

427958

GARTMORE EUROPEAN INVESTMENT PLC

ANNUAL GENERAL MEETING

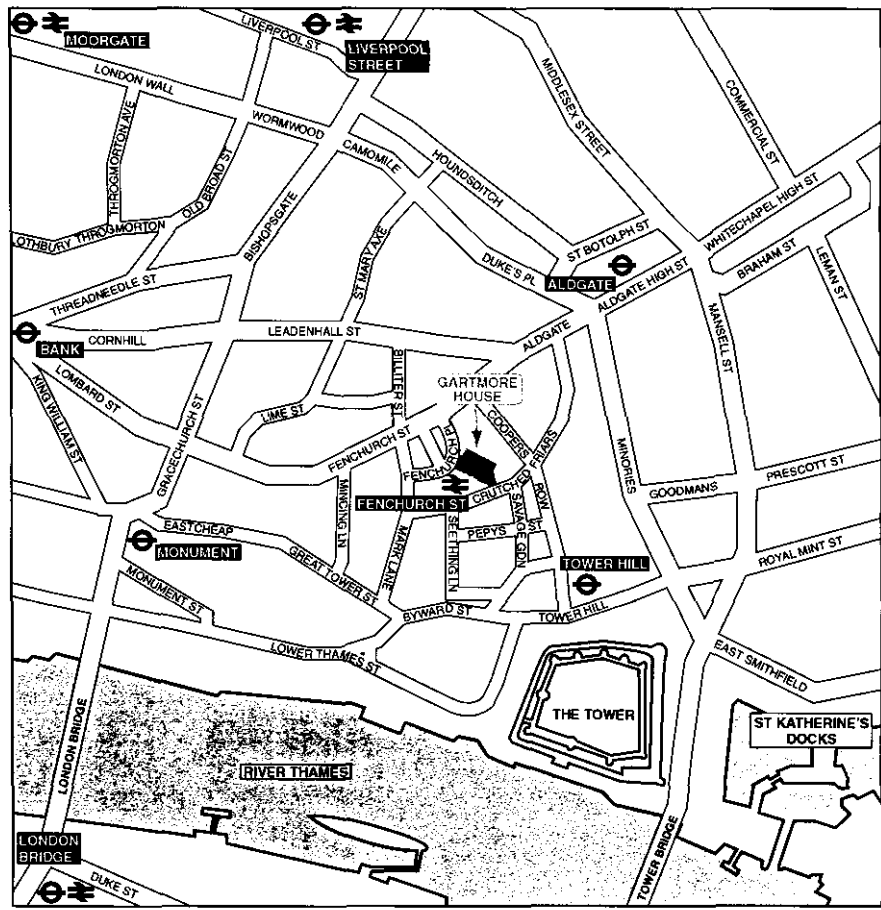
The Annual General Meeting of the Company will be held at:

**Gartmore House
8 Fenchurch Place
London EC3M 4PH**

on Friday, 12th January 2001 at 12.30 p.m.

Shareholders are invited to meet the Directors and the Managers after the Annual General Meeting.

HOW TO FIND US



The entrance to Gartmore House is to the left of Fenchurch Street Railway Station on Fenchurch Place.

In the event of queries regarding your holding, please contact the Registrar on 0870-601 5366 or write to Lloyds TSB Registrars Scotland, 117 Dundas Street, Edinburgh EH3 5ED.



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Gartmore Investment Limited: *Managers and Secretaries*
Gartmore House, 8 Fenchurch Place, London EC3M 4PH
Telephone: 020 7782 2000

THE COMPANY

Investment Objective	The Company seeks capital growth over the long-term from investment in Continental Europe.
Investment Policy	The Managers focus on stock selection, primarily larger companies with strong balance sheets and above-average growth prospects. Less emphasis is given to adding value through country allocation although the portfolio maintains a broad geographic diversification.
Benchmark	Performance is measured against the FT/S&P Actuaries World Index – Europe (ex UK) in sterling terms.
Managers	The Company's investments are managed by Gartmore Investment Limited under an Agreement that provides for one year's notice of termination to be given by either party.
Total Assets	£324.8 million at 30th September 2000
Shareholders' Funds	£280.1 million at 30th September 2000
Market Capitalisation	£280.4 million at 30th September 2000
Capital Structure	The Company is an investment trust company whose share capital at 30th September 2000 comprised 54,868,425 Ordinary shares and 7,194,584 Warrants.
Voting Rights	Ordinary shareholders are entitled to one vote for every Ordinary share held. Warrant holders do not have voting rights.
Management Fee	0.75% per annum on Total Assets at 30th September and 31st March each year. A bonus of £450,000 (plus VAT) is being paid for the year. The Board are negotiating with the Managers a performance-related element to the management fee, to become effective from 1st October 2000.
ISA Status	Maximum investment of £7,000 in the 2000/2001 tax year, reducing to £5,000 in future years.
PEP Status	The Company's Ordinary shares will continue to qualify for retention in Personal Equity Plans in existence at 5th April 1999.
AITC	The Company is a member of The Association of Investment Trust Companies and supports the its campaign, aimed at widening awareness of and creating demand for the shares of investment trust companies.

Registered Office

Gartmore House
8 Fenchurch Place
London EC3M 4PH
Telephone: 020 7782 2000

Registered No 427958

England and Wales

HIGHLIGHTS

7th consecutive year that the Company's performance has exceeded that of the benchmark index

Net Assets increased by 50.2% in the year

Proposed dividend of 2.0p per Ordinary share

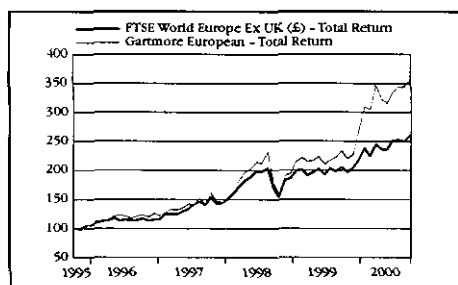
Total Return of 154.0p per Ordinary share

Prospects for European markets remain bright

PERFORMANCE STATISTICS

	At 30th September 2000	At 30th September 1999	%
Capital			Change
Net Assets (£'000)	280,066	186,496	+50.2
FT/S&P Actuaries World Index – Europe (ex UK) in sterling terms	351.71	296.35	+18.7
Net Asset Value per Ordinary share (basic)	510.43p	358.35p	+42.4
Net Asset Value per Ordinary share (diluted – assuming warrants exercised)	476.76p	340.63p	+40.0
Mid-market Price per Ordinary share	511.00p	341.00p	+49.9
Mid-market Price per Warrant	296.00p	168.00p	+76.2
Premium/(Discount) per Ordinary share (assuming warrants exercised)	7.18%	0%	
	Year to 30th September 2000	Year to 30th September 1999	
Revenue			
Net revenue after taxation (£'000)	1,422	1,446	
Revenue return per Ordinary share	2.70p	3.11p	
Dividend per Ordinary share	2.00p	2.00p	
Total Return per Ordinary share			
Revenue	2.70p	3.11p	
Capital	151.30p	64.73p	
Total Return	154.00p	67.84p	

Five year performance – Price Total Return with dividends reinvested



Source: Datastream

The above graph shows the Price Total Return with dividends reinvested of Gartmore European Investment Trust p.l.c. for the five year period to 30th September 2000 compared with the benchmark index, rebased to 100.

TEN-YEAR RECORD

Fifteen months ended 30th September	Net Assets attributable to Ordinary shares of 50p			Mid Market Price per Ordinary share of 50p p	Ordinary shares of 50p		
	Total (£'000)	per share (basic)	per share (diluted)		Dividend per share p	Earnings† per share p	Total Return per share p
		p	p				
1991 (a)	16,120	94.66	93.65	82.50	1.10 [♦]	2.25	(24.05)
Year ended 30th September							
1992	16,919	99.35	97.56	82.00	1.10	0.97	5.79
1993 (b)	23,206	136.27	128.38	125.00	0.90	1.55 [*]	37.82
1994 (c)	25,061	147.10	137.44	133.00	0.90	1.31 ^{**}	11.74
1995 (d)	30,404	178.45	163.63	159.50	1.20	1.65 ^{***}	32.56
1996 (e)	37,208	208.90	193.62	195.00	1.50	2.16	36.25
1997 (f)	100,108	259.14	252.67	250.50	1.50	1.58	68.63
1998	112,105	290.20	278.60	267.00	1.50	1.73	32.56
1999 (g)	186,496	358.35	340.63	341.00	2.00	3.11	67.84
2000 (h)	280,066	510.43	476.76	511.00	2.00	2.70	154.00

† Equivalent to Revenue per share.

[♦] Excludes a special dividend of 0.5p per share.

^{*} Restated as a prior year adjustment to reflect the change in accounting policy in 1994 to allocate 75% of Management fees to Capital reserve.

^{**} Restated as a prior year adjustment to reflect the change in accounting policy in 1995 to allocate 75% of Management fees and of loan finance costs to Capital reserve.

^{***} Restated as a prior year adjustment to reflect the changes in accounting policy in 1996 to allocate taxation to Capital reserve proportionate to expenses capitalised as above and to recognise investment income on an ex-dividend basis.

(a) Ordinary shares in issue increased by 716 on the exercise of warrants.

(b) Ordinary shares in issue increased by 16 on the exercise of warrants.

(c) Ordinary shares in issue increased by 7,888 on the exercise of warrants.

(d) Ordinary shares in issue increased by 560 on the exercise of warrants.

(e) Ordinary shares in issue increased by 773,244 on the exercise of warrants.

(f) Ordinary shares in issue increased by 2,588,956 on the final exercise of the 'old' warrants and by 18,230,742 in connection with the acquisition of The German Investment Trust plc.

(g) Ordinary shares in issue increased by 13,412,455. (11,482,455 attributable to the acquisition of Aberdeen European Investment Trust and a further 1,930,000 shares issued under the powers taken at the AGM on 14th December 1998).

(h) 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 the powers taken at the AGM on 20th December 1999).

THE BOARD OF DIRECTORS

W Campbell Allan (*Chairman*)

is aged 68, was appointed a Director in 1971 and became Chairman in 1991. He is a Director of a number of other investment trusts and public companies.

Jean-Claude Banon (*French*)

is aged 52 and was appointed a Director in 1991. He is the corporate representative of Vivendi in the UK and Managing Director of Vivendi Water UK PLC, the holding company for the group's investments in the British water sector.

Hugh Jenkins CBE

is aged 67 and was appointed a Director in 1995. Formerly Chief executive of Prudential Portfolio Managers Ltd and an Executive Director of Prudential Corporation, he is now a non-executive Director of EMI Plc, The Rank Group Plc and Johnson Matthey Plc.

