Annual Report 2015

JPMorgan European Investment Trust plc

Annual Report & Accounts year ended 31st March 2015

J.P.Morgan Asset Management

Financial Results

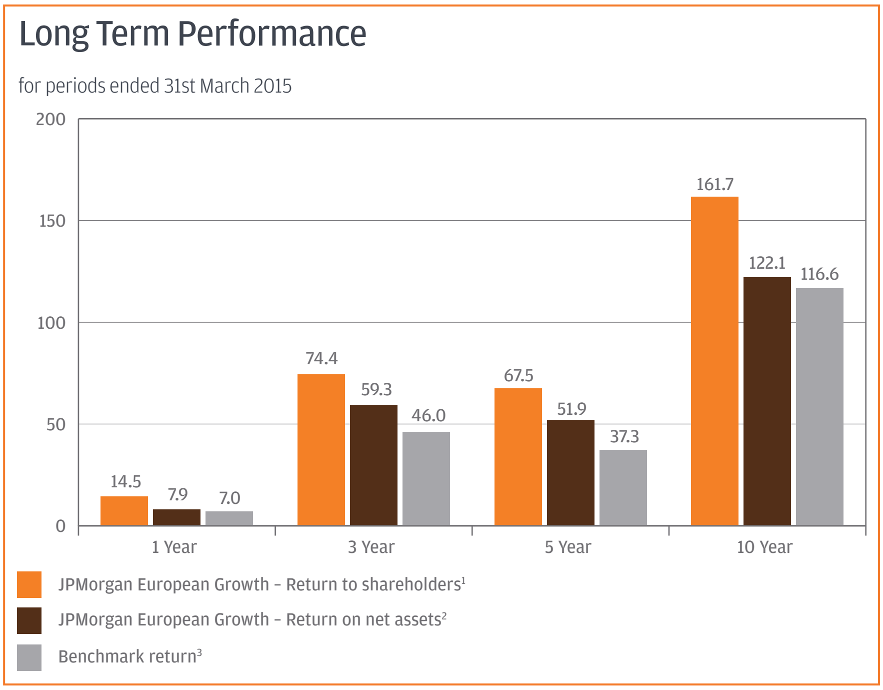
Growth Share Class

+14.5%
Return to shareholders[1]
(2014: +24.1%)

+7.9%
Return on net assets[2]
(2014: +23.1%)

+7.0%
Benchmark return[3]
(2014: +17.0%)

6.70p
Ordinary Dividend
(2014: 6.70p)



A glossary of terms and definitions is provided on page 92.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Source: MSCI. The Growth portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms. Prior to 26th March 2013 the Growth portfolio's benchmark was the FTSE All World Developed Europe (ex UK) Index in sterling terms. The benchmark index returns quoted above for periods of greater than one year are a composite of the two indices, designed to provide an appropriate comparator to the return on net assets.

Income Share Class

+15.4%
Return to shareholders[1]
(2014: +28.8%)

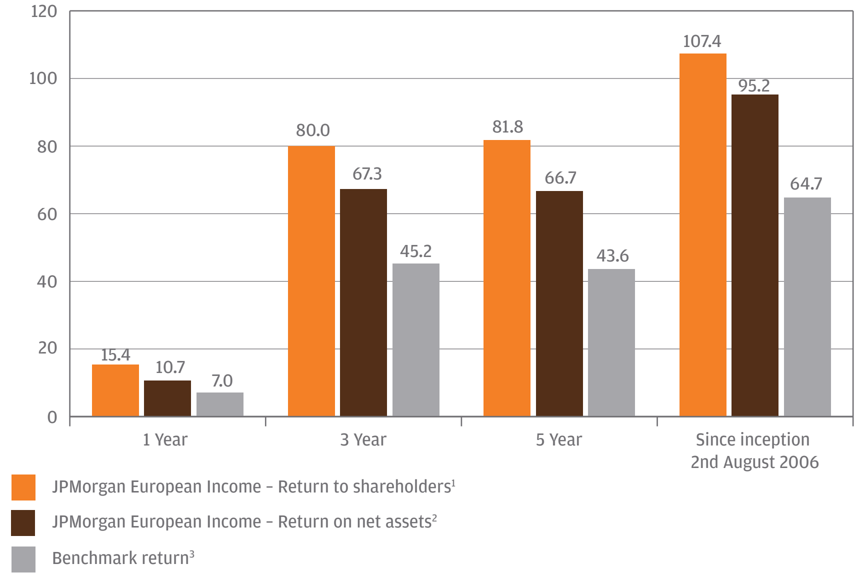
+10.7%
Return on net assets[2]
(2014: +26.8%)

+7.0%
Benchmark return[3]
(2014: +17.0%)

4.75p
Ordinary dividend
(2014: 4.75p)

Performance

for periods ended 31st March 2015



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[2]Source: J.P. Morgan.

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Features

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Objectives

Growth

Capital growth from Continental European investments and a rising share price over the longer term, by consistent outperformance of the benchmark and taking carefully controlled risks through an investment method that is clearly communicated to shareholders.

Income

To provide a growing income together with the potential for long-term capital growth from a diversified portfolio of investments in Continental European stockmarkets.

Investment Policies

Growth

- To invest in a diversified portfolio of investments in the stockmarkets of Continental Europe.
- To emphasise capital growth rather than income, with the likely result that the dividend will fluctuate.
- To manage liquidity and borrowings to increase returns to shareholders.
- To invest no more than 15% of the assets attributable to the Growth shares in other UK listed investment companies (including investment trusts).

Income

- To invest in a portfolio of investments that is diversified amongst countries, sectors and market capitalisations within the universe of Continental European companies.
- To provide a growing income together with the potential for long-term capital growth.
- To manage liquidity and borrowings to increase returns to shareholders.
- To invest no more than 15% of the assets attributable to the Income shares in other UK listed investment companies (including investment trusts).

Benchmarks

Growth

The MSCI Europe ex UK Index (total return) in sterling terms.

Income

The MSCI Europe ex UK Index (total return) in sterling terms.

Capital Structure

At 31st March 2015, the Company's share capital comprised 85,244,846 Growth shares and 79,854,104 Income shares.

Management Company

The Company employs JPMorgan Funds Limited ('JPMF') as its Alternative Investment Fund Manager. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan European Investment Trust plc can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpmeuropean.co.uk includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

Strategic Report

Chairman's Statement

Performance

I am very pleased to report that both the Company's share classes have outperformed their benchmark (the MSCI Europe ex UK Index in sterling terms) over the year, with the Growth shares producing a total return of +14.5% and the Income shares a total return of +15.4%, compared with 7.0% for the Index.

As can be seen from the table on page 2, both portfolios have now outperformed their benchmark in both share price and net asset value terms over all periods in the table. I have mentioned in previous statements our goal to recover our long term performance record from the unhappy impact of the credit crunch in 2007/8. It is therefore very pleasing for me that this has been achieved before my retirement at the AGM this year, after 13 years on the board, 11 of them as chairman.

As detailed in my Chairman's Statement in the Company's annual report and accounts for the previous year, the performance fee was terminated effective from 1st April 2014 and from that date replaced by a simplified fee structure consisting of a base management fee of 0.75% of assets for both share classes. See page 43 for further details of the Management Fee.

Gearing

The Company has a €60 million loan facility of which €45 million was drawn at the year end; €34 million in the Growth portfolio and €11 million in the Income portfolio. The Investment Managers actively manage gearing within the Board's permitted range of 10% cash to 20% geared, according to their short-term views on the market. The performance attribution analyses on pages 10 and 11 shows that gearing added 1.4% and 0.8% to the outperformance of the Income and Growth portfolios respectively. Following the year-end, the allocation of the €45 million drawn-down was adjusted slightly to €30 million Growth and €15 million Income, to reflect the movement of assets from Growth to Income as a consequence of share conversions between the two classes during the year.

Conversions

As detailed in my statement with the Company's Half Year Accounts, the move to quarterly dividends on the Income shares has identified the possibility that a substantial switch between the share classes could lead to a dilution of the revenue account and consequent restriction on dividends. Therefore, it is proposed that the number of conversions be reduced from the current bi-annual arrangement in March and September to a single annual conversion in March. An amendment to the Company's articles is required to achieve this change and a special resolution to this effect will be put to a shareholders' vote at the Company's Annual General Meeting in July - see page 45.

Discount

At the forthcoming Annual General Meeting the Company will seek to renew its permission to allot new equity in order to manage the balance between the supply and demand for its shares, subject to the requirements and conditions as detailed in

Chairman's Statement continued

the Notice to the Annual General Meeting on page 88. Such allotments benefit all shareholders not least by increasing the liquidity of the Company's shares.

It has not been necessary this year for the Board to invoke its policy of buying back shares to prevent the discount of share prices to net asset values widening to greater than 10%. The discounts on the Growth and Income share classes varied between 3.1% and 10.3% over the year, ending it at 4.1% and 4.9%, respectively. The current relatively low levels of discount follow both the improvement in the Company's long term performance and in investors' sentiment towards Europe.

Dividends

In the growth portfolio the dividends on the Growth shares are paid bi-annually in April and October. Rather than having a particular dividend target, the policy in this portfolio is to distribute all the residual income from dividend receipts in the Growth portfolio. As these receipts increased only marginally from the previous year the dividend remains unchanged at 6.70p (2014: 6.70p). On the year-end share price of 259.0p, this represents a yield of 2.6%.

On the Income shares, this was the first financial year in which dividends were paid quarterly. Although we do not expect to be able to raise dividends from the Income portfolio every year, we are looking to achieve a growing income, together with long-term capital growth. However, as with the Growth portfolio, dividends received from underlying investments also increased only marginally and therefore the Board declared an unchanged dividend of 4.75p per share (2014: 4.75p). On the year-end share price of 136.5p this represents a yield of 3.5%. In order to update the Company's articles in line with legislation that, within permitted guidelines, allows the Company the flexibility to pay dividends from the Company's capital reserves, a special resolution to amend the Company's articles is being proposed at the forthcoming Annual General Meeting – see page 45.

Board of Directors

During the year, the Board carried out its customary evaluation of the Directors, the Chairman, the Committees and the working of the Board as a whole. In accordance with corporate governance best practice, all of the Directors retire by rotation at this year's Annual General Meeting and, with the exception of Ferdinand Verdonck and myself, offer themselves for re-election. Ferdinand joined the Company as a director in 1998 and I would like to thank him for his very notable contribution over the years, in particular for providing invaluable insights into continental thought processes and European markets. In order to retain this experience on the Board following his retirement, an independent search consultancy was engaged to identify a suitable non-executive director with continental European experience in place of Ferdinand. After consideration of numerous candidates the Board was very pleased that Jutta af Rosenborg accepted its offer and was appointed to the Board on 1st February 2015. Jutta has considerable experience as Finance Director of large industrial enterprises operating throughout Europe, as well as Board experience within the investment management industry. Her knowledge and insights will also be invaluable.

As explained in last year's Annual Report and Accounts, the retirement of Ferdinand Verdonck and myself is part of the Board's phased programme of renewal to refresh its membership. Andrew Adcock was appointed in 2013 with the purpose of replacing me as Chairman and will take up this role immediately following the AGM.

Alternative Investment Fund Managers Directive ('AIFMD')

Following implementation of the AIFMD, emanating from the European Council of Ministers, the Company appointed JPMorgan Funds Limited as its Alternative Investment Fund Manager ('AIFM') under a new investment management agreement which came into effect on 1st July 2014. Under this agreement, portfolio management is delegated by JPMorgan Funds Limited to JPMorgan Asset Management Limited, which thus retains its previous portfolio management responsibilities. The management fee and notice period arrangements remain unchanged. The Company appointed BNY Mellon Trust & Depositary (UK) Limited as the Company's Depositary, a new requirement under the AIFMD. JPMorgan Chase Bank NA remains the Company's Custodian, but now as a delegate of the Depositary. JPMorgan Funds Limited was also appointed as Company Secretary. The costs of becoming compliant with AIFMD were met by the Manager. An additional annual cost to the Company arising from the AIFMD is the requirement to appoint a Depositary (BNY Mellon Trust & Depositary (UK) Limited) at a cost of 0.017% of the Company's gross assets per annum. For the 9 months to the year ended 31st March 2015, the depositary fees were approximately £44,675.

Annual General Meeting

The AGM will take place at J.P. Morgan's offices at 60 Victoria Embankment, London EC4Y 0JP on Tuesday, 21st July 2015 at 2.30 p.m. In addition to the formal proceedings there will, as usual, be a presentation by the Investment Managers, followed by tea when shareholders, who are always most welcome, can meet the Directors and the Investment Managers for more informal discussions.

It would be helpful if shareholders seeking answers to detailed questions put them in writing beforehand, addressed to the Company Secretary at 60 Victoria Embankment, London EC4Y 0JP. Alternatively, questions may be submitted via the Company's website (www.jpmorganeuropean.co.uk).

Outlook

Although the increase in the benchmark index was considerably less than over the previous year (7% v 17%), our optimism about the overall outlook for Europe as expressed in last year's Report and Accounts was well founded and, we believe, continues to be so. This is particularly the case given the markets very positive start to the calendar year following the European Central Bank's commitment to address the threat of deflation with its quantitive easing programme. The large fall in the world price of oil has also acted as an economic stimulus which if sustained, together with increased levels of bank lending to consumers and businesses, are expected to help improve confidence, boost demand and stimulate investment in the forthcoming year.

Strategic Report continued

Chairman's Statement continued

However, as I have often said in this report, 'bull markets climb a wall of worry'. Happily, therefore, we can see causes for concern. The popularity of anti-austerity parties in countries on the periphery of the Eurozone are likely to continue to increase, following the election of the left wing Syriza party in Greece and the surge in support for the SNP in the UK. The election in Spain towards the end of this calendar year will be an interesting contest in this regard. The situation in the Ukraine continues to fuel widespread concern. The possibility of additional economic sanctions against Russia would have negative consequences for EU corporate profits. Nor will European markets avoid the volatility likely to result from monetary tightening by the US Federal Reserve while monetary easing continues in Europe, China and the Far East. The sort of liquidity imbalances between east and west that caused havoc in 2007/8 have changed in character but not necessarily in potential effect.

The investment managers will seek to exploit anticipated market volatility through their proven stock selection skills and adept management of gearing. Growing cash generation in corporate Europe should also benefit both portfolios, although whether this will necessarily flow through to increased dividend payments cannot be assumed. While remaining vigilant to the current uncertainties, your Board is confident of continued positive performance over the long run and, for myself, signing my final statement as chairman, I re-iterate my pleasure that shareholders have seen the long-term record of positive outperformance fully restored.

Andrew Murison
Chairman

5th June 2015

Investment Managers' Report

Stephen Macklow-Smith

Alexander Fitzalan Howard

Michael Barakos

Market Review

The Chairman has commented on performance in his report, but we will look towards the end of our report at how this outperformance was generated.

The year under review brought several important new developments in Europe, and in our view the prospects for the companies in which we invest continued to improve.

The completion of the European Central Bank's (ECB) stress tests and the launch of the European Banking Union was a significant event in the period. The background to this was that in analysing the events leading up to the sovereign debt crisis in the periphery, one key observation was that the European banking sector needed reform and recapitalisation in order to break the link between weak banks and indebted national governments. The run-up to the stress tests, though, meant that in effect the Eurozone suffered a second credit crunch. The first credit crunch in 2008/9 was a global phenomenon, but the second credit crunch was specifically European, and it sprang from the fact that in assessing bank solvency regulators look at the relationship between assets (and in the case of banks this means loans) and capital. For banks wishing to pass the test, therefore, there was no incentive to expand lending, and in many cases banks shrank their loan books, thus removing credit from the system. At the same time they were accumulating capital by restricting the payment of dividends, or by having rights issues which increased the number of shares in issue and diluted their earnings per share as well as their return on equity.

We always felt, though, that the net results of the stress test would be positive, and it gives the ECB a much more powerful position as top regulator, since it is now able to supervise the transmission mechanism through the banks of the interest rate decisions that it is making. Not only that, but the evolution of European banking means that many previously anti-competitive areas have been reformed. Perhaps the best example of this is the Spanish caja sector, which consisted of a large number (more than 50) of institutions, regionally based, and often under more or less outright political control, funding politically-inspired projects such as the construction of regional airports, without any need to generate satisfactory returns on equity. This behaviour was effectively uncommercial, and it undermined the profitability of the quoted banking sector. Spanish banking reform has seen the number of cajas shrink from more than 50 to around 15, and the vast majority are publicly quoted, meaning that they answer to the interests of their shareholders, and must be run in a commercial way.

One indicator of the success of the stress test was the change in lending behaviour that it marked. European credit had seen net contraction through much of 2012 and 2013, but as the completion date neared so the contraction of credit diminished (thus bringing an end to the credit crunch) and in the fourth quarter of 2014 we saw evidence of outright credit growth once again across the Continent. The ECB's aims with the Banking Union, though, are in our opinion broader than simply recapitalising banks and stimulating credit. The intention seems to be to dilute the dominant role of banks in originating credit and encouraging a more flexible capital

Strategic Report continued

Investment Managers' Report continued

Growth performance attribution for the year to 31st March 2015

	%	%
Contributions to total returns		
Benchmark total return		7.0
Asset allocation	0.6	
Stock selection	0.3	
Gearing/cash	0.8	
Currency	0.2	
Investment manager contribution		1.9
Portfolio total return		8.9
Management fee/ other expenses	-1.0	
Other effects		-1.0
Net asset value total return		7.9
Share price total return		14.5

Source: B-One/JPMAM/AIC/Morningstar.

All figures are on a total return basis. Performance attribution analyses how the Growth portfolio achieved its recorded performance relative to its benchmark.

A glossary of terms and definitions is provided on page 92.

market along the lines of what we see in the USA, and for clues to this we need to look at other actions taken by the ECB in the period under review.

Mr Draghi has brought a different perspective to his tenure at the ECB, and one which springs perhaps from his background, which differs from those of his predecessors. The first two Presidents of the ECB, Mr Duisenberg and M Trichet, were classic central bankers, having spent all of their careers in, respectively, the Dutch and the French Central Banks. Mr Draghi, however, has a more varied background which has included a career in academia, a stint at the Italian Treasury, time spent at both the World Bank and at Goldman Sachs, and then a period spent at the Italian Central Bank. As a result he seems to have a broader, more market-oriented view than either of his predecessors, and he is also a better communicator. During the period under review he successfully enlisted support for a programme of Eurozone quantitative easing (QE), which was eventually launched just after our financial year ended. ECB QE, however, encompasses not only purchases of sovereign bonds, but also of asset-backed securities, and there are signs that the ECB wishes to encourage the future growth of this market. European finance has always been dominated by the relationship between corporates and their house banks: we could be witnessing a new era in European finance, and it would fit well with the intention of the Eurozone to launch a European Capital Markets Union which aims to create a single market for credit, rather than the nationally defined markets that we have seen in the past.

