number of luxury stocks. Richemont was amongst the largest contributors to returns in January, posting strong results with sales increasing by 10%, reaching a record of EUR6.2bn. The

strong performance was fuelled by accelerated US spending across all categories and clientele. In Europe, growth was more brand-specific due to efforts to improve visibility and access such as expanding Van Cleef & Arpels into more markets. Despite weaker sales in Asia-Pacific, the lack of further deterioration in China was also seen as a positive. Hermès and LVMH were also amongst the best performers, as the sector continued to perform better on improving data from the US and signs of stabilisation in China.

Within industrials, strong contribution came from engine-maker Safran. Shares had been weak following the capital markets day in December due to some disappointment around the growth targets, particularly in aftermarket. However, since then, there has been strong results and guidance from peers which suggest that those targets are conservative and that overall demand remains strong. Shares in RELX also performed well as the company is seen as an 'AI winner', with a path to more cost-effective AI beginning to look clearer.

Within financials, private equity firm Partners Group reported solid results for the second half of 2024. The firm reported 5% year-on-year growth in assets under management, reaching USD149bn. Management fees increased by 4%, reflecting sustained demand for bespoke client solutions. The company also maintained a robust exit pipeline, anticipating an increase in performance fees as the exit environment improves.

Following the DeepSeek newsflow, the overall contribution from the technology sector was mixed. Nemetschek was the top performer over the month, reporting a strong set of financial results, driven by significant revenue growth and improved profitability. The company's performance beat expectations, with one-third of the beat attributed to one-off license changes and two-thirds driven by higher-quality subscription growth. Nemetschek is expected to surpass its conservative EBITDA guidance of 28-30%, with mid-teens organic growth guidance likely achievable at 19%. Over the next couple of years, the company anticipates high single-digit upgrades to revenue and low teens upgrades to EBITDA.

On the negative side, Be Semiconductor (BESI) and ASMI detracted during the month as, following the DeepSeek newsflow, investors questioned the potential shift in market dynamics and reduced demand for their products. Similarly, shares in Schneider Electric experienced weakness due to their exposure to data centre growth.

Outlook

The underlying economic conditions in Europe remain solid, with both consumers and corporations in healthy financial positions. The disinflation process is progressing, with the European Central Bank projecting headline inflation to average 2.1% in 2025 and 1.9% in 2026. Globally, rate-cutting cycles have begun, with the Federal Reserve following Europe's lead.

After a long hiatus, capex has returned, supporting a lot of cyclical businesses and potentially driving higher earnings over a multi-year period, which has driven us to maintain our cyclical exposure. There are significant secular opportunities in areas such as the energy transition and advancements in AI.

The luxury sector, having been through two years of normalisation, could potentially start to see improvements in 2025, as resolving US election uncertainty has further improved the economic backdrop in the US. However, it remains crucial to be selective in Europe – defensive exposures are more attractive in the industrials sector, while the consumer staples sector remains very weak.

Additionally, the European market composition has structurally improved, becoming a higher quality market while valuations are at a record-wide discount relative to the US.

Investor sentiment toward Europe has been subdued, with many favouring an overweight allocation to U.S. equities, which have performed exceptionally well. Nevertheless, Europe presents compelling valuation opportunities. Structural reforms, the possibility of a new government in Germany and

economic stimulus from China could help shift sentiment positively. Germany, in particular, is grappling with substantial economic challenges and is in need of significant reform. A market-friendly coalition government could unlock long-delayed investments, making the upcoming February election a key event to watch. That said, our investment approach prioritises company specific opportunities and management teams over a country view or political developments. Our focus lies on industries with robust structural drivers, as these have a more profound impact on long-term outcomes than country-specific factors. A strong U.S. economy, positive real wage growth in Europe, and potential stimulus measures in China could create a supportive backdrop for Europe's globally oriented companies.

ENDS

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