Bruno Merki (*Swiss*)

is aged 58 and was appointed a Director in 1987. He was the Managing Director of Anlage & Kredit Bank in Zurich and was previously head of the finance division of Swiss Volksbank, Geneva.

Dr Manfred Piehl (*German*)

is aged 62 and was appointed a Director in 1992. He was formerly head of the investment division of Provinzial Versicherungen, a general and life insurance company in Düsseldorf, and is now retired. He continues to act as an advisor to the company.

John von Spreckelsen (*German*)

is aged 58 and was appointed a Director of the Company in 1998. He is Executive Chairman of Somerfield PLC and was a Director of The German Investment Trust PLC prior to its acquisition by Gartmore European Investment Trust p.l.c.

CHAIRMAN'S STATEMENT

Performance

I am pleased to report that the Company has enjoyed another period of excellent growth in net assets. For the seventh year in succession, the underlying net asset value (NAV) per share, diluted to account for the warrants in issue, increased by more than the rise in the benchmark. Over the year, the FT/S&P Actuaries World Index Europe (ex UK) increased by 18.7% while the diluted NAV rose by 40.0%. Much of the gain by the Index was made in the first three months, but the Company continued to add value over the remainder of the year.

Revenue, Dividends and Borrowings

Once again, gross revenue increased. However, net revenue remained at a similar level to last year as a result of higher borrowing costs and the increase in the management fee which reflected the significant rise in assets. Your Board also agreed to reward the Managers with a bonus payment of £450,000 (plus VAT) in recognition of the superior returns which have been delivered to shareholders over the past year. The management fee arrangements had not been reviewed for a number of years and consideration this year was deferred in view of the sale of Gartmore, now completed. The Board is currently negotiating with the Managers a performance related element to the Management Fee to be applied in the new financial year.

The Board is recommending a final dividend of 2.0p, the same rate as last year. This dividend will result in a transfer of £325,000 into revenue reserves.

The multi-currency borrowing facility has been utilised extensively throughout the year. The gearing has benefited performance and partially negated the effect of the fall in the euro as it has been substantially drawn down in euros.

Corporate Activities

As reported previously, the Board remains committed to a policy of enlarging the Company. Whilst the Board has been pro-active in identifying potential expansion initiatives, no corporate activity has come to fruition over the last year.

The Company's shares were much in demand as a result of further good asset performance, which caused the share price to rise by almost 50%. The Company issued 2,375,000 new shares at a premium in the last quarter under the authority granted at the 1999 Annual General Meeting. The Company's shares continue to stand in the stock market at a premium to the underlying diluted net asset value.

The Company continues to support The Association of Investment Trust Companies' multi-media advertising campaign under the slogan "its", to raise awareness of the benefits of investing through investment trusts.

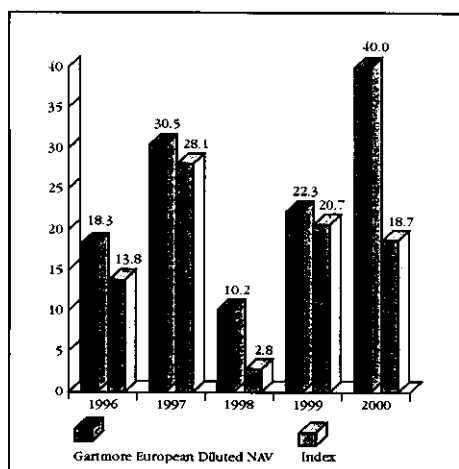
Warrantholders

I would like to take this opportunity to remind warrantholders that they can subscribe for Ordinary shares at 220p on 31st January next year, and on the same date for the following three years.

Market Background

European stock markets ended the 12 month period showing firm gains, despite higher than normal levels of volatility. Spectacular gains from

Five year performance



Source: Gartmore

The above graph shows the percentage growth in diluted net asset value per share in each of the last five years compared with that of the FT/S&P Actuaries World Index - Europe (ex UK) £.

CHAIRMAN'S STATEMENT

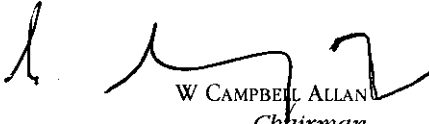
technology, telecoms and media stocks dominated markets in the early part of the year amid heightened investor optimism over their earnings prospects. This situation was later reversed, with investors particularly concerned about the expected high costs of third generation mobile phone licences being auctioned across the region. Meanwhile, economic growth gathered momentum, bolstered by the environment of low interest rates which had existed throughout much of 1999, the weakness of the euro and growing consumer confidence. However, interest rates were increased in an attempt to cool the economy and head off inflationary pressures. Despite healthier economic growth and continued favourable trade balances, the euro remained weak during the year.

Outlook

Growth in the European economy is not expected to continue gathering momentum but the outlook is likely to remain firm supported by the factors detailed above. Despite declining unemployment levels, there are indications that wages are not rising. Inflation is expected to edge upwards as a result of diminishing spare capacity and the euro's weakness. Interest rates in the region are likely to rise modestly. European equities are now less expensive relative to bonds and corporate earnings are rising. Merger and acquisition activity should provide further support for the equity market. Changes in German tax legislation should help to underpin the market as it provides a significant catalyst for restructuring. Companies will be able to dispose of shareholdings without incurring capital gains tax and this is likely to prompt extensive reorganisation within the corporate sector. The Company's portfolio continues to focus on growth companies and I am confident that our fund manager will take full advantage of opportunities in the market to benefit shareholders.

Special Business of the Annual General Meeting

As shareholders will be aware, at this year's Annual General Meeting the Directors obtained authority to issue shares and to disapply the pre-emption rights for issues up to ten per cent of the Company's issued share capital. At the Annual General Meeting to be held on 12th January 2001, the Directors will once again seek to renew the authority to buy back shares. This will give the Board flexibility to add shareholder value should the opportunity arise. I hope you will give this resolution your support.



W CAMPBELL ALLAN
Chairman

3rd November 2000

THE MANAGERS

Gartmore Investment Limited, a subsidiary of Gartmore Investment Management plc, act as Managers and Secretaries to the Company. Gartmore Investment Management plc is itself a subsidiary of Nationwide Mutual Insurance Company, a diversified insurance and financial services group based in Columbus, Ohio, USA.

The day-to-day management of the Company's portfolio is carried out by an award winning team led by Roger Guy. At their regular meetings, the Directors and the Managers review the Company's activities and performance and determine investment strategy.

Gartmore Investment Limited is regulated by IMRO and the Personal Investment Authority and is a member of the NatWest and Gartmore Marketing Group.

At 30th September 2000, the Gartmore group had funds under management of over £54 billion. A list of all the investment trust companies managed by Gartmore is included on page 44.

Economic Background

Economic growth gathered pace during the period under review, supported by the low interest rates which had prevailed throughout much of 1999. Other favourable influences were growing consumer confidence and rising exports, aided by the weakness of the euro. In this environment, economic growth accelerated from 5.1% in the third quarter of 1999 to 7.0% in the first quarter of 2000. This pick up in the pace of growth prompted the European Central Bank (ECB) to initiate a series of interest rate rises aimed at cooling the region's economy, and heading off inflationary pressures. The first such move took place in November, when the ECB raised the benchmark short-term rate by 0.5%, followed by three increases of 0.25% each, a rise of 0.5% in June, and a further increase of 0.25% in August, taking the key short-term rate to 4.5%.

Price pressures grew during the year and inflation for the region as a whole rose from 1.2% in August 1999 to 2.4% in June 2000, largely as a result of the higher oil price. However, excluding that, inflationary pressures remained relatively subdued reflecting the impact of higher interest rates.

Despite healthier economic growth, higher interest rates and continued favourable trade balances, the euro remained weak, depreciating by 17.1% against the US dollar and 7.7% against sterling.

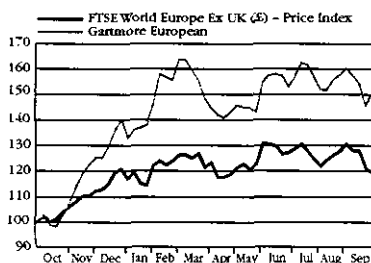
Equity markets ended the year under review with solid gains, despite periods of significant volatility. Market action in the early part of the period was dominated by the spectacular gains of telecoms, media and technology stocks, amid heightened investor optimism concerning their earnings prospects. Conversely, more traditional sectors (including utilities and tobacco) which offered what were perceived as lower growth prospects, languished. This situation was later reversed as a period of marked profit-taking set in among telecoms, media and technology stocks, reflecting a re-evaluation of earnings prospects. Investors moved into those sectors which had been out of favour earlier but which had sound earnings prospects and undemanding valuations. Consequently life assurers, insurers and oil and gas stocks rebounded.

The closing months of the year saw a continuation of investor focus on 'old economy' sectors, such as financials, amid uncertainty relating to the earnings prospects for telecoms and technology related stocks.

The above notwithstanding, information technology hardware stocks recorded an outstanding gain of 55.8% in sterling terms over the year, with other technology-related sectors also making very robust gains. By contrast, forestry and paper, steel and metals and packaging stocks numbered among the laggards.

Merger and acquisition activity was a feature of the market throughout the year, with the hostile bid for Germany's Mannesman by UK-based Vodafone Group one of the major developments.

Performance



Source: Datastream

The above graph shows the price movements of Gartmore European Investment Trust p.l.c. Ordinary shares in the year to 30th September 2000 compared with the benchmark index, rebased to 100.

MANAGERS' REVIEW

Investment Strategy and Activity

During the year we increased the exposure to stocks in the rapidly growing information technology hardware industry, reflecting our optimism that key companies within this sector would produce robust earnings growth in the future. Accordingly, we added significantly to our holdings in Dutch-based **ASM Lithography Holdings**, a leading supplier of the equipment required to manufacture microchips. We are confident of significant growth in demand, as producers of chips upgrade capacity to cope with the ever-increasing number of products which require such chips.

Elsewhere, we raised exposure to media companies as we believe they will be able to exploit new technologies and increase their profits. New holdings were established in music video broadcaster **Viva Media** and **ProSieben Media**. The latter, Germany's second largest film and TV programme maker and broadcaster, has a large stake in internet shopping.

We also favoured oil stocks during the period, through our holdings in key companies such as **Total Fina Elf** and **Royal Dutch Petroleum**, whose performances have benefited from the rise in crude oil price over recent months.

In telecoms, we reduced the Company's exposure following the sector's strong performance early in the period, reflecting our concerns that competition within the industry is increasing, and that operators may face enormous costs to secure third generation mobile phone licences. Accordingly, we took partial profits in **France Telecom**, **Deutsche Telekom** and **Olivetti**.

