

EUROPEAN EQUITY FUND, INC / MD
Form N-Q
November 25, 2009
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-4632

The European Equity Fund, Inc.

(Exact name of registrant as specified in charter)

345 Park Avenue

New York, NY 10154

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue

New York, NY 10154-0004

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 454-7190

Date of fiscal year end: 12/31

Date of reporting period: 9/30/09

ITEM 1. SCHEDULE OF INVESTMENTS

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THE EUROPEAN EQUITY FUND, INC.
SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2009 (unaudited)

| Shares | Description | Value(a) |
|--|--|--------------|
| INVESTMENTS IN GERMAN SECURITIES 34.2% | | |
| | COMMON STOCKS 31.2% | |
| | AIRLINES 3.3% | |
| 187,000 | Deutsche Lufthansa | \$ 3,309,669 |
| | AUTOMOBILES 3.1% | |
| 60,000 | Daimler | 3,016,975 |
| | BUILDING PRODUCTS 1.0% | |
| 16,000 | HeidelbergCement | 1,034,508 |
| | CHEMICALS 5.1% | |
| 22,000 | Linde | 2,381,894 |
| 17,000 | Wacker Chemie | 2,648,282 |
| | | 5,030,176 |
| | DIVERSIFIED TELECOMMUNICATION 3.3% | |
| 240,000 | Deutsche Telekom | 3,272,591 |
| | ELECTRIC UTILITIES 3.2% | |
| 75,000 | E.ON | 3,176,570 |
| | INDUSTRIAL CONGLOMERATES 3.9% | |
| 22,000 | Rheinmetall | 1,300,911 |
| 27,500 | Siemens | 2,543,302 |
| | | 3,844,213 |
| | INSURANCE 2.0% | |
| 16,000 | Allianz | 1,996,292 |
| | INTERNET SOFTWARE & SERVICES 1.7% | |
| 110,000 | United Internet* | 1,657,487 |
| | PHARMACEUTICALS 3.3% | |
| 47,000 | Bayer | 3,252,495 |
| | SOFTWARE 1.3% | |
| 15,000 | Software | 1,271,505 |
| | Total Common Stocks (cost \$25,394,233) | 30,862,481 |
| | PREFERRED STOCKS 2.9% | |
| | HOUSEHOLD PRODUCTS 2.9% | |
| 68,000 | Henkel (cost \$2,623,587) | 2,923,818 |
| INVESTMENTS IN FRENCH COMMON STOCKS 16.4% | | |
| | RIGHTS 0.1% | |
| | BUILDING PRODUCTS 0.1% | |
| 16,000 | HeidelbergCement (Expiration Date 10/7/2009)* (cost \$0) | \$ 86,053 |
| | Total Investments in German Securities (cost \$28,017,820) | 33,872,352 |

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| | | |
|--------|---|------------|
| | COMPUTERS & PERIPHERALS 1.2% | |
| 25,000 | Gemalto* | 1,164,267 |
| | DIVERSIFIED FINANCIAL SERVICES 1.3% | |
| 16,000 | Societe Generale | 1,286,120 |
| | ELECTRICAL EQUIPMENT 1.8% | |
| 24,000 | Alstom | 1,749,240 |
| | FOOD PRODUCTS 1.9% | |
| 30,876 | Danone | 1,858,259 |
| | INSURANCE 2.4% | |
| 90,000 | AXA | 2,433,397 |
| | MULTI UTILITIES 1.3% | |
| 28,623 | GDF Suez | 1,269,408 |
| | OIL, GAS & CONSUMABLE FUELS 1.9% | |
| 32,000 | Total | 1,899,015 |
| | HEALTHCARE EQUIPMENT & SUPPLIES 0.9% | |
| 15,000 | Essilor International S.A. | 853,772 |
| | AUTO COMPONENTS 0.9% | |
| 11,000 | Michelin | 861,861 |
| | ENERGY EQUIPMENT & SERVICES 0.5% | |
| 22,000 | Geophysique-Veritas* | 512,680 |
| | TEXTILES, APPAREL & LUXURY GOODS 2.3% | |
| 23,000 | LVMH Moet Hennessy Louis Vuitton | 2,310,324 |
| | Total Investments in French Common Stocks (cost \$14,794,304) | 16,198,343 |

