

EUROPEAN EQUITY FUND, INC / MD
Form N-Q
May 27, 2011

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 811-04632

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
100 Plaza One
Jersey City, NJ 07311
(Name and address of agent for service)

Registrant's telephone number, including area code: (201) 593-6408

Date of fiscal year end: 12/31

Date of reporting period: 3/31/11

ITEM 1. SCHEDULE OF INVESTMENTS

THE EUROPEAN EQUITY FUND, INC.

SCHEDULE OF INVESTMENTS — MARCH 31, 2011 (unaudited)

| Shares | Description | Value(a) |
|---|------------------------|--------------|
| INVESTMENTS IN GERMAN SECURITIES – 36.3% | | |
| | COMMON STOCKS – 32.5% | |
| | AIRLINES – 2.1% | |
| 97,000 | Deutsche Lufthansa* | \$ 2,058,451 |
| | AUTOMOBILES – 4.4% | |
| 60,000 | Daimler*† | 4,244,229 |
| | CHEMICALS – 4.4% | |

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| | | |
|--------|---|--------------|
| 21,000 | Lanxess | 1,572,791 |
| 11,000 | Linde | 1,739,623 |
| 4,300 | Wacker Chemie | 968,340 |
| | | 4,280,754 |
| | CONSTRUCTION MATERIALS – 2.6% | |
| 36,000 | HeidelbergCement | 2,517,675 |
| | ELECTRIC UTILITIES – 1.2% | |
| 39,000 | E.ON | 1,192,599 |
| | INDUSTRIAL CONGLOMERATES – 3.5% | |
| 25,000 | Siemens | 3,430,787 |
| | INSURANCE – 2.3% | |
| 16,000 | Allianz | 2,248,377 |
| | PHARMACEUTICALS – 1.9% | |
| 24,000 | Bayer | 1,860,820 |
| | SOFTWARE – 5.2% | |
| 25,000 | SAP | 1,532,520 |
| 21,000 | Software | 3,483,503 |
| | | 5,016,023 |
| | TEXTILES, APPAREL & LUXURY GOODS – 2.0% | |
| 30,000 | Adidas | 1,892,449 |
| | THRIFTS & MORTGAGE FINANCE – 2.9% | |
| 88,000 | Aareal Bank* | 2,825,854 |
| | Total Common Stocks (cost \$22,051,386) | 31,568,018 |
| | PREFERRED STOCKS – 3.8% | |
| | AUTOMOBILES – 1.7% | |
| 10,000 | Volkswagen (cost \$951,062) | 1,624,045 |
| Shares | Description | Value(a) |
| | HOUSEHOLD PRODUCTS – 2.1% | |
| 34,000 | Henkel & Co.† (cost \$1,288,680) | \$ 2,108,833 |
| | Total Preferred Stocks (cost \$2,239,742) | 3,732,878 |
| | Total Investments in German Securities (cost \$24,291,128) | 35,300,896 |
| | INVESTMENTS IN FRENCH COMMON STOCKS – 16.6% | |
| 60,000 | COMMERCIAL BANKS – 4.0% Societe Generale | 3,903,669 |
| | HEALTH CARE EQUIPMENT & SUPPLIES – 2.3% | |

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| | | |
|---|---|------------|
| 30,000 | Essilor International HOTELS, RESTAURANTS & LEISURE – 1.2% | 2,230,668 |
| 25,000 | Accor MULTI-UTILITIES – 2.5% | 1,124,735 |
| 60,000 | GDF Suez OIL, GAS & CONSUMABLE FUELS – 4.0% | 2,447,775 |
| 64,000 | Total TEXTILES, APPAREL & LUXURY GOODS – 2.6% | 3,901,001 |
| | LVMH Moet Hennessy | |
| 16,000 | Louis Vuitton Total Investments in French Common Stocks (cost \$14,794,576) | 2,536,037 |
| INVESTMENTS IN SWISS COMMON STOCKS – 10.8% | | 16,143,885 |
| | COMMERCIAL SERVICES & SUPPLIES – 1.1% | |
| | Gategroup Holding* | |
| 20,500 | ELECTRICAL EQUIPMENT – 2.2% | 1,083,133 |
| 88,000 | ABB* INSURANCE – 2.6% | 2,121,386 |
| | Zurich Financial Services | |
| 9,000 | | 2,528,576 |

THE EUROPEAN EQUITY FUND, INC.