We must also mention the decision of the Swiss National Bank (SNB) to remove the peg of the Swiss Franc against the Euro, which they put in place in late 2011 to try and prevent speculative flows into Swiss Francs as a consequence of the Eurozone debt crisis. The scale of the SNB's intervention had seen their balance sheet grow to a large percentage of Swiss GDP, and abandoning the peg meant that the Swiss Franc strengthened dramatically against all currencies, putting pressure on the profitability of Swiss exporters.

Moving away from the slightly arcane world of central banking and banking regulation, there were plenty of political developments that were worthy of note. Two countries that have found themselves left behind somewhat over the last 10 years are France and Italy. Germany reformed its labour market in the early years of the century under Gerhard Schroeder, and countries in the periphery pursued fiscal and regulatory reform at varying paces once the sovereign debt crisis broke. The logic of a single currency area is that repairs to competitiveness can only be accomplished by reform, which is why the term 'austerity' is so misleading. France and Italy fell down the competitiveness rankings in the Eurozone because their neighbours did more to make themselves competitive, and so the pressure is now on to meet this challenge. In France the government has attempted to introduce a certain level of reforms to bureaucracy (for instance by abolishing one entire tier of local government) and to employment law, but the pace of change is yet to convince the market that a watershed moment has been reached. In Italy, by contrast, the new Prime Minister Matteo Renzi has launched reforms at a previously unheard of pace, and has accomplished more in a year than previous governments had accomplished in decades. In brief, he has arranged a cut in corporation tax, he has

Income performance attribution for the year to 31st March 2015

	%	%
Contributions to total returns		
Benchmark total return		7.0
Asset allocation	-1.6	
Stock selection	4.6	
Gearing/cash	1.4	
Currency	0.4	
Investment manager contribution		4.8
Portfolio total return		11.8
Management fee/ other expenses	-1.1	
Other effects		-1.1
Net asset value total return		10.7
Share price total return		15.4

Source: B-One/JPMAM/AIC/Morningstar.

All figures are on a total return basis. Performance attribution analyses how the Income portfolio achieved its recorded performance relative to its benchmark.

A glossary of terms and definitions is provided on page 92.

reformed labour protection laws, he has embarked on an effort to accelerate Italy's laborious legal processes, and he has succeeded in pushing through an electoral reform. This last step may have the greatest effect: in the aftermath of the Second World War, Italy's constitution was specifically designed to ensure weak governments. The outcome was a new government almost every year, and this brought with it an inability to carry through legislative programmes of any ambition. The Renzi reforms mean that the next Italian government will have an effective mandate to govern, and decades of mediocre growth will start to be redressed.

Embedded within Mr Renzi's reform programme is a reform of the peculiar voting status of Popolare banks, and here we can see the point of intersection between reform at a country level and the ECB's ambitions for Eurozone banking. Italy is very over banked, but its Popolare sector, which is governed by a one shareholder one vote structure, has been protected from change. As a result it is less competitive than it should be, and it represents an anti-commercial presence in the same way as the cajas in Spain. We expect to see a great deal of consolidation in Italian banking in the next few years, which will spark efficiency gains for everyone.

Against this regulatory and political backdrop, the European economy is recovering. Fiscal consolidation had been front-loaded into 2010 and 2011, and as these headwinds receded those countries that had restructured the fastest (Ireland and Spain) emerged with the strongest growth. Other tailwinds also strengthened: we have discussed above the change in the credit environment, bolstered both by reform and by very easy monetary policy, coupled with extraordinary injections of liquidity. In the third quarter the oil price dropped precipitately, and this represents a gain in real incomes for households, which are also benefiting from a continuation of the fall in unemployment which started in 2013. Easy monetary policy helped to contribute to a devaluation of the Euro, which fell particularly fast in the first quarter of 2015. This provides a twofold stimulus to companies, which see first a boost to earnings from a translation effect, but secondly a boost to competitiveness as their cost base is reset relative to companies based in, for instance, the US Dollar area.

Growth in the economy is now leading to growth in European earnings, and this will help to allay concerns about valuation. Relative to interest rates on cash or bonds, equity valuations look very attractive. In absolute terms they look more stretched, but this is partly because European corporate earnings in aggregate have grown hardly at all in the last five years. The strengthening recovery will boost earnings and help to support price levels.

We need to say a few words about Greece, which has dominated headlines since the election of the left-leaning coalition Syriza. Effectively, Syriza came to power promising the Greeks three things: an end to fiscal reform, an alleviation of the debt burden, and continued Euro membership. To our minds these three objectives are not compatible, and the stark truth about the Greek economy is not only that it is entirely dependent on its creditors, since it cannot fund itself in the markets, but also that its banking sector is now entirely dependent on liquidity support from the

Strategic Report continued

Investment Managers' Report continued

ECB. The point about continued Euro membership, though, is the most important, since opinion polls indicate not only that the Greeks are 80:20 in favour of the Euro, but that this support remains at 60:40 in favour if membership is made contingent on further reforms. The Syriza approach to negotiation has been to indulge in brinkmanship, but these tactics only work when you get to a brink. That brink is expected to be reached around the middle of 2015, but so far Greece's creditors have made few if any concessions, and it is our expectation that an accommodation will be reached committing Greece to further reforms in exchange for further support. The truth behind these negotiations, however, is that the Eurozone has shown itself to be sufficiently flexible to make concessions in return for reform, as we saw over the funding of Irish banks a year or two ago. It is not our place to recommend policy to the Eurogroup, but given the unsustainable level of Greek government debt it would not be surprising to see some sort of deal struck to extend maturities as long as the Greek commitment to reform can be demonstrated.

Performance Attribution

The investment managers' contribution to the performance of the growth portfolio, as defined in the table on page 10, was 1.9%. We do not target country or sector weightings but subject to certain portfolio construction constraints allow them to be determined by bottom up stock selection. The biggest single contributor was Merck, the German healthcare company, which has seen analysts' earnings estimates rise steadily helped in particular by the potential synergies from its proposed acquisition of Sigma Aldrich, a US life sciences company. Elsewhere in healthcare the fund's position in Novartis contributed positively to performance. The market has started to appreciate, after a series of deals with GlaxoSmithKline, the company's progression from a diversified healthcare business towards one focused on respiratory, oncology, and eye care.

Away from the big benchmark names the portfolio has benefitted from its holdings in midcap companies such as Duerr, which specialises in paint shops for the auto industry, and Kuka which is a leading supplier of robotics. Both stocks have been helped by the growth in the auto sector and both have recently made accretive acquisitions. Other successful midcap investments include Euronext, the stock exchange and Forbo which is a Swiss flooring company.

The sharp drop in the oil price during the year under review allowed the fund to benefit, relative to its benchmark, by not owning many of the energy names within the benchmark, particularly those in the service sector such as the offshore driller Transocean which fell sharply.

The managers' use of the company's gearing added a further 0.8% to performance.

Within the income portfolio the managers' contribution, as set out in the table on page 11, was 4.8%. In the income portfolio we do not constrain the country or sector allocations and therefore it becomes more meaningful to breakout the contribution from asset allocation which detracted 1.6% from performance, principally by being overweight Norway, Portugal and the utility sector, and underweight Switzerland and the healthcare sector. However this was more than offset by outperformance compared to the benchmark index of 4.6% from stock selection. Notable successes included Bpost, the recently privatised Belgian postal system which has benefitted from growth in parcel volumes and tight cost control, generates significant free cash flow and has been returning part of this to shareholders through an increasing dividend. Another significant outperformer in the portfolio was BE Semiconductor which makes semiconductor assembly equipment. The company has enjoyed faster than anticipated growth driven by the proliferation of mobile applications as well as increasingly complex requirements in the auto sector. The shares rose sharply during the year under review and in February the company announced a large dividend increase.

Part of the income portfolio's outperformance came from avoiding companies that performed badly. Two sectors stand out in this regard; energy and banks. Within the energy sector we avoided some of the stocks hit most by the decline in the oil price, for example the Norwegian deep water driller Seadrill which fell sharply on concerns about falling day rates for its equipment. Within the banks sector the market remained wary of companies where the dividend payout was felt to be unsustainable, such as Banco Santander in Spain. Avoiding the big underperformers remains an important component of performance.

The Manager's use of the company's gearing added a further 1.4% to the income portfolio's performance.

A factor leading to the increase in the purchase and sales of investments as detailed in the cash flow statement on page 62, was the two share conversions in the year, which were larger than the previous year and required holdings to be liquidated in order to fund transfers between the share classes and acquisitions of shares in the share class receiving the funds.

Outlook

The outlook is therefore broadly positive, subject to the caveat on valuation which we have already made. Economic growth is recovering, profits are on an upward path once again, and improving confidence and credit, supported by further bond purchases from the ECB, could see growth become self-sustaining in 2015. We are confident that our approach, differentiated in both share classes, will create further outperformance driven by stock selection, and we continue to take advantage of the Company's gearing facility to increase our exposure to markets.

Stephen Macklow-Smith
Alexander Fitzalan Howard
Michael Barakos
Investment Managers 5th June 2015

GROWTH SHARES

Strategic Report continued

Summary of Results – Growth

	2015	2014	
Total returns for the year ended 31st March			
Return to shareholders[1]	**+14.5%**	+24.1%	
Return on net assets[2]	**+7.9%**	+23.1%	
Benchmark return[3]	**+7.0%**	+17.0%	
			% change
Net asset value, share price and discount at 31st March			
Total net assets (£'000)	**230,314**	241,249	–4.5
Net asset value per share	**270.2p**	257.3p	+5.0
Share price	**259.0p**	233.0p	+11.2
Share price discount to net asset value[4]	**4.1%**	9.4%	
Shares in issue	**85,244,846**	93,752,402	
Revenue for the year ended 31st March			
Gross revenue return (£'000)	**8,597**	8,018	+7.2
Net revenue attributable to shareholders (£'000)	**7,174**	6,311	+13.7
Return per share	**7.90p**	6.64p	+19.0
Dividend per Growth share:			
Ordinary dividends	**6.70p**	6.70p	
Gearing at 31st March[5]	**7.7%**	8.1%	
Ongoing Charges[6,9]	**1.04%**	0.86%	
Ongoing Charges including performance fee capped payable[7,9]	**1.04%**	1.95%	
Ongoing Charges including performance fee capped and residual payable[8,9]	**1.04%**	2.95%	

A glossary of terms and definitions is provided on page 92.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Source: MSCI. The Growth portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms.

[4]The share price discount on capital-only net asset value was 3.3% (2014: 9.2%). Source: Bloomberg.

[5]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

[6]Ongoing charges represent the management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year and are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012.

[7]Management fee, performance fee payable, (which is capped at 1% of total assets) and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year.

[8]Management fee, performance fee and residual payable (both capped) and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year.

[9]The management fee was changed with effect from 1st April 2014, which impacts the inputs to the ongoing charges calculation in 2015. Further details of the fees, including reference to the termination of the performance fee effective from 1st April 2014 are located on page 43.

Ten Year Financial Record[1]

As at 31st March	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total assets less current liabilities (£m)	508.0	633.3	454.1	420.0	272.3	315.7	249.9	187.7	206.3	241.2	**230.3**
Net asset value per share (p)[2]	161.5	219.7	248.8	238.8	142.1	207.2	222.9	186.3	215.3	257.3	**270.2**
Share price (p)[2]	140.0	203.2	233.8	219.0	116.5	183.8	193.0	164.0	194.0	233.0	**259.0**
Discount (%)	13.3	7.5	6.0	8.3	18.0	11.3	13.4	12.0	9.9	9.4	**4.1**
Gearing (%)[3]	11.1	0.5	5.1	17.0	5.7	3.6	8.1	3.1	5.4	8.1	**7.7**
Year ended 31st March											
Gross revenue return (£'000)	12,148	15,004	15,111	13,799	17,858	9,146	8,083	9,634	7,452	8,018	**8,597**
Revenue per share (p)[2]	0.53	3.98	5.71	5.07	9.54	4.79	4.93	7.28	6.00	6.64	**7.90**
Dividend per share (p)[2]	0.52	3.50	5.80	6.33	9.50[4]	4.85	4.90	6.75	5.95	6.70	**6.70**
Ongoing Charges (%)[5,8]	0.78	0.92	0.69	1.05	0.81	1.05	0.98	0.74	0.87	0.86	**1.04**
Rebased to 100 at 31st March 2005											
Return to shareholders[6]	100.0	145.7	175.2	168.9	96.2	156.2	168.9	150.1	184.2	228.5	**261.7**
Return on net assets[6]	100.0	136.8	158.1	155.8	95.1	146.2	161.4	139.4	167.3	205.9	**222.1**
Benchmark[7]	100.0	135.5	151.7	155.5	107.0	157.8	168.8	148.4	173.0	202.4	**216.6**

A glossary of terms and definitions is provided on page 92.

[1]The Growth shares were created following a capital reorganisation on 2nd August 2006 when ordinary shareholders elected to reclassify their shares into either Growth shares or Income shares. The financial record above for periods prior to that date is that of the ordinary shares because the Growth pool maintained materially the same economic exposure as if the reorganisation had not been implemented. The investment objective, investment policy and management fee arrangements have remained the same as for the ordinary shares prior to the reorganisation.

[2]Adjusted for the one for five share subdivision on 2nd August 2006.

[3]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

[4]Includes a special dividend of 2.5p.

[5]Management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year (2010 to 2012: Total Expense Ratio ('TER'): the average of the month end net assets; 2009 and prior years: the average of the opening and closing net assets).

[6]Source: Morningstar.

[7]Source: MSCI. The Growth portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms. Prior to 26th March 2013 the Growth portfolio's benchmark was the FTSE All World Developed Europe (ex UK) Index in sterling terms.

[8]The management fee was changed with effect from 1st April 2014, which impacts the inputs to the ongoing charges calculation in 2015. Further details of the fees, including reference to the termination of the performance fee effective from 1st April 2014 are located on page 43.

Strategic Report continued

Ten Largest Equity Investments

at 31st March

Company	Country	Description	2015 Valuation £'000	2015 %[1]	2014 Valuation £'000	2014 %[1]
Novartis	Switzerland	Health Care	**12,241**	**5.0**	10,590	4.0
Nestle	Switzerland	Consumer Staples	**9,041**	**3.7**	8,677	3.2
Roche	Switzerland	Health Care	**7,673**	**3.1**	12,376	4.6
Daimler	Germany	Consumer Discretionary	**7,094**	**2.9**	5,863	2.2
Sanofi-Aventis[2]	France	Health Care	**6,957**	**2.8**	1,487	0.6
JPMorgan European Smaller Companies Trust	European Funds	Financials	**6,432**	**2.6**	7,095	2.7
ING Bank[2]	Netherlands	Financials	**5,732**	**2.4**	2,919	1.1
JPMorgan Europe Dynamic Small Cap Fund	European Funds	Financials	**5,535**	**2.2**	5,546	2.1
Münchener Rückversicherungs[2]	Germany	Financials	**4,761**	**1.9**	2,627	1.0
BNP Paribas	France	Financials	**4,739**	**1.9**	6,617	2.5
Total[3]			**70,205**	**28.5**		

[1]Based on total investments of £246.4m (2014: £267.6m), excluding liquidity fund holdings.

[2]Not included in ten largest equity investments at 31st March 2014.

[3]At 31st March 2014, the value of the ten largest equity investments amounted to £74.5m, representing 27.9% of total investments of £267.6m, excluding liquidity fund holdings.

Portfolio Analyses

Geographic

	31st March 2015 Portfolio %[1]	31st March 2015 Benchmark %	31st March 2014 Portfolio %[1]	31st March 2014 Benchmark %
Germany	**23.4**	**21.0**	19.1	20.4
France	**19.0**	**21.5**	20.3	22.3
Switzerland	**16.8**	**20.4**	19.7	20.0
Netherlands	**7.9**	**6.0**	5.1	5.9
Sweden	**6.1**	**6.8**	8.5	7.1
Spain	**5.4**	**7.8**	6.8	7.7
Denmark	**5.2**	**3.6**	4.3	2.9
Italy	**4.9**	**5.2**	5.0	5.6
Belgium	**4.0**	**2.9**	3.7	2.6
Finland	**2.1**	**1.9**	2.9	2.0
United Kingdom[2]	**1.7**	**–**	0.8	–
Ireland	**1.5**	**0.8**	0.9	0.7
Norway	**0.8**	**1.4**	0.6	1.8
Austria	**0.7**	**0.4**	1.6	0.6
Russia	**0.3**	**–**	0.3	–
Poland	**0.1**	**–**	0.1	–
Turkey	**0.1**	**–**	0.1	–
Portugal	**–**	**0.3**	0.1	0.4
Greece	**–**	**–**	0.1	–
Total Portfolio	**100.0**	**100.0**	100.0	100.0

[1]Based on total investments of £246.4m (2014: £267.6m), excluding liquidity fund holdings.

[2]Includes investments in European funds which are reclassified in accordance with the domicile of the underlying assets in the fund.

GROWTH SHARES

Strategic Report continued

Portfolio Analyses continued

Sector

	31st March 2015 Portfolio %[1]	31st March 2015 Benchmark %	31st March 2014 Portfolio %[1]	31st March 2014 Benchmark %
Financials	**24.3**	**22.8**	24.8	22.9
Consumer Discretionary[2,3]	**15.0**	**12.3**	11.0	10.9
Health Care	**15.1**	**15.6**	11.0	14.2
Industrials	**12.9**	**13.0**	16.5	13.9
Consumer Staples[3]	**10.1**	**12.2**	9.2	11.7
Materials[2]	**7.9**	**7.5**	6.1	7.4
Telecommunications Services	**5.8**	**4.4**	5.6	4.8
Utilities	**4.0**	**3.7**	5.4	4.1
Information Technology	**2.6**	**4.5**	3.1	4.4
Energy	**2.3**	**4.0**	7.3	5.7
Total Portfolio[4]	**100.0**	**100.0**	100.0	100.0

[1]Based on total investments of £246.4m (2014: £267.6m), excluding liquidity fund holdings.

[2]Duni has moved sector from Materials in the prior period to Consumer Discretionary in the current period.

