

European Asset Value Fund

The objective of the Fund is long term capital growth from investment in European equity markets mainly in property backed European asset situations which are considered by the Manager to be undervalued.

Performance Commentary

This investment management report relates to performance figures as at 31 July 2009.

Over the month NAV was up 4.6%¹ to €35.73. This compares to an increase of 10.8%² in the EPRA benchmark and an increase in the S&P Europe Property index* of 10.3%³.

Fiscal year to date, net asset value rose by 22.6%¹ compared to an increase in the EPRA benchmark of 25.6%². Calendar year to date net assets rose 12.6% compared to the EPRA benchmark rise of 12.7%.

*Previously the Citigroup Property index

Investment Activity - July

We made further small purchases of *Corio*, *Klépierre* and *Eurocommercial* as these generally are operating attractive centres that should hold up well in the challenging consumer environment. Continental households tend to be generally less indebted than their British counterparts though sales in the UK appear surprisingly resilient. We also bought *Wereldhave*, as the discount is over 25% and the Loan to Value low at c. 29%, and *ANF*, whose portfolio is generating increased revenues as lettings on new and refurbished space in Lyon and Marseilles come through.

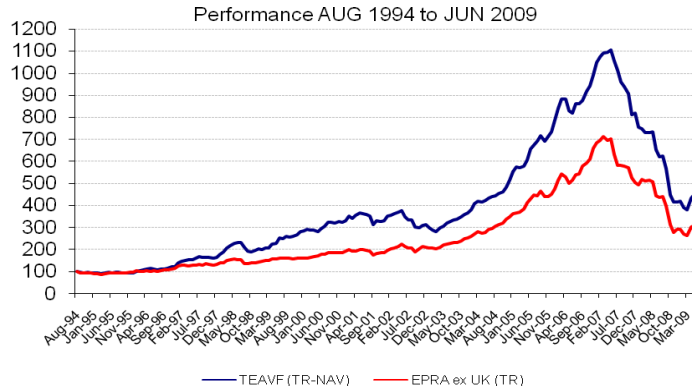
We sold part of the holding in engineering consultancy *Grontmij*, Paris office investment company *la Lucette* and German listed *VIB*. We sold the last of our shares in automotive components supplier *Grammer*. Competitor *Polytec* appears to have given up on the proposal to merge and the business is suffering in line with car sales.

Manager's Comment

Markets generally are moving up as yields appear to be stabilising and, in certain prime products, hardening. Rents remain under pressure in many cities but investors are starting to look at putting cash back to work in the sector.

Top Ten Equity Holdings

	%
Vinci	7.96
ANF	7.56
Unibail-Rodamco	7.54
Nymphenburg Immobilien	5.79
Grontmij	4.97
Foncière Paris France	4.79
conwert Immobilien	4.79
Wereldhave	4.76
Eurocommercial Properties	4.69
VIB Vermögen	4.37
Total	57.22



Source: Fundamental Data, EPRA Index

Capital Structure

Ordinary Shares⁴ 2,118,556

Gross Assets

As at 31 July 2009⁴ €76 mil

Fund Codes

Bloomberg EURAVFI LX
 Reuters (monitor page) PICTET04
 Reuters Ticker LU0054601074

Statistics

	1 month %	1 year %	3 years %	5 years %
Fund Price ¹ (euros)	4.6	-24.4	-45.4	7.8
EPRA Index ² (euros)	10.8	-24.3	-38.6	11.78
Fund Price ¹ (\$)	5.7	-31.3	-39.4	26.8
EPRA Index ² (\$)	12.2	-30.1	-29.4	-38.3

Annual Returns (%)	2008	2007	2006	2005
Price ¹	-48.9	-17.7	34.6	43.0
EPRA Index ²	-41.9	-23.4	46.6	28.5

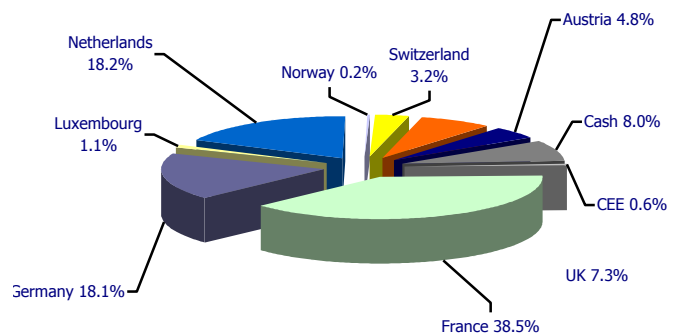
¹ Source: Fundamental Data.

² REXUK, RUXUK - EPRA ex UK. Official Fund Benchmark Index. Source: European Public Real Estate Association/Bloomberg

³ S&P/Citigroup European Property TR. Source Fundamental Data

⁴ Pictet & Cie (Europe)

Geographic Breakdown (% total assets)



Further Information

The European Asset Value Fund (the "Fund") is an open-ended investment company organized as a société d'investissement à capital variable ("SICAV").

Asset Value Investors Limited ("AVI") is the investment manager of the Fund. Contact: Mark Townsend: +44 20 7647 2900 or info@assetvalueinvestors.com.

The NAV figure can be found in the FT "MANAGED FUNDS SERVICE" section under the heading Asset Value Investors Ltd. Information may be found on The European Asset Value Fund website. www.europeanassetvalue.com or www.europeanassetvalue.co.uk

The Fund is recognized for sale in the United Kingdom, Belgium, Luxembourg and Switzerland. The Fund is not offered or sold in the United States or to US persons other than to Accredited Investors under Regulation D, a "safe harbor" from the general requirement that offerings of securities be registered with the SEC. The Fund's charges are more fully described in the Prospectus. For a copy of the Prospectus, please contact AVI using the e-mail address or telephone number above.

Risk Factors you should consider before investing

Investment in the Fund carries risks, which are more fully described in the Prospectus. Listed below are some of the key risks:

Investors are reminded that past performance is not a guide to future performance and that their capital will be at risk and they may therefore lose some or all of the amounts that they choose to invest in the Trust.

Movements in exchange rates can impact the capital value of your investment. If the currency of your residence strengthens against the currency in which the underlying investments of the fund are made, the value of your investment will reduce and vice versa.

Where investments are made in smaller companies, their potential volatility may increase the risk to the value of and the income from the investment.

Source: Asset Value Investors Limited ("AVI") unless otherwise stated. All figures as at 31 July 2009, unless otherwise stated. AVI is authorised and regulated by the Financial Services Authority ("FSA") and is a registered investment adviser with the Securities and Exchange Commission of the United States. This document does not constitute an offer to buy or sell shares in the Fund. The prospectus of the Fund is the only authorised document for offering of shares of the Fund. The prospectus may only be distributed in accordance with the laws and regulations of each appropriate jurisdiction in which any potential investor resides. Investors in the UK are reminded that they will not benefit from the UK investors compensation scheme. The Fund is only suitable for sophisticated investors. The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Fund should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund nor does it carry on any other activities with or for such investors that constitute "MiFID or equivalent third country business" for the purposes of the FSA's rules.