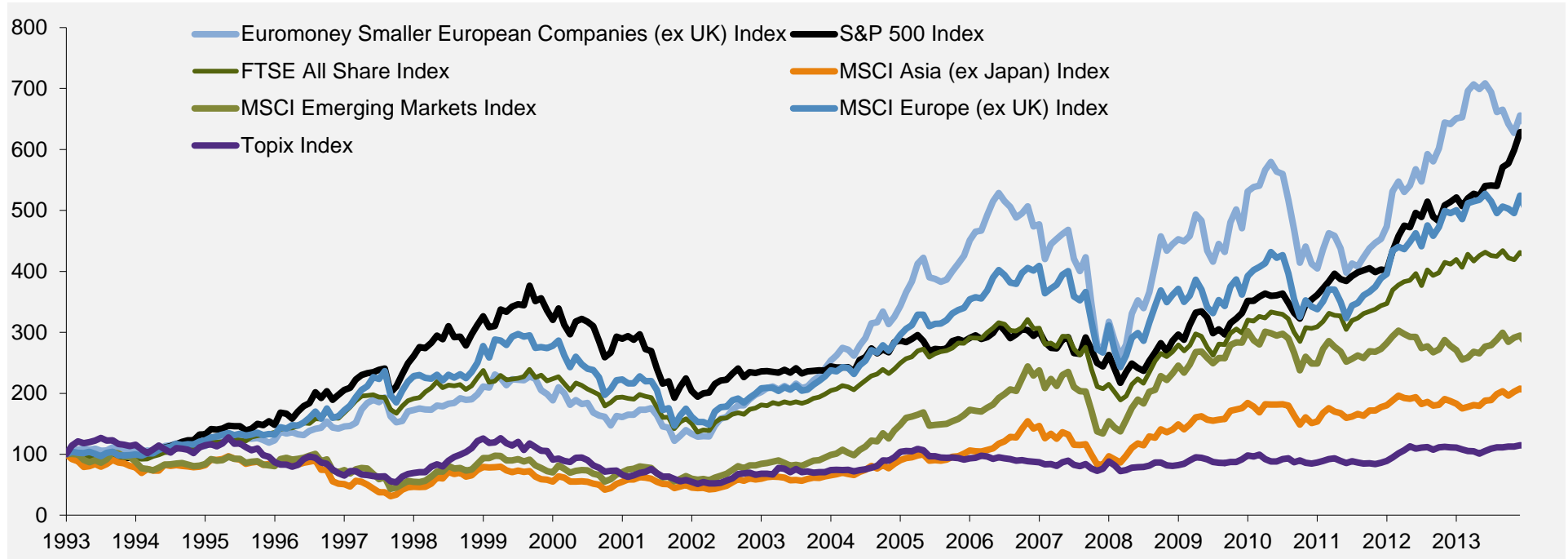

JPMorgan European Smaller Companies Trust plc

Annual General Meeting

July 2015

A compelling long term asset class

Cumulative returns

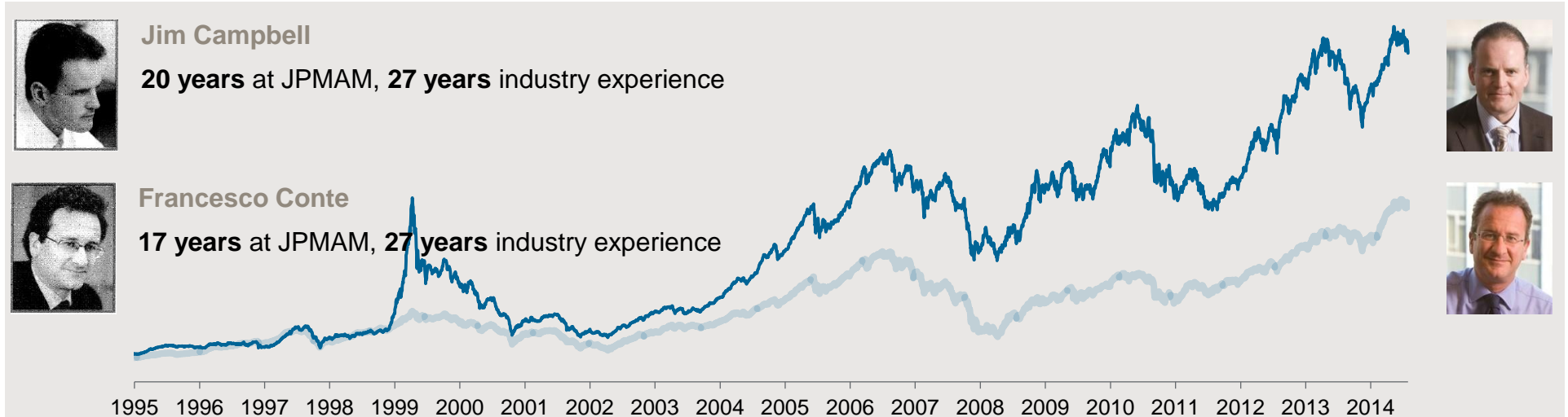


... European small caps have produced long term equity returns amongst the best in the world

Source: J.P. Morgan Asset Management, Thomson Reuters Datastream. All series are rebased to 100 as at 31 December 1994 to 30 June 2015. All indices in GBP and include reinvested dividends. Indices do not include fees or operating expenses and are not available for actual investment. Past performance is not an indication of future performance.