We increased exposure to the insurance and banking sectors. We added to the Company's existing holding in financial services group **ING**, believing that its range of innovative services positions it well to grow its earnings strongly, and added to an existing holding in banking group **Fortis**.

Elsewhere, exposure to the pharmaceutical sector was raised, reflecting our confidence in the earnings prospects. We continue to favour leading companies in the industry, including Swiss giants **Novartis** and **Roche Holdings**. These firms possess strong product ranges together with pipelines of potentially lucrative new medications underpinning future profits growth.

We increased our holding in personal care and household goods stocks, as we believe that these companies offer attractive earnings prospects within an environment of buoyant consumer spending. Accordingly, we acquired a new holding in the world's largest cosmetics group **L'Oreal**, which sports top class brands and has a strong franchise within key markets around the world. Management has a proven track record of delivering results and extracting value. In addition, current initiatives to expand into underdeveloped market segments and make key acquisitions should enable the company to produce buoyant growth in earnings.

A further sector in which we increased our net holding was automobiles, where we established a holding in **DaimlerChrysler**. The group appears well placed to tackle oversupply within the European market as well as to weather the price cuts which are likely.

MANAGERS' REVIEW

Outlook

While we do not expect economic growth in Continental Europe to continue gathering momentum, the rate of growth is likely to remain firm. The environment of relatively low interest rates is supportive of this, while strong consumer confidence and the weakness of the euro are further favourable factors.

Inflation has been pushed up above the ECB's 2% target by the rise in the oil price but, if the price stabilises, this effect is expected to fade in the early part of next year. Core inflation is currently much lower, despite the weakness of the euro. Given the fact that spare capacity is diminishing, the core rate is likely to edge upwards in the next year or so. However, as there is little sign of an acceleration in wages growth, the overall inflation picture remains benign and we do not expect short-term interest rates to rise significantly in the coming months.

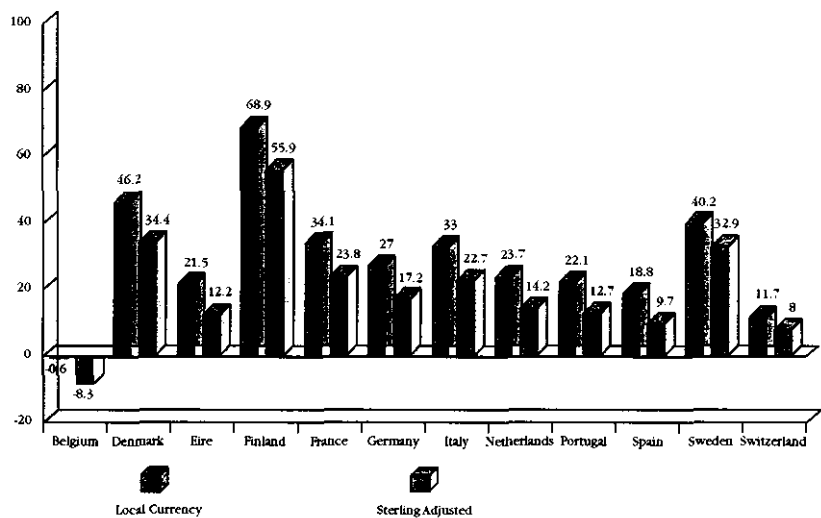
We expect that merger and acquisition activity will continue at a high level. This should be supportive for corporate earnings, which we expect to rise by 20% in 2000 and by between 10% and 15% in 2001. German tax legislation is expected to provide a significant catalyst for corporate restructuring as companies will be enabled to dispose of shareholdings without incurring capital gains tax.

Given the favourable economic background and strong growth in corporate earnings, we believe that the prospects for European equities are bright.

GARTMORE INVESTMENT LIMITED
Managers
3rd November 2000

Stock Market Performance

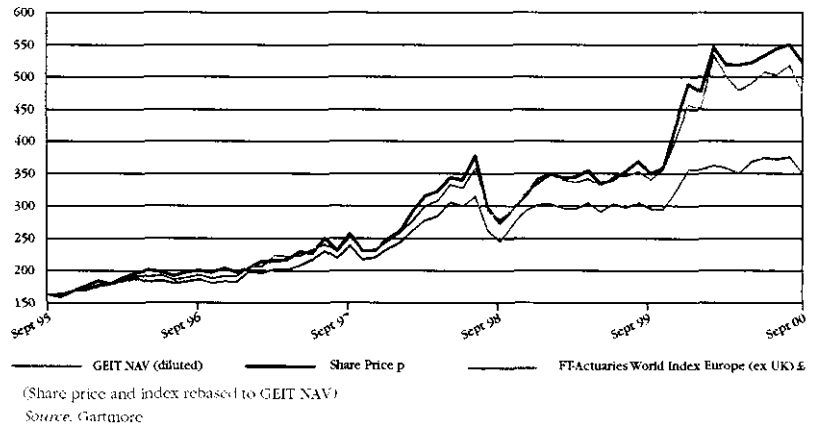
Percentage change over the year to 30th September 2000



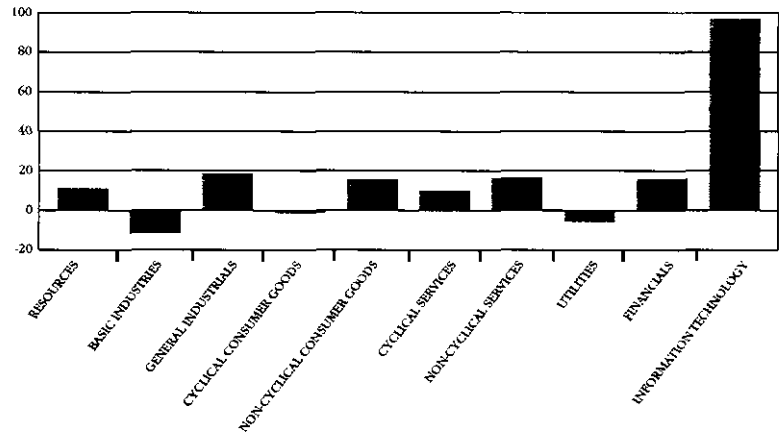
Source: Gartmore

PERFORMANCE GRAPHS

Five Year Performance - Capital Only

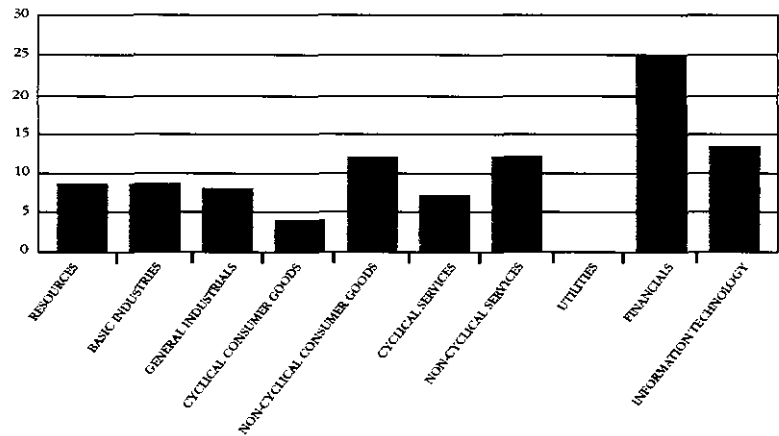


Benchmark Sector Performance for the year to 30th September 2000



FT, S&P Actuaries World Index Europe (ex UK) £
Source: Deutsche Bank

Portfolio Sector Distribution at 30th September 2000



Source: Gartmore

PRINCIPAL INVESTMENTS

Company	Industrial Sector	Geographical Area	Valuation at 30.9.00 £'000	Percentage of Net Assets
Total Fina Elf	Oil & Gas	France	14,060	5.0
Royal Dutch Petroleum	Oil & Gas	Netherlands	10,272	3.7
Philips Electrical	Electronic and Electrical	Netherlands	9,011	3.2
ASM Lithography	Information Technology	Netherlands	8,983	3.2
Nokia	Information Technology	Finland	8,618	3.1
Nestle	Food Production	Switzerland	7,494	2.7
Novartis	Pharmaceuticals	Switzerland	7,166	2.6
SAP	Information Technology	Germany	6,978	2.5
Fortis	Insurance	Netherlands	6,874	2.5
Telefonica	Telecommunications	Spain	6,699	2.4
Roche	Pharmaceuticals	Switzerland	6,531	2.3
Christian Dior	Household Goods, Textiles	France	6,523	2.3
UBS	Bank	Switzerland	6,254	2.2
Aventis	Pharmaceutical	France	6,165	2.2
Credit Suisse	Bank	Switzerland	5,814	2.1
Siemens	Electronic and Electrical	Germany	5,543	2.0
Bayer	Chemicals	Germany	5,425	1.9
ING	Insurance	Netherlands	5,406	1.9
Alcatel	Telecommunications	France	5,323	1.9
Tele Atlas	Information Technology	Netherlands	5,175	1.8
RAS	Insurance	Italy	4,980	1.8
Vodafone Group	Telecommunications	United Kingdom	4,798	1.7
Munchener Ruckvers	Insurance	Germany	4,568	1.6
Vinci	Civil Engineering	France	4,560	1.6
Bouygues	Civil Engineering	France	4,436	1.6
Sanofi-Synthelabo	Pharmaceuticals	France	4,388	1.6
Allianz	Insurance	Germany	4,263	1.5
Business Objects	Information Technology	France	4,182	1.5
Ericsson	Information Technology	Sweden	4,124	1.5
BNP Paribas	Bank	France	4,123	1.5
Thirty largest investments			188,736	67.4

The value of Net Assets on which this table is based amounts to £280,066,000.

The total number of investments at 30th September 2000 was 97.

