
JPMorgan European Smaller Companies Trust plc

Half Year Report & Accounts for the six months ended 30th September 2015



Features

Objective

Capital growth from smaller European companies (excluding the United Kingdom).

Investment Policies

- To invest in a diversified portfolio of smaller companies in Europe, excluding the United Kingdom.
- To manage liquidity and borrowings to increase potential returns to shareholders. The Board's current policy is to be between 20% net cash and 20% geared.
- To emphasise capital growth rather than income. Therefore shareholders should expect the dividend to vary from year to year.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Risk

It should be noted that the Company invests in the shares of smaller companies, which tend to be more volatile than those of larger companies. The Company also employs gearing to generate greater returns. The Company's shares should therefore be regarded as carrying greater than average risk.

Benchmark

Euromoney Smaller European Companies (ex UK) Total Return Index in sterling terms.

Capital Structure

At 30th September 2015, the Company's share capital comprised 160,147,885 ordinary shares of 5p each. There were no shares held in Treasury.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. 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 it issues can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') 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.

AIC

The Company is a member of the Association of Investment Companies.

Website

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

Contents

2 HALF YEAR PERFORMANCE

ABOUT THE COMPANY

3 Chairman's Statement

5 Investment Managers' Report

INVESTMENT REVIEW

7 List of Investments

9 Portfolio Analyses

FINANCIAL STATEMENTS

11 Statement of Comprehensive Income

12 Statement of Changes in Equity

13 Statement of Financial Position

14 Statement of Cash Flows

15 Notes to the Financial Statements

18 Interim Management Report

SHAREHOLDER INFORMATION

19 Glossary of Terms and Definitions

20 Where to buy J.P. Morgan Investment Trusts

21 Information about the Company

Half Year Performance

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

+0.7%

Share price return¹

+2.4%

Net asset value return²

-3.8%

Benchmark return³

Financial Data

	30th September 2015	31st March 2015	% change
Shareholders' funds (£'000)	436,708	429,727	+1.6
Number of shares in issue	160,147,885	160,147,885	–
Net asset value per share	272.7p	268.3p	+1.6
Share price	233.3p	233.5p	-0.1
Share price discount to net asset value per share	14.4%	13.0%	
Gearing/(net cash)	(0.5)%	7.5%	
Ongoing Charges	1.15%	1.32%	

Glossary of terms and definitions is provided on page 19.

¹ Source: Morningstar.

² Source: J.P. Morgan.

³ Source: Euromoney. The Company's benchmark is the Euromoney Smaller European Companies (ex UK) Total Return Index in sterling terms.

About the Company

CHAIRMAN'S STATEMENT



Dear shareholder

Performance

In the first six months