

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 struggled in April with the Charter benchmark falling by over 4% during the period. Sovereign debt dominated headlines in Europe with Greece formally requesting an emergency loan from the EU and IMF. S&P downgraded Greek sovereign debt to 'Junk' and have also downgraded Portugal by two levels and Spain by one. This brings sharply into focus investor fears that Greece is not the only country who may struggle to finance their debt and a co-ordinated effort from Eurozone members will be needed to stop a contagion effect. The political uncertainty of the first Hung Parliament in the UK since 1974 also did little for investor confidence, as measure needed to tackle financial deficit may prove more difficult.

The portfolio had a positive month (-3.32% NAV) relative to its benchmark (-4.63%), primarily due to the performance of Barco and International Personal Finance. Belgian listed Barco provide imaging products and solutions for a wide range of markets including cinema projectors, medical imagery and defence. Barco reported that the it had returned a profit of over 4.1m EUR after a 2008 loss and that the company would resume dividend payments after a gap of two years. International Personal Finance had another positive month after a solid Q1 trading announcement and rumours that the company is to issue a five year bond priced in Euros to fund loan growth in Europe and expansion into Mexico. The portfolios worst performers were the European banks, as Credit Suisse, BNP Paribas, Societe Generale and Unicredit Spa as the IMF proposed a levy on non depositary bank activities and European banks were shunned by investors worried about any possible exposure to Greece.

Key Information

Total Assets:	£63.6m
Gearing (net):	-2.2%
No. of Shares (Ordinary 1p):	23,415,917
Share Price¹:	234.0p
Net Asset Value²:	258.8p
Premium/-Discount to NAV²:	-9.6%
Dividend Yield²:	1.73%
No. of Holdings:	27

All data source RCM (UK) Limited as at 30.04.10 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 30.04.10, market close mid price.

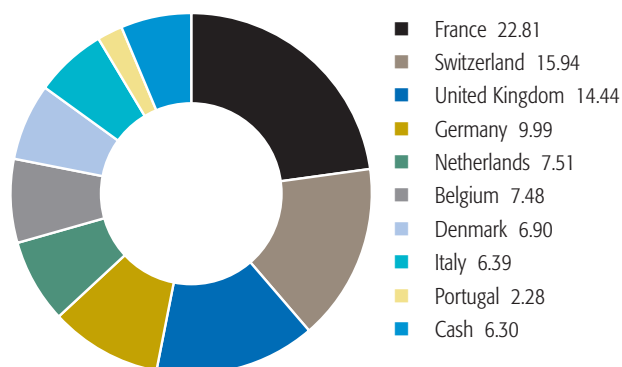
²Source: Datastream as at 30.04.10. Calculated using the latest full year dividend divided by the current share price.

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	%
International Personal Finance	5.6
ASM International	5.5
Credit Suisse	5.3
Eutelsat Communications	5.0
Flsmidth & Co	4.9
Barco	4.5
Zurich Financial Services	4.4
GFK	4.4
Unicredit	4.3
BNP Paribas	4.1
Total	48.0

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.

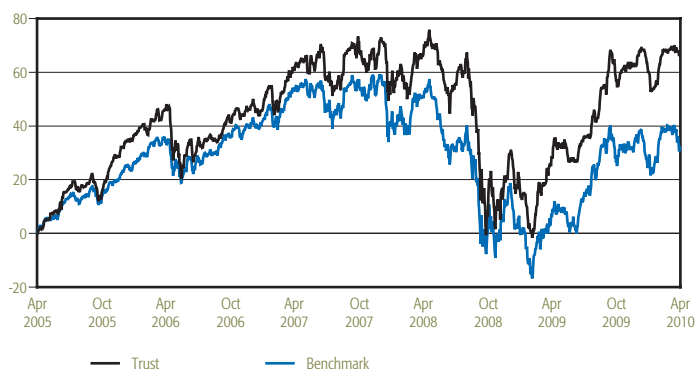
RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

All data source RCM (UK) Limited as of 30.04.10 unless otherwise stated.

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Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	3.77	5.88	29.64	3.08	66.25
Benchmark	4.82	4.55	23.77	-13.80	32.25

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 30.04.10
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.