PERCENTAGE DISTRIBUTION OF INVESTMENTS

	France	Netherlands	Germany	Switzerland	Scandinavia	Italy	Spain	Portugal	Belgium	Eire	Greece	Austria	UK and Other	Total 2000	Total 1999
EQUITIES & CONVERTIBLES															
RESOURCES															
Oil & Gas	4.9	3.6	-	-	-	-	1.3	-	-	-	-	-	-	9.8	8.1
BASIC INDUSTRIES															
Chemicals	-	1.2	1.9	-	-	-	-	-	-	-	-	-	-	3.1	4.2
Construction & Buildings	4.7	-	-	-	-	-	-	-	-	0.5	-	-	-	5.2	7.0
Forestry & Paper	-	-	-	-	0.4	-	-	-	-	-	-	-	-	0.4	-
Steel & Other Metals	0.3	-	-	-	1.0	-	-	-	-	-	-	-	-	1.3	-
GENERAL INDUSTRIALS															
Aerospace & Defence	1.1	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
Diversified Industrials	1.1	-	-	-	-	-	-	-	-	-	-	-	-	1.1	3.2
Electronic & Electrical	0.6	3.2	2.0	1.1	-	-	-	-	-	-	-	-	-	6.9	3.7
Engineering & Machinery	-	-	-	-	0.2	-	-	-	-	-	-	-	-	0.2	2.1
CYCLICAL CONSUMER GOODS															
Automobiles	-	-	1.2	-	-	-	-	-	-	-	-	-	-	1.2	1.8
Household Goods & Textiles	2.3	-	-	-	-	1.1	-	-	-	-	-	-	-	3.4	3.9
NON-CYCLICAL CONSUMER GOODS															
Food Producers & Processors	-	-	0.7	2.7	-	-	-	-	-	-	-	-	-	3.4	5.6
Health	-	-	0.3	0.7	-	-	-	-	-	-	-	-	-	1.0	1.6
Personal Care/ Household Products	0.6	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
Pharmaceuticals	3.8	-	-	4.9	0.4	-	-	-	-	-	-	-	-	9.1	3.7
CYCLICAL SERVICES															
Distributors	-	1.8	-	-	-	-	-	-	-	-	-	-	-	1.8	-
Leisure, Entertainment & Hotel	-	-	0.7	-	-	-	0.6	-	-	-	-	-	-	1.3	-
Media & Photography	1.1	0.8	1.2	-	-	-	-	-	0.5	-	-	-	-	3.6	4.5
Support Services	-	0.9	-	-	0.2	-	-	-	-	-	-	0.4	-	1.5	2.0
NON-CYCLICAL SERVICES															
Food & Drug Retailers	0.6	1.3	-	-	-	-	-	-	-	-	-	-	-	1.9	2.9
Telecommunication Services	0.6	2.1	0.4	-	0.7	2.7	2.4	1.7	-	-	-	-	1.7	12.3	10.8
UTILITIES															
Electricity	-	-	-	-	-	-	1.1	-	-	-	-	-	-	1.1	1.5
FINANCIALS															
Banks	2.6	3.7	1.1	4.2	0.9	0.9	2.3	-	0.6	-	-	-	-	16.3	10.8
Insurance	0.5	1.9	3.2	1.5	-	3.1	-	-	-	-	-	-	-	10.2	7.5
Life Assurance	-	1.0	-	-	0.5	1.0	-	-	-	-	-	-	-	2.5	1.4
Investment Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.4
INFORMATION TECHNOLOGY															
Information Technology Hardware	3.0	3.4	-	-	4.5	-	-	-	0.5	-	-	-	-	11.4	10.7
Software & Computer Services	1.5	-	2.4	-	-	-	-	-	-	-	-	-	-	3.9	4.1
	29.3	24.9	15.1	15.1	8.8	8.8	7.7	1.7	1.6	0.5	-	0.4	1.7	115.6	102.5
INVESTMENTS IN SUBSIDIARIES															
NET CURRENT ASSETS/(LIABILITIES)	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.2
	-	-	-	(1.0)	-	-	-	-	-	-	-	-	(14.7)	(15.7)	(2.7)
TOTAL 2000	29.3	24.9	15.1	14.1	8.8	8.8	7.7	1.7	1.6	0.5	-	0.4	(12.9)	100.0	100.0
TOTAL 1999	21.4	20.8	19.8	10.2	13.5	4.6	5.5	1.8	2.0	1.7	0.5	-	(1.8)	100.0	100.0
INDEX 2000*	22.2	11.7	16.6	12.1	13.9	10.7	6.3	0.9	2.4	1.3	1.5	0.4	-	100.0	100.0

The total value of investments and net current assets at 30th September 2000, on which this table is based, was £280,066,000 (1999 £186,496,000).

*FT/S&P Actuaries World Index-Europe (excluding UK) weightings at 30th September 2000.

ANALYSIS OF NET ASSETS

	Valuation at 30.9.99		Net Transactions £'000	Appreciation/ (Depreciation) £'000	Valuation at 30.9.00	
	£'000	%			£'000	%
EQUITIES & CONVERTIBLES						
France	39,886	21.4	17,849	24,356	82,091	29.3
Netherlands	38,721	20.8	27,090	4,025	69,836	24.9
Germany	36,910	19.8	5,558	(48)	42,420	15.1
Switzerland	19,006	10.2	29,690	(6,353)	42,343	15.1
Scandinavia	25,235	13.5	(18,880)	18,223	24,578	8.8
Italy	8,660	4.6	8,997	6,892	24,549	8.8
Spain	10,162	5.5	6,907	4,166	21,235	7.7
Portugal	3,450	1.8	2,465	(1,015)	4,900	1.7
Belgium	3,645	2.0	383	467	4,495	1.6
Eire	3,203	1.7	(1,387)	(416)	1,400	0.5
Poland	1,219	0.7	(1,549)	330	-	0.0
Greece	992	0.5	2,255	(3,247)	-	0.0
UK and Other	-	-	(12,988)	18,998	6,010	2.1
	<u>191,089</u>	<u>102.5</u>	<u>66,390</u>	<u>66,378</u>	<u>323,857</u>	<u>115.6</u>
INVESTMENT IN SUBSIDIARIES	376	0.2	-	(1)	375	0.1
NET CURRENT LIABILITIES	(4,969)	(2.7)	(39,938)	741	(44,166)	(15.7)
NET ASSETS	<u>186,496</u>	<u>100.0</u>	<u>26,452</u>	<u>67,118</u>	<u>280,066</u>	<u>100.0</u>
ATTRIBUTABLE TO						
ORDINARY SHAREHOLDERS	<u>186,496</u>		<u>13,588†</u>	<u>79,982*</u>	<u>280,066</u>	

† Represents shares issued in the year.

* Represents Total Return less final dividend payable.

MARKET AND CURRENCY EXPOSURE

	Equities & Convertibles £'000	Other £'000	Net Currency Exposure at 30.9.00	
			£'000	%
France	82,091	-	82,091	29.3
Netherlands	69,836	-	69,836	24.9
Germany	42,420	-	42,420	15.1
Switzerland	42,343	(2,991)	39,352	14.1
Scandinavia	24,578	-	24,578	8.8
Italy	24,549	-	24,549	8.8
Spain	21,235	-	21,235	7.7
Portugal	4,900	-	4,900	1.7
Belgium	4,495	-	4,495	1.6
Eire	1,400	-	1,400	0.5
UK and Other	6,010	(1,583)	4,427	1.5
Euro	-	(39,217)	(39,217)	(14.0)
TOTAL	<u>323,857</u>	<u>(43,791)</u>	<u>280,066</u>	
PERCENTAGE	<u>115.6</u>	<u>(15.6)</u>		<u>100.0</u>

REPORT OF THE DIRECTORS

The Directors submit their Report and the Accounts for the year ended 30th September 2000.

Business and Status

The Company is an investment trust company and a member of The Association of Investment Trust Companies. It is registered as a public limited company and is an investment company as defined by section 266 of the Companies Act 1985.

The Company has been approved as an investment trust by the Inland Revenue for all accounting periods up to and including 30th September 1999. Since that date, the Company has directed its affairs so as to be able to continue to qualify for approval by the Inland Revenue as an investment trust. With the introduction of corporation tax self-assessment for companies, approval each year from the Inland Revenue, if formally given, may not be received within the timescale customary for investment trusts.

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

Revenue and Dividend

Net revenue after taxation for the year ended 30th September 2000 amounted to £1,422,000 compared with £1,446,000 for the previous year. The Directors recommend a final dividend of 2.0p per Ordinary share (2.0p last year). The Ordinary shares will be marked ex-dividend on 4th December 2000 and the dividend paid on 29th January 2001, to shareholders on the register on 8th December 2000. The sum of £325,000 will be transferred to Revenue reserve, compared with £405,000 last year.

Total Assets

Total Assets less current liabilities at 30th September 2000 amounted to £280,066,000, compared with £186,496,000 at 30th September 1999. Total Assets, before deducting short-term borrowings, amounted to £324,841,000 (£192,445,000 last year).

Borrowing

The Company has a multi-currency revolving loan facility with Chase Robert Fleming & Co Limited in the sum of £90,000,000. At 30th September 2000 the Company had borrowings under this facility of Euro 68,500,000 and Swiss francs 9,946,000, equivalent to £44,775,000. These borrowings were secured against equity investments held within the Company's portfolio.

Management and Custody Agreement

The Company's investments are managed by Gartmore Investment Limited under a contract providing for one year's notice by either party. The management fee is calculated semi-annually at 0.75% per annum of Total Assets at 30th September and 31st March each year. The Directors have agreed that a bonus of £450,000 (plus VAT) will be paid to the Managers in recognition of the superior returns which have been delivered to shareholders over the past year. The Board are negotiating with the Managers a performance-related element to the management fee, to become effective from 1st October 2000.

The Bank of New York provides custodian services to the Company under the Management Agreement.

REPORT OF THE DIRECTORS

Payment of Suppliers

The Company seeks at all times to obtain the best terms for its business and its payment policy is consistent with those terms. In practice the Company pays its suppliers by the date specified for each transaction.

Directors

The Directors of the Company, all of whom are non-executive, are shown on page 6. All the Directors served throughout the year.

The Directors retiring by rotation are Mr J-C Banon and Mr B Merki who, being eligible, offer themselves for re-election.

The Directors held the following beneficial interests in the Ordinary shares and warrants of the Company at 30th September 2000 and 1st October 1999:

	Ordinary shares of 50p		Warrants to subscribe	
	30/9/00	1/10/99	30/9/00	1/10/99
W Campbell Allan	9,600	9,600	960	960
J-C Banon	–	–	–	–
B Merki	2,500	–	–	–
M Piehl	2,500	–	–	–
H Jenkins	–	–	–	–
J von Spreckelsen	–	–	–	–

No Director had non-beneficial interests.

There were no changes in Directors' interests between 30th September 2000 and 3rd November 2000.

No Director has a contract of service with the Company.

There were no contracts or arrangements at any time during the year in which a Director of the Company had a material interest, either directly or indirectly.

The Directors are covered under a policy of directors' indemnity insurance arranged by the Company at its own expense.

Corporate Governance

Arrangements have been put in place by the Board, which it believes are appropriate to an investment trust company, to enable the Company to apply Principles of Good Corporate Governance and comply with the provisions of the Combined Code of Best Practice (the Combined Code) as required by the Financial Services Authority Listing Rules. In accordance with listing Rule 12.43A, details of how the Principles in Section 1 of the Combined Code have been applied are set out below.