JPMorgan European Smaller Companies Trust

Largest European smaller companies investment trust



- One of the longest track records in European small cap investing
- Investment process focused on capturing change in operating momentum
- Consistent value-added from active use of gearing

... a proven track record through market cycles

Source: Thomson Datastream, as at 30 June 2015. Chart shows Euromoney Europe Smaller Companies Index (light blue) and JPM Europe Smaller Companies Investment Trust NAV (dark blue) from 1994, rebased to 100 as at 31 December 1994. There can be no assurance that the professionals currently employed by J.P. Morgan Asset Management will continue to be employed by J.P. Morgan Asset Management or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

JPMorgan European Smaller Companies Trust

■ Objective

- Capital growth from quoted smaller companies in Europe, excluding the United Kingdom

■ Policy

- To invest in a diversified portfolio of companies the majority of which, at the time of purchase, fall within the market capitalisation range of the benchmark index

■ Benchmark

- Euromoney Smaller European Companies (ex UK) Index (Total Return Net)

■ Net assets

- £422m

■ Gearing

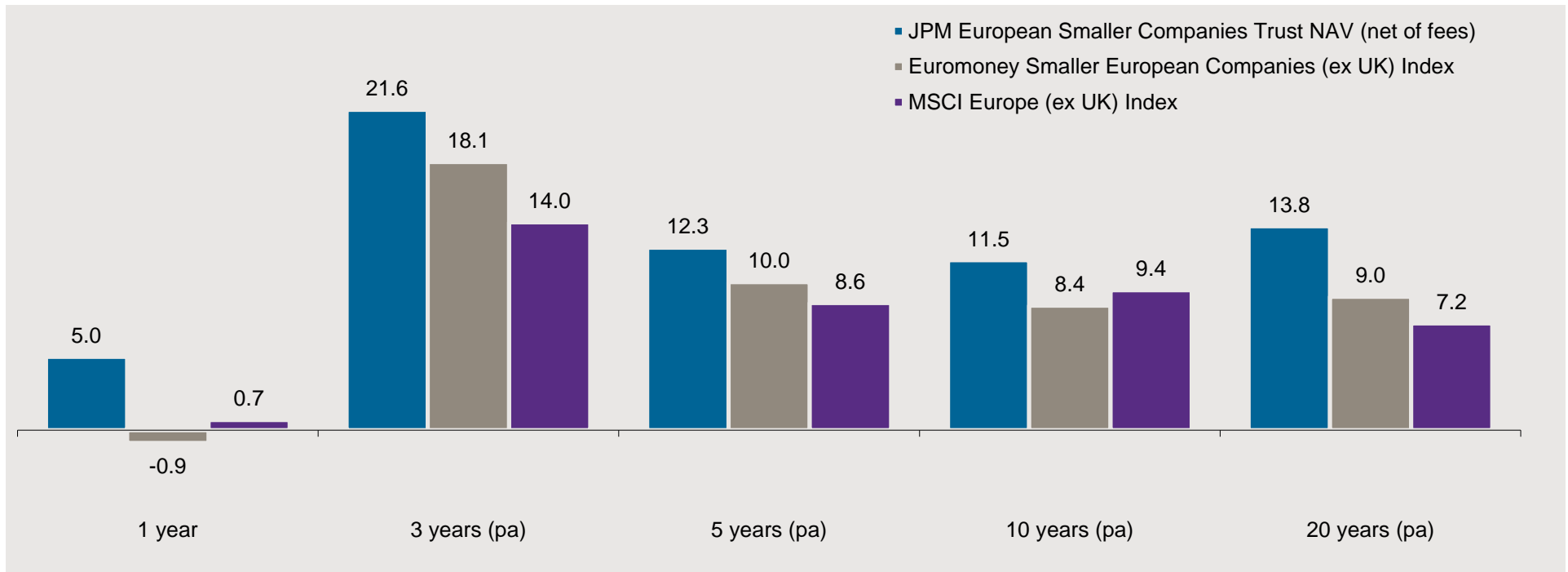
- Current: 9.5% geared. Permitted range: 20% cash – 20% geared

Source: J.P. Morgan Asset Management. As at 30 June 2015.

JPMorgan European Smaller Companies Trust

Long term returns

Annualised returns 30 June 2015 (%)



...investment team has generated significant alpha over the long term

Source: J.P. Morgan Asset Management. NAV returns are net of fees, in GBP, with income reinvested. All indices in sterling and include reinvested dividends. Indices do not include fees or operating expenses and are not available for actual investment. Performance is provisional. Past performance is not an indication of future performance.

What do we believe?

Attractively valued, high quality stocks with positive momentum outperform the market

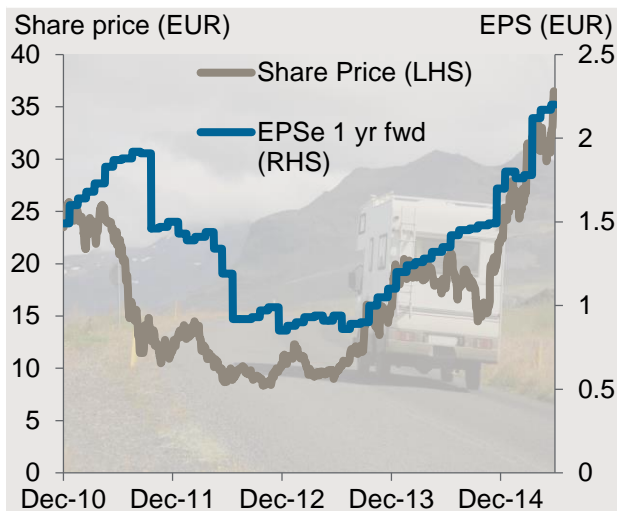


- Value
 - Stocks that are **attractively valued** and are **fundamentally sound**
- Quality
 - **Profitable** companies with **sustainable earnings** and **disciplined capital management**
- Momentum
 - Stocks that are supported by positive **earnings momentum** and positive **price momentum**