[3]Nestle has moved sector from Consumer Discretionary in the prior period to Consumer Staples in the current period.

[4]Includes investments on European funds which are reclassified in accordance with the domicile of the underlying asset in the fund.

GROWTH SHARES

List of Investments
at 31st March 2015

Company	Valuation £'000
Germany	
Daimler	7,094
Münchener Rückversicherungs	4,761
Siemens	4,327
Deutsche Telekom	4,218
Merck KGaA	4,053
Continental	3,888
Deutsche Boerse	3,485
BMW	2,923
Deutsche Post	2,552
ProSiebenSat.1 Media	2,551
Duerr	2,417
KUKA	2,057
Allianz	1,732
Bayer	1,563
Freenet	1,308
Hannover Rueckversicherung	1,259
K&S	1,064
Aurubis	878
LEG Immobilien	781
Deutsche Wohnen	747
Deutsche Annington	726
Symrise	676
Wacker Neuson	498
Nordex	116
Indus	104
BASF	82
Total Germany	**55,860**
France	
Sanofi-Aventis	6,957
BNP Paribas	4,739
Total	3,759
Orange	3,737
Safran	3,453
Cap Gemini	2,883
LVMH Moet Hennessy	2,673
Aperam	2,591
Natixis	2,439
Euronext	2,027
Vinci	1,475
Airbus	1,105
Valeo	962
Technicolor	867
L'Oreal	834
GDF Suez	696
Thales	647
Credit Agricole	565
Gaztransport Et Technigaz	354
Technip	271
Atos	260
Norbert Dentressangle	241
Renault	204
Groupe Fnac	118
AKKA Technologies	78
Total France	**43,935**
Switzerland	
Novartis	12,241
Nestle	9,041
Roche	7,673
Givaudan	2,440
Forbo	2,303
Adecco	2,008
GAM	1,893
Zurich Insurance	978
UBS	822
Kardex	698
Mobilezone	327
ABB	246
Total Switzerland	**40,670**
Netherlands	
ING Bank	5,732
Reed Elsevier	3,395
Unilever	3,091
Ahold	3,005
Wolters-Kluwer	2,107
AMG Advanced Metallurgical	407
Heineken	376
Royal Dutch Shell	370
Total Netherlands	**18,483**

Strategic Report continued

List of Investments continued

Company	Valuation £'000
Sweden	
Swedbank	3,110
Nordea Bank	3,050
Skandinaviska Enskilda Banken 'A'	2,102
JM	1,315
Boliden	1,296
Securitas 'B'	1,167
NCC	721
Intrum Justitia	504
Swedish Match	346
Ericsson	306
Electrolux	278
Nolato	223
Unibet	105
Duni	69
Total Sweden	**14,592**
European Funds	
JPMorgan European Smaller Companies Trust	6,432
JPMorgan Europe Dynamic Small Cap Fund	5,535
JPM Eastern European Fund	1,192
Total European Funds	**13,159**
Spain	
Banco Santander	3,527
Gas Natural	3,114
Iberdrola	2,277
Endesa	1,472
Acerinox	1,005
Telefonica	659
Red Electrica	327
Vidrala	291
Baron De Ley	121
Bolsas y Mercados Espanoles	94
Total Spain	**12,887**

Company	Valuation £'000
Denmark	
Novo Nordisk	3,651
Pandora	3,326
Tryg	2,312
Danske Bank	1,863
Schouw & Co	965
Per Aarsleff	426
Topdanmark	111
Vestas Wind Systems	80
Total Denmark	**12,734**
Italy	
Assicurazioni Generali	3,624
Mediobanca	2,463
ENEL	2,117
Telecom Italia	2,027
Intesa Sanpaolo	545
Esprinet	507
La Doria	254
Total Italy	**11,537**
Belgium	
Anheuser-Busch InBev	3,874
Delhaize	2,120
Belgacom	1,539
Bpost	1,304
KBC Group	1,119
Agfa-Gevaert	186
Total Belgium	**10,142**
Finland	
UPM-Kymmene	3,146
Valmet	855
Neste Oil	720
Nokia	252
Total Finland	**4,973**

Company	Valuation £'000
Ireland	
CRH	3,274
Ryanair	569
Total Ireland	**3,843**
Norway	
Yara International	1,386
P/F Bakkafrost	233
Veidekke	203
Total Norway	**1,822**
Austria	
Immofinanz	1,296
AT&S Austria Technologie & Systemtechnik	419
Total Austria	**1,715**
Liquidity Fund	
JPM Euro Liquidity Fund	6,164
Total Liquidity Fund	**6,164**
Total Investments	**252,516**

Total investments comprises £246,352,000 in equity shares and £6,164,000 in a liquidity fund.

Strategic Report continued

Income Statement

(unaudited)
for the year ended 31st March 2015

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Gains on investments and derivatives held at fair value through profit or loss	–	8,559	8,559	–	43,947	43,947
Net foreign currency gains	–	2,296	2,296	–	600	600
Income from investments	8,288	–	8,288	7,927	–	7,927
Other interest receivable and similar income	309	–	309	91	–	91
Gross return	8,597	10,855	19,452	8,018	44,547	52,565
Management fee	(545)	(1,272)	(1,817)	(419)	(978)	(1,397)
Performance fee charge[1]						
- Capped	–	–	–	–	(2,437)	(2,437)
- Residual	–	–	–	–	(1,181)	(1,181)
Other administrative expenses	(517)	–	(517)	(531)	–	(531)
Net return on ordinary activities before finance costs and taxation	7,535	9,583	17,118	7,068	39,951	47,019
Finance costs	(74)	(173)	(247)	(94)	(219)	(313)
Net return on ordinary activities before taxation	7,461	9,410	16,871	6,974	39,732	46,706
Taxation	(287)	–	(287)	(663)	–	(663)
Net return on ordinary activities after taxation	7,174	9,410	16,584	6,311	39,732	46,043
Return per Growth share	7.90p	10.36p	18.26p	6.64p	41.82p	48.46p

[1]The management fee was changed with effect from 1st April 2014, which impacts the inputs to the ongoing charges calculation in 2015. See page 43 for further explanation of fees, including reference to the termination of the performance fee effective from 1st April 2014.

All revenue and capital items in the above statement derive from continuing operations.

Balance Sheet
(unaudited)
at 31st March 2015

	2015 £'000	2014 £'000
Fixed assets		
Investments held at fair value through profit or loss	**246,352**	267,565
Investments in liquidity funds held at fair value through profit or loss	**6,164**	5,291
Total investments	**252,516**	272,856
Current assets		
Debtors	**1,638**	12,390
Cash and short term deposits	**772**	3,307
Derivative financial assets	**194**	42
	2,604	15,739
Creditors: amounts falling due within one year	**(24,697)**	(47,314)
Derivative financial liabilities	**(109)**	(32)
Net current liabilities	**(22,202)**	(31,607)
Total assets less current liabilities	**230,314**	241,249
Net assets	**230,314**	241,249
Net asset value per Growth share	**270.2p**	257.3p

Strategic Report continued

INCOME SHARES

Summary of Results – Income

	2015	2014	
Total returns for the year ended 31st March			
Return to shareholders[1]	**+15.4%**	+28.8%	
Return on net assets[2]	**+10.7%**	+26.8%	
Benchmark return[3]	**+7.0%**	+17.0%	
			% change
Net asset value, share price and discount at 31st March			
Total net assets (£'000)	**114,692**	86,293	+32.9
Net asset value per share	**143.6p**	134.6p	+6.7
Share price	**136.5p**	123.0p	+11.0
Share price discount to net asset value[4]	**4.9%**	8.6%	
Shares in issue	**79,854,104**	64,100,264	
Revenue for the year ended 31st March			
Gross revenue return (£'000)	**4,127**	3,818	+8.1
Net revenue attributable to shareholders (£'000)	**3,201**	2,976	+7.6
Return per share	**4.60p**	4.82p	–4.6
Dividend per Income share:			
Ordinary dividends	**4.75p**	4.75p	
Gearing at 31st March[5]	**7.5%**	5.4%	
Ongoing Charges[6,9]	**1.08%**	1.06%	
Ongoing Charges including performance fee capped payable[7,9]	**1.08%**	1.93%	
Ongoing Charges including performance fee capped and residual payable[8,9]	**1.08%**	2.26%	

A glossary of terms and definitions is provided on page 92.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Source: MSCI. The Income portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms.

[4]The share price discount on capital-only net asset value was 4.1% (2014: 7.3%). Source: Bloomberg.

[5]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

[6]Ongoing charges represent the management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year and are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012.

[7]Management fee, performance fee payable, (which is capped at 0.75% of total assets) and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year.

[8]Management fee, performance fee and residual payable (both capped) and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year.

[9]The management fee was changed with effect from 1st April 2014, which impacts the inputs to the ongoing charges calculation in 2015. Further details of the fees, including reference to the termination of the performance fee effective from 1st April 2014 are located on page 43.

Financial Records Since Inception[1]

	2nd August 2006	31st March 2007	2008	2009	2010	2011	2012	2013	2014	**2015**
Total assets less current liabilities (£m)	94.2	90.8	87.3	41.0	76.9	63.5	61.9	68.3	86.3	**114.7**
Net asset value per share (p)	102.6	120.4	108.4	70.2	106.3	109.6	96.9	110.4	134.6	**143.6**
Share price (p)	99.3	112.5	98.0	60.3	94.5	97.3	86.5	99.8	123.0	**136.5**
Discount (%)	3.2	6.6	9.6	14.1	8.8	11.3	10.7	9.6	8.6	**4.9**
Gearing (%)[2]	N/A	2.7	6.1	4.3	5.3	10.0	7.1	14.4	5.4	**7.5**
Year ended 31st March										
Gross revenue return (£'000)	N/A	1,447	3,552	4,382	2,986	2,827	3,375	3,255	3,818	**4,127**
Revenue per share (p)	N/A	1.32	3.67	5.48	3.92	3.87	4.56	4.29	4.82	**4.60**
Dividend per share (p)	N/A	2.90	3.90	5.15[3]	4.00	4.00	4.20	4.25	4.75	**4.75**
Ongoing Charges (%)[4,7]	N/A	0.79	1.23	1.19	1.21	1.18	1.12	1.06	1.06	**1.08**
Rebased to 100 at 2nd August 2006										
Return to shareholders[5]	100.0	116.1	105.2	69.5	114.1	122.9	115.2	139.6	179.8	**207.4**
Return on net assets[5]	100.0	116.5	108.0	73.2	117.1	126.1	116.7	139.0	176.3	**195.2**
Benchmark[6]	100.0	113.2	111.9	77.8	114.7	122.2	113.4	131.5	153.9	**164.7**

A glossary of terms and definitions is provided on page 92.

[1]The Income shares were created following a capital reorganisation on 2nd August 2006.

[2]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

[3]Includes a special dividend of 1.15p.

[4]Management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year (2010 to 2012: Total Expense Ratio ('TER'): the average of the month end net assets; 2009 and prior years: the average of the opening and closing net assets).

[5]Source: Morningstar.

[6]Source: MSCI. The Income portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms. Prior to 26th March 2013 the Income portfolio's benchmark was the MSCI Europe Index (total return) in sterling terms.

[7]The management fee was changed with effect from 1st April 2014, which impacts the inputs to the ongoing charges calculation in 2015. Further details of the fees, including reference to the termination of the performance fee effective from 1st April 2014 are located on page 43.

Strategic Report continued

Ten Largest Equity Investments
at 31st March

Company	Country	Description	2015 Valuation £'000	2015 %[1]	2014 Valuation £'000	2014 %[1]
Roche	Switzerland	Health Care	**4,111**	**3.4**	3,077	3.3
Sanofi-Aventis[2]	France	Health Care	**2,672**	**2.2**	–	–
Nestle[2]	Switzerland	Consumer Staples	**2,648**	**2.2**	–	–
Banco Santander[2]	Spain	Financials	**2,334**	**1.9**	–	–
Daimler	Germany	Consumer Discretionary	**2,150**	**1.8**	1,634	1.8
Allianz	Germany	Financials	**2,004**	**1.6**	1,419	1.5
Siemens	Germany	Industrials	**1,941**	**1.6**	1,603	1.7
Novartis	Switzerland	Health Care	**1,782**	**1.4**	3,123	3.4
BNP Paribas	France	Financials	**1,674**	**1.4**	1,439	1.6
Unilever	Netherlands	Consumer Staples	**1,641**	**1.3**	1,144	1.2
Total[3]			22,957	18.8		

[1]Based on total investments of £122.5m (2014: £92.3m), excluding liquidity fund holdings.

[2]Not held in the portfolio at 31st March 2014.

[3]At 31st March 2014, the value of the ten largest equity investments amounted to £18.6m, representing 20.1% of total investments of £92.3m, excluding liquidity fund holdings.

Portfolio Analyses

Geographic

	31st March 2015		31st March 2014	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
France	**17.2**	**21.5**	18.0	22.3
Switzerland	**16.1**	**20.4**	12.3	20.0
Germany	**12.3**	**21.0**	15.9	20.4
Sweden	**9.8**	**6.8**	13.3	7.1
Spain	**8.3**	**7.8**	5.2	7.7
Norway	**7.6**	**1.4**	5.3	1.8
Finland	**7.5**	**1.9**	6.7	2.0
Italy	**7.3**	**5.2**	10.4	5.6
Netherlands	**5.8**	**6.0**	5.7	5.9
Belgium	**3.6**	**2.9**	2.9	2.6
Denmark	**1.6**	**3.6**	1.6	2.9
Portugal	**1.3**	**0.3**	1.4	0.4
Austria	**1.0**	**0.4**	1.0	0.6
Ireland	**0.6**	**0.8**	0.3	0.7
Total Portfolio	**100.0**	**100.0**	100.0	100.0

[1]Based on total investments of £122.5m (2014: £92.3m), excluding liquidity fund holdings.

INCOME SHARES

Strategic Report continued

Portfolio Analyses continued

Sector

	31st March 2015 Portfolio %[1]	31st March 2015 Benchmark %	31st March 2014 Portfolio %[1]	31st March 2014 Benchmark %
Financials[2]	**38.9**	**22.7**	30.6	22.9
Industrials[3,4]	**13.5**	**13.0**	14.9	13.9
Consumer Discretionary[2,3,5]	**9.2**	**12.4**	10.4	10.9
Utilities	**8.2**	**3.7**	9.7	4.1
Consumer Staples	**7.8**	**12.2**	5.4	11.7
Health Care	**7.5**	**15.6**	7.5	14.2
Telecommunications Services[5]	**7.0**	**4.4**	6.5	4.8
Information Technology	**3.6**	**4.5**	1.3	4.4
Materials	**2.3**	**7.5**	5.8	7.4
Energy[4]	**2.0**	**4.0**	7.9	5.7
Total Portfolio	**100.0**	**100.0**	100.0	100.0

[1]Based on total investments of £122.5m (2014: £92.3m), excluding liquidity fund holdings.

[2]Nexity was reclassified from Consumer Discretionary in the prior period to Financials in the current period.

[3]Bpost was reclassified from Consumer Discretionary in the prior period to Industrials in the current period.

[4]BW offshore was reclassified from Industrials in the prior period to Energy in the current period.

[5]Vivendi was reclassified from Telecommunications in the prior period to Consumer Discretionary in the current period.

List of Investments
at 31st March 2015

Company	Valuation £'000
France	
Sanofi-Aventis	2,672
BNP Paribas	1,674
AXA	1,275
Orange	941
Vivendi	915
Unibail-Rodamco	849
Société Genéralé	833
Credit Agricole	699
Michelin	646
Natixis	613
Veolia Environnement	501
SES	498
STMicroelectronics	496
Klépierre	496
SCOR	462
Lagardere	429
EDF	406
Suez Environnement	403
Rexel	382
Foncière des Régions	379
Altarea	377
Gecina	375
Gaztransport Et Technigaz	374
iCade	372
Eutelsat Communications	363
CNP Assurances	359
M6-Metropole Television	352
Edenred	350
Mercialys	344
Euler Hermes	330
Coface	323
Rallye	302
Foncière des Murs	294
Television Francaise	287
Nexity	285
Rubis	260
Union Financière de France	165
Total France	**21,081**

Company	Valuation £'000
Switzerland	
Roche	4,111
Nestle	2,648
Novartis	1,782
UBS	1,581
Zurich Insurance	1,403
Swiss Re	1,081
Swisscom	653
Kuhne & Nagel International	515
Baloise	501
Burkhalter	468
Swiss Prime Site	444
Vontobel	403
Helvetia	375
APG SGA	373
GAM	369
Inficon	354
Schweiter Technologies	337
Intershop	327
Banque Cantonale Vaudoise	324
Cembra Money Bank	323
Mobimo	296
Pargesa	284
Forbo	272
Coltene	265
LEM	220
Total Switzerland	**19,709**

Strategic Report continued

List of Investments continued

Company	Valuation £'000
Germany	
Daimler	2,150
Allianz	2,004
Siemens	1,941
Deutsche Telekom	1,461
Munich Re	1,120
E.On	892
Hannover Rueckversicherung	630
ProSiebenSat.1 Media	597
Freenet	429
Drillisch	419
RTL	407
Aareal Bank	392
Talanx	390
Axel Springer	372
Teléfonica Deutschland	363
Alstria Office	340
Deutsche Beteiligungs	323
Hamborner	322
Amadeus Fire	308
Comdirect Bank	208
Total Germany	**15,068**
Sweden	
Ericsson	1,010
Nordea Bank	1,009
Svenska Handelsbanken	773
Swedbank	762
Skandinaviska Enskilda Banken	694
TeliaSonera	536
Hemfosa Fastigheter	497
Skanska	467
Nolato	453
Tele2	407
Betsson	406
Securitas	380
Axfood	377
NCC	376
Bilia	371
Scandi Standard	324
Eltel	316
Castellum	304
Diös Fastigheter	303
Duni	300
Industrivarden	295
Holmen	243
Mekonomen	241
Mycronic	241
Dustin	236
Com Hem	231
Beijer Alma	227
Wihlborgs Fastigheter	175
Klovern	47
Total Sweden	**12,001**
Spain	
Banco Santander	2,334
Telefonica	1,573
Iberdrola	998
Ferrovial	592
Red Electrica	587
Logista	493
Gas Natural	479
Abertis Infraestructuras	477
CaixaBank	417
Mapfre	416
Enagás	407
Endesa	403
Bolsas y Mercados	381
ACS	376
Acerinox	280
Total Spain	**10,213**