All Directors are non-executive and wholly independent of the Managers, Gartmore Investment Limited. Accordingly, the Board does not consider that it is appropriate to designate a senior independent director other than the Chairman. There is a formal procedure for the nomination of new Directors to the Board, which is dealt with by the whole Board and not by a separate Nominations Committee. In accordance with the Company's Articles of Association, one-third of the Directors, who are subject to retirement by rotation, are required to retire and submit themselves for re-election every year. However, the Directors intend to follow the requirements

REPORT OF THE DIRECTORS

of the Combined Code and, as a matter of practice, to ensure that each Director stands for re-election every three years. Directors are subject to election by shareholders at the first opportunity after their appointment.

The Board has a formal schedule of matters reserved to it and meets regularly throughout the year. The Board receives reports upon the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. All directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Any question of the removal of the Company Secretary is a matter for the Board as a whole. Individual Directors may take independent advice on any matter concerning them in the furtherance of their duties at the expense of the Company.

The Board has established an Audit Committee with specific terms of reference and which comprises all of the Directors who, as noted above, are independent of the Managers. The Audit Committee has formal arrangements for considering financial reporting and internal financial control matters as detailed below, and for maintaining an appropriate relationship with the Company's Auditors.

Details of Directors' fees are set out on page 30. There is a formal procedure for fixing the level of Directors' fees, which are set at a level sufficient to attract and retain directors of the calibre required to direct the Company successfully. Under the Financial Services Authority's Listing Rule 21.20(1), where an investment trust company has no executive directors, the Code principles relating to the directors' remuneration do not apply.

The Board welcomes dialogue with all shareholders and encourages measures to enhance shareholder communication. The Board particularly welcomes the participation of shareholders at the Annual General Meeting. The Company has complied throughout the year with all those provisions set out in the Combined Code, which are appropriate to investment trust companies.

Internal Control

The Directors are responsible for the Company's system of internal control. They have reviewed the effectiveness of internal financial controls for the period to the date of this Report and confirm that they are appropriate to its business activities and methods of operation. As permitted by the transitional rules for the implementation of the Turnbull guidance, issued by the London Stock Exchange, the review has been restricted to internal financial controls. However, the Directors are satisfied that procedures are now in place for identifying, evaluating and managing risks significant to the Company on a regular basis and intend to be fully compliant with the Turnbull guidance for the forthcoming year, commencing on 1st October 2000. The Company's systems are in operation to safeguard the Company's assets and the shareholders' investment, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. As such, the Company's systems of internal control are designed to manage rather than eliminate the risk of not achieving the Company's objectives. As a result, the system of internal financial control provides reasonable, but not absolute, assurance against material misstatement or loss.

Under the terms of the Management, Secretarial and Administration Agreement referred to on page 17, Gartmore Investment Limited provides investment management, accounting and secretarial services, and The Bank of New York, custodian services, to the Company. Accordingly employees of the Gartmore group (Gartmore) maintained all the financial arrangements associated with the day-to-day management of the Company. A clearly defined investment strategy is set for the Managers and monitored by the Board, which regularly reviews the Company's investments, liquid assets and liabilities, investment transactions, and revenue and expenditure.

REPORT OF THE DIRECTORS

Gartmore's systems 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. The Directors review reports from Gartmore on a regular basis as regards those aspects of Gartmore's systems relevant to the provision of services to the Company.

Going Concern

The Directors believe that it is appropriate to continue to prepare the accounts on the going concern basis as the assets of the Company are readily realisable and the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Auditors

Ernst & Young have expressed their willingness to continue in office as Auditors and a resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be submitted at the Annual General Meeting.

Substantial Shareholders

At 3rd November 2000 the Company had not been notified of any interests in the Company's Ordinary share capital requiring disclosure.

However, the five largest registered holders of the Company's shares at that time were as follows:

	<u>Number</u>	<u>Percent</u>
RC Greig Nominees Limited	2,502,975	4.6
James Capel (Nominees) Limited	1,693,292	3.1
RBSTB Nominees Limited	1,473,608	2.7
Gartmore <i>SAVEit</i>	1,420,950	2.6
Gartmore <i>PEPit</i>	1,323,368	2.4

Personal Equity Plans

The Directors intend to ensure that the Company's shares continue to qualify for retention in Personal Equity Plans in existence at 5th April 1999.

Special Business of the Annual General Meeting

The notice of meeting on page 39 includes an item of special business, being:

To renew the general authority granted at the Annual General Meeting in December 1999, in accordance with Section 166 of the Companies Act 1985, for the Company to make market purchases of up to 8,175,395 Ordinary shares at a price that is not less than 50 pence per share (nominal value of each share) and not more than 5% above the average of the middle-market quotations for the five business days preceding the day of purchase (the maximum permitted under the Listing Rules of the London Stock Exchange). This number represents 14.9% of the present issued share capital. Any shares purchased will be cancelled. The authority being sought will expire at the conclusion of the next Annual General Meeting or, if earlier, on the expiry of 15 months from the passing of the resolution.

Any repurchase of shares will be at a discount to Net Asset Value and hence would enhance the Net Asset Value of the remaining shares. The Company will also be better positioned to address any imbalance between supply and demand for its shares.

REPORT OF THE DIRECTORS

The Company has 7,194,584 warrants, to subscribe for Ordinary shares, in issue. These represent 13.1% of the current issued share capital. In the event that the Company exercised its full authority to repurchase shares the existing number of warrants would represent 15.4% of the reduced issued share capital.

The Directors consider the special business to be in the interests of the Company and shareholders as a whole and recommend that all shareholders vote in favour of the resolution, as the Directors intend to do in respect of their own shares.

Class Meeting of Warrantholders

The notice of meeting on page 40 includes an extraordinary resolution, being:

To sanction the passing of the Special Resolution put to the Annual General Meeting regarding the buy-back of shares and to make alterations to the Warrant Instrument as detailed in the notice.



By Order of the Board
GARTMORE INVESTMENT LIMITED

Secretaries

3rd November 2000

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the Company's affairs at the end of the year, and of its revenue for the year then ended. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the Company's assets, for maintaining adequate systems of internal control, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT

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

We have audited the accounts on pages 24 to 38 which have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out on page 28.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 22, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent Auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on pages 18 to 20 reflect the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of either the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies in the accounts.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

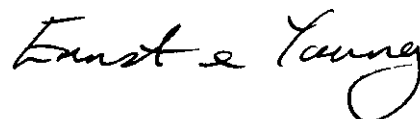
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30th September 2000 and of its revenue for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG
Registered Auditor

3rd November 2000



TOTAL RETURN

	Notes	Year ended 30th September 2000		
		Revenue £'000	Capital £'000	Total Return £'000
INCOME AND GAINS				
Dividends and other income	2	3,955	–	3,955
Net profit on investments	3	–	79,711	79,711
<hr/>				
RETURN BEFORE EXPENSES, FINANCE COSTS AND TAXATION		3,955	79,711	83,666
EXPENSES				
Management fees	4	(757)	(2,270)	(3,027)
Other expenses	4	(526)	–	(526)
<hr/>				
RETURN BEFORE FINANCE COSTS AND TAXATION		2,672	77,441	80,113
FINANCE COSTS				
Interest payable	6	(292)	(834)	(1,126)
Exchange gains on currency loans		–	2,605	2,605
<hr/>				
RETURN BEFORE TAXATION		2,380	79,212	81,592
TAXATION	7	(958)	445	(513)
<hr/>				
RETURN AFTER TAXATION		1,422	79,657	81,079
<hr/>				
RETURN TO EQUITY SHAREHOLDERS		1,422	79,657	81,079
APPROPRIATED TO EQUITY SHAREHOLDERS				
Dividends – Ordinary shares (2.0p per share)		(1,097)	–	(1,097)
<hr/>				
TRANSFERRED TO RESERVES		325	79,657	79,982
<hr/>				
TOTAL RETURN PER ORDINARY SHARE	21	2.70p	151.30p	154.00p
<hr/>				
DILUTED EARNINGS PER SHARE	22	2.37p		

The revenue column above represents the Revenue Account of the Company.

The Notes on pages 28 to 38 form part of these Accounts.

TOTAL RETURN (COMPARATIVE)

	Notes	Year ended 30th September 1999		
		Revenue £'000	Capital £'000	Total Return £'000
INCOME AND GAINS				
Dividends and other income	2	3,044	–	3,044
Net profit on investments	3	–	30,123	30,123
RETURN BEFORE EXPENSES, FINANCE COSTS AND TAXATION				
		3,044	30,123	33,167
EXPENSES				
Management fees	4	(358)	(1,074)	(1,432)
Other expenses	4	(462)	(104)	(566)
RETURN BEFORE FINANCE COSTS AND TAXATION				
		2,224	28,945	31,169
FINANCE COSTS				
Interest payable	6	(104)	(222)	(326)
Exchange gains on currency loans		–	1,065	1,065
RETURN BEFORE TAXATION				
		2,120	29,788	31,908
TAXATION				
	7	(674)	341	(333)
RETURN AFTER TAXATION				
		1,446	30,129	31,575
RETURN TO EQUITY SHAREHOLDERS				
		1,446	30,129	31,575
APPROPRIATED TO EQUITY SHAREHOLDERS				
Dividends – Ordinary shares (2.0p per share)		(1,041)	–	(1,041)
TRANSFERRED TO RESERVES				
		405	30,129	30,534
TOTAL RETURN PER ORDINARY SHARE				
	21	3.11p	64.73p	67.84p
DILUTED EARNINGS PER ORDINARY SHARE				
	22	2.94p		

The revenue column above represents the Revenue Account of the Company.

The Notes on pages 28 to 38 form part of these Accounts.

BALANCE SHEET

		At 30th September 2000 £'000	At 30th September 1999 £'000
FIXED ASSETS			
Investments at valuation:			
Listed investments	8	323,857	191,089
Unlisted investments in subsidiaries	9	375	376
		<u>324,232</u>	<u>191,465</u>
CURRENT ASSETS			
Debtors	10	6,519	5,481
Short-term deposits		61	52
Cash at bank		1,246	200
		<u>7,826</u>	<u>5,733</u>
CREDITORS: Amounts payable within one year	11	(51,992)	(10,702)
NET CURRENT LIABILITIES		<u>(44,166)</u>	<u>(4,969)</u>
NET ASSETS		<u>280,066</u>	<u>186,496</u>
CAPITAL AND RESERVES			
Called-up share capital	12	27,434	26,022
Share premium account	13	21,433	9,148
Other capital reserves:			
Warrant reserve	14	1,762	1,872
Merger reserve	15	61,344	61,344
Capital reserve – realised	16	163,924	73,995
Unrealised appreciation of investments	17	2,378	12,649
		<u>278,275</u>	<u>185,030</u>
Revenue reserve	18	1,791	1,466
SHAREHOLDERS' FUNDS	19	<u>280,066</u>	<u>186,496</u>
NET ASSET VALUE PER ORDINARY SHARE	20	<u>510.43p</u>	<u>358.35p</u>

W CAMPBELL ALLAN
Director

Approved by the Board on 3rd November 2000

The Notes on pages 28 to 38 form part of these Accounts.