... our investment philosophy

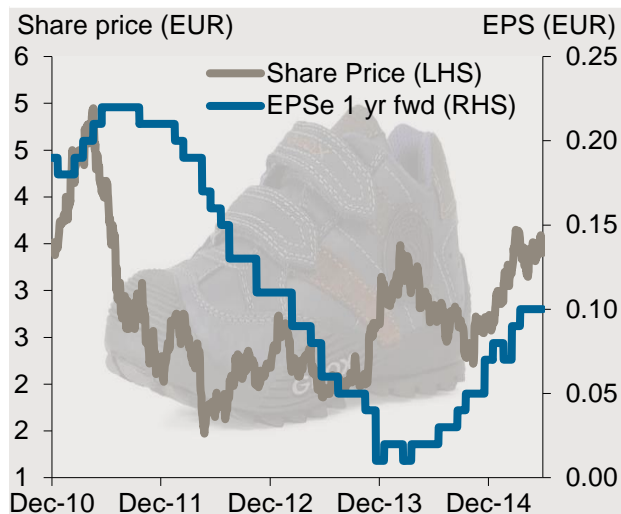
Stock examples

Trigano



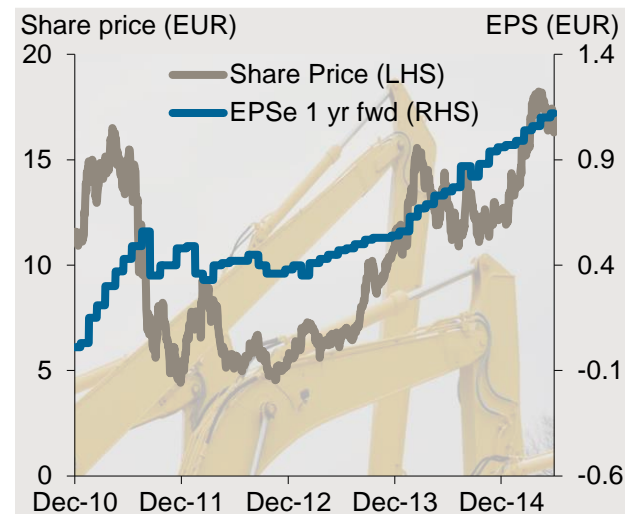
- Second largest manufacturer of camper vans in Europe
- Company restructuring following substantial acquisition
- Markets appears to be improving after long downturn

Geox



- Leading Italian footwear producer
- Company over-diversified product range
- New CEO streamlining company back to core products

Haulotte



- Leading construction equipment company
- European market down 75% from 2008, but recovering rapidly
- Margins at 7% versus 17% at peak

Source: Thomson Reuters Datastream, J.P. Morgan Asset Management. Data as at 30 June 2015. The companies/securities above shown are for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may or may not have positions on behalf of its clients in any or all of the aforementioned securities.

Top 10 holdings

JPMorgan European Smaller Companies Trust as at 30 June 2015

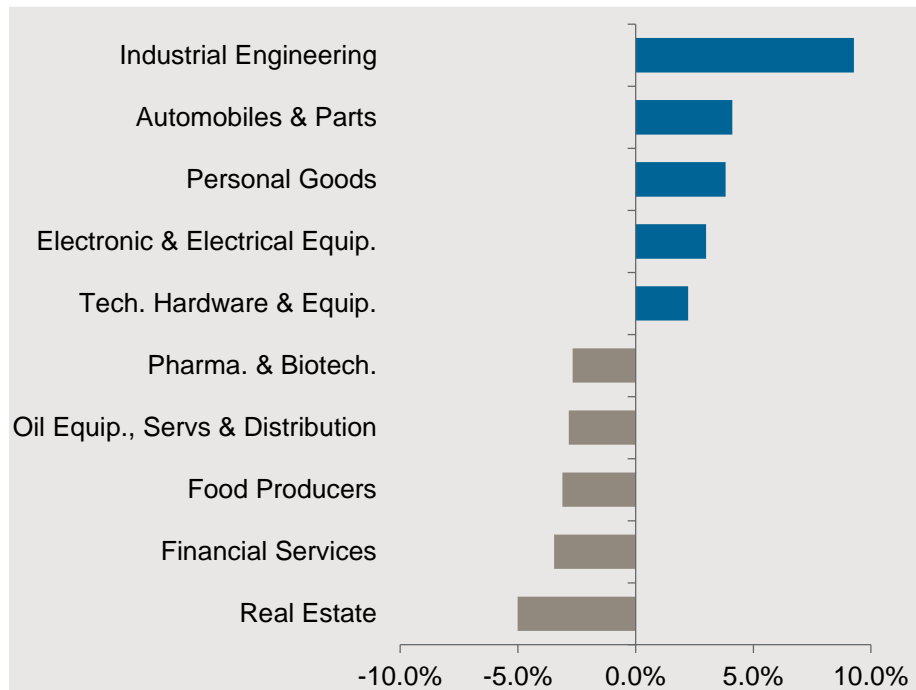
Company	Industry	Weight (%)
Trigano	Recreational vehicles	2.8
TKH Group	Cable manufacturer/ Tyre manufacturing equipment	2.8
Kingspan Group	Insulation panels	2.6
Ovs Spa	Apparel retailer	2.5
IMCD	Speciality chemical distributor	2.4
Drillisch	Mobile telecommunications	2.4
Havas	Advertising agency	2.4
Aalberts	Industrial conglomerate	2.3
Haulotte Group	Elevated platform producer	2.3
Moncler	Luxury apparel	2.3
Top twenty weighting		24.8%
Total number of holdings		78

Source: J.P. Morgan Asset Management. The companies/securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may or may not position on behalf of its clients in any or all of the aforementioned securities.