SCHEDULE OF INVESTMENTS — MARCH 31, 2011 (unaudited) (continued)

| Shares | Description | Value(a) |
|---|--|--------------|
| INVESTMENTS IN SWISS COMMON STOCKS – 10.8% (continued) | | |
| 120,000 | METALS & MINING – 2.9% Xstrata | \$ 2,802,510 |
| 30,000 | PROFESSIONAL SERVICES – 2.0% Adecco | 1,980,112 |
| | Total Investments in Swiss Common Stocks (cost \$8,722,763) | 10,515,717 |
| INVESTMENTS IN SPANISH COMMON STOCKS – 9.8% | | |
| 300,000 | COMMERCIAL BANKS – 3.6% Banco Santander | 3,487,335 |
| 150,000 | DIVERSIFIED TELECOMMUNICATION SERVICES – 3.8% Telefonica | 3,759,995 |
| 68,000 | OIL, GAS & CONSUMABLE FUELS – 2.4% Repsol YPF | 2,332,694 |
| | Total Investments in Spanish Common Stocks (cost \$6,257,977) | 9,580,024 |
| INVESTMENTS IN DUTCH COMMON STOCKS – 9.0% | | |
| 36,000 | CHEMICALS – 2.3% Koninklijke DSM | 2,214,747 |
| 260,000 | DIVERSIFIED FINANCIAL SERVICES – 3.4% ING Groep* | 3,295,003 |
| 110,000 | ENERGY EQUIPMENT & SERVICES – 3.3% SBM Offshore | 3,196,723 |
| | Total Investments in Dutch Common Stocks (cost \$6,583,767) | 8,706,473 |
| Shares | Description | Value(a) |

**INVESTMENTS IN FINNISH
COMMON STOCKS – 6.1%**

| | | | |
|--------|--|--|--------------|
| | | AUTO COMPONENTS – 1.3% | |
| 30,000 | | Nokian Renkaat | \$ 1,278,377 |
| | | CONSTRUCTION & ENGINEERING – 2.3% | |
| 76,000 | | Yit | 2,256,096 |
| | | MACHINERY – 2.5% | |
| 44,000 | | Metso† | 2,368,822 |
| | | Total Investments in Finnish Common Stocks (cost \$4,525,446) | 5,903,295 |

**INVESTMENTS IN ITALIAN
COMMON STOCKS – 4.1%**

| | | | |
|-----------|--|--|-----------|
| | | COMMERCIAL BANKS – 3.0% | |
| 1,200,000 | | UniCredit | 2,969,683 |
| | | INDEPENDENT POWER PRODUCERS & ENERGY TRADERS – 1.1% | |
| 380,000 | | Enel Green Power | 1,055,793 |
| | | Total Investments in Italian Common Stocks (cost \$3,688,679) | 4,025,476 |

**INVESTMENTS IN UNITED KINGDOM'S
COMMON STOCKS – 3.1%**

| | | | |
|--------|--|--|-----------|
| | | COMMERCIAL SERVICES & SUPPLIES – 1.8% | |
| 70,000 | | Aggreko | 1,768,319 |
| | | ENERGY EQUIPMENT & SERVICES – 1.3% | |
| 48,000 | | Subsea 7 | 1,211,753 |
| | | Total Investments in British Common Stocks (cost \$2,681,397) | 2,980,072 |

THE EUROPEAN EQUITY FUND, INC.