CASH FLOW STATEMENT

		Year to 30th September 2000 £'000	Year to 30th September 1999 £'000
	<i>Notes</i>		
REVENUE ACTIVITIES			
Net dividends and interest			
received from investments		2,797	2,028
Interest received on deposits		93	140
Expenses paid		(687)	(573)
Net Cash Inflow from Revenue Activities	24	<u>2,203</u>	<u>1,595</u>
SERVICING OF FINANCE			
Interest paid		(1,120)	(326)
Cash Outflow from Servicing of Finance		<u>(1,120)</u>	<u>(326)</u>
TAXATION RECOVERED			
Advance corporation tax		–	29
Income tax		486	404
Net Cash Inflow from Taxation Recovered		<u>486</u>	<u>433</u>
FINANCIAL INVESTMENT			
Expenses paid		(2,270)	(1,213)
Acquisitions of investments		(648,650)	(272,746)
Disposals of investments		596,423	218,408
Acquisition of subsidiary		–	(12,985)
Distributions from liquidator		–	50,193
Net Cash Outflow from Financial Investment		<u>(54,497)</u>	<u>(18,343)</u>
EQUITY DIVIDENDS PAID			
Ordinary Shares		(1,041)	(579)
FINANCING			
Shares issued		13,588	6,871
Increase in borrowings		38,826	5,949
Exchange gain on currency loans		2,605	1,065
Net Cash Inflow from Financing		<u>55,019</u>	<u>13,885</u>
NET CASH INFLOW/(OUTFLOW)	25	<u>1,050</u>	<u>(3,335)</u>

The Notes on pages 28 to 38 form part of these Accounts

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

The Accounts have been prepared on a going-concern basis under the historical cost convention as modified by the inclusion of investments at market value.

The Accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP).

The balance sheets of Aberdeen European Investment Trust PLC (in liquidation), The German Investment Trust plc (in liquidation) and GEIT Offer p.l.c., the Company's only subsidiaries at 30th September 2000, have not been consolidated due to their immateriality.

Revenue and expenses

Revenue includes dividends from investments marked ex-dividend on or before the balance sheet date. Interest on bonds is recognised on a time apportionment basis according to the period for which these investments are held.

In accordance with Financial Reporting Standard No.16, 'Current Tax', franked dividends are shown without the addition of any tax credit. The previous year's figures did not require restating as a result of this change of accounting policy as the Company had received no franked investment income in that year.

The value of scrip dividends elected for has been taken to revenue.

Deposit and other interest receivable, expenses and interest payable are accounted for on an accruals basis.

Expenses which are incidental to the acquisition of an investment are included within the cost of the investment. Expenses which are incidental to the disposal of an investment are deducted from the proceeds of sale of the investment.

Investments

Investments are treated as fixed assets and are shown in the balance sheet at valuation.

The difference between book cost and valuation is shown under Unrealised Appreciation/ (Depreciation) of Investments.

The investments have been valued at market prices at the close of business on the balance sheet date.

Profits or losses on realisation of investments are taken to Capital reserve.

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.

Rates of Exchange

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Foreign currency assets and liabilities at the balance sheet date are translated into sterling at the exchange rate ruling on that date.

Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are included in revenue where related to income, otherwise such profits and losses are taken to Capital reserve.

Allocations to Capital Reserve

Seventy-five per cent of management fees (including the irrecoverable VAT thereon) and of loan finance costs is allocated to Capital reserve. Tax relief in respect of such allocations is applied to Capital reserve.

NOTES TO THE ACCOUNTS

2.	DIVIDENDS AND OTHER INCOME		
		2000	1999
		£'000	£'000
	Income from listed investments:		
	Dividends		
	Franked	9	--
	Unfranked	3,851	2,899
	Bond Interest	2	5
		<hr/>	<hr/>
		3,862	2,904
	Interest on deposits	93	140
		<hr/>	<hr/>
		3,955	3,044
		<hr/>	<hr/>
3.	NET PROFIT ON INVESTMENTS		
		2000	1999
		£'000	£'000
	Net profit on disposal of investments	89,982	25,751
	Revaluation of subsidiary	--	479
	Unrealised (depreciation)/appreciation of investments	(10,271)	3,893
		<hr/>	<hr/>
		79,711	30,123
		<hr/>	<hr/>
4.	EXPENSES		
		2000	1999
		£'000	£'000
	Management fees (25% Revenue and 75% Capital):		
	At 0.75% of Net Assets p.a. plus VAT	2,498	1,432
	Bonus £450,000 plus VAT*	529	--
		<hr/>	<hr/>
		3,027	1,432
	Other expenses (Revenue):		
	Directors' remuneration (see note 5)	76	68
	Auditors' remuneration (excluding VAT)	10	11
	General expenses	440	383
		<hr/>	<hr/>
		526	462
	Other expenses (Capital):		
	Expenses of expansion initiatives	--	104
		<hr/>	<hr/>
	Total Expenses	3,553	1,998
		<hr/>	<hr/>
	Allocated:		
	Revenue	1,283	820
	Capital	2,270	1,178
		<hr/>	<hr/>
		3,553	1,998
		<hr/>	<hr/>

*Details of the bonus to be paid to the Managers is disclosed on page 17.

NOTES TO THE ACCOUNTS

5. DIRECTORS' REMUNERATION

Directors' fees were paid at the rate of £16,000 (1999 £12,500) per annum for the Chairman and £12,000 (1999 £9,000) per annum for each of the other Directors. No other emoluments or pension contributions were paid on behalf of any Director.

6. INTEREST PAYABLE

	2000	1999
	£'000	£'000
Repayable within five years other than by instalments:		
Bank overdraft	14	30
Currency loans	1,112	296
	<u>1,126</u>	<u>326</u>
Allocated:		
Revenue	292	104
Capital	834	222
	<u>1,126</u>	<u>326</u>

The weighted average interest rate paid on currency loans in the year was 5.0%.

7. TAXATION

	2000	1999
	£'000	£'000
United Kingdom taxation:		
Corporation tax at 30% (1999 31%)	–	279
Less Relief for overseas taxation	–	(279)
	<u>–</u>	<u>–</u>
Overseas taxation	513	333
	<u>513</u>	<u>333</u>
Allocated:		
Revenue	958	674
Capital	(445)	(341)
	<u>513</u>	<u>333</u>

NOTES TO THE ACCOUNTS

8. LISTED INVESTMENTS

	2000	1999
	£'000	£'000
(i) Movements of investments held as fixed assets:		
Book cost brought forward	178,440	97,367
Acquisitions at cost	650,452	275,431
In specie transfer from the liquidator of AEIT	–	49,322
Disposals at cost	(507,413)	(243,680)
	<hr/>	<hr/>
Book cost at 30th September	321,479	178,440
Unrealised appreciation of investments	2,378	12,649
	<hr/>	<hr/>
Valuation of investments at 30th September	323,857	191,089
	<hr/>	<hr/>
(ii) Analysis of investments:		
Listed at market value:		
United Kingdom	4,798	–
Overseas	319,059	191,089
	<hr/>	<hr/>
	323,857	191,089
	<hr/>	<hr/>

The Company's investments are registered in the name of nominees of, and held to the order of, the Company's custodian, The Bank of New York.

9. INVESTMENTS IN UNLISTED SUBSIDIARIES

(a) Aberdeen European Investment Trust PLC:

Aberdeen European Investment Trust PLC (AEIT) was placed in members voluntary liquidation on 26th February 1999 and is included in these accounts at its net realisable value as estimated by the liquidators.

Book value of Aberdeen European Investment Trust PLC at 30th September 2000 was as follows:

	2000	1999
	£'000	£'000
Book value brought forward	375	–
Consideration	–	49,973
Distributions from the liquidator	–	(50,077)
Revaluation of subsidiary	(14)	479
	<hr/>	<hr/>
Valuation at 30th September	361	375
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

9. INVESTMENT IN UNLISTED SUBSIDIARIES (CONT)

(b) The German Investment Trust plc:

The German Investment Trust plc (TGIT) was placed in members' voluntary liquidation on 20th May 1997 and is included in these accounts at its net realisable value as estimated by the liquidators.

	2000	1999
	£'000	£'000
Book value brought forward	1	119
Distributions from the liquidator	–	(118)
Revaluation of subsidiary	13	–
	<hr/>	<hr/>
Valuation at 30th September	14	1
	<hr/>	<hr/>

(c) GEIT Offer p.l.c.:

In May 1998 the Company established a new subsidiary, GEIT Offer p.l.c., as a necessary element of a potential corporate action.

This subsidiary has not traded and is valued at £1 in the books of the Company.

10. DEBTORS

	2000	1999
	£'000	£'000
Amounts receivable within one year:		
Investments sold	5,883	4,911
Taxation recoverable	612	446
Prepayments	4	8
Accrued income	20	116
	<hr/>	<hr/>
	6,519	5,481
	<hr/>	<hr/>

11. CREDITORS

	2000	1999
	£'000	£'000
Amounts payable within one year:		
Investments purchased	5,107	3,305
Accrued expenses	995	394
Bank overdraft	18	13
Currency loan	44,775	5,949
Proposed final dividend	1,097	1,041
	<hr/>	<hr/>
	51,992	10,702
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

12. CALLED-UP SHARE CAPITAL

	2000	1999
	£'000	£'000
Authorised:		
Ordinary shares of 50p – 100,000,000 (100,000,000)	50,000	50,000
Allotted, Called-up and Fully-paid:		
Ordinary shares of 50p – 54,868,425 (52,043,197)	27,434	26,022

The Company issued 2,375,000 Ordinary shares of 50p during the year under the powers taken at the AGM on 20th December 1999.

At 30th September 2000 there were 7,194,584 Warrants in issue which entitle holders to subscribe for the same number of Ordinary shares, at 220p per share, on 31st January in any of the years 2001 to 2004 (inclusive).