Company	Valuation £'000
Norway	
DNB	634
Yara International	609
Telenor	595
RenoNorden	471
Orkla	463
ABG Sundal Collier	413
Protector Forsikring	385
Gjensidige Forsikring	379
Kongsberg Gruppen	377
Veidekke	374
P/F Bakkafrost	343
Norway Royal Salmon	329
AF Gruppen	328
Atea	327
Austevoll Seafood	304
Salmar	304
Ocean Yield	301
Marine Harvest	290
SpareBank 1 Nord-Norge	271
BW LPG	263
Aker Solution	263
Leroy Seafood	261
Entra	225
Avance Gas	204
BW Offshore	160
SpareBank	144
Eko-mes	128
Bonheur	100
Awilco Drilling	78
Total Norway	**9,323**
Finland	
Nokia	871
Sampo	776
UPM-Kymmene	673
Kone	608
Asiakastieto	574
Stora Enso	538

Company	Valuation £'000
Fortum	505
Kesko	432
Neste Oil	427
Caverion	390
Cramo	386
Elisa	382
Tieto	356
Citycon	318
Lassila & Tikan	309
Orion	307
Sponda	307
Metso	305
ASPO	268
F-Secure	239
Konecranes	232
Total Finland	**9,203**
Italy	
Intesa Sanpaolo	1,220
Enel	888
Assicurazioni Generali	660
Atlantia	618
Snam Rete Gas	516
Industria Macchine Automatiche	464
TEMA	448
Marr	398
A2A	395
Ascopiave	386
Acea	384
Banca Generali	371
Unipol Gruppo Finanziario	340
Hera	309
Imm Grande	301
Mediolanum	300
Zignago Vetro	288
ERG	287
FinecoBank	256
SIAS	95
Total Italy	**8,924**

Strategic Report continued

List of Investments continued

Company	Valuation £'000
Netherlands	
Unilever	1,641
ING Bank	1,615
Ahold	637
Aegon	614
NN	440
Amsterdam Commodities	359
Eurocommercial	331
Vastned	321
HAL Trust	296
BE Semiconductor	280
Royal Dutch Shell	280
Accell	265
Sligro Food	58
Total Netherlands	**7,137**
Belgium	
Ageas	487
Bpost	469
Belgacom	460
Warehousing & Distribution	423
Groupe Bruxelles Lambert	412
Van de Velde	347
Leasinvest	314
Cofinimmo	308
Befimmo	290
Elia System Operator	234
Montea	225
Intervest Offices & Warehouses	201
Atenor	157
Retail Estates	24
Total Belgium	**4,351**

Company	Valuation £'000
Denmark	
Danske Bank	603
Pandora	537
Tryg	522
Matas	322
Total Denmark	**1,984**
Portugal	
Energias De Portugal	481
Portucel-Empresa Produtora de Pasta	413
CTT-Correios De Portugal	348
Ren-Redes Energeticas	328
Total Portugal	**1,570**
Austria	
Osterreichische Post	413
Uniqa Insurance	371
Semperit	297
Polytec	95
Total Austria	**1,176**
Ireland	
Ryanair	391
Paddy Power	361
Total Ireland	**752**
Total Investments	**122,492**

Total investments comprises £122,492,000 in equity shares.

Income Statement
(unaudited)
for the year ended 31st March 2015

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Gains on investments and derivatives held at fair value through profit or loss	–	5,880	5,880	–	16,023	16,023
Net foreign currency gains	–	1,742	1,742	–	794	794
Income from investments	4,028	–	4,028	3,770	–	3,770
Other interest receivable and similar income	99	–	99	48	–	48
Gross return	4,127	7,622	11,749	3,818	16,817	20,635
Management fee	(301)	(452)	(753)	(250)	(376)	(626)
Performance fee charge[1]						
- Capped	–	–	–	–	(652)	(652)
- Residual	–	–	–	–	(874)	(874)
Other administrative expenses	(239)	–	(239)	(174)	–	(174)
Net return on ordinary activities before finance costs and taxation	3,587	7,170	10,757	3,394	14,915	18,309
Finance costs	(33)	(49)	(82)	(51)	(77)	(128)
Net return on ordinary activities before taxation	3,554	7,121	10,675	3,343	14,838	18,181
Taxation	(353)	–	(353)	(367)	–	(367)
Net return on ordinary activities after taxation	3,201	7,121	10,322	2,976	14,838	17,814
Return per Income share	4.60p	10.25p	14.85p	4.82p	24.01p	28.83p

[1]The management fee was changed with effect from 1st April 2014, which impacts the inputs to the ongoing charges calculation in 2015. See page 43 for further explanation of fees, including reference to the termination of the performance fee effective from 1st April 2014.

All revenue and capital items in the above statement derive from continuing operations.

Strategic Report continued

Balance Sheet
(unaudited)
at 31st March 2015

	2015 £'000	2014 £'000
Fixed assets		
Investments held at fair value through profit or loss	**122,492**	92,319
Investments in liquidity funds held at fair value through profit or loss	**–**	3,100
Total investments	**122,492**	95,419
Current assets		
Debtors	**674**	404
Cash and short term deposits	**3**	1,367
Derivative financial assets	**289**	95
	966	1,866
Creditors: amounts falling due within one year	**(8,686)**	(10,940)
Derivative financial liabilities	**(80)**	(52)
Net current liabilities	**(7,800)**	(9,126)
Total assets less current liabilities	**114,692**	86,293
Net assets	**114,692**	86,293
Net asset value per Income share	**143.6p**	134.6p

Business Review

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Business Review sets out the structure and objectives of the Company, its investment policies and risk management, investment restrictions and guidelines, performance, total return, revenue and dividends and key performance indicators, share capital, principal risks and how the Company seeks to manage those risks, the Company's environmental, social and ethical policy and finally its future developments.

Structure and Objective of the Company

JPMorgan European Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. It has two share classes whose objectives are set out below. In seeking to achieve those objectives the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which in turn delegates portfolio management to JPMorgan Asset Management (UK) Limited ('JPMAM') to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits, as described below. It aims to outperform the benchmark indices.

The Company is subject to UK and European legislation and regulations including UK company law, UK Financial Reporting Standards, the UKLA Listing, Prospectus, Disclosure and Transparency Rules, taxation law and the Company's own Articles of Association. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

Investment Objectives, Policies and Risk Management

JPMF is responsible for management of the Company's assets. On a day-to-day basis the assets are managed by three investment managers based in London, supported by a 40 strong European equity team. The Board seeks to manage the Company's risk by imposing various investment restrictions and guidelines.

Growth Portfolio

Investment Objective

The investment objective of the Growth portfolio is to provide capital growth and a rising share price over the longer term from Continental European investments by consistent out-performance of the benchmark and taking carefully controlled risks through an investment method that is clearly communicated to shareholders.

Investment Policies

- To invest in a diversified portfolio of investments in the stockmarkets of Continental Europe.
- To emphasise capital growth rather than income, with the likely result that the level of dividends will fluctuate.
- To manage liquidity and borrowings to increase returns to shareholders.

Investment Restrictions and Guidelines

- The portfolio will not invest more than 15% of the assets in any one individual stock at the time of acquisition.
- The portfolio will be no more than 20% geared in normal market conditions.
- The portfolio does not normally invest in unquoted investments and to do so requires prior Board approval.
- The portfolio does not normally enter into derivative transactions and to do so requires prior Board approval. However, the Investment Manager has authority to carry out currency hedging transactions in order to mitigate currency risk relative to the benchmark index.
- In accordance with the Listing Rules of the UK Listing Authority, the portfolio will not invest more than 15% of its gross assets in other UK listed investment companies and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.

Income Portfolio

Investment Objective

The investment objective of the Income portfolio is to provide a growing income together with the potential for long term capital growth by investing in a portfolio of investments that

Strategic Report continued

Business Review continued

is diversified amongst countries, sectors and market capitalisations within the universe of Continental European companies.

Investment Policies

- To invest in a diversified portfolio of investments in Continental European stockmarkets.
- To provide a growing income together with the potential for long-term capital growth.
- To manage liquidity and borrowings to increase returns to shareholders.

Investment Restrictions and Guidelines

- The portfolio will not invest more than 6% of the assets in any one individual stock at the time of acquisition.
- The portfolio will be no more than 20% geared in normal market conditions.
- The portfolio does not normally invest in unquoted investments and to do so requires prior Board approval.
- The portfolio does not normally enter into derivative transactions and to do so requires prior Board approval. However, the Investment Manager has authority to carry out currency hedging transactions in order to mitigate currency risk relative to the benchmark index.
- In accordance with the Listing Rules of the UK Listing Authority, the portfolio will not invest more than 15% of its gross assets in other UK listed investment companies and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.

The Board has set no minimum or maximum limits on the number of investments in the Company's portfolios. To gain the appropriate exposure, the Investment Managers are permitted to invest in pooled funds.

Compliance with the Board's investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

Performance

Growth:
In the year to 31st March 2015, the Growth portfolio produced a return to shareholders of +14.5% and a return on net assets of +7.9%. This compares with the return on the benchmark index of +7.0%. As at 31st March 2015, the value of the Company's Growth portfolio was £252.5 million.

Income:
In the year to 31st March 2015, the Income portfolio produced a return to shareholders of +15.4% and a return on net assets of +10.7%. This compares with the return on the benchmark index of +7.0%. As at 31st March 2015, the value of the Company's Income portfolio was £122.5 million.

The Investment Managers' Report on pages 9 to 13 includes a review of developments during the year as well as information on investment activity within the Company's portfolios.

Total Return, Revenue and Dividends

Company:
Gross total return for the year amounted to £31.2 million (2014: £73.2 million) and net total return after deducting finance costs, management expenses, performance fee[1], other administrative expenses and taxation amounted to £29.9 million (2014: £63.9 million). Distributable income for the year amounted to £10.4 million (2014: £9.3 million).

Growth:
Gross total return for the year amounted to £19.5 million (2014: £52.6 million) and net total return, after deducting finance costs, management expenses, performance fee[1], other administrative expenses and taxation, amounted to £16.6 million (2014: £46.0 million). Distributable income for the year totalled £7.2 million (2014: £6.3 million). Dividends totalling 6.70 pence (2014: 6.70 pence) per Growth share were declared in respect of the year under review. Those distributions cost £6.2 million and the revenue reserve after allowing for those dividends amounts to £1.9 million.

Income:
Gross total return for the year amounted to £11.7 million (2014: £20.6 million) and net total return, after deducting finance costs, management expenses, performance fee[1], other administrative expenses and taxation, amounted to £10.3 million (2014: £17.8 million). Distributable income for the year totalled £3.2 million (2014: £3.0 million). Dividends totalling 4.75 pence (2014: 4.75 pence) per Income share were paid in respect of the year under review. Those distributions cost £3.3 million and the revenue reserve after allowing for those dividends amounts to £0.5 million.

[1]The performance fee was terminated effective from 1st April 2014.

Key Performance Indicators ('KPIs')

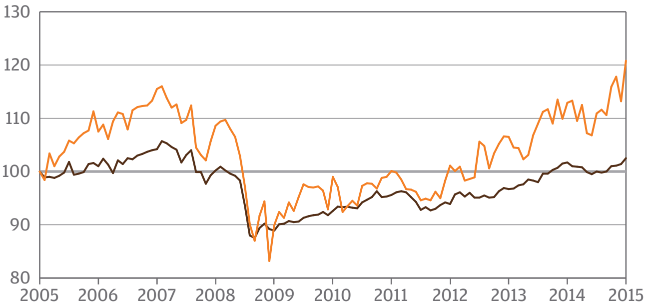
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The Board is provided with performance indicators monthly and in addition, during quarterly Board Meetings, more detailed reviews are undertaken. The principal KPIs are:

- **Performance against the benchmark index:**
  This is the most important KPI by which performance is judged. The following graphs illustrate performance against indicators and these are further discussed in the Chairman's Statement.

Growth:

Performance Relative to Benchmark Index

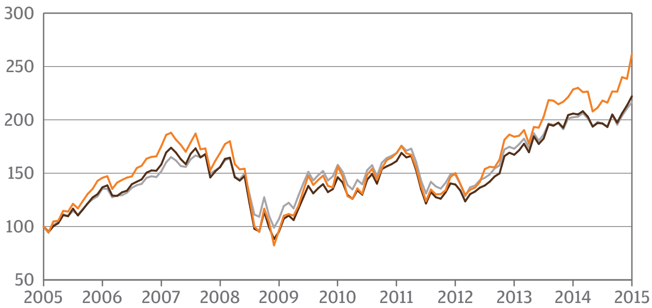
Figures have been rebased to 100 at 31st March 2005



Source: Morningstar.
JPMorgan European Growth – share price total return.
JPMorgan European Growth – net asset value per share total return (based on cum income NAV; prior to 30th June 2008 capital only NAV).
The benchmark is represented by the grey horizontal line. (see page 2 note 3)

Ten Year Performance

Figures have been rebased to 100 at 31st March 2005

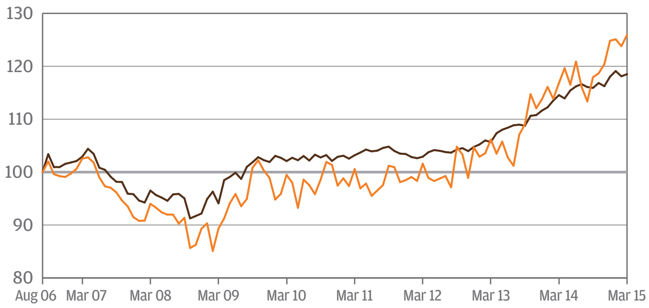


Source: Morningstar/MSCI.
JPMorgan European Growth – share price total return.
JPMorgan European Growth – net asset value per share total return (based on cum income NAV; prior to 30th June 2008 capital only NAV).
Benchmark. (see page 2 note 3)

Income:

Performance Relative to Benchmark Index Since Inception

Figures have been rebased to 100 at inception



Source: Morningstar.
JPMorgan European Income – share price total return.
JPMorgan European Income – net asset value per share total return (based on cum income NAV; prior to 30th June 2008 capital only NAV).
The benchmark index is represented by the grey horizontal line. (see page 3 note 3)

Performance Since Inception

Figures have been rebased to 100 at inception

Source: Morningstar/MSCI.
JPMorgan European Income – share price total return.
JPMorgan European Income – net asset value per share total return (based on cum income NAV; prior to 30th June 2008 capital only NAV).
Benchmark. (see page 3 note 3)

- **Performance against the Company's peers**
  The principal objective of the Growth portfolio is to achieve capital growth by consistent outperformance of the benchmark. The principal objective of the Income portfolio is to provide a growing income together with the potential for long-term capital growth. However, the Board also monitors the performance of both portfolios relative to a broad range of competitor funds. The Company's performance for the current period is comparative with its peers.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how each portfolio achieved its performance relative to its benchmark index, i.e. to understand the impact on each

Strategic Report continued

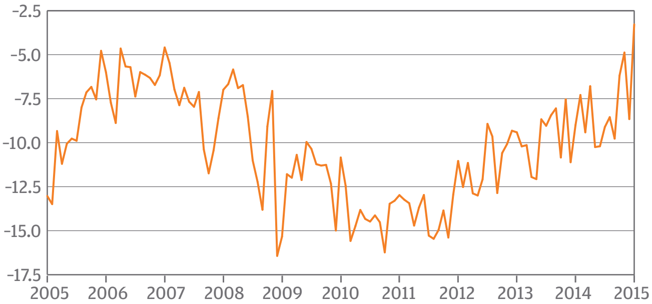
Business Review continued

portfolio's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analyses for the year ended 31st March 2015 are given in the Investment Managers' Report on pages 9 to 13.

- **Discount to net asset value ('NAV')**
The Board has for several years operated a share repurchase programme that seeks to address imbalances in supply and demand for the Company's shares within the market and thereby seek to manage the volatility and absolute level of the discount to NAV at which the Company's shares trade. In the year to 31st March 2015, the discount on the Growth shares (using capital only month end data, with debt valued at par) ranged between 3.3% and 10.3% and the discount on the Income shares (using capital only month end data, with debt valued at par) ranged between 3.1% and 9.8%.

Growth:

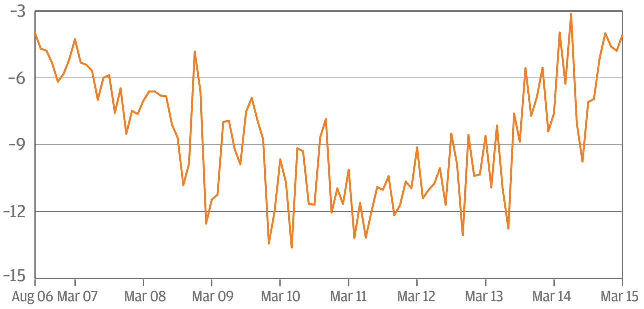
Discount History



Source: Datastream.
JPMorgan European Growth – share price discount on capital-only net asset value.

Income:

Discount History



Source: Datastream.
JPMorgan European Income – share price discount on capital-only net asset value.

- **Ongoing Charges**
The Ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs and performance fee[1] payable, expressed as a percentage of the average of the daily net assets during the year. The Growth portfolio's ongoing charges for the year ended 31st March 2015 were 1.04% (2014: 0.86%). The Income portfolio's Ongoing charges for the year ended 31st March 2015 were 1.08% (2014: 1.06%).

Share Capital
The Company has authority both to repurchase shares in the market (for cancellation or to be held in Treasury) and to issue new shares for cash at a premium to net asset value.

During the year no shares were repurchased for cancellation or into Treasury (2014: Growth 268,437, Income 80,675). No Growth shares or Income shares were held in, or cancelled from, Treasury during the year.

No shares of either class have been repurchased since the year end.

No new shares were issued during the year, or since the year end (2014: nil).

Resolutions to renew the authorities to allot new shares and to repurchase shares for cancellation will be put to shareholders at the forthcoming AGM. The full text of the resolutions is set out in the Notice of Meeting on pages 88 and 89.

Conversions
As detailed in the Chairman's Statement (page 5), on page 45, and resolution 14 in the Notice of the AGM on page 89, the Board will be seeking shareholder approval for a change to the Company's articles that will reduce the current bi-annual share conversions in March and September to a single conversion date once a year in March.

During the year, conversions took place on 15th September 2014 and 16th March 2015. The net result of those conversions was a decrease in the Growth issued share capital of 8,507,556 shares, and an increase in the Income issued share capital of 15,753,840 shares.

Principal Risks
With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

[1]Further details of the fees, including reference to the termination of the performance fee effective from 1st April 2014 are located on page 43.