SCHEDULE OF INVESTMENTS — MARCH 31, 2011 (unaudited) (continued)

| Shares | Description | Value(a) |
|---|---|--------------|
| INVESTMENTS IN LUXEMBOURG COMMON STOCKS – 2.1% | | |
| 80,000 | MEDIA – 2.1% SES | \$ 2,063,226 |
| | Total Investments in Luxembourg Common Stocks (cost \$2,097,894) | 2,063,226 |
| INVESTMENTS IN DANISH COMMON STOCKS – 1.2% | | |
| 50,000 | CHEMICALS – 1.2% Christian Hansen Holding | 1,137,921 |
| | Total Investments in Danish Common Stocks (cost \$834,047) | 1,137,921 |
| INVESTMENTS IN NORWEGIAN COMMON STOCKS – 0.9% | | |
| 700,000 | FOOD PRODUCTS – 0.9% Marine Harvest | 869,023 |
| | Total Investments in Norwegian Common Stocks (cost \$572,550) | 869,023 |
| | Total Investments in Common and Preferred Stocks – 100.0% (cost \$75,050,224) | 97,226,008 |
| SECURITIES LENDING COLLATERAL – 9.0% | | |
| 8,747,885 | Daily Assets Fund Institutional, 0.22% (cost \$8,747,885)(b)(c) | 8,747,885 |
| | Total Investments – 109.0% (cost \$83,798,109)** | 105,973,893 |
| | Other Assets and Liabilities, | (8,753,133) |

| | |
|--------------|---------------|
| Net – (9.0%) | |
| NET ASSETS – | |
| 100.0% | \$ 97,220,760 |

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 security.

** The cost for federal income tax purposes was \$83,919,258. At March 31, 2011, net unrealized appreciation for all securities based on tax cost was \$22,054,635. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$23,511,298 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$1,456,663.

† All or a portion of these securities were on loan amounting to \$4,253,772. In addition, a prepaid loan is included in other assets and liabilities, amounting to \$4,032,018, that are also on loan. The value of all securities loaned at March 31, 2011 amounted to \$8,285,790, which is 8.5% of net assets.

(a) Value 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.

For purposes of its industry concentration policy, the Fund classifies issuers of portfolio securities at the industry sub-group level. Certain of the categories in the above Schedule of Investments consist of multiple industry sub-groups or industries.

THE EUROPEAN EQUITY FUND, INC.

SCHEDULE OF INVESTMENTS — MARCH 31, 2011 (unaudited) (continued)

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 observable 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 March 31, 2011 in valuing the Fund's investments.

| Category | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|---------|---------|----------------|
| Common Stocks and/or Other Equity Investments(d) | | | | |
| Germany | \$ 35,300,896 | \$ — | \$ — | \$ 35,300,896 |
| France | 16,143,885 | — | — | 16,143,885 |
| Switzerland | 10,515,717 | — | — | 10,515,717 |
| Spain | 9,580,024 | — | — | 9,580,024 |
| Netherlands | 8,706,473 | — | — | 8,706,473 |
| Finland | 5,903,295 | — | — | 5,903,295 |
| Italy | 4,025,476 | — | — | 4,025,476 |
| United Kingdom | 2,980,072 | — | — | 2,980,072 |
| Luxembourg | 2,063,226 | — | — | 2,063,226 |
| Denmark | 1,137,921 | — | — | 1,137,921 |
| Norway | 869,023 | — | — | 869,023 |
| Short-Term Instruments | 8,747,885 | — | — | 8,747,885 |
| Total | \$ 105,973,893 | \$ — | \$ — | \$ 105,973,893 |

There have been no significant transfers between Level 1 and Level 2 fair value measurements during the period ended March 31, 2011.

(d) See Schedule of Investments for additional detailed categorizations.

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: May 25, 2011

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.

By: /s/Michael G. Clark
Michael G. Clark
President

Date: May 25, 2011

By: /s/Paul Schubert

Paul Schubert
Chief Financial Officer and Treasurer

Date: May 25, 2011