13. SHARE PREMIUM

	2000	1999
	£'000	£'000
Balance brought forward	9,148	3,242
Exercise of 450,228 warrants	876	–
Issue of 2,375,000 (1,930,000) Ordinary shares	11,409	5,906
Balance at 30th September	21,433	9,148

14. WARRANT RESERVE

	2000	1999
	£'000	£'000
Balance brought forward	1,872	1,872
Exercise of 450,228 warrants	(110)	–
Balance at 30th September	1,762	1,872

NOTES TO THE ACCOUNTS

15. MERGER RESERVE		
	2000	1999
	£'000	£'000
Opening balance	61,344	30,100
Premium arising on acquisition of Aberdeen European Investment Trust PLC	--	31,244
	<hr/>	<hr/>
Balance at 30th September	61,344	61,344
	<hr/>	<hr/>
16. CAPITAL RESERVE		
	2000	1999
	£'000	£'000
Balance brought forward	73,995	47,759
Net profit on disposal of investments	89,982	25,751
Exchange gain on currency loans	2,605	1,065
Expenses allocated to capital reserve	(3,104)	(1,296)
Tax relief on capitalised expenses	445	341
Expenses of expansion initiatives	-	(104)
Revaluation of subsidiaries	1	479
	<hr/>	<hr/>
Balance at 30th September	163,924	73,995
	<hr/>	<hr/>
17. UNREALISED APPRECIATION OF INVESTMENTS		
	2000	1999
	£'000	£'000
Balance brought forward	12,649	8,756
Movement during year	(10,271)	3,893
	<hr/>	<hr/>
Balance at 30th September	2,378	12,649
	<hr/>	<hr/>
The Unrealised Appreciation of Investments represents the difference between the book cost of investments held and their market value at the year end.		
18. REVENUE RESERVE		
	2000	1999
	£'000	£'000
Balance brought forward	1,466	1,061
Movement during year	325	405
	<hr/>	<hr/>
Balance at 30th September	1,791	1,466
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

19. EQUITY SHAREHOLDERS' FUNDS

	2000	1999
	£'000	£'000
Balance brought forward	186,496	112,105
Distributable revenue	1,422	1,446
Proposed final dividend	(1,097)	(1,041)
Non-distributable capital profits	79,657	30,129
Shares issued	13,588	43,857
	<hr/>	<hr/>
Balance at 30th September	280,066	186,496
	<hr/>	<hr/>

20. NET ASSET VALUE PER ORDINARY SHARE

The Net Asset Value per Ordinary share is calculated on net assets of £280,066,000 (£186,496,000) and 54,868,425 (52,043,197) Ordinary shares in issue at the year end.

21. TOTAL RETURN PER ORDINARY SHARE

(i) Earnings per Ordinary share (equivalent to the Revenue Return per Ordinary share) is calculated on earnings of £1,422,000 (£1,446,000) for the year and a weighted average of Ordinary shares in issue during the year of 52,648,531 (46,545,512).

(ii) The Capital Return per Ordinary share is calculated on a return for the year of £79,657,000 (£30,129,000) and the weighted average of Ordinary shares in issue during the year of 52,648,531 (46,545,512).

22. DILUTED EARNINGS PER ORDINARY SHARE

Diluted Earnings per Ordinary share was calculated using adjusted shares in issue at 30th September 2000 of 59,990,755 (49,127,382) and assuming an average fair value per Ordinary share of 488p (332p).

23. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the year-end (1999 nil).

NOTES TO THE ACCOUNTS

24. CASH FLOW FROM REVENUE ACTIVITIES

	2000	1999
	£'000	£'000
Net revenue before taxation	2,380	2,120
Adjusted for:		
Interest expense	292	104
Tax deductible at source from investment income	(1,165)	(851)
Decrease/(increase) in accrued income	100	(25)
Decrease in prepayments/sundry debtors	–	(8)
Increase in accrued expenses	596	255
	2,203	1,595

25. ANALYSIS OF NET DEBT

	At 30 September 1999	Cash Flow	At 30 September 2000
	£'000	£'000	£'000
Short-term deposits – call	52	9	61
Cash at bank	200	1,046	1,246
Overdrafts	(13)	(5)	(18)
	239	1,050	1,289

26. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company's investment objective is to seek capital growth over the long-term from investment in Continental Europe. The entire portfolio is held in equities, or in shares or securities convertible into equities, and preference shares.

As an investment trust, the Company invests in shares and securities for the long-term. Accordingly, it is the Company's policy that no trading in investments or other financial instruments is undertaken.

Events may occur that could result in a reduction in the Company's Net Assets or a reduction of revenue profits available for distribution as dividends.

NOTES TO THE ACCOUNTS

26. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (CONT)

The main risks arising from the Company's financial instruments are market price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board has reviewed and agreed policies for managing each of these risks and these are summarised below:

(i) Market price risk

Market price risk represents the potential financial loss that the Company might suffer through holding market positions in the face of price movements and movements in exchange rates. Market price risk arises over the future value of the Company's investments and borrowings. The Directors meet regularly with the Managers to compare the performance of the portfolio against market indices and to review the performance of comparable investment trusts, individual shares, securities and sectors, both within and outside the portfolio. The Company does not generally hedge against the effect of changes in the underlying prices of the investments as it is believed that the costs associated with such a process would result in an unacceptable reduction in the prospects for capital growth. The Company has not hitherto used derivative instruments to hedge its portfolio, but, in such an event, the value of derivative instruments held at the balance sheet date would be determined by reference to their market value at that date.

(ii) Credit risk

Credit risk is the exposure to loss from failure of a counter-party to deliver securities or cash for acquisitions or disposals of investments. The Company manages risk by using brokers from a database of approved brokers who have undergone rigorous due diligence checks by the Managers' Risk Management Team.

(iii) Liquidity risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities. This is minimised through a policy of investing only in listed securities, which are readily realisable, and through holding a relatively large number of diverse stocks.

(iv) Financial liabilities

The Company finances its investment activities by means of realised capital profits and retained revenue profits. In addition, financing is obtained through bank borrowing facilities.

The Company has an overdraft facility of £5,000,000 with The Royal Bank of Scotland plc. The interest rate on the bank overdraft is 1% over the bank's base rate. At 30th September 2000 the Company had an overdraft of £18,000 (1999 £13,000).

The Company has an uncommitted multi-currency loan facility of £20,000,000 and a multi-currency loan facility, under a repurchase agreement, of £70,000,000 with Chase Robert Fleming & Co. Limited. The interest rates on the loan facilities are charged at prevailing Interbank market rates, plus an appropriate margin. Drawings are rarely fixed for terms in excess of one month. At 30th September 2000 the Company had drawn £44,775,000 (1999 £5,949,000).

NOTES TO THE ACCOUNTS

26. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (CONT)

(v) Foreign currency risk

The Company's total return and balance sheet can be affected by currency fluctuations as a significant proportion of the Company's assets are denominated in currencies other than sterling. No hedging of the currency exposure is undertaken. Revenue received in currencies other than sterling is converted into sterling on or shortly after the date of receipt.

Additional currency risk through gearing is minimised by borrowing in euro, the main currency of the securities held in the portfolio.

At 30th September 2000, the Company's financial instruments were as follows:-

	Carrying Value	2000 Fair Value	Carrying Value	1999 Fair Value
	£'000	£'000	£'000	£'000
Assets:				
Shares and securities listed in the UK	4,798	4,798	-	-
Shares and securities listed overseas	319,059	319,059	191,089	191,089
Interest-bearing current account	61	61	52	52
Liabilities:				
Overdraft	18	18	13	13
Short-term loan	44,775	44,775	5,949	5,949

Short-term debtors and creditors receivable or payable within one year of the balance sheet date are not included above.

(vi) Fair value

Market values have been used to determine the fair value of all financial instruments.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Gartmore European Investment Trust p.l.c. will be held at Gartmore House (see the map on the inside of the front cover), 8 Fenchurch Place, London EC3M 4PH, on Friday, 12th January 2001 at 12.30 p.m. for the following purposes:

ORDINARY BUSINESS

1. to receive the Report of the Directors and the Accounts for the year ended 30th September 2000;
2. to declare a final dividend of 2.0p payable on 29th January 2001;
3. to re-elect Mr J-C Banon as a Director;
4. to re-elect Mr B Merki as a Director; and
5. to re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

to consider and, if thought fit, to pass the following resolution, which will be proposed as a special resolution:

6. that, subject to the passing of the extraordinary resolution to be proposed at the Separate General Meeting of holders of warrants of the Company, convened for 12th January 2001 (or any adjournment thereof) the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make one or more market purchases (within the meaning of Section 163(3) 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 is 8,175,395 representing 14.9 per cent of the Company's issued Ordinary share capital;
 - (b) the minimum price which may be paid for an Ordinary share shall be 50p;
 - (c) the maximum price which may be paid for an Ordinary share shall be not more than 5 per cent above 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; and
 - (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary shares which will or may be completed or executed wholly or partly after such expiry.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretaries
11th December 2000



NOTES:

- (1) A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a Member. A Form of Proxy is enclosed. To be valid, the Form of Proxy must be deposited at the offices of the Company's Registrar not less than two full business days before the time fixed for the Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.
- (2) The Register of Directors' Interests in the Company will be available for inspection at the Meeting.
- (3) No Director has a contract of service with the Company.
- (4) Members are requested to notify the Company's Registrar of any change of address. This Report is forwarded to the address at present registered for communications.

NOTICE OF WARRANTHOLDERS' GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Separate General Meeting of the holders of warrants to subscribe for Ordinary shares of Gartmore European Investment Trust p.l.c. will be held at Gartmore House (see the map on the inside of the front cover), 8 Fenchurch Place, London EC3M 4PH, on Friday 12th January 2001 at 12.35 p.m., or if later, immediately following the Annual General Meeting, for the following purpose:


to consider and, if thought fit, to pass the following extraordinary resolution:

EXTRAORDINARY RESOLUTION

THAT:

- 1(a) This separate General Meeting of the holders of the Warrants to subscribe for Ordinary shares in the capital of the Company ("Warrants") hereby sanctions the passing as a Special Resolution of the Resolution set out in the Notice of Annual General Meeting of the Company dated 11th December 2000, a copy of which Notice has been produced to this meeting, and for the purpose of identification, signed by the Chairman hereof, and sanctions, in particular, the purchase by the Company of its own shares without any equivalent invitation or offer being made to Warranholders or adjustment to the subscription provisions attaching to the Warrants and without triggering any early exercise of Warrants in accordance with such Resolution and hereby sanctions any and every alteration or abrogation of the rights attaching to the said Warrants involved in or effected by the passing and implementation of such Resolution or any renewal of any authority thereby granted.
- (b) The reference in Resolution 1(b)(iii) of the resolution passed at the Separate General Meeting of the holders of Warrants on 20th December 1999 to "Condition 4.1.7" be deemed to be a reference to "Condition 4.7" with effect from the date such resolution was passed and the Company be authorised to take such action as is required to give effect to this Resolution 1(b).

