Charter European Trust plc

informed RCM

30 June 2010

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 to Charter Pan-European Trust plc to Charter European Trust plc.

Fund Manager's Review

Neil Dwane

European markets struggled in June amid continuing concern over debt in the Eurozone and disappointing economic data raising fears that the economy recovery may be weaker than many had hoped. The US was one of the worst performing markets as May payroll figures were weaker than expected and US housing data suggested that the housing recovery was losing momentum, although some of this weakness can be attributed to the expiry of the first time buyer tax credit. Europe continues to be a source of concern with Greece experiencing more downgrades from the debt agencies, this time from Moody's, while Spain announced that banking stress tests would be carried out and a recapitalisation plan will follow. Germany has taken on even greater importance in the Eurozone as the weak Euro has German exports more competitive, although the Euro is yet to decline low enough to improve the export competitiveness of the weaker countries such as Spain and Italy. In the UK, the emergency budget measures were broadly as the market expected and the tough stance was well received by financial markets and ratings agencies alike.

The Charter portfolio performed behind its benchmark in June, mainly due to the sector strategy, as the Technology and Real Estate names lagged the market. Swatch was the best performing name within the portfolio as it was announced that China would relax its' currency peg to the US Dollar. With 12 percent of Swatch revenue currently coming from China, any appreciation of the Yuan should boost already strong sales and profitability. As China is the fastest growing part of the luxury goods market, Richemont should also reap any benefits. The worst performers were the riskier names leveraged to a recovery in consumer and corporate spending. Central and Eastern doorstep lender International Personal Finance and the Belgian Technology companies EVS Barco were the names that were hit hardest.

Key Information

Total Assets:	£55.5m
Gearing (net):	-3.2%
No. of Shares (Ordinary 1p):	22,962,917
Share Price[1]:	201.5p
Net Asset Value[3]:	226.5p
Premium/-Discount to NAV[3]:	-11.0%
Dividend Yield[2]:	2.00%
No. of Holdings:	28

All data source RCM (UK) Limited as at 30.06.10 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), Richard Bernays (Chairman of the Audit Committee and Senior Independent Director), Vicky Hastings, Dr Elizabeth Vallance, Nigel Simon
Investment Manager:	Neil Dwane*, CIO for RCM Europe RCM A company of Allianz Global Investors
Investor Services:	020 7065 1407

[1]Source: Lipper as at 30.06.10, market close mid price.

[2]Source: Datastream as at 30.06.10. Calculated using the latest full year dividend divided by the current share price.

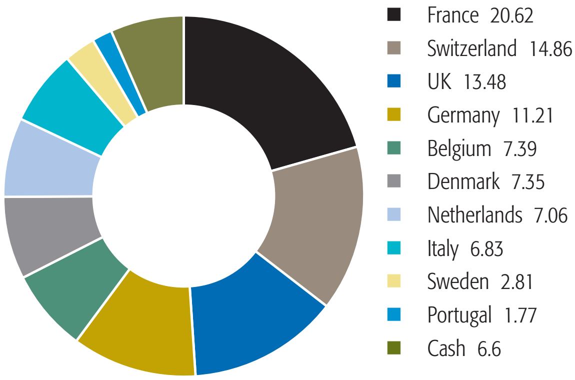
[3]A trust's net asset value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities. It is the capital NAV that is shown, which excludes any income.

*Neil Dwane has been appointed manager of Charter European Trust following the departure of Mark Lovett. Neil is RCM's CIO for Europe with responsibility for the European team and has been the deputy portfolio manager on Charter European since 2004. He is based in Frankfurt and London and directly runs assets under management of €4bn. He has experience of managing investment trusts both with Flemings and RCM. Charter European will continue to invest in Continental Europe with an emphasis on best-ideas stock picking approach.

Top Ten Holdings (%)

Name	%
Credit Suisse	5.2
Eutelsat Communications	5.1
Flsmidth & Co	4.9
ASM International	4.9
GFK	4.7
International Personal Finance	4.5
Barco	4.3
Unicredit	4.3
Sanofi-Aventis	4.1
Swatch	3.9
Total	45.9

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

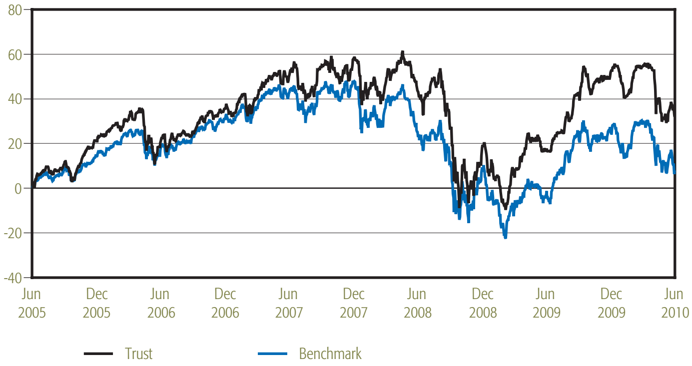
RCM Advantage

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.

Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-14.48	-13.57	12.99	-11.87	31.97
Benchmark	-16.38	-13.38	12.01	-24.36	7.84

Standardised Past Performance (%)

From	30.06.05	30.06.06	29.06.07	30.06.08	30.06.09
To	30.06.06	29.06.07	30.06.08	30.06.09	30.06.10
Share Price	21.37	23.39	-4.03	-18.73	12.99

Source: Lipper, percentage growth, mid to mid, capital return, to 30.06.10
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.

All data source RCM (UK) Limited as as 30.06.10 unless otherwise stated.