

Aim

The Trust's objective is to deliver capital and income growth through investment in a focused portfolio of European securities.

Risks & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

Investment trusts can enhance returns through gearing. This can boost a Trust's returns when investments perform well, though losses can be magnified when investments lose value.

History

The Trust was formed as part of the reorganisation of its predecessor, Charter European Trust plc in 2002. It was launched primarily to enable existing shareholders to rollover their investment and it follows a similar investment strategy. On 5th January 2007 shareholders voted to adopt a new benchmark index, the FTSE World Europe (ex UK), and to change the Trust's name from Charter Pan-European Trust plc to Charter European Trust plc.

Fund Manager's Review



Mark Lovett

European Equity markets finished the first quarter of 2010 strongly, with the Charter benchmark returning over 7% for the month of March. The performance of the markets was led by commodity and consumer sectors, as investors once again sought to increase risk within their portfolios as confidence in a global recovery strengthened. Economic data generally continued its more positive trends globally and policy makers across the World are still showing a willingness to keep monetary policy accommodative. Greece continues to be a headache for the Eurozone, although a new austerity plan unveiled by the Greek government and plans for member states and the IMF to shoulder the debt burden at least eased some of the tension.

The Charter portfolio (NAV +7.57%) performed slightly ahead of its benchmark due to gains made in the portfolio's financial and technology holdings. Doorstep cash lender International Personal Finance which specialises in emerging European markets was the best performing stock within the portfolio. The company obtained its first public credit rating from rating agency Fitch, which will widen their access to sources of finance as well as lowering costs. Semiconductor equipment producer ASM International had a good month after announcing a 23% rise in orders for Q4, with a number of the world's leading semiconductor makers reporting strong recovery in sales and the banks held within the portfolio were also strong performers. The strong performers mentioned were offset by the poor performance of UK property company Unite Group, as a drop in NAV shocked analysts and investors, despite an increase in financial year 2009 profits. The defensive holdings such as Sanofi Aventis and Danone also lagged the markets as investors sought riskier assets.

Key Information

Total Assets:	£65.7m
Gearing (net):	2.2%
No. of Shares (Ordinary 1p):	23,415,917
Share Price¹:	236.5p
Net Asset Value²:	267.8p
Premium/-Discount to NAV²:	-11.7%
Dividend Yield²:	1.71%
No. of Holdings:	26

All data source RCM (UK) Limited as at 31.03.10 unless otherwise stated.

Launch Date:	April 2002
Continuation Vote:	2014
AIC Sector:	Europe
Benchmark:	FTSE World Europe (ex UK) Index
Year end:	30 November
Annual Financial Report:	Final posted in February, Half-yearly posted in July
AGM:	March
Dividends:	April, August
Price Information:	Financial Times, The Daily Telegraph, www.rcm.com/investmenttrusts
Board of Directors:	Giles Weaver (Chairman), Dr Elizabeth Vallance, Richard Bernays, Vicky Hastings, Nigel Simon
Investment Manager:	Mark Lovett, CIO, UK & European Equity RCM A company of Allianz Global Investors
Investor Services:	020 7065 1407

¹Source: Lipper as at 31.03.10, market close mid price.

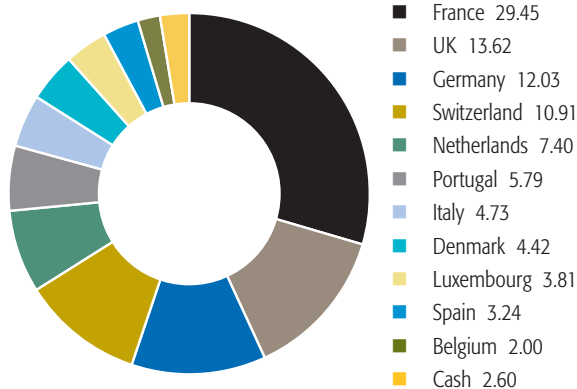
²Source: Datastream as at 31.03.10. Calculated using the latest full year dividend divided by the current share price.

³A trust's net asset value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities. It is the capital NAV that is shown, which excludes any income.

Top Ten Holdings (%)

Name	%
Credit Suisse	5.8
ASM International	5.4
Zurich Financial Services	5.0
Eutelsat Communications	4.9
International Personal Finance	4.8
Publicis Groupe	4.7
Unicredit	4.7
BNP Paribas	4.5
Flsmidth & Co	4.4
Société Générale	4.4
Total	48.6

Geographic Breakdown (%)



The Trust may also buy and sell currencies, which means that the value of the Trust may fall as well as rise if sterling changes in value relative to the currencies held or in which investments are made.

How to Invest?

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker.

RIC: CPE SEDOL: 3148639 ISIN: GB0031486391

Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website www.rcm.com/investmenttrusts or from the AIC at www.theaic.co.uk

Please note: Our Investment Trust Savings Plan was closed and transferred to Alliance Trust Savings on 29 February 2008. Alliance Trust can be contacted on 01382 573 737 or contact@alliancetrust.co.uk

RCM Advantage

RCM and its predecessors have been managing investment trusts since 1889, providing investors with access to investment markets around the world through professionally managed portfolios. Each trust benefits from the expertise of the RCM fund managers yet, as a company listed on the London Stock Exchange, it is independent and is overseen by its own Board of Directors.

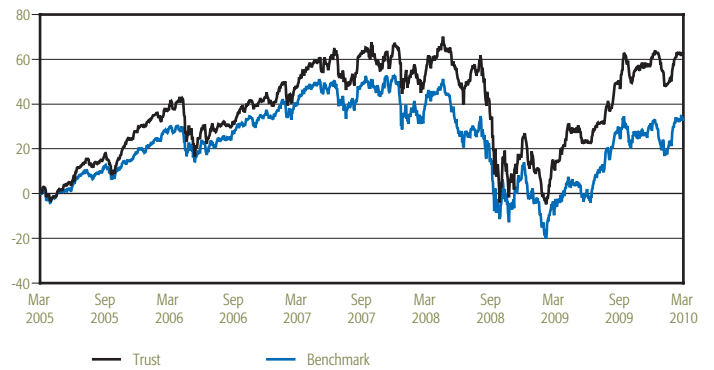
RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

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Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	1.07	8.24	45.54	10.00	62.54
Benchmark	3.58	3.77	43.17	-5.18	33.09

Standardised Past Performance (%)

From	31.03.05	31.03.06	30.03.07	31.03.08	31.03.09
To	31.03.06	30.03.07	31.03.08	31.03.09	31.03.10
Share Price	37.80	7.23	4.53	-27.70	45.54

Source: Lipper, percentage growth, mid to mid, capital return, to 31.03.10
Benchmark: FTSE World Europe (ex UK) Index. Note the benchmark was FTSE World Europe up to 8th January 2007.

Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

Past performance is not a reliable indicator of future performance. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested.

This investment trust charges 75% of its annual management fee to the capital account and 25% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result. Your capital could also decrease if income paid out of capital exceeds the growth rate of the trust.