By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretaries
11th December 2000



NOTES:

- (1) A Warranholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a Warranholder. A Form of Proxy is enclosed which should be completed and sent, together, if applicable, with any power of attorney under which it is signed, or a notarially certified copy of that power of attorney, to reach the Company's Registrar not less than two full business days before the time fixed for the Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.
- (2) Completing and returning a form of proxy will not prevent a Warranholder from attending and voting in person.
- (3) Only holders of the Company's Warrants who have been entered on the Company's Register of Warranholders not less than 48 hours before the Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, are entitled to attend and vote at the Meeting in respect of the number of Warrants registered in their name at that time. Changes to entries on the Company's Register of Warranholders not less than 48 hours before the Meeting or, if the meeting is adjourned, not less than 48 hours before the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (4) Warranholders are requested to notify the Company's Registrar of any change of address. This Report is forwarded to the address at present registered for communications.

USEFUL INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The Annual General Meeting for 2001 will be held at Gartmore House (see the map on the inside of the front cover), 8 Fenchurch Place, London EC3M 4PH, on Friday, 12th January 2001 at 12.30 p.m.

Financial Calendar

The financial calendar for 2000/01 is set out below:

September 30th 2000	Company's year-end
November 22nd 2000	Annual results announced
December 4th 2000	Shares marked ex-dividend
January 12th 2001	Annual General Meeting
January 29th 2001	Final dividend payable
March 31st 2001	Company's half-year
April 2001	Half-year results announced

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 Registrar on 0870-601 5366.

Price and Performance Information

The Company's Ordinary shares and warrants are listed on the London Stock Exchange and the prices are shown in the Financial Times and The Daily Telegraph (Ordinary shares only) under 'Investment Companies'.

Real-time share price information is available on the FT Cityline by dialling:

0906 003 2656 for the Ordinary shares.

0906 003 1532 for the Warrants.

Calls are charged at 60p/min at all times.

The Company's Total Assets are calculated daily and published electronically via TOPIC3 (sedol code: 526885), the Stock Exchange Information Service, and Reuters (code: GEO.L).

Further information can be obtained via the internet, or by telephone:

Gartmore's free investor help line is:- 0800-289 336

Gartmore's internet address is:- www.gartmore.com

Gartmore's E-mail address is:- helpline@gartmore.com

Dealing in Shares and Warrants

Investors wishing to buy or sell shares in the Company, or warrants to subscribe, may do so through a stockbroker. Most banks also offer this service. See also **SAVEit**, **ISAit** and **PEPit** (shares only).

Share Register Enquiries

The Company's Registrar, Lloyds TSB Registrars Scotland, maintains the share register. In the event of queries regarding your holding, please contact the Registrar on 0870-601 5366.

Changes of name or address must be notified in writing to the Registrar.

USEFUL INFORMATION FOR SHAREHOLDERS

SAVEit and ISAit Enquiries

Details of the Gartmore Savings Plan, **SAVEit**, the Gartmore tax-free Individual Savings Account, **ISAit** and the Gartmore Personal Equity Plan, **PEPit**, are set out on page 43 of this Report. These enable individuals to buy shares in the Company in a straightforward and accessible way or in the case of **PEPit**, to transfer an existing Personal Equity Plan.

Enquiries about **SAVEit**, **ISAit** and **PEPit** should be directed to:

Investor Helpline – Call free on 0800-289 336
Administration Helpline – Call on 0870-601 6133
E-mail – helpline@gartmore.com

Capital Gains Tax

Under present legislation the annual capital gains of private individuals in excess of £7,200 are assessed to capital gains tax at the same rate as their marginal rate of income tax for the fiscal year, ie. 22% or 40%, subject, as appropriate, to indexation and/or tapering relief.

SNIPits/Fact Sheets

Shareholders receive a quarterly Gartmore investment trusts newsletter, **SNIPits**. Bi-monthly fact sheets are also available for individual investment trusts on request from Gartmore Investment Limited, Gartmore House, 8 Fenchurch Place, London EC3M 4PH, or call free on 0800-289 336.

Company Administration

Managers and Secretaries

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

Stockbrokers

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London EC2N 2EQ

Registrar and Transfer Office

Lloyds TSB Registrars Scotland
117 Dundas Street
Edinburgh EH3 5ED
Telephone: 0870-501 5366

Auditors

Ernst & Young
Registered Auditor
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

Registered Office

Gartmore House
8 Fenchurch Place
London EC3M 4PH

Registered No 427958

England and Wales



The Association of Investment Trust Companies

The Company is a member of The Association of Investment Trust Companies, which produces monthly publications of detailed information on the majority of investment trusts. Copies of these publications can be obtained by subscription on application to The Association of Investment Trust Companies, Durrant House, 8-13 Chiswell Street, London EC1Y 4YY.
Tel: 020-7282 5555.

INVESTING IN GARTMORE INVESTMENT TRUSTS

Gartmore has a range of savings schemes that offer 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.

There are three flexible schemes: **SAVEit**, **ISAit** and **PEPit**. Brief details of each scheme follow:

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 the full range of investment trusts managed by Gartmore. There is choice to invest in the UK or overseas and to invest for income or capital growth. Any income can be reinvested or, alternatively, paid to your bank or building society account.

There is a dealing fee on share purchases of 1% and no annual or exit fees. Moreover, you may switch from one Gartmore trust to another, at a cost of only 1% of the re-purchase value. There is no maximum investment level.

ISAit – a tax-efficient way to invest

Regular savings from £100 per month

Lump sum investments from £3,000

ISAit is the Individual Savings Account (ISA) for the full range of investment trusts managed by Gartmore. It offers income and capital gains tax concessions.

Investments held within **ISAit** are not subject to capital gains tax. Moreover, a 10% tax credit on all dividend distributions may be reclaimed up to 6th April 2004.

ISAit allows you to invest, via a maxi-ISA, up to a maximum of £7,000 per person in the 2000/2001 tax year, reducing to £5,000 in 2001/2002 and subsequent years. It is also available as a 'stocks and shares' mini-ISA, with a maximum investment of £3,000 per annum.

There is an initial charge of 3% and an annual fee of 0.5% (plus VAT). Switches from one Gartmore trust to another are available at a cost of only 1% of the re-purchase value.

PEPit Transfers – available for the transfers of existing schemes

The minimum transfer value from another PEP provider is £3,000

PEPit is the Personal Equity Plan (PEP) for eligible investment trusts managed by Gartmore. Although PEPs are now closed to new investment, existing plans can continue indefinitely.

If you are an existing **PEPit** investor, you may switch from one Gartmore investment trust to another within the scheme at a cost of 1% of the re-purchase value.

If you have a PEP with another Plan Manager, you may transfer existing schemes from previous tax years to **PEPit**.

For PEP transfers, there is an initial charge of 3%. For all plans there is an annual fee of 0.5% (plus VAT).

How to receive further information

*Write to: Gartmore Investor Services, Gartmore House, 8 Fenchurch Place, London EC3M 4PH or
Call free: 0800-289 336 E-mail: helpline@gartmore.com Internet: www.gartmore.com*

Alternatively, please contact an independent financial adviser

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance is not necessarily a guide to future performance. Emerging markets are volatile and may suffer from liquidity problems. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Individual Savings Accounts were introduced on 6th April 1999 for an initial ten-year period. Personal Equity Plans held at 5th April 1999 are no longer able to accept further contributions, although they can continue to be held outside the Individual Savings Account with the same tax advantages. A 10% tax credit on dividends received within Individual Savings Accounts and Personal Equity Plans may be reclaimed up to 5th April 2004. The value of current tax relief depends on individual circumstances. If you have any doubts about your tax position, you should seek professional advice. The level of yield may be subject to fluctuation and is not guaranteed. If you have any doubt whether this product is suitable for you and you wish to obtain personal advice please contact an independent financial adviser.

Issued and approved by Gartmore Investment Limited which is regulated by IMRO and the Personal Investment Authority and is a member of the NatWest and Gartmore Marketing Group.

GARTMORE MANAGED INVESTMENT TRUSTS

The aims of Gartmore's investment trusts are as follows:

English & Scottish Investors p.l.c.

Capital growth from active investment on a worldwide basis.

Gartmore Absolute Growth & Income Trust PLC*

A high and growing level of income as well as the potential for capital growth.

Gartmore European Investment Trust p.l.c.

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

Gartmore Fledgling Index Trust plc

Long-term capital growth from investment in the smallest 1½% of the UK equity market by market capitalisation, through a policy of indexation.

Gartmore Growth Opportunities plc

Capital appreciation from investment in a diverse portfolio of UK smaller companies.

Gartmore High Income Trust PLC*

A high level of income, plus the potential for capital growth, from investing primarily in UK equities, with some fixed interest securities.

Gartmore Irish Growth Fund PLC

Long-term capital growth from investment in companies incorporated in the Republic of Ireland or Northern Ireland.

Gartmore Select Japanese Investment Trust PLC

Long-term capital growth from investment in a diversified portfolio of quoted securities in Japanese companies.

Gartmore Shared Equity Trust P.L.C.*

High income and capital growth from investment in high-yielding UK securities.

Gartmore Smaller Companies Trust p.l.c.

Long-term capital and income growth from a focused portfolio of smaller UK companies.

Gartmore SNT PLC*

Capital and income growth from investment primarily in UK equities and convertible securities.

Gartmore Split Capital Opportunities Trust PLC*

A high level of dividend income with prospects for both income and capital growth from, principally, the shares of split-capital investment trusts.

Second Scottish National Trust PLC*

Capital and income growth from higher-yielding UK equities, with some convertible and fixed-interest securities.

The Gartmore Scotland Investment Trust PLC*

Capital and income growth from higher-yielding UK securities, primarily ordinary shares, but also convertibles and fixed-income securities.

*Split capital investment trusts, with different classes of share that provide a variety of investment returns.

GLOSSARY OF TERMS

Discount	The amount by which the 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.
Gearing	The term applied to the effect produced by borrowings and prior charge securities which exaggerates 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 Asset Value, expressed as a percentage. A figure of 100 would indicate that a company had no gearing.
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 (Market Cap)	The market capitalisation of a company is calculated by multiplying the market price per share by the number of shares in issue.
Net Asset Value	Also described as Shareholders' Funds, Net Asset Value 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)	"Basic" or "undiluted" Net Asset Value per share is calculated by dividing the Net Asset Value by the number of shares in issue. "Diluted" Net Asset Value per share accounts for the dilutive effect that would be caused by the exercise of all the Warrants in issue. It is calculated by adding, to the Net Asset Value, the proceeds receivable if all the Warrants in issue were exercised, and dividing that sum by the new total number of shares that would consequently be in issue.
Premium	The amount by which the 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 name 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.
Warrant	A class of security which confers the right to subscribe for a predetermined number of shares at a predetermined price on a specific date or series of dates.
Yield	The annual dividend expressed as a percentage of the share price. "Gross" yield increases this figure by recognising tax credits attributable to a dividend.