- Investment and Strategy: An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to under-performance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by an investment process designed to identify stocks with the best prospects and by diversification of investments through its investment restrictions and guidelines which are monitored and reported to the Board. JPMF provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Manager employs the Company's gearing within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.

- Market: Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by JPMF. The Board monitors the implementation and results of the investment process with the Manager.

- Accounting, Legal and Regulatory: In order to continue to qualify as an investment trust, the Company must comply with Section 1158 ('Section 1158') of the Corporation Tax Act 2010. Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMF and the results reported to the Board each month. The Company must also comply with the provisions of The Companies Act and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure and Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMF, and its professional advisers to ensure compliance with the Companies Act and The UKLA Listing Rules and DTRs.

- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 46 to 50.

- Operational: Disruption to, or failure of, JPMF's accounting, dealing or payments systems or the Depositary or custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on page 49.

- Financial: The financial risks faced by the Company include market risk (which comprises currency risk, interest rate risk and other price risk), liquidity risk and credit risk. Further details are disclosed in note 24 on pages 79 to 84.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 31st March 2015, there were five male Directors and two female Directors on the Board. Following the AGM on 21st July 2015 there will be five Directors in total (three males, two females).

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. it has no employees and all of its Directors are non-executive. The day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the JPMAM policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

Strategic Report continued

Business Review continued

Social, Community, Environmental and Human Rights

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request.

Greenhouse Gas Emissions

The Company is managed by JPMF – with portfolio management delegated to JPMAM. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company's manager, JPMAM, is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy for the two portfolios in the light of economic and equity market developments. The Investment Managers discuss the outlook in their report on pages 9 to 13.

By order of the Board
Paul Winship, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

5th June 2015

Governance

Board of Directors

Andrew Murison
(Chairman of the Board and Nomination Committee)

A Director since 2002, Chairman since 2003.

Last reappointed to the Board: 2014 (not standing for re-election in 2015).

Remuneration: £34,000.

Other directorships: Previously Senior Bursar of Peterhouse, Cambridge and until April and May 2015 respectively, a director of Maven Income and Growth VCT 3 plc and HG Capital Trust plc. His qualifications for Board membership are long experience of financial, investment and strategic management.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,050 Growth Shares and 22,341 Income Shares.

Andrew Adcock

A Director since 1st October 2013.

Remuneration: £23,000.

Chairman of Majedie Investments Plc and a non executive director of the F&C Global Smaller Companies plc, Kleinwort Benson Bank Limited and Foxton's plc. From 9th February 2015 he was appointed as chairman of VPC Speciality Lending Investment Plc, Also a director of the Courtauld Institute of Art and chairman of the Samuel Courtauld Trust. Previous roles include non-executive director of Kleinwort Benson Group Limited, until July 2011, managing partner of Brompton Asset Management and vice chairman of Citigroup Corporate Finance. He was previously a partner at Lazard LLC. His qualification for Board membership is more than 30 years experience in the City of London.

Connections with Manager: None.

Shared directorships with other Directors: F&C Global Smaller Companies plc.

Shareholding in Company: 25,000 Growth Shares.

Josephine Dixon
(Chair of the Audit Committee since 22nd July 2014)

A Director since 1st October 2013.

Remuneration: £27,000.

Chartered accountant and a non-executive director of Standard Life Equity Income Trust plc and Worldwide Healthcare Trust plc. On 14th July 2014 she was appointed a non-executive director of Strategic Capital Trust plc, on 1st August 2014 of Plutus Powergen plc and on 11th February 2015 of F&C Global Smaller Companies plc. Previously held a number of senior positions within the Nat West Group and was Finance Director of Newcastle United plc. She was Commercial Director, UK, Europe and the Middle East at Serco Group and sat on various advisory boards in the education and charity sector. Her qualifications for Board membership are as a qualified accountant and her previous board experience.

Connections with Manager: None.

Shared directorships with other Directors: F&C Global Smaller Companies plc.

Shareholding in Company: 7,000 Growth Shares.

Governance continued

Board of Directors continued

Stephen Goldman

A Director since September 2008.

Last reappointed to the Board: 2014.

Remuneration: £23,000.

Other directorships: Has a wide experience of investing in European equities, having spent 12 years at NM Rothschild Asset Management, where he led the UK Equity Research team. Formerly Head of the UK Portfolio Management and the European Client Portfolio Management teams at JPMorgan and Head of Equities for the European Region at Credit Suisse Asset Management. He is a director of Cavendish Asset Management Limited.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000 Growth Shares.

Jutta af Rosenborg

A Director since 1st February 2015.

Remuneration: £23,000.

Jutta is currently a Non-Executive Director of Aberdeen Asset Management plc and a Director of Auriga Industries A/S, Det Danske Klasselotteri A/S and NKT Holdings A/S. She has held a number of senior auditing and consulting roles with firms including Deloitte in addition to directorships of listed Danish Companies. She is a qualified Accountant with a Masters in Business from the Copenhagen Business School and has considerable business experience gained as a financial director of several large industrial enterprises and their subsidiaries operating in Continental Europe.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: nil.

Stephen Russell

A Director since 2005.

Last reappointed to the Board: 2014.

Remuneration: £23,000.

Other directorships: Spent eleven years at SLC Asset Management (now CSAM), most notably as Fund Manager of £5 billion of equities, before joining HSBC Investment Bank as Head of Europe & UK Equity Strategy. He is currently Investment Director at Ruffer LLP. His qualifications for Board membership are practical experience of investment in Europe and knowledge of both the institutional and private client markets.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 2,309 Growth Shares.

Ferdinand Verdonck (Belgian)

A Director since 1998.

Last reappointed to the Board: 2014 (not standing for re-election in 2015).

Remuneration: £23,000.

Other directorships: Director of a number of Continental European companies and Virtus investment funds in the USA. Formerly Managing Director of the Almanij Group. His qualification for Board membership is many years' experience of European finance and industry.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,612 Growth Shares.

All Directors are members of the Audit and Nomination Committees and are considered independent of the Manager.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st March 2015.

Management of the Company

The Manager and Secretary is JPMorgan Funds Limited (JPMF). Portfolio management is delegated to JPMorgan Asset Management (UK) Limited (JPMAM). The current Management Agreement was entered into with effect from 1st July 2014 following implementation of the Alternative Investment Fund Managers Directive (AIFMD) as referred to in the Chairman's Statement on page 7. JPMF is employed under a contract terminable on one year's notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

JPMF and JPMAM are wholly owned subsidiaries of JPMorgan Chase Bank which, through other subsidiaries, also provides banking, dealing, marketing and custodian services to the Company.

The Board conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received is value for money for shareholders. No separate management engagement committee has been established because all Directors are considered to be independent of the Manager and, given the nature of the Company's business, it is felt that all Directors should take part in the review process.

The Board has thoroughly reviewed the performance of the Manager in the course of the year. The review covered the performance of the Manager, its management processes, investment style, resources and risk controls and the quality of support that the Company receives from the Manager including the marketing support provided. The Board is of the opinion that the continuing appointment of the Manager is in the best interests of shareholders as a whole. Such a review is carried out on an annual basis.

Management Fee

Growth Share Class

With effect from 1st April 2014 the performance fee arrangement has been terminated and the base management fee increased from 0.45% (0.6% in years when performance fee earned) to 0.75% per annum on total assets less current liabilities and is calculated and paid monthly in arrears. If the Company invests in funds managed or advised by JPMAM or any of its associated companies, those investments are excluded from the calculation and therefore attract no fee.

Income Share Class

With effect from 1st April 2014 the performance fee arrangement has been terminated. The base management fee unchanged at 0.75% per annum on total assets less current liabilities is calculated and paid monthly in arrears. If the Company invests in funds managed or advised by JPMAM or any of its associated companies, those investments are excluded from the calculation and therefore attract no fee.

Going Concern

The Directors believe that, having considered the Company's investment objectives (see page 35), future cash flow projections, risk management policies (see pages 37 to 39), liquidity risk (see note 24(b) on page 83), capital management policies and procedures (see page 85), nature of the portfolios and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors

In accordance with corporate governance best practice, all Directors will retire by rotation at the forthcoming Annual General Meeting and, being eligible, all except Andrew Murison and Ferdinand Verdonck will offer themselves for reappointment. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Jutta af Rosenborg was appointed as a Director on 1st February 2015.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnities were in place during the year and as at the date of this report.

THE COMPANY

Directors' Report continued

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Disclosure of information to Auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

(a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware, and

(b) each of the Directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Section 992 Companies Act 2006

The following disclosures are made in accordance with Section 992 Companies Act 2006.

Capital Structure
The Company's capital structure is summarised on page 4 of this report.

Voting Rights in the Company's shares
Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of AGM on page 91.

Notifiable Interests in the Company's Voting Rights
At the financial year end, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	% of Total Voting Rights
1607 Capital Partners LLC	10.7
Wells Capital Management	5.02

The Company is also aware that approximately 12.6% of the Company's total voting rights are held by individuals through savings products managed by JPMAM and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

The percentage of total voting rights is calculated by reference to the share voting numbers which as at 31st March 2015 were as follows:

Growth shares:	2.702
Income shares:	1.436

The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affects its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Environmental Matters, Social and Community Issues

Information on environmental matters, social and community issues is set out on page 40. The Company has no employees.

Independent Auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them and authorise the Directors to determine their remuneration for the ensuing year will be put to shareholders at the AGM.

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 10 and 11)

The Directors will seek renewal of the authority at the AGM to issue up to 8,524,485 new Growth shares and 7,985,410 new Income shares for cash up to an aggregate nominal amount of £426,224 and £199,635 respectively such amount being equivalent to 10% of the present issued share capital of each share class as at the last practicable date before the publication of this document. The full text of the resolutions is set out in the Notice of Meeting on page 88. This authority will expire at the conclusion of the AGM of the Company in 2016 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares to participants purchasing shares through the JPMorgan savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

(ii) Authority to repurchase the Company's Shares (resolution 12)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2014 AGM, will expire on 17th January 2016 unless renewed at the forthcoming AGM. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole as the repurchase of shares at a discount to NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the AGM to renew this authority, which will last until 21st January 2017 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Meeting on pages 88 and 89. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares, as and when market conditions are appropriate.

(iii) Authority to make off-market purchases (resolution 13)

This resolution gives the Company authority to buy its deferred shares arising on conversion of any of the Growth or Income shares into the other class of shares. This resolution follows the requirements of Section 694 of the Companies Act 2006. The Deferred shares are repurchased for nominal consideration (as they have no economic value) in order to keep the balance sheet manageable. By law the Company can only purchase these shares off-market if such purchase is pursuant to a contract in the form approved at a general meeting of the Company.

(iv) Adoption of New Articles of Association (resolution 14)

(a) *Conversion*

As referred to in the Chairman's statement of the Company's Half Yearly Report and Accounts announced on 27th November 2014, the Company's move to quarterly dividends on the Income Share Class within the existing twice yearly conversion structure has identified the possibility that a substantial switch between the two Share Classes could lead to a dilution of the revenue account and potentially a cut in the dividend. Although this seemed a remote possibility, in order to eliminate the risk the Board intends to seek shareholder approval to change the conversion process from the current bi-annual arrangement in March and September to once a year in March, from March 2015. Should this be approved, there will not be a conversion opportunity in September 2015.

In order to achieve this change the Company proposes to amend its articles of association to reflect this change which will remove the requirement for the Company to undertake two share conversions in the year.

A copy of the new articles of association are available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the notice of the AGM until conclusion of the AGM and at the place of the forthcoming AGM for at least 15 minutes before and during the meeting.

(b) *Capital profits*

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulations 2012 removed the requirement that the articles of association of an

Governance continued

Directors' Report continued

investment company must prohibit the distribution of capital profits. In line with many other investment companies, the Company proposes to amend its articles of association in order to allow the flexibility to take advantage of this change in the future. The proposed articles of association therefore reflect this change and remove all references to the prohibition of the distribution of capital profits by way of dividend.

Recommendation

The Board considers that resolutions 10 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to approximately 0.01% of the voting rights of the Company.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 54, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK 2012 Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance 2013, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

Role of the Board

A management agreement between the Company and JPMF sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administrative, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

At each Board meeting, Directors' interests are considered. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests of a Director which conflicted with the interests of the Company, which arose during the year.

Following the introduction of the Bribery Act 2010 the Board, has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets on at least five occasions during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMF, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by Andrew Murison, consists of seven non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. Following the AGM on 21st July 2015 the Board will consist of five non-executive Directors, Andrew Murison and Ferdinand Verdonck to retire on that date. Andrew Adcock will be Chairman immediately following Andrew Murison's retirement. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business. Brief biographical details of each Director are set out on pages 41 and 42.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. The Board has considered whether a senior independent director should be appointed and has concluded that, as the Board comprises entirely of non-executive directors, this is unnecessary at present. However, the Chairman of the Audit Committee leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, Directors are subject to annual reappointment by shareholders, in line with corporate governance best practice. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the AGM.

Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described below.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on pages 41 and 42.

The table below details the number of Board and Committee meetings attended by each Director. During the year there were five full Board meetings, including a private meeting of the Directors to evaluate the Manager and a separate meeting devoted to strategy. There were also two Audit Committee meetings and one meeting of the Nomination Committee during the year.

Directors	Board meetings attended	Audit Committee meetings attended	Nomination Committee meetings attended
Andrew Murison	5	2	1
Andrew Adcock	5	2	1
Josephine Dixon	5	2	1
Stephen Goldman	5	2	1
Jutta af Rosenborg[1]	1	–	1
Stephen Russell	5	2	1
Ferdinand Verdonck	5	2	1

[1]Appointed as Director on 1st February 2015.

Board Committees

Nomination Committee

The Nomination Committee, chaired by Andrew Murison, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. A variety of sources, including the use of external search consultants, may be used to ensure that a wide range of candidates is considered. The selection of Jutta af Rosenborg who was appointed on 1st February 2015 was undertaken by Webster Partners Ltd, an external search consultant that have no other relationships with the Company.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. Questionnaires, drawn up by the Board, with the assistance of JPMF and Lintstock Ltd, a firm of independent consultants, that have no other relationships with the Company, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Audit Committee Chairman leads the evaluation of the Chairman's performance.

Directors' Report continued

The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

Audit Committee
The Audit Committee, chaired by Josephine Dixon, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code.

During its review of the Company's financial statements for the year ended 31st March 2015, the Audit Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the accounts on page 63. 100% of the portfolio can be verified against daily published prices. The Board monitors significant movements in the underlying portfolio.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 63. The Board regularly reviews subjective elements of income and agree their accounting treatment.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager on behalf of the Board.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

Having taken all available information into consideration and having discussed the context of the annual report and accounts and Alternative Investment Fund Manager (JPMF), Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31st March 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 54.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

The Audit Committee also examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department, see page 49 Risk Management and Internal Controls, and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent. The Company also engages the Auditors to undertake a review of each share conversion that it processes for a fee of £3,750 per conversion. The total fee for this service was £7,500 in the year ended 31st March 2015. The Board do not consider that the fee for this non-audit service undermines the auditor's independence as it is regarded as an immaterial sum.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts including the Auditor's Audit Planning Report were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with JPMF, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current audit firm has audited the company's financial statements for more than 20 years. The Company's year ended 31st March 2015 is the current Audit Partner's third year of a five year maximum term.

Both the Nomination Committee and the Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection at the Company's website, on request at the Company's registered office and at the Company's Annual General Meeting.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders quarterly each year by way of the annual report and accounts, the half year financial report and two interim management statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Managers are available in person to meet with shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and JPMF hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 95. Questions can also be raised through the link on the Company's website www.jpmeuropean.co.uk.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 95. Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. This encompasses a review of all controls; business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMF and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. The Company does not have an internal audit function of its own, but relies on the internal audit department of the Manager. The key elements designed to provide effective risk management and internal control are as follows:

Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

Management Agreement – Appointment of a manager and depositary regulated by the Financial Conduct Authority ('FCA'), whose responsibilities are clearly defined in a written agreement.

Management Systems – The Manager's system of risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMF's Compliance department which regularly monitors compliance with FCA rules.

Investment Strategy – Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Managers and its associates as follows:

- the Board, through the Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMF's Compliance department;
- the Board reviews reports on the risk management and internal controls and the operations of its Depositary, BNY Mellon Trust & Depositary UK Limited and custodian,

Directors' Report continued

JPMorgan Chase Bank, which are themselves independently reviewed; and

- every six months the Directors review an independent report on the risk management and internal controls and the operations of JPMF.

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31st March 2015 and to the date of approval of this Annual Report and Accounts.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board.

Corporate Governance

JPMAM believes that corporate governance is integral to our investment process. As part of our commitment to delivering superior investment performance to our clients, we expect and encourage the companies in which we invest to demonstrate the highest standards of corporate governance and best business practice. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of our proxy voting and engagement activity.

Proxy Voting

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.

Stewardship/Engagement

JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, we support the introduction of the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:

- *publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;*
- *disclose their policy on managing conflicts of interest;*
- *monitor their investee companies;*
- *establish clear guidelines on how they escalate engagement;*
- *be willing to act collectively with other investors where appropriate;*
- *have a clear policy on proxy voting and disclose their voting record; and*
- *report to clients.*

JPMAM endorses the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.

Social & Environmental

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request. JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: http://www.jpmorganassetmanagement.co.uk/Institutional/CommentaryAndAnalysis/CorporateGovernance, which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Paul Winship, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

5th June 2015

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st March 2015, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 55 to 58.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote, however, a decision has been taken to seek approval annually and therefore an ordinary resolution to approve this policy will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

At the AGM on 22nd July 2014 99.55% votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the Remuneration Policy and 0.45% voted against. Abstentions were received from less 0.16% of votes cast.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board and retained. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles.

Reviews are based on information provided by the Manager, JPMF, and industry research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. The Company has no Chief Executive Officer and no employees and therefore no consultation of employees is required and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

In the year under review, Directors' fees were paid at the following rates: Chairman £34,000; Chairman of the Audit Committee £27,000; and other Directors £23,000.

The last increase to Directors' fees was made on 1st April 2014. There will be no increase to Directors' fees in the forthcoming period of accounts to 31st March 2016.

The Company's articles of association provide that any increase in the maximum aggregate annual limit on Directors' fees, currently £175,000, requires both Board and shareholder approval.

The Company's Articles of Association provide for additional remuneration to be paid to the Company's Directors for duties or services performed outside their ordinary duties, not limited by the £175,000, refered to above.