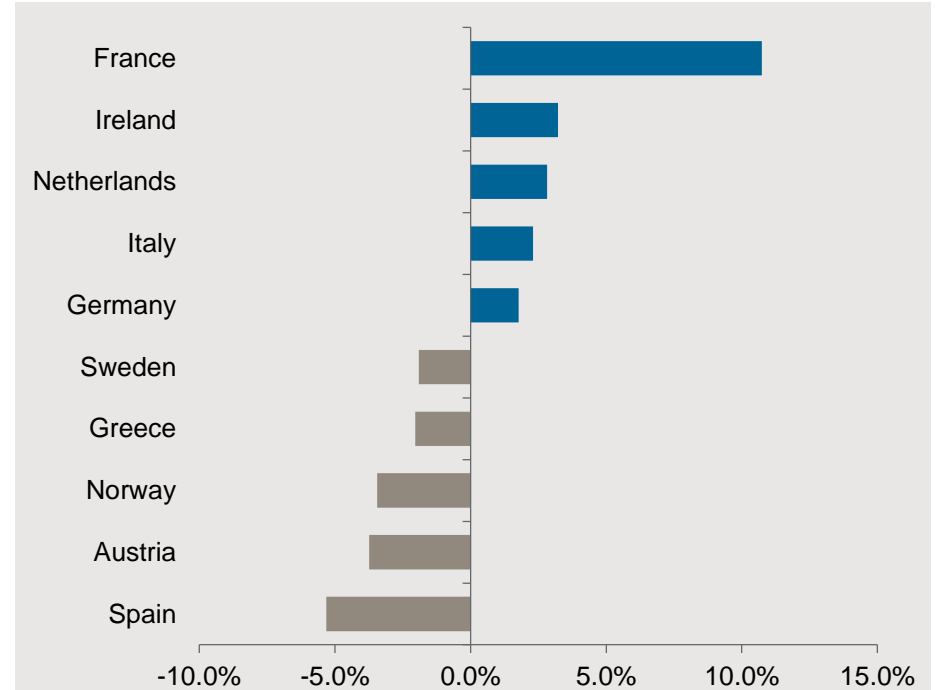
Portfolio positioning

JPMorgan European Smaller Companies Trust - as at 30 June 2015

Top / bottom active sector positions



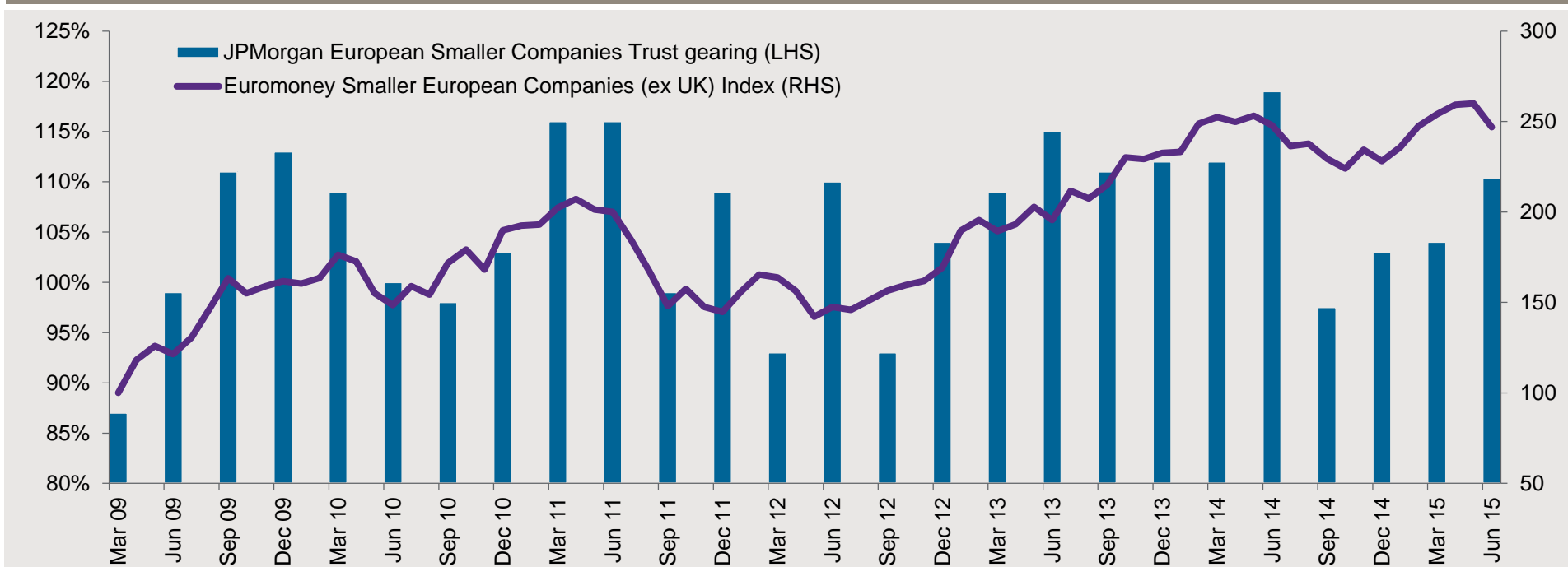
Top / bottom active country positions



Source: FactSet. The above portfolio characteristics are shown for illustrative purposes only and are subject to change without notice. The Fund is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

Gearing versus the index

Since 2009 (quarterly)