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| Shares | Description | Value(a) |
|-------------------------------|--|--------------|
| INVESTMENTS IN SPANISH | | |
| COMMON STOCKS 14.9% | | |
| | COMMERCIAL BANKS 5.7% | |
| 350,000 | Banco Santander | \$ 5,626,775 |
| | DIVERSIFIED | |
| | TELECOMMUNICATION 4.3% | |
| 157,000 | Telefonica | 4,326,384 |
| | ELECTRIC UTILITIES 2.5% | |
| 250,000 | Iberdrola | 2,449,839 |
| | ENERGY EQUIPMENT & SERVICES 1.4% | |
| 25,000 | Tecnicas Reunidas | 1,365,041 |
| | INDEPENDENT POWER PRODUCERS & ENERGY TRADERS 1.0% | |
| 200,000 | Iberdrola Renovables* | 982,128 |
| | Total Investments in Spanish Common Stocks (cost \$10,297,706) | 14,750,167 |
| INVESTMENTS IN DUTCH | | |
| COMMON STOCKS 8.0% | | |
| | CONSTRUCTION & ENGINEERING 1.0% | |
| 38,000 | Grontmij | 1,027,435 |
| | DIVERSIFIED FINANCIAL SERVICES 4.7% | |
| 260,000 | ING Groep* | 4,635,878 |
| | FOOD PRODUCTS 2.3% | |
| 80,000 | Unilever | 2,302,739 |
| | Total Investments in Dutch Common Stocks (cost \$6,321,895) | 7,966,052 |
| INVESTMENTS IN ITALIAN | | |
| COMMON STOCKS 7.1% | | |
| | COMMERCIAL BANKS 4.1% | |
| 1,036,792 | UniCredit | \$ 4,045,775 |
| | ENERGY EQUIPMENT & SERVICES 3.0% | |
| 100,000 | Saipem | 3,007,767 |
| | Total Investments in Italian Common Stocks (cost \$4,570,293) | 7,053,542 |
| INVESTMENTS IN SWEDISH | | |
| SECURITIES 3.1% | | |
| | HOUSEHOLD DURABLES 1.1% | |
| 47,000 | Electrolux* | 1,071,480 |
| | CONSTRUCTION & ENGINEERING 0.9% | |
| 65,000 | Skanska | 950,417 |
| | COMMERCIAL BANKS 0.9% | |

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| | | |
|--------|----------------------------------|-----------|
| 95,000 | Swedbank* | 902,964 |
| | Total Common Stocks | |
| | (cost \$2,662,050) | 2,924,861 |
| | RIGHTS 0.2% | |
| | COMMERCIAL BANKS 0.2% | |
| 95,000 | Swedbank (10/6/2009)* | |
| | (cost \$170,828) | 186,703 |
| | Total Investments in Swedish | |
| | Securities | |
| | (cost \$2,832,878) | 3,111,564 |
| | INVESTMENTS IN LUXEMBOURG | |
| | COMMON STOCKS 3.0% | |
| | METALS & MINING 3.0% | |
| 80,000 | ArcelorMittal | 2,987,306 |
| | Total Investments in Luxembourg | |
| | Common Stocks | |
| | (cost \$1,778,606) | 2,987,306 |

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| Shares | Description | Value(a) |
|----------------------------------|--|------------|
| INVESTMENTS IN SWISS | | |
| COMMON STOCKS 2.8% | | |
| | CHEMICALS 1.0% | |
| 710 | Sika | \$ 957,111 |
| | INSURANCE 1.8% | |
| 2,500 | Helvetia Holding | 838,312 |
| 4,000 | Zurich Financial Services | 950,087 |
| | | 1,788,399 |
| | Total Investments in Swiss Common Stocks (cost \$1,799,339) | 2,745,510 |
| INVESTMENTS IN IRISH | | |
| COMMON STOCKS 2.6% | | |
| | COMMERCIAL BANKS 1.2% | |
| 260,000 | Allied Irish Bank* | 1,218,628 |
| | CONSTRUCTION MATERIALS 1.4% | |
| 50,000 | CRH | 1,381,483 |
| | Total Investments in Irish Common Stocks (cost \$2,061,946) | 2,600,111 |
| INVESTMENTS IN GREEK | | |
| COMMON STOCKS 2.1% | | |
| | COMMERCIAL BANKS 2.1% | |
| 110,000 | Alpha Bank* | 2,025,639 |
| | Total Investments in Greek Common Stocks (cost \$1,557,468) | 2,025,639 |
| INVESTMENTS IN PORTUGUESE | | |
| COMMON STOCKS 1.7% | | |
| | OIL, GAS & CONSUMABLE FUELS 1.7% | |
| 100,000 | Galp Energia | 1,727,493 |
| | Total Investments in Portuguese Common Stocks (cost \$2,304,198) | 1,727,493 |
| INVESTMENTS IN DANISH | | |
| COMMON STOCKS 0.8% | | |
| | ELECTRICAL EQUIPMENT 0.8% | |
| 11,000 | Vestas Wind Systems* | \$ 793,856 |
| | Total Investments in Danish Common Stocks (cost \$677,115) | 793,856 |
| INVESTMENTS IN NORWEGIAN | | |
| COMMON STOCKS 0.6% | | |
| | ENERGY EQUIPMENT & SERVICES 0.6% | |
| 27,000 | Seadrill Ltd.* | 560,380 |
| | Total Investments in Norwegian Common Stocks (cost \$504,763) | 560,380 |