The Company has not sought shareholder views on its remuneration policy. The Nomination Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and takes account of those views.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 47.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended

Governance continued

Directors' Remuneration Report continued

31st March 2014 and no changes are proposed for the year ending 31st March 2016.

At the Annual General Meeting held on 22nd July 2014, of votes cast, 99.58% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.42% voted against. Abstentions were received from less than 0.13% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2015 Annual General Meeting will be given in the annual report for the year ending 31st March 2016.

Details of the implementation of the Company's remuneration policy are given below.

Single total figure of remuneration

The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table[1]

Directors' Name	2015 £	2014 £
Andrew Adcock	**23,000**	10,000
Josephine Dixon[2]	**25,774**	10,000
Robin Faber[3]	**8,412**	24,000
Stephen Goldman	**23,000**	20,000
Andrew Murison	**34,000**	30,000
Jutta af Rosenborg[4]	**3,833**	–
Stephen Russell	**23,000**	20,000
Ferdinand Verdonck	**23,000**	20,000
Total	**164,019**	134,000

[1]Audited information.

[2]Became Audit Committee chair on 22nd July 2014.

[3]Retired 22nd July 2014.

[4]Appointed 1st February 2015.

A table showing the total remuneration for the Chairman over the five years ended 31st March 2015 is below:

Remuneration for the role of Chairman over the six years ended 31st March 2015

Year ended 31st March	Fees
2015	£34,000
2014	£30,000
2013	£30,000
2012	£30,000
2011	£30,000
2010	£27,000

Directors' Shareholdings

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors beneficial shareholdings in the Company's Growth shares, are detailed below:

Directors	31st March 2015	1st April 2014 or date of appointment
Andrew Adcock	**25,000**	25,000
Josephine Dixon	**7,000**	–
Robin Faber	**–**	10,000
Stephen Goldman	**10,000**	10,000
Andrew Murison	**5,050**	10,050
Stephen Russell	**2,309**	2,232
Ferdinand Verdonck[1]	**3,612**	3,487

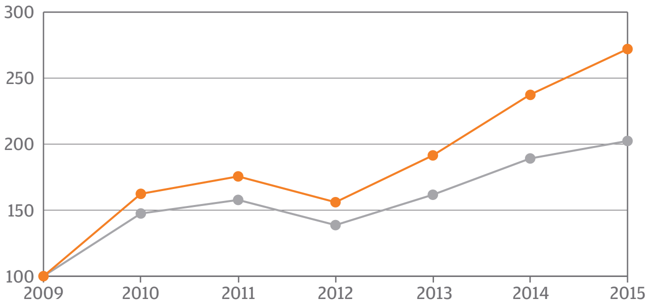
[1]Ferdinand Verdonck acquired 17 Growth shares in the Company after the year end.

Mr Murison also had a beneficial interest in 22,341 Income shares at the end of the year.

Graphs showing each portfolio's share price total return compared with the relevant benchmark are shown below.

Growth:

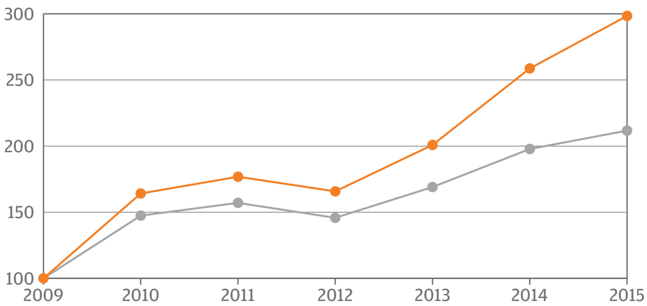
Six Year Share Price and Benchmark Total Return to 31st March 2015



Source: Morningstar/FTSE/MSCI.
Share price total return.
Benchmark total return. (see note 3 on page 2)

Income:

Six Year Share Price and Benchmark Total Return to 31st March 2015



Source: Morningstar/MSCI.
Share price total return.
Benchmark total return. (see note 3 on page 3)

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st March 2015	2014
Remuneration paid to all Directors	**£164,000**	£134,000
Distribution to shareholders		
– by way of dividend	**£9,504,000**	£9,296,000
– by way of share repurchases	**£nil**	£615,000

By order of the Board
Paul Winship, for and on behalf of
JPMorgan Funds Limited,
Secretary

5th June 2015

THE COMPANY

Governance continued

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the www.jpmeuropean.co.uk website, which is maintained by the Company's Manager, JPMorgan Funds Limited. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report, a Directors' Report and a Directors' Remuneration Report that comply with that law and those regulations.

Each of the Directors, whose names and functions are listed on pages 41 and 42 confirm that, to the best of their knowledge the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company.

The Board confirms that it is satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy and business model of the Company.

For and on behalf of the Board
Andrew Murison
Chairman

5th June 2015

Independent Auditor's Report

to the Members of JPMorgan European Investment Trust plc

Our audit opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31st March 2015 and of its net return for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our audit opinion on matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

What we have audited

We have audited the financial statements of JPMorgan European Investment Trust plc for the year ended 31st March 2015 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 54, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies applied are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

Independent Auditor's Report continued

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of the risk of material misstatement and our audit response

The risks included in the table below represent those material risks of misstatement that have had the greatest impact on our audit strategy and approach for the year ended 31st March 2015 (including the allocation of resources and the directing of efforts of the engagement team). The table also includes our audit response to each of these risks:

Risk identified	Our response
The investment income receivable by the Company during the period directly drives the Company's ability to make a dividend payment to shareholders. The investment income receivable for the year to 31st March 2015 was £12.7 million (as disclosed in Note 3 to the financial statements). If the Company is not entitled to receive the dividend income recognised in the financial statements or the income recognised does not relate to the current financial year, this will impact the extent of the profits available to fund dividend distributions to shareholders.	• We agreed a sample of dividends to the corresponding announcement made by the investee company and agreed cash received to bank statements. • For all dividends accrued at year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31st March 2015. • We agreed a sample of accrued dividends to post year end bank statements to assess the recoverability of these amounts.
The fees payable by the Company for investment management services are a significant component of the Company's cost base and, therefore, impact the Company's total return. For the year to 31st March 2015, the management fee was £2.6 million (as disclosed in Note 4 to the financial statements). If the management fee is not calculated in accordance with the methodology prescribed in the investment management agreement this could have a significant impact on both costs and overall performance.	• We used the terms contained in the investment management agreement to recalculate the management fees for the year. • We agreed the inputs for the calculations to source data and agreed the payments to bank statements.
The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the Company's investment portfolio at 31st March 2015 was £375.0 million (movements in the investment portfolio are shown in Note 10 to the financial statements). Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	• We agreed the year end prices of the investments to an independent source. We did not identify any material differences. • We agreed the number of shares held in each security to a confirmation of legal title received from both the Company's custodian and its depositary.

Our application of materiality

We have defined the concept of materiality and planning materiality below.

We determined materiality for the Company to be £3.5 million, which is 1% of total equity (2014: £3.2 million based on 1% of total equity). We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

We determined performance materiality for the Company to be 75% of materiality, or £2.6 million (2014: 50% of materiality or £1.6 million). We have revised the performance materiality threshold from 50% to 75% based on the low history of error.

In addition, we agreed with the Audit Committee that we would report any audit differences in excess of £0.2 million (2014: £0.2 million), as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In accordance with the scope of our audit, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply the concept of materiality for the purposes of obtaining sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. For this reason, we also define a separate performance materiality threshold which reflects our tolerance for misstatement in an individual account balance and is set as a proportion of our overall materiality.

Our objective in setting the performance materiality threshold is to identify the amount of testing required in respect of each balance to reduce to an appropriately low level the probability that the aggregate of any uncorrected and undetected misstatements in the financial statements as a whole exceeds our materiality level.

We evaluate any uncorrected misstatements and potential audit differences against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

We applied the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements on the financial statements, and in forming our audit opinion. When establishing our overall audit strategy, we determined the magnitude of omissions or uncorrected misstatements that we judged would be material to the financial statements as a whole. This provided a basis for determining the nature of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

Matters on which we are required to report by exception

We are required by the International Standards on Auditing (UK and Ireland), the Companies Act 2006 and the Listing Rules to report to you by exception if certain matters are identified during the course of our audit. These matters are listed below and we have nothing to report in respect of any of these matters.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Independent Auditor's Report continued

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 43, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Michael-John Albert (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

5th June 2015

Financial Statements

Income Statement
for the year ended 31st March 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Gains on investments and derivatives held at fair value through profit or loss	2	–	14,439	14,439	–	59,970	59,970
Net foreign currency gains		–	4,038	4,038	–	1,394	1,394
Income from investments	3	12,316	–	12,316	11,697	–	11,697
Other interest receivable and similar income	3	408	–	408	139	–	139
Gross return		12,724	18,477	31,201	11,836	61,364	73,200
Management fee	4	(846)	(1,724)	(2,570)	(669)	(1,354)	(2,023)
Performance fee charge							
- Capped	4	–	–	–	–	(3,089)	(3,089)
- Residual	4	–	–	–	–	(2,055)	(2,055)
Other administrative expenses	5	(756)	–	(756)	(705)	–	(705)
Net return on ordinary activities before finance costs and taxation		11,122	16,753	27,875	10,462	54,866	65,328
Finance costs	6	(107)	(222)	(329)	(145)	(296)	(441)
Net return on ordinary activities before taxation		11,015	16,531	27,546	10,317	54,570	64,887
Taxation	7	(640)	–	(640)	(1,030)	–	(1,030)
Net return on ordinary activities after taxation		10,375	16,531	26,906	9,287	54,570	63,857
Return per share:							
Growth share	9	7.90p	10.36p	18.26p	6.64p	41.82p	48.46p
Income share	9	4.60p	10.25p	14.85p	4.82p	24.01p	28.83p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason, a STRGL has not been presented.

The notes on pages 63 to 86 form an integral part of these accounts.

Financial Statements continued

Reconciliation of Movements in Shareholders' Funds

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st March 2013	6,314	37,921	12,836	212,894	3,384	**273,349**
Repurchase and cancellation of the Company's own shares	(14)	–	14	(615)	–	**(615)**
Share conversions during the year	(2)	3,894	66	(3,958)	–	**–**
Net return on ordinary activities	–	–	–	54,570	9,287	**63,857**
Dividends appropriated in the year	–	–	–	–	(9,049)	**(9,049)**
At 31st March 2014	6,298	41,815	12,916	262,891	3,622	**327,542**
Share conversions during the year	(13)	21,871	358	(22,216)	–	**–**
Transfer between reserves for prior period rounding errors	(5)	–	5	–	–	**–**
Net return on ordinary activities	–	–	–	16,531	10,375	**26,906**
Dividends appropriated in the year	–	–	–	–	(9,442)	**(9,442)**
At 31st March 2015	6,280	63,686	13,279	257,206	4,555	**345,006**

The notes on pages 63 to 86 form an integral part of these accounts.

Balance Sheet
at 31st March 2015

	Notes	2015 Growth (unaudited) £'000	2015 Income (unaudited) £'000	2015 Total £'000	2014 Total £'000
Fixed assets					
Investments held at fair value through profit or loss		**246,352**	**122,492**	**368,844**	359,884
Investments in liquidity funds held at fair value through profit or loss		**6,164**	**–**	**6,164**	8,391
Total investments	10	**252,516**	**122,492**	**375,008**	368,275
Current assets					
Debtors	11	**1,638**	**674**	**2,312**	12,794
Cash and short term deposits	11	**772**	**3**	**775**	4,674
Derivative financial assets	12	**194**	**289**	**483**	137
		2,604	**966**	**3,570**	17,605
Creditors: amounts falling due within one year	13	**(24,697)**	**(8,686)**	**(33,383)**	(58,254)
Derivative financial liabilities	14	**(109)**	**(80)**	**(189)**	(84)
Net current liabilities		**(22,202)**	**(7,800)**	**(30,002)**	(40,733)
Total assets less current liabilities		**230,314**	**114,692**	**345,006**	327,542
Net assets		**230,314**	**114,692**	**345,006**	327,542
Capital and reserves					
Called up share capital	16	**4,383**	**1,897**	**6,280**	6,298
Share premium	17	**10,304**	**53,382**	**63,686**	41,815
Capital redemption reserve	17	**12,165**	**1,114**	**13,279**	12,916
Capital reserves	17	**200,482**	**56,724**	**257,206**	262,891
Revenue reserve	17	**2,980**	**1,575**	**4,555**	3,622
Total equity shareholders' funds		**230,314**	**114,692**	**345,006**	327,542
Net asset values:	18				
Net asset value per Growth share				**270.2p**	257.3p
Net asset value per Income share				**143.6p**	134.6p

The accounts on pages 59 to 86 were approved and authorised for issue by the Directors on 5th June 2015 and are signed on their behalf by:

Andrew Murison
Chairman

The notes on pages 63 to 86 form an integral part of these accounts.

JPMorgan European Investment Trust plc
Company registration number: 237958

Financial Statements continued

Cash Flow Statement
for the year ended 31st March 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	19	**644**	5,926
Returns on investments and servicing of finance			
Interest paid		**(346)**	(428)
Taxation recovered		**350**	692
Capital expenditure and financial investment			
Purchases of investments		**(322,088)**	(291,322)
Sales of investments		**327,326**	283,898
Settlement of futures contracts		**(117)**	(97)
Other capital charges		**(51)**	(58)
Net cash inflow/(outflow) from capital expenditure and financial investment		**5,070**	(7,579)
Management of liquid resources			
Purchases of time deposits		**(32,321)**	–
Sales of time deposits		**32,275**	–
Net cash outflow from management of liquid resources		**(46)**	–
Dividends paid		**(9,442)**	(9,049)
Net cash outflow before financing		**(3,770)**	(10,438)
Financing			
Drawdown of short term loan		**–**	16,504
Repurchase and cancellation of the Company's own shares		**–**	(713)
Net cash inflow from financing		**–**	15,791
(Decrease)/increase in cash in the year	20	**(3,770)**	5,353

The notes on pages 63 to 86 form an integral part of these accounts.

Notes to the Financial Statements
for the year ended 31st March 2015

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies ('AIC') in January 2009.

The accounts have been prepared on a going concern basis.

All of the Company's operations are of a continuing nature.

The policies applied in these accounts are consistent with those applied in the preceding year.

(b) Valuation of investments and derivatives

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with the documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition, the investments are designated by the Company as at held at fair value through profit or loss ('FVTPL'). They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for stocks traded in active markets.

Derivatives are classified as at FVTPL and are measured at fair value using the Discounted Cash Flow ('DCF') valuation technique. Unrealised movements in the valuation of derivatives are recognised in the Income Statement except where the derivative meets the criteria as a hedging instrument.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency contracts and loans, any performance fee realised, management fee and finance costs allocated to capital and any other capital charges, are included in the Income Statement and dealt with in capital reserves within 'Gains and losses on sales of investments'. Increases and decreases in the valuation of investments held at the year end, including the related foreign exchange gains and losses, are included in the Income Statement and dealt with in capital reserves within 'Holding gains and losses on investments'. Unrealised gains and losses on foreign currency contracts or foreign currency loans and any performance fee provision, are included in the Income Statement and dealt with in capital reserves within 'Unrealised reserve'.

(d) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

UK dividends are included net of tax credits. Overseas dividends are included gross of any withholding tax.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Interest receivable from fixed interest securities is included in revenue on a time apportionment basis using the effective interest method.

Stock lending income and interest receivable are included in revenue on an accruals basis.

Financial Statements continued

Notes to the Financial Statements continued

1. Accounting policies continued

(e) Expenses

All expenses are accounted for on an accruals basis.

Expenses charged to the Company that are common to both share classes are allocated between those classes in the same proportion as the net assets of each share class at the month end immediately preceding the date on which the cost is recognised.

Expenses charged to the Company in relation to a specific share class are charged directly to that share class, with the other share class incurring no charge. Losses of one share class are not borne by the other.

Shareholders converting some or all of their shares into shares of the other class will bear the costs of the conversion up to a maximum of 2% of the value of the shares being converted. Any costs in excess of this cap will be borne by all the shareholders of the Company and will be accounted for under capital reserves.

Expenses are allocated wholly to revenue with the following exceptions:

- any performance fee payable to the Manager is allocated 100% to capital in both pools.
- the management fee of the Growth pool of assets is allocated 30% to revenue and 70% to capital in line with the Board's expected split of revenue and capital return from the Growth investment portfolio.
- the management fee of the Income pool of assets is allocated 40% to revenue and 60% to capital in line with the Board's expected split of revenue and capital return from the Income investment portfolio.
- expenses incidental to the purchase of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise mainly brokerage commission.

(f) Finance costs

Finance costs, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method.

- Finance costs on the Growth pool of assets are allocated 30% to revenue and 70% to capital in line with the Board's expected split of revenue and capital return from the Growth investment portfolio.
- Finance costs on the Income pool of assets are allocated 40% to revenue and 60% to capital in line with the Board's expected split of revenue and capital return from the Income investment portfolio.

(g) Financial instruments

Cash and short term deposits comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Interest bearing bank loans and overdrafts are recognised at amortised cost and are initially recorded at the proceeds received net of direct issue costs.

Derivative financial instruments, including short term forward currency contracts are classified as 'held for trading' and held at FVTPL, and are included in current assets or current liabilities in the Balance Sheet.

Changes in the fair value of derivative financial instruments are recognised in the Income Statement as capital.

(h) Taxation

Tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Tax is computed for each pool separately. A pool which generates taxable revenues in excess of tax deductible expenses may benefit from the excess of tax deductible expenses in the other pool. In this instance compensation amounting to half the tax savings in the taxable pool will be transferred to the non taxable pool.

Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to capital.

As an investment trust which has received approval under the appropriate tax regulations, the Company is not liable for taxation on capital gains.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Foreign currency

The Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

(j) Dividends payable

All dividend payments are recognised in the period in which they are paid.

(k) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(l) Share capital transactions

Share capital transactions arising from share conversions are accounted for on the first working day following the half yearly conversion dates. Deferred shares, which have no economic value, are allotted as part of the conversion process to ensure that the conversions do not result in a reduction in the aggregate par value of the Company's share capital.

The cost of repurchasing Growth and Income shares for cancellation, including the related stamp duty and transaction costs, is charged to capital reserves and dealt with in the Reconciliation of Movements in Shareholders' Funds. Share transactions are accounted for on a trade date basis. The nominal value of share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

Financial Statements continued

Notes to the Financial Statements continued

	2015 £'000	2014 £'000
2. Gains on investments held at fair value through profit or loss		
Gains on sales of investments held at fair value through profit or loss based on historical cost	**21,637**	30,736
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	**(39,030)**	(22,162)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	**(17,393)**	8,574
Realised losses on close out of futures contracts	**(117)**	(97)
Net movement in investment holding gains and losses	**31,992**	51,555
Other capital charges	**(43)**	(62)
Capital gains on investments and derivatives held at fair value through profit or loss	**14,439**	59,970

	2015 £'000	2014 £'000
3. Income		
Income from investments		
Dividends from investments listed overseas	**12,067**	11,303
Dividends from investments listed in the UK	**193**	147
Scrip dividends from investments listed overseas	**42**	124
Overseas fixed interest income	**–**	118
Dividends from liquidity funds	**14**	5
	12,316	11,697
Other interest receivable and similar income		
Stock lending fees	**297**	131
Deposit interest	**111**	8
	408	139
Total income	**12,724**	11,836

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
4. Management and performance fee						
Management fee	**846**	**1,724**	**2,570**	669	1,354	2,023
Performance fee charge[1]						
- Capped	**–**	**–**	**–**	–	3,089	3,089
- Residual	**–**	**–**	**–**	–	2,055	2,055
	–	**–**	**–**	–	5,144	5,144
Total	**846**	**1,724**	**2,570**	669	6,498	7,167

[1]With effect from 1st April 2014 the performance fee arrangement was terminated.

Details of the management fee are given in the Directors' Report on page 43.

	2015 £'000	2014 £'000
5. Other administrative expenses		
Administration expenses	**378**	384
Directors' fees[1]	**164**	134
Savings scheme costs[2]	**172**	145
Auditors' remuneration for audit services[3]	**32**	32
Auditors' remuneration for all other services[4]	**10**	10
	756	705

[1]Full disclosure is given in the Directors' Remuneration Report on pages 51 to 53.

[2]These fees were paid to the Manager for the marketing and administration of savings scheme products.

[3]Includes £5,000 (2014: £5,000) irrecoverable VAT.

[4]Includes the costs of half yearly conversion opportunities and £2,000 (2014 : £2,000) irrecoverable VAT.

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
6. Finance costs						
Interest on bank loans and overdrafts	**107**	**222**	**329**	145	296	441
	107	**222**	**329**	145	296	441

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Notes to the Financial Statements continued

7. Taxation

(a) Analysis of tax charge in the year

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Overseas withholding tax	640	–	640	1,030	–	1,030
Current tax charge for the year	640	–	640	1,030	–	1,030

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2014: lower) than the tax charge that would arise by applying the Company's applicable rate of corporation tax for the year of 21% (2014: 23%). The factors affecting the current tax charge for the year are as follows:

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Net return on ordinary activities before taxation	11,015	16,531	27,546	10,317	54,570	64,887
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 21% (2014: 23%)	2,313	3,472	5,785	2,373	12,551	14,924
Effect of:						
Non taxable UK dividend income	(41)	–	(41)	(33)	–	(33)
Non taxable overseas dividends	(2,501)	–	(2,501)	(2,584)	–	(2,584)
Non taxable scrip dividends	(9)	–	(9)	(29)	–	(29)
Non taxable capital gains	–	(3,881)	(3,881)	–	(14,114)	(14,114)
Excess expenses over taxable income	647	–	647	273	1,563	1,836
Overseas withholding tax	640	–	640	1,030	–	1,030
Tax attributable to expenses and finance costs charged to capital	(409)	409	–	–	–	–
	640	–	640	1,030	–	1,030

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £5,971,000 (2014: £5,623,000) based on a prospective corporation tax rate of 20% (2014: 20%). The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and declared[1]

	2015 £'000	2014 £'000
Dividends paid		
Unclaimed Growth dividends refunded to the Company	–	(1)
Growth 2014 second interim dividend of 1.25p (2013: 1.15p)	**1,187**	1,099
Growth first interim dividend of 5.45p (2014: 5.45p)	**5,110**	5,180
Income 2014 second interim dividend of 1.50p (2013: 1.25p)	**926**	768
Income first quarterly dividend of 1.10p (2014: nil)	**705**	–
Income second quarterly dividend of 1.10p (2014: 3.25p first interim)	**705**	2,003
Income third quarterly dividend of 1.10p (2014: nil)	**809**	–
Total dividends paid in the year	**9,442**	9,049
Dividends declared		
Growth second interim dividend of 1.25p (2014: 1.25p)	**1,108**	1,187
Income fourth quarterly dividend of 1.45p (2014: 1.50p second interim)	**1,067**	926
Total dividends payable[2]	**2,175**	2,113

[1]The income share class dividends are now quarterly distributions compared to semi annual in prior years.

[2]In accordance with the accounting policy of the Company, these dividends will be reflected in the accounts for the following year.

(b) Dividend for the purposes of Section 1158 of the Corporation Tax Act 2010 ('Section 1158')

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, as follows:

	2015 £'000	2014 £'000
Growth first interim dividend of 5.45p (2014: 5.45p)	**5,110**	5,180
Growth second interim dividend of 1.25p (2014: 1.25p)	**1,108**	1,187
Income first quarterly dividend of 1.10p (2014: nil)	**705**	–
Income second quarterly dividend of 1.10p (2014: 3.25p first interim)	**705**	2,003
Income third quarterly dividend of 1.10p (2014: nil)	**809**	–
Income fourth quarterly dividend of 1.45p (2014: 1.50p second interim)	**1,067**	926
Total[1]	**9,504**	9,296

[1]The revenue available for distribution by way of dividend for the year is £10,375,000 (2014: £9,287,000).

Financial Statements continued

Notes to the Financial Statements continued

9. Return per share

	2015 £'000	2014 £'000
Growth share		
Return per share is based on the following:		
Revenue return	**7,174**	6,311
Capital return	**9,410**	39,732
Total return	**16,584**	46,043
Weighted average number of shares in issue	**90,815,383**	95,004,781
Revenue return per share	**7.90p**	6.64p
Capital return per share	**10.36p**	41.82p
Total return per share	**18.26p**	48.46p
Income share		
Return per share is based on the following:		
Revenue return	**3,201**	2,976
Capital return	**7,121**	14,838
Total return	**10,322**	17,814
Weighted average number of shares in issue	**69,514,226**	61,795,955
Revenue return per share	**4.60p**	4.82p
Capital return per share	**10.25p**	24.01p
Total return per share	**14.85p**	28.83p

10. Investments

	2015 £'000	2014 £'000
Investments listed on a recognised investment exchange	**368,844**	359,884
Investments in liquidity funds	**6,164**	8,391
	375,008	368,275

	Listed in UK £'000	Listed overseas £'000	Total £'000
Opening book cost	593	284,452	**285,045**
Opening investment holding gains	6,502	76,728	**83,230**
Opening valuation	7,095	361,180	**368,275**
Movement in the year:			
Purchases at cost	–	307,978	**307,978**
Sales – proceeds	(438)	(315,406)	**(315,844)**
Gains on sales based on the carrying value at the previous balance sheet date	(7)	(17,386)	**(17,393)**
Net movement in investment holding gains and losses	(218)	32,210	**31,992**
	6,432	368,576	**375,008**
Closing book cost	556	298,260	**298,816**
Closing investment holding gains	5,876	70,316	**76,192**
Total investments held at fair value through profit or loss	6,432	368,576	**375,008**

During the year, prior year investment holding gains amounting to £39,030,000 were transferred to 'Gains and losses on sales of investments', as disclosed in note 17.

Transaction costs on purchases during the year amounted to £692,000 (2014: £639,000) and on sales during the year amounted to £510,000 (2014: £439,000). These costs comprise mainly brokerage commission.

Financial Statements continued

Notes to the Financial Statements continued

	2015 £'000	2014 £'000
11. Current assets		
Debtors		
Securities sold awaiting settlement	**267**	11,749
Dividends and interest receivable	**657**	590
Overseas tax recoverable	**1,345**	413
Other debtors	**43**	42
	2,312	12,794

The Directors consider that the carrying amount of debtors approximates to their fair value. No debtors are considered to be past due or impaired (2014: nil).

Cash and short term deposits

Cash and short term deposits comprises bank balances and short term deposits. The carrying amount of these balances represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

	2015 £'000	2014 £'000
12. Derivative financial assets		
Forward foreign currency contracts	**483**	137

	2015 £'000	2014 £'000
13. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**7**	14,159
Bank loan	**32,556**	37,202
Bank overdraft	**674**	–
Other creditors and accruals	**146**	522
Performance fee[1]	**–**	6,371
	33,383	58,254

[1]With effect from 1st April 2014 the performance fee arrangement was terminated.

The Company has a €60 million 364 day committed revolving credit facility with Scotiabank, which expires on 27th August 2015.

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

Further details of the loan facility are given in note 24(a)(ii) on page 81.

	2015 £'000	2014 £'000
14. Derivative financial liabilities		
Forward foreign currency contracts	**189**	84

	2015 £'000	2014 £'000
15. Provisions for liabilities and charges		
Performance fee provision brought forward at the beginning of the year	**–**	1,227
Performance fee charge	**–**	5,144
Amount realised in the year[1]	**–**	(6,371)
Performance fee provision carried forward at the end of the year	**–**	–

[1]With effect from 1st April 2014 the performance fee arrangement was terminated.

16. Called up share capital

Issued and fully paid share capital:

	2015 Shares in issue	2015 £'000	2014 Shares in issue	2014 £'000
Growth shares				
Opening balance of shares	**93,752,402**	**4,730**	95,318,652	4,797
Repurchase of shares for cancellation	**–**	**–**	(268,437)	(13)
Net conversion decrease of shares	**(8,507,556)**	**(342)**	(1,297,813)	(54)
Transfer between reserves for prior period rounding errors	**–**	**(5)**	–	–
Closing balance	**85,244,846**	**4,383**	93,752,402	4,730

	2015 Shares in issue	2015 £'000	2014 Shares in issue	2014 £'000
Income shares				
Opening balance of shares	**64,100,264**	**1,568**	61,719,532	1,517
Repurchase of shares for cancellation	**–**	**–**	(80,675)	(1)
Net conversion increase of shares	**15,753,840**	**329**	2,461,407	52
Closing balance	**79,854,104**	**1,897**	64,100,264	1,568

Notes to the Financial Statements continued

16. Called up share capital continued

Deferred Shares

The Company's Articles allow for Deferred shares to be allotted as part of the share conversion to ensure that the conversion does not result in a reduction of the aggregate par value of the Company's issued share capital (in contravention of the Companies Act). The Deferred shares do not confer any rights to the shareholder to receive capital or dividends and will be repurchased by the Company from time to time for a nominal sum. The issue and repurchase of these Deferred shares has no effect on the net asset value attributable to the holders of Growth or Income shares. The shares have no voting rights and no rights on a winding up of the Company or entitlement to dividends.

	2015 £'000	2014 £'000
Deferred Growth shares		
2014 Opening balance of 93,647,747 shares of 0.081675p each (2013: 687,061 shares of 0.090590p each)	**76**	1
2013 Repurchase of 687,061 shares of 0.090590p each for cancellation	**–**	(1)
2014 Issue of 94,956,512 shares of 0.242964p each	**–**	231
2014 Repurchase of 94,956,512 shares of 0.242964p each for cancellation	**–**	(231)
2014 Issue of 93,647,747 shares of 0.081675p each	**–**	76
2014 Repurchase of 93,647,747 shares of 0.081675p each for cancellation	**(76)**	–
2014 Issue of 88,584,347 shares of 0.085005p each	**75**	–
2015 Repurchase of 88,584,347 shares of 0.085005p each for cancellation	**(75)**	–
2015 Issue of 318,263, shares of 0.007711p each	**–**	–
2015 Closing balance of 318,263 shares of 0.007711p each (2014: 93,647,747 shares of 0.081675p)	**–**	76
Deferred Income shares		
2014 Opening balance of 1,354,439 shares of 0.160988p each (2013: 60,767,782 shares of 0.071187p)	**2**	43
2013 Repurchase of 60,767,782 shares of 0.071187p each for cancellation	**–**	(43)
2014 Issue of 93,703 shares of 0.405313p each	**–**	–
2014 Repurchase of 93,703 shares of 0.405313p each for cancellation	**–**	–
2015 Issue of 1,354,439 shares of 0.160988p each	**–**	2
2014 Repurchase of 1,354,439 shares of 0.160988p each for cancellation	**(2)**	–
2014 Issue of 5,168,055 shares of 0.204346p each	**11**	–
2015 Repurchase of 5,168,055 shares of 0.204346p each for cancellation	**(11)**	–
2015 Issue of 3,532,228 shares of 0.065180p each	**2**	–
2015 Closing balance of 3,532,228 shares of 0.065180p each (2014: 1,354,439 shares of 0.001609p)	**2**	2

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Holding gains and losses on investments £'000	Unrealised reserve £'000	Revenue reserve £'000	**Total £'000**
17. Reserves								
Opening balance	6,298	41,815	12,916	172,675	83,230	6,986	3,622	327,542
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	(17,393)	–	–	–	(17,393)
Net movement in investment holding gains and losses	–	–	–	–	31,992	–	–	31,992
Unrealised gains on foreign currency contracts	–	–	–	–	–	294	–	294
Transfer on disposal of investments	–	–	–	39,030	(39,030)	–	–	–
Unrealised gains on foreign currency contracts now realised	–	–	–	53	–	(53)	–	–
Net foreign currency exchange losses on cash and short term deposits held during the year	–	–	–	(902)	–	–	–	(902)
Realised losses on close out of futures contracts	–	–	–	(117)	–	–	–	(117)
Unrealised foreign currency gains on loans	–	–	–	–	–	4,646	–	4,646
Transfer between reserves for prior period performance fee	–	–	–	5,123	–	(5,123)	–	–
Transfer between reserves for prior period rounding errors	(5)	–	5	–	–	–	–	–
Share conversions during the year	(13)	21,871	358	(22,216)	–	–	–	–
Management fee and finance costs charged to capital	–	–	–	(1,946)	–	–	–	(1,946)
Other capital charges	–	–	–	(43)	–	–	–	(43)
Dividends appropriated in the year	–	–	–	–	–	–	(9,442)	(9,442)
Retained revenue for the year	–	–	–	–	–	–	10,375	10,375
Closing balance	**6,280**	**63,686**	**13,279**	**174,264**	**76,192**	**6,750**	**4,555**	**345,006**

18. Net asset values

Net asset value per Growth share is calculated by dividing Growth shareholders' funds of £230,314,000 (2014: £241,249,000) by the 85,244,846 Growth shares in issue at the year end (2014: 93,752,402 shares).

Net asset value per Income share is calculated by dividing Income shareholders' funds of £114,692,000 (2014: £86,293,000) by the 79,854,104 Income shares in issue at the year end (2014: 64,100,264 shares).

Notes to the Financial Statements continued

	2015 £'000	2014 £'000
19. Reconciliation of net return on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Net return before finance costs and taxation	**27,875**	65,328
Less capital return before finance costs and taxation	**(16,753)**	(54,866)
Increase in accrued income	**(67)**	(87)
Increase in prepayments	**(3)**	(1)
(Decrease)/increase in accrued expenses	**(104)**	26
Management fee charged to capital	**(1,969)**	(1,354)
Overseas withholding tax	**(1,922)**	(1,651)
Scrip dividends included in income	**(42)**	(124)
Effective interest rate adjustment on bonds	**–**	(7)
Performance fee paid	**(6,371)**	(1,338)
Net cash inflow from operating activities	**644**	5,926

	At 31st March 2014 £'000	Cash flow £'000	Exchange movement £'000	At 31st March 2015 £'000
20. Analysis of changes in net debt				
Cash and short term deposits	4,674	(3,096)	(803)	**775**
Bank overdraft	–	(674)	–	**(674)**
Bank loan	(37,202)	–	4,646	**(32,556)**
Net debt	(32,528)	(3,770)	3,843	**(32,455)**

21. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2014: none).

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22. Transactions with the Manager, affiliates of the Manager and related party transactions

Details of the management contract are set out in the Directors' Report on page 43. The total management fee payable to the Manager for the year was £2,570,000 (2014: £2,023,000), of which £nil (2014: £349,000) was outstanding at the year end .

During the year £172,000 (2014: £145,000) was payable to the Manager for the marketing and administration of savings products, of which £nil (2014: £nil) was outstanding at the year end.

Included in administration expenses in note 5 on page 67 are safe custody fees amounting to £47,000 (2014: £54,000) payable to JPMorgan Chase & Co., of which £11,000 (2014: £17,000) was outstanding at the year end.

JPMAM may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable in the year in respect of these transactions was £10,000 (2014: £14,000) of which £nil (2014: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £43,000 (2014: £62,000) were payable to JPMorgan Chase & Co. during the year of which £6,000 (2014: £14,000) was outstanding at the year end.

The Company holds investments in funds managed by JPMAM. At 31st March 2015 these were valued at £19.3 million (2014: £22.4 million) and represented 5.15% (2014: 6.08%) of the Company's investment portfolio. During the year the Company made £41.5 million purchases of such investments (2014: £36.2 million) and sales with a total value of £42.6 million (2014: £31.3 million). Income amounting to £157,000 (2014: £0.2 million) was receivable from these investments during the year of which £nil (2014: £nil) was outstanding at the year end.

The Company earned £297,000 (2014: £131,000) from stock lending transactions during the year. Commissions amounting to £63,000 (2014: £28,000) were receivable by JPMAM during the year in respect of these transactions of which £nil (2014: £nil) was outstanding at the year end.

At the year end, a net bank balance of £0.1 million (2014: £4.7 million) was held with JPMorgan Chase & Co. A net amount of interest of £111,000 (2014: £8,000) was receivable by the Company during the year from JPMorgan Chase & Co. of which £104,000 (2014: £nil) was outstanding at the year end.

Notes to the Financial Statements continued

23. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio and derivative financial instruments comprising forward foreign currency contracts.

The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. Details of the valuation techniques used by the Company are given in note 1(b) on page 63.

The following table sets out the fair value measurements using the above hierarchy at 31st March:

	2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	**368,844**	**–**	**–**	**368,844**
Investments in liquidity funds	**6,164**	**–**	**–**	**6,164**
Derivative financial instruments – forward foreign currency contracts	**–**	**294**	**–**	**294**
Total	**375,008**	**294**	**–**	**375,302**

	2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	359,884	–	–	359,884
Investments in liquidity funds	8,391	–	–	8,391
Derivative financial instruments – forward foreign currency contracts	–	53	–	53
Total	368,275	53	–	368,328

There were no transfers between Levels 1, 2 or 3 during the year (2014: nil).

24. Financial instruments' exposure to risk and risk management policies

As an investment trust, the Company invests in equities and other securities for the long term so as to secure its investment objective stated on the 'Features' page for each share class. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These risks include market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management strategy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's financial instruments may comprise the following:

- investments in Continental European equity shares, collective investment funds with Continental European exposure, fixed interest securities and liquidity funds which are all held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations;
- short term forward currency contracts for the purpose of managing exposure to fluctuations in the value of short term liabilities; and
- a Euro denominated bank loan, the purpose of which is to finance the Company's operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market price risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

The majority of the Company's assets, liabilities and income are denominated in currencies other than sterling which is the Company's functional currency and the currency in which it reports. As a result, movements in exchange rates may affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing is used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. This borrowing is limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements.

Notes to the Financial Statements continued

24. Financial instruments' exposure to risk and risk management policies continued

(a) Market risk continued

(i) Currency risk continued

Foreign currency exposure

The fair value or amortised cost of the Company's monetary items that have foreign currency exposure at 31st March are shown below. Where the Company's equity investments (which are not monetary items) are priced in foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2015 Euro £'m	2015 Other £'m	2015 Total £'m	2014 Euro £'m	2014 Other £'m	2014 Total £'m
Investments held at fair value through profit or loss that are monetary items	**6.2**	**–**	**6.2**	8.4	–	8.4
Current assets less current liabilities excluding the foreign currency bank loan and floating rate note	**4.5**	**(3.1)**	**1.4**	7.5	(11.3)	(3.8)
Foreign currency bank loan and floating rate note	**(32.6)**	**–**	**(32.6)**	(37.2)	–	(37.2)
Foreign currency exposure on net monetary items	**(21.9)**	**(3.1)**	**(25.0)**	(21.3)	(11.3)	(32.6)
Investments held at fair value through profit or loss that are equities	**249.6**	**112.8**	**362.4**	236.3	116.5	352.8
Total net foreign currency exposure	**227.7**	**109.7**	**337.4**	215.0	105.2	320.2

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the year. This analysis is presented on an un-hedged basis.

Foreign currency sensitivity

The following tables illustrate the sensitivity of the return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and movement in exchange rates.

The sensitivity analysis is based on the Company's overseas income and monetary foreign currency financial instruments held at each balance sheet date and assumes a 10% (2014: 10%) appreciation or depreciation of sterling against the Euro and the other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened this would have had the following effect:

	2015 £'m	2014 £'m
Income statement return after taxation:		
Revenue return	**1.2**	1.2
Capital return	**(2.5)**	(3.3)
Total return after taxation	**(1.3)**	(2.1)
Net assets	**(1.3)**	(2.1)

Conversely, if sterling had strengthened this would have had the following effect:

	2015 £'m	2014 £'m
Income statement return after taxation:		
Revenue return	**(1.2)**	(1.2)
Capital return	**2.5**	3.3
Total return after taxation	**1.3**	2.1
Net assets	**1.3**	2.1

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the whole year.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits, the fair value of fixed interest rate securities and the interest payable on variable rate cash borrowings.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's gearing policy is to operate within a range of 10% net cash to 20% geared in normal market conditions.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating rates, giving cash flow interest rate risk when rates are reset, is as follows:

	2015 £'000	2014 £'000
Exposure to floating interest rates:		
Cash and short term deposits	**775**	4,674
Bank overdraft	**(674)**	–
Investments in liquidity funds	**6,164**	8,391
Bank loan	**(32,556)**	(37,202)
Total exposure	**(26,291)**	(24,137)

Interest receivable on cash balances is at a margin below LIBOR (2014: same).

The target interest earned on the liquidity funds is the 7 day Euro London Interbank Bid Rate.

The Company has a Euro 60 million 364 day committed revolving credit facility with Scotiabank, which expires on 27th August 2015.

The above year end exposures are not representative of the exposure to interest rates during the year as the cash balances and investments in liquidity funds and loan balances have fluctuated. The maximum and minimum exposures during the year, arising from cash balances and liquidity funds, were as follows:

	2015 £'000	2014 £'000
Maximum credit exposure to floating interest rates	**(32,853)**	(31,938)
Minimum credit exposure to floating interest rates	**(7,475)**	(13,077)

Financial Statements continued

Notes to the Financial Statements continued

24. Financial instruments' exposure to risk and risk management policies continued

(a) Market risk continued

(ii) Interest rate risk continued

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2014: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's total exposure of financial assets and financial liabilities to floating rates at the balance sheet date, with all other variables held constant.

	2015		2014	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Income statement – return after taxation:				
Revenue return	**(43)**	**43**	10	(10)
Capital return	**(220)**	**220**	(251)	251
Total return after taxation for the year	**(263)**	**263**	(241)	241
Net assets	**(263)**	**263**	(241)	241

In the opinion of the Directors, the above sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in cash balances and investments in liquidity funds.

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of equity investments and other assets or liabilities held by the Company.

Management of market price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Market price risk exposure

The Company's total exposure to other changes in market prices at 31st March comprises its holdings in equity investments as follows:

	2015 £'000	2014 £'000
Investments held at fair value through profit or loss	**368,844**	359,884

The above data is broadly representative of the exposure to other price risk during the year.

Concentration of exposure to market price risk

A list of the Company's investments is given on pages 19 to 21 and pages 29 to 32. This shows that the majority of the investment portfolio's value is in European equities but there is no concentration of exposure to any one European country. It should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation and net assets to an increase or decrease of 10% (2014: 10%) in the fair value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's investments and adjusting for change in the management fee, but with all other variables held constant.

	2015		2014	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation:				
Revenue return	**(89)**	**89**	(73)	73
Capital return	**36,707**	**(36,707)**	35,840	(35,840)
Total return after taxation for the year and net assets	**36,618**	**(36,618)**	35,767	(35,767)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, the liquidity of which in normal markets is frequently tested by the Manager and which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities.

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities and working capital requirements.

Contractual maturities of financial liabilities at the year end, based on the earliest date on which payment can be required are as follows:

	2015			2014		
	Three months or less £'000	More than three months but not more than one year £'000	Total £'000	Three months or less £'000	More than three months but not more than one year £'000	Total £'000
Securities purchased awaiting settlement	**7**	**–**	**7**	14,159	–	14,159
Bank loan, including interest	**127**	**37,274**	**37,401**	164	37,274	37,438
Bank overdraft	**674**	**–**	**674**	–	–	–
Other creditors and accruals	**146**	**–**	**146**	485	–	485
Performance fee	**–**	**–**	**–**	6,371	–	6,371
Derivative financial instruments	**189**	**–**	**189**	84	–	84
	1,143	**37,274**	**38,417**	21,263	37,274	58,537

THE COMPANY

Financial Statements continued

Notes to the Financial Statements continued

24. Financial instruments' exposure to risk and risk management policies continued

(c) Credit risk

Credit risk is the risk that the counterparty to a transaction fails to discharge its obligations under that transaction which could result in loss to the Company.

Management of credit risk

Portfolio dealing

The Company invests in markets that operate DVP (Delivery Versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Trades are only placed with counterparties that are on the JPMAM approved counterparty list. These lists are reviewed continuously and adjusted accordingly. As part of this review any significant concentrations are investigated by JPMAM senior management.

Cash

Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have been approved by both the JPMorgan Counterparty Risk Group and the Board.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. The Company's assets are segregated from JPMorgan Chase's own trading assets and are therefore protected from creditors in the event that JPMorgan Chase were to cease trading.

Credit risk exposure

The following amounts, shown in the Balance Sheet, represent the maximum exposure to credit risk at the current and comparative year end.

	2015		2014	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Fixed assets				
– investments held at fair value through profit or loss	**368,844**	**–**	359,884	–
– investments in liquidity funds held at fair value through profit or loss	**6,164**	**–**	8,391	–
Current assets				
Debtors – securities sold awaiting settlement, dividends and interest receivable and other debtors	**2,312**	**2,312**	12,794	12,794
Cash and short term deposits	**775**	**775**	4,674	4,674
Derivative financial instruments	**483**	**483**	137	137
	378,578	**3,570**	385,880	17,605

The aggregate value of securities on loan at 31st March 2015 amounted to £19,807,000 (2014: £18,778,000) and the maximum value of stock on loan during the year amounted to £33,583,000 (2014: £18,778,000). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the balance sheet at fair value or the carrying amount in the balance sheet is a reasonable approximation of fair value.

25. Capital management policies and procedures

The Company's debt and capital structure comprises the following:

	2015 £'000	2014 £'000
Debt		
Bank loan	**32,556**	37,202
Total debt	**32,556**	37,202
Equity		
Equity share capital	**6,285**	6,298
Reserves	**338,721**	321,244
Total equity	**345,006**	327,542
Total debt and equity	**377,562**	364,744

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the income and capital return to its Income and Growth share classes through an appropriate level of gearing.

The Board's gearing policy is to operate within a range of 10% net cash to 20% geared in normal market conditions. Gearing for this purpose is defined as Total Assets (including Net Current Assets/Liabilities) less cash/cash equivalents and excluding bank loans, expressed as a percentage of net assets.

	2015 £'000	2014[1] £'000
Investments held at fair value excluding liquidity fund holdings	**368,844**	359,884
Current assets excluding cash	**2,795**	12,931
Current liabilities excluding bank loans	**(342)**	(21,136)
Total assets	**371,297**	351,679
Net assets	**345,006**	327,542
Gearing	**7.6%**	7.4%

[1]The prior year disclosures have been restated in line with the current year to include the derivative financial instruments. The effect of this restatement is to increase the current liabilities excluding loans by £84,000.

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares for cancellation which takes into account the share price discount or premium; and
- the opportunity for issues of new shares.

Notes to the Financial Statements continued

26. Alternative Investment Fund Managers Directive ('AIFMD')

The Company's maximum and actual leverage (see Glossary of Terms and Definitions on page 92) levels at 31st March 2015 are shown below:

	Gross Method	Commitment Method
Growth		
Maximum limit	200.00%	200.00%
Actual	163.98%	138.86%
Income		
Maximum limit	200.00%	200.00%
Actual	149.21%	129.56%

Shareholder Information

Capital Structure and Conversion between Share Classes

Capital Structure

The Company has two share classes, each with distinct investment policies, objectives and underlying asset pools. Each share class is listed separately and traded on the London Stock Exchange. This capital structure means that shareholders may benefit from greater investment flexibility in a tax-efficient manner.

- **Growth Shares**
  Capital growth from Continental European investments, by consistent out-performance of the benchmark and a rising share price over the longer term by taking carefully controlled risks through an investment method that is clearly communicated to shareholders.

- **Income Shares**
  To provide a growing income together with the potential for long-term capital growth by investing in a portfolio of investments that is diversified amongst countries, sectors and market capitalisations within the universe of Continental European companies.

Conversion Opportunities

Shareholders in either of the two share classes are able to convert some or all of their shares into shares of the other class without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes.

The conversion mechanism allows shareholders to alter their investment profile to match their changing investment needs in a tax-efficient manner.

As detailed in the Chairman's Statement (page 5), on page 45 and resolution 14 in the Notice of the AGM on page 89, the Board will be seeking shareholder approval for a change to the Company's articles that will reduce the current bi-annual share conversions in March and September to a single conversion date once a year in March.

The Company, or its Manager, makes no administrative charge for any of the above conversions.

Conversion between the share classes

Those who hold shares through the JPM Investment Trust Share Plan/PEP/ISA or Pension Account must submit a conversion instruction form which can be found at www.jpmeuropean.co.uk Instructions for CREST holders can also be found at this address. Those who hold shares in certificated form on the main register must complete the conversion notice printed on the reverse of their certificate.

Instructions must be received in the month of February for the March conversion.

The number of shares that will arise upon conversion will be determined on the basis of the relative net asset values of each share class.

More details concerning conversion instruction forms can be found on the Company's web site: www.jpmeuropean.co.uk

Shareholder Information continued

Notice of Annual General Meeting

Notice is hereby given that the eighty sixth Annual General Meeting of JPMorgan European Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Tuesday, 21st July 2015 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st March 2015.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st March 2015.
4. To reappoint Andrew Adcock a Director of the Company.
5. To reappoint Josephine Dixon a Director of the Company.
6. To reappoint Stephen Goldman a Director of the Company.
7. To reappoint Stephen Russell a Director of the Company.
8. To reappoint Jutta af Rosenborg a Director of the Company.
9. To reappoint Ernst & Young LLP as auditor to the Company and to authorise the Directors to determine their remuneration for the ensuing year.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £625,859, representing approximately 10% of the issued share capital of the Growth and Income share classes of the Company as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of relevant securities – Special Resolution

11. THAT subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities in the Company by way of rights issue, open offer or otherwise to holders of Growth shares and Income shares where the equity securities respectively attributable to the interests of all Growth shares and Income shares are proportionate to the respective numbers of Growth shares and Income shares held by them subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange or any territory or otherwise howsoever; and/or

    (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal value of approximately £625,859 (being approximately 10% of the total issued share capital as at 4th June 2015) at a price not less than the net asset value per share; and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to Repurchase the Company's Shares – Special Resolution

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued Growth shares and Income shares (both being classes of ordinary shares in the capital of the Company)

    PROVIDED ALWAYS THAT

    (i) the maximum number of Growth and Income shares hereby authorised to be purchased shall be 12,778,202 or 11,970,130 respectively, or, if different, that number of Growth and Income shares which is equal to 14.99% of the issued share capital of the relevant share class as at the date of the passing of this Resolution;

(ii) the minimum price which may be paid for any Growth or Income share shall be 5p or 2.5p respectively;

(iii) the maximum price which may be paid for any ordinary share shall be an amount equal to: (a) 105% of the average of the middle market quotations for a Growth or Income share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

(iv) any purchase of Growth or Income shares will be made in the market for cash at prices below the prevailing net asset value per Growth or Income share (as determined by the Directors) at the date following not more than seven days before the date of purchase:

(v) the authority hereby conferred shall expire on 21st January 2016 unless the authority is renewed at the Company's Annual General Meeting in 2015 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase Growth or Income shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Authority to make off-market purchases – Special Resolution

13. THAT the proposed Contingent Purchase contract between Winterflood Securities Limited and JPMorgan European Investment Trust plc to enable the Company to make off-market purchases of its own securities pursuant to Section 694 of the Act in the form produced at the meeting and initialled by the Chairman, be and is hereby approved and the Company be and is hereby authorised to enter into and perform such contract, but so that the approval and authority conferred by this resolution shall expire on the day immediately preceding the date which is 18 months after the passing of this resolution or, if earlier, the next Annual General Meeting of the Company.

Adoption of New Articles of Association – Special Resolution

14. THAT the Articles of Association, contained in the document produced for the meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for and to the exclusion of, the existing Articles of Association, with effect from the conclusion of the 2015 Annual General Meeting.

By order of the Board
Paul Winship, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

5th June 2015

Shareholder Information continued

Notice of Annual General Meeting continued

Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and

must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmeuropean.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 4th June 2015 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 85,244,846 Growth shares and 79,854,104 Income shares. Voting rights are calculated by reference to the share voting numbers which, as at 31st March 2015, were 2.702 (Growth) and 1.436 (Income). Therefore the total voting rights in the Company are 345,002,066.

Electronic appointment – CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. See further instructions on the proxy form.

Shareholder Information continued

Glossary of Terms and Definitions

Return to Shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Return on Net Assets

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Benchmark Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing Charges

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs and performance fee payable, expressed as a percentage of the average of the daily net assets during the year.

Leverage

For the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

Share Price Discount/Premium to Net Asset Value

If the share price of an investment trust is lower than the NAV per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Performance Attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark.

Performance Attribution Definitions:

Asset Allocation
Measures the impact of allocating assets differently to those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.

Stock Selection
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

Gearing/Cash
Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

Currency
Measures the effect of currency exposure differences between the Company's portfolio and its benchmark.

Management Fee/Other Expenses
The payment of management fees and other expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

Where to buy J.P. Morgan Investment Trusts

Savings Plan

The Company participates in the J.P. Morgan Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call J.P. Morgan Asset Management free on 0800 731 1111 or visit our website at https://am.jpmorgan.co.uk/investor/guidance-and-planning/guides/regular-savings-made-simple-guide.aspx

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ends 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 731 1111 or via our website at https://am.jpmorgan.co.uk/investor/isas/what-is-a-stocks-and-shares-isa.aspx.

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan WealthManager+ or on the following:

Fund supermarkets:

AJ Bell	Interactive Investor
Alliance Trust	James Brearley
Barclays Stockbrokers	James Hay
Bestinvest	Selftrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J.P. Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority ('FCA') adviser charging and commission rules, visit www.fca.org.uk.

THE COMPANY

Financial Conduct Authority

Beware of share fraud

In association with: icsa Registrars Group

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from **www.fca.org.uk** to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Information about the Company

Financial Calendar

Financial year end	31st March
Final results announced	June
Half year end	September
Half year results announced	November
Dividends payable – Growth	April and October
– Income	April, July, October and January
Annual General Meeting	July

History

JPMorgan European Investment Trust plc was formed in 1929 as The London and Holyrood Trust Limited and was a general investment trust until 1982 when the name was changed to The Fleming Universal Investment Trust. Under this name the portfolio became more internationally invested until November 1988, when the Board decided to concentrate on Continental European investments. In 1992 shareholders approved a formal adoption of this specialisation. The Company adopted its current structure and name in August 2006.

Company Numbers

Company registration number: 237958
London Stock Exchange Sedol numbers:
Growth: B18JK16
Income: B17XWW4

ISIN numbers:
Growth: GB00B18JK166
Income: GB00B17XWW44

Bloomberg Codes:
Growth: JETG LN
Income: JETI LN

Market Information

The Company's net asset value per share is published daily, via The London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market prices are shown daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman and on the Company website at www.jpmeuropean.co.uk where the share prices are updated every fifteen minutes during trading hours.

Website

www.jpmeuropean.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Manager and Company Secretary

JPMorgan Funds Limited

aic The Association of Investment Companies A member of the AIC

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP
Telephone number: 020 7742 4000

Please contact Paul Winship for company secretarial and administrative matters.

Depositary

BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

The Depositary has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
Reference 1080
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2319

Calls to this number cost 8p per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)121 415 0225.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting reference 1080.

Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk

Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.

Independent Auditor

Ernst & Young LLP
Statutory Auditor
1 More London Place
London SE1 2AF

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone 020 7621 0004

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmeuropean.co.uk