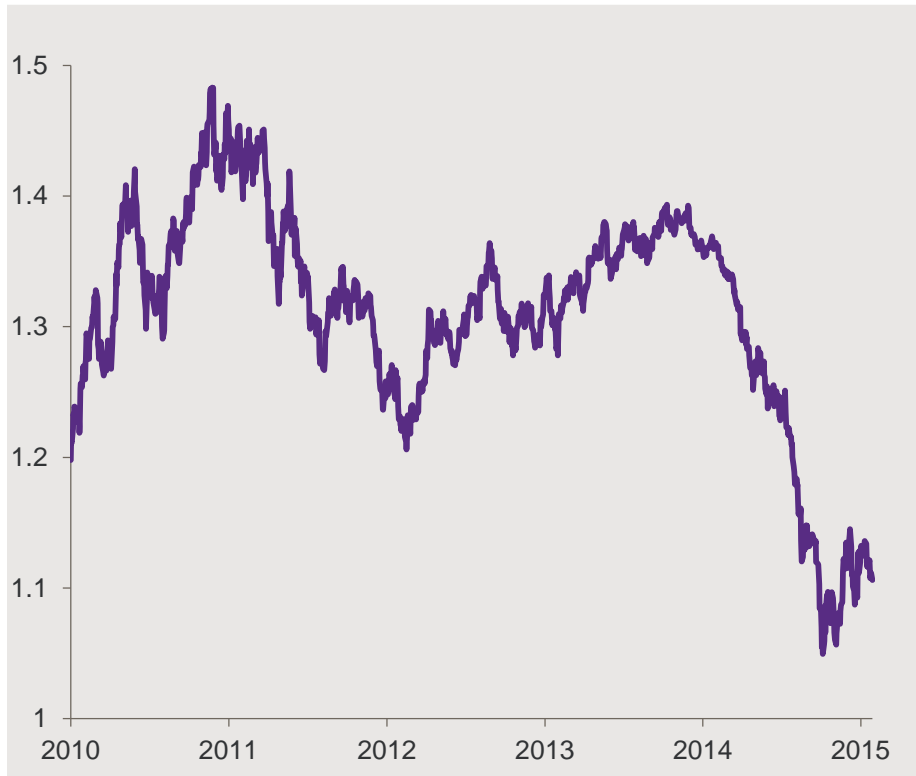


...active management of gearing a source of consistent value added

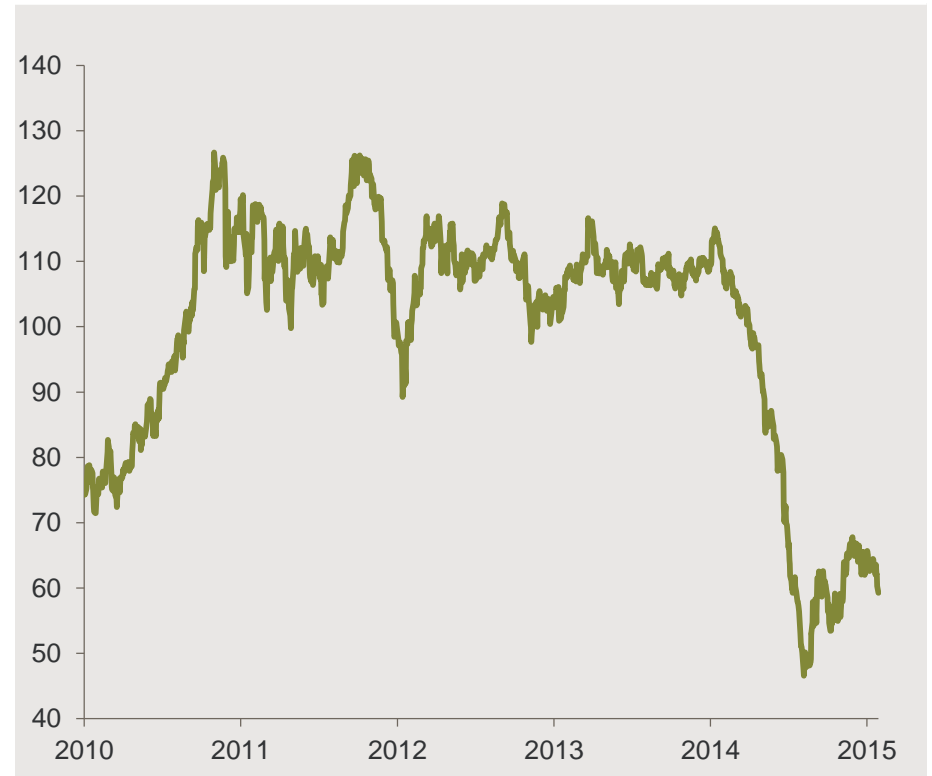
Source: Thomson Reuters Datastream, J.P. Morgan Asset Management as at 30 June 2015. Index rebased to 100 at start of data series. * Index is Euromoney Smaller European Companies (ex UK) Index. Investment trusts may utilise gearing which will exaggerate market movements both down and up which could mean sudden and large falls in value. For further details, please refer to the trust's annual report and accounts. June gearing number is provisional.

Macro headwinds becoming tailwinds

USD/EUR rate



Brent crude



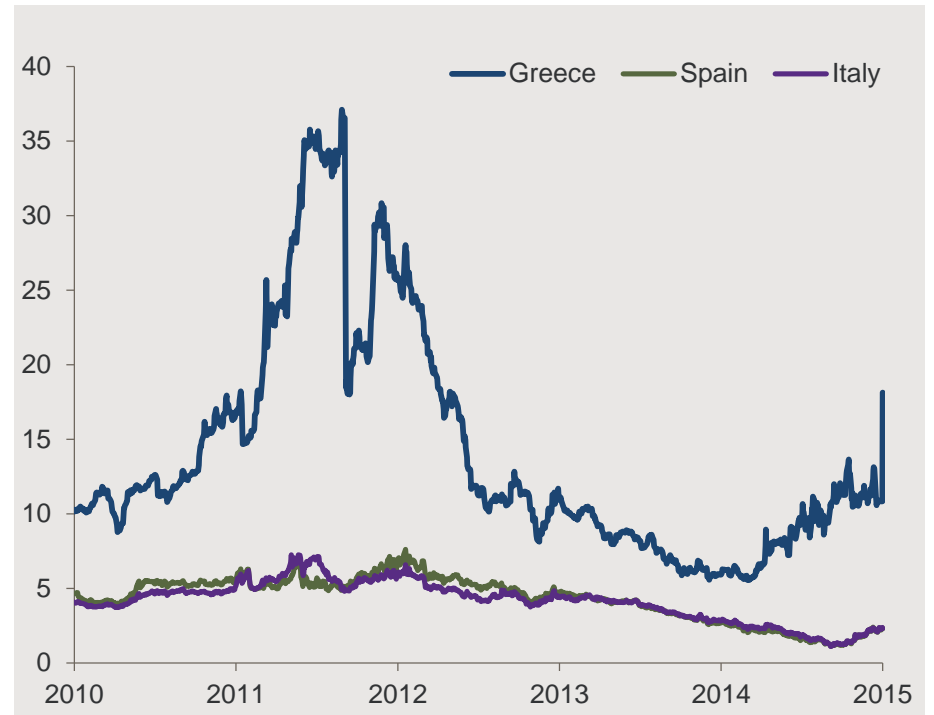
Source: Bloomberg as at 6 July 2015.

Contagion limited thus far

10 year yield spread – Italy vs. Germany



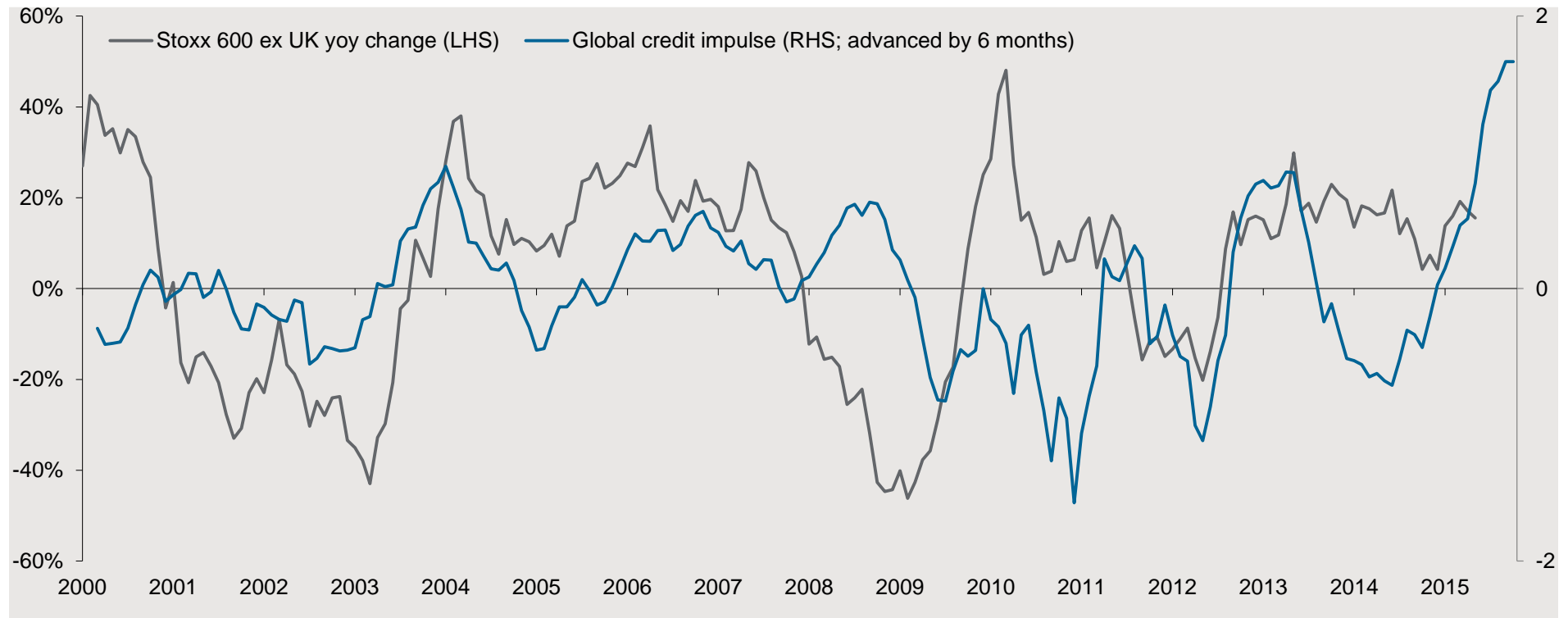
Greek 10 year yield Versus Italy and Spain



Source: Bloomberg as at 07 July 2015.

Relationship between the global credit impulse* and equities

Global credit impulse vs. European ex UK equities

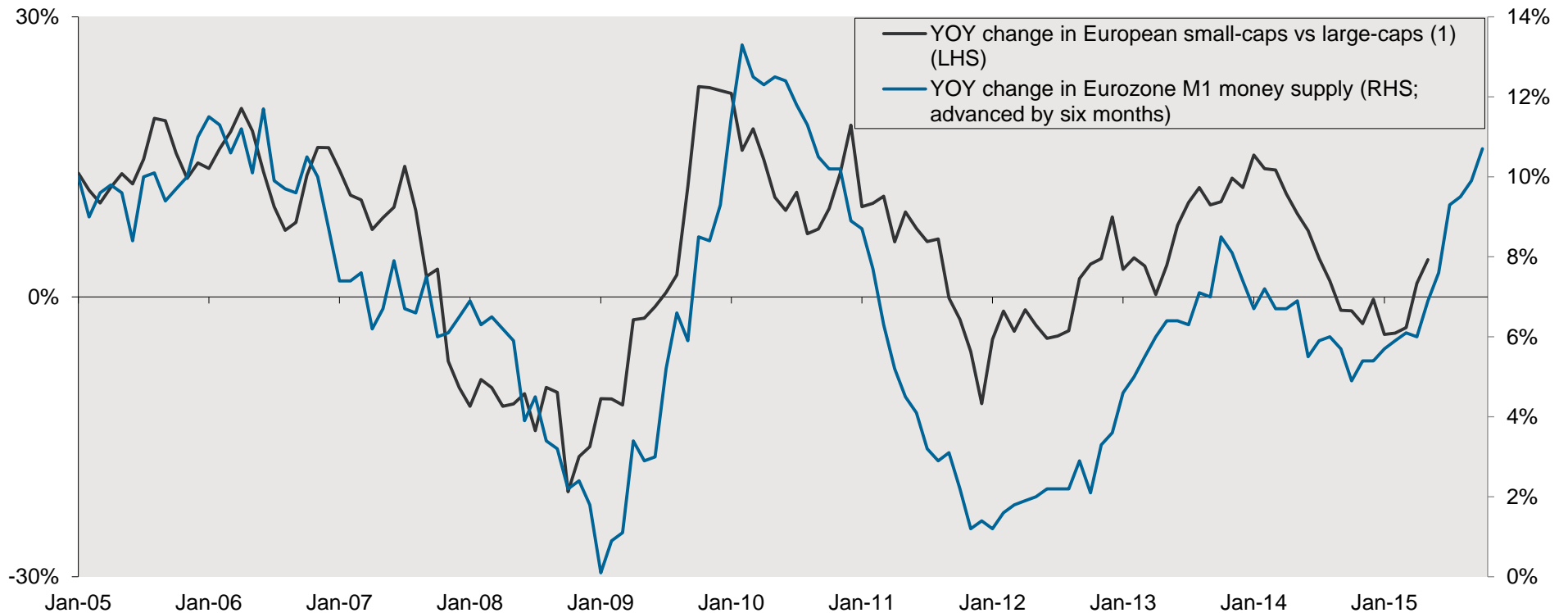


Source: Bloomberg / ECB / Federal Reserve / PBOC, data as at 29th May 2015.

* 12 month change in 12 month change of credit for the Eurozone (50% weighted), US (25%) and China (25%).

Small-cap relative performance and Eurozone M1 money supply

Small cap relative and M1

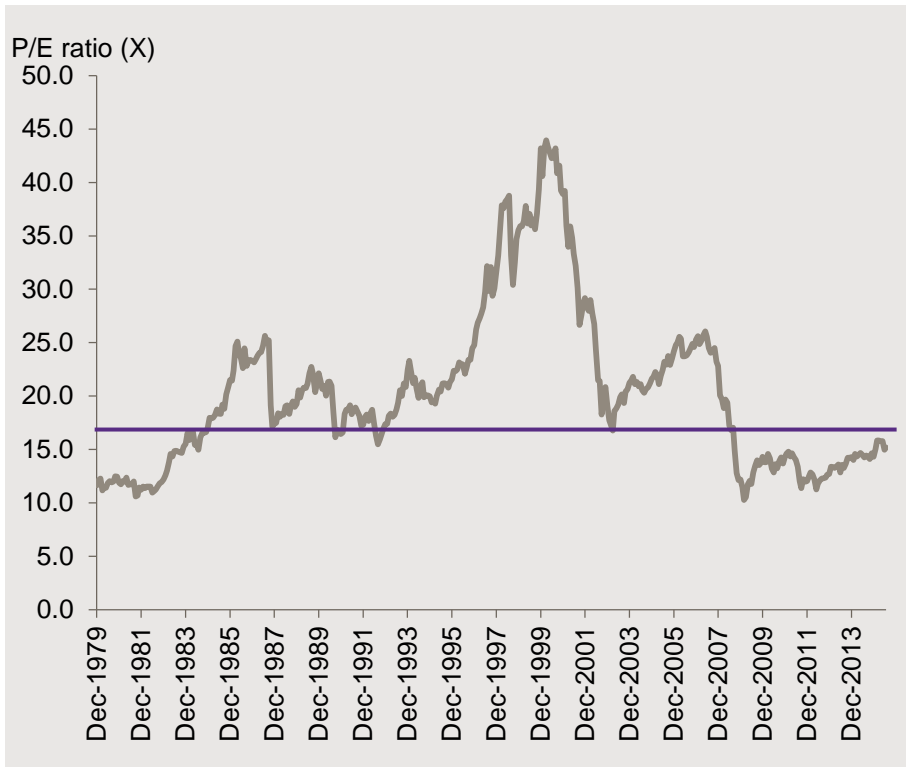


Source: Bloomberg, data as at 31st May 2015

(1) YOY change in the relative total return performance of the MSCI European small-cap index vs MSCI European large-cap index

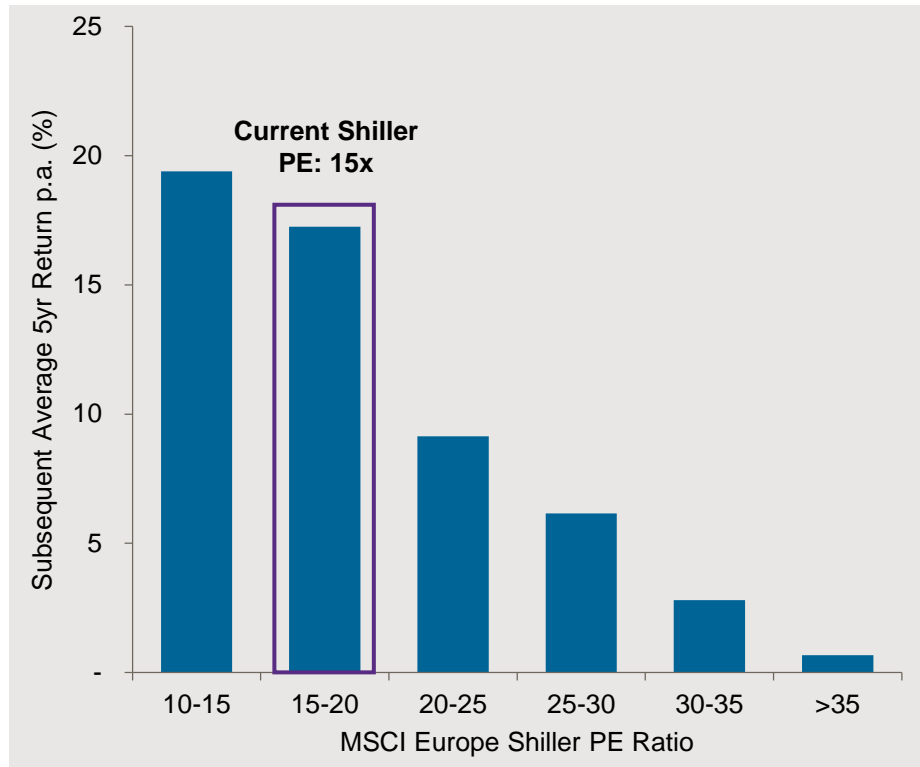
Attractive cyclically adjusted valuation...

MSCI Europe: Shiller Price to Earnings



Source: MSCI, OECD, Morgan Stanley, Data as at March 2015. Purple solid line represents average. Shiller's P/E uses trailing 10-years of inflation adjusted earnings as reported by companies.

Shiller PE and subsequent 5 year p.a. return since 1979



Source: J.P. Morgan, Based on monthly data using the start of month Shiller PE from Morgan Stanley and then looking at the subsequent 5 year annualised gross return in USD. Period since November 1979 to February 2015.

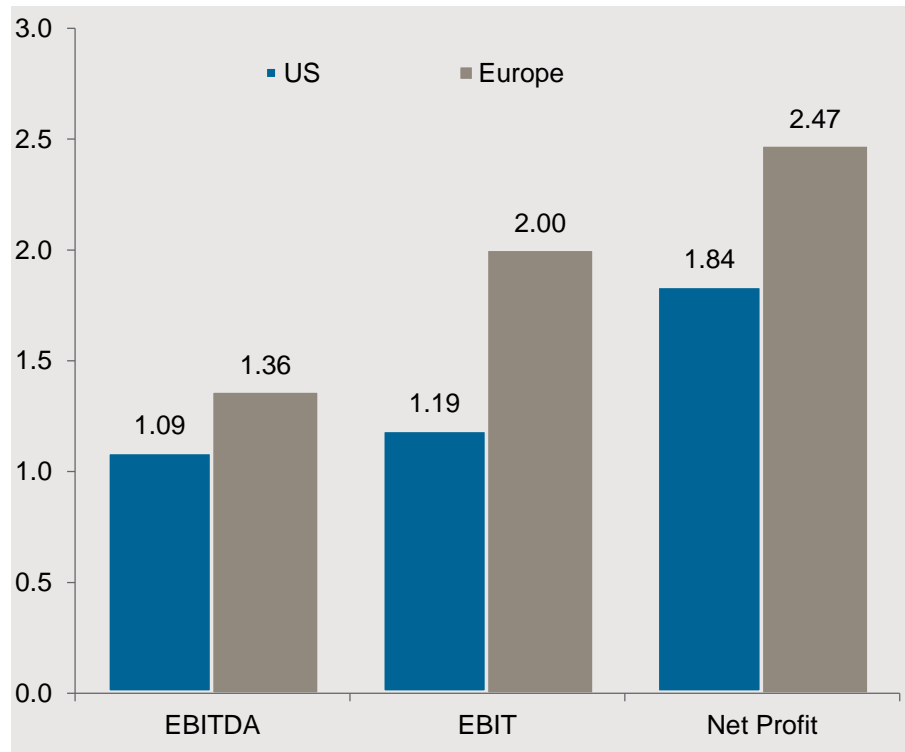
... driven by Europe's below peak margins and high operational leverage