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| | | | |
|------------------------------|---------|---|----------------------|
| | | Total Investments in Common and Preferred Stocks 97.4% | |
| | | (cost \$77,518,331) | 96,392,315 |
| SECURITIES LENDING | | | |
| COLLATERAL 0.9% | | | |
| | | Daily Assets Fund Institutional, 0.29% | |
| | 837,500 | (cost \$837,500) ^{(b)(c)} | 837,500 |
| CASH EQUIVALENTS 0.2% | | | |
| | | Cash Management QP Trust, 0.18% ^(c) | |
| | 205,381 | (cost \$205,381) | 205,381 |
| | | Total Investments 98.4% | |
| | | (cost \$78,561,212)** | 97,435,196 |
| | | Other Assets and Liabilities, Net 1.6% | 1,568,643 |
| | | NET ASSETS 100.0% | \$ 99,003,839 |

For information on the Fund's policies regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.

* Non-income producing securities.

** The cost for federal income tax purposes was \$78,561,212. At September 30, 2009, net unrealized appreciation for all securities

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based on tax cost was \$18,873,984. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$24,600,619 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$5,726,635.

All or a portion of these securities were on loan. The value of all securities loaned at September 30, 2009 amounted to \$795,641, which is 0.8% of net assets.

(a) Values stated in US dollars.

(b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(c) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant unobservable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of September 30, 2009 in valuing the Fund's investments.

| Category | Level 1 | Level 2 | Level 3 | Total |
|--|----------------------|------------------------|-------------|----------------------|
| Common Stocks and/or Other Equity Investments ^(d) | | | | |
| Germany | \$ 33,872,352 | \$ 0 | \$ 0 | \$ 33,872,352 |
| France | 16,198,343 | 0 | 0 | 16,198,343 |
| Spain | 14,750,167 | 0 | 0 | 14,750,167 |
| Netherlands | 7,966,052 | 0 | 0 | 7,966,052 |
| Italy | 7,053,542 | 0 | 0 | 7,053,542 |
| Sweden | 3,111,564 | 0 | 0 | 3,111,564 |
| Luxembourg | 2,987,306 | 0 | 0 | 2,987,306 |
| Switzerland | 2,745,510 | 0 | 0 | 2,745,510 |
| Ireland | 2,600,111 | 0 | 0 | 2,600,111 |
| Greece | 2,025,639 | 0 | 0 | 2,025,639 |
| Portugal | 1,727,493 | 0 | 0 | 1,727,493 |
| Denmark | 793,856 | 0 | 0 | 793,856 |
| Norway | 560,380 | 0 | 0 | 560,380 |
| Short-Term Instruments | 837,500 | 205,381 ^(e) | 0 | 1,042,881 |
| Total | \$ 97,229,815 | \$ 205,381 | \$ 0 | \$ 97,435,196 |

(d) See Investment Portfolio for additional detailed categorizations.

(e) Investment in Cash Management QP Trust, an affiliated fund, is reflected as Level 2 since it is only available to affiliated funds.

ITEM 2. CONTROLS AND PROCEDURES

(a) The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and Procedures are effective based on the evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) There have been no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

ITEM 3. EXHIBITS

Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: The European Equity Fund, Inc.

By: /s/Michael G. Clark

Michael G. Clark

President

Date: November 19, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Registrant: The European Equity Fund, Inc.

By: /s/Michael G. Clark

Michael G. Clark

President

Date: November 19, 2009

By: /s/Paul Schubert

Paul Schubert

Chief Financial Officer and Treasurer

Date: November 19, 2009