Margins for European indices below peaks

	Current	Max	Difference
S&P 500*	8.9%	9.1%	-0.2%
Swiss Market	13.8%	14.2%	-0.4%
FTSE 250	7.0%	7.5%	-0.5%
DAX	5.1%	6.7%	-1.6%
CAC 40	6.5%	8.5%	-2.0%
STOXX	7.1%	9.7%	-2.6%
FTSE100	7.7%	10.9%	-3.2%
Euro Stoxx 50	6.5%	10.0%	-3.5%
FTSE Italia MIB	3.1%	7.0%	-3.9%
IBEX 35	6.2%	13.2%	-6.9%

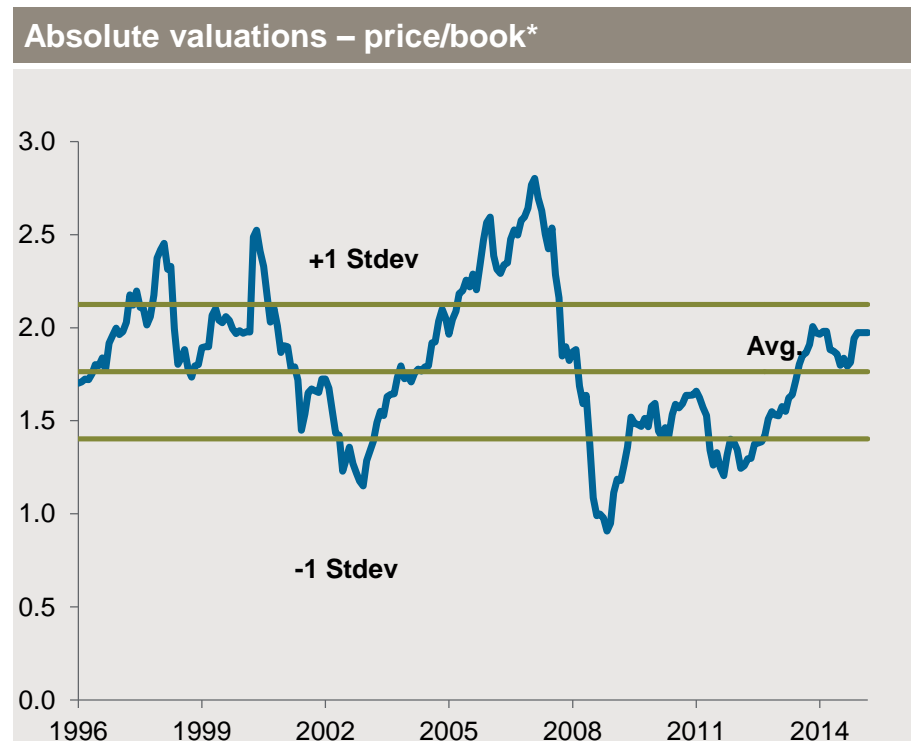
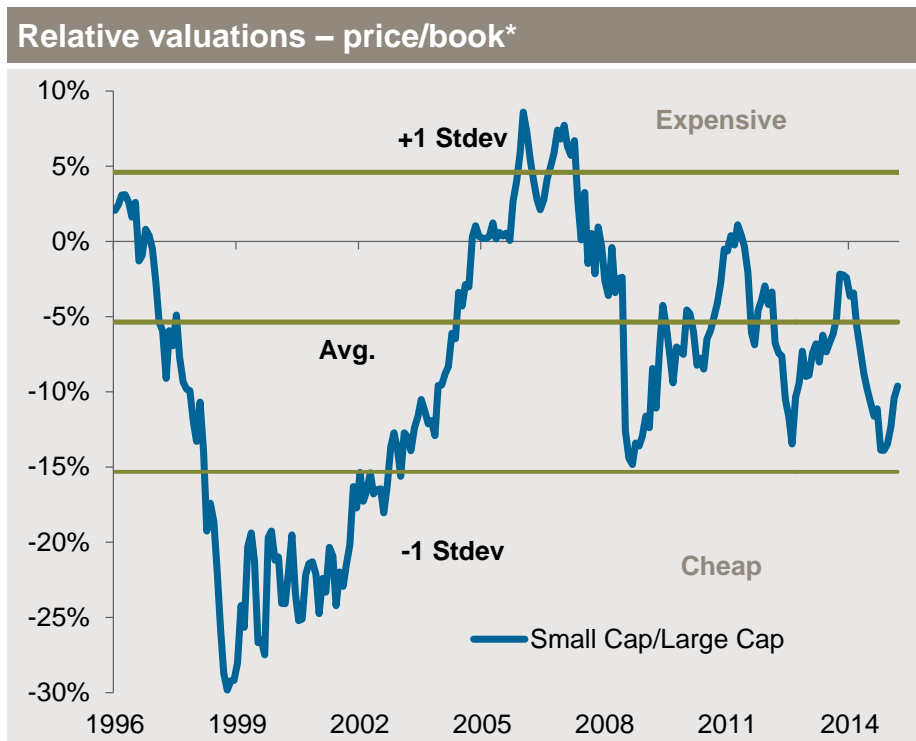
Source: I/B/E/S, Datastream, Goldman Sachs Global Investment Research. IBES % Net income margin peak is taken from 2004-15. * S&P 500 is excluding financials and utilities.

Operating leverage is high in Europe



Source: Datastream, Goldman Sachs Global Investment Research. Average ratio of EBITDA/EBIT/Net Profit to sales growth (last 10 years).

European smaller company valuations



... valuations attractive v. large companies

Source: European Quantitative Research, Citigroup Investment Research. Data as at 30 June 2015. Past performance is not an indication of future performance. *Price-To-Book is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest Quarter's book value per share.

Summary

- A compelling long term asset class
- A common-sense investment philosophy, rigorously applied
- Proven ability to deliver long-term outperformance

The opinions and views expressed here are those held by the author as at May 2015, which are subject to change and are not to be taken as or construed as investment advice.

J.P. Morgan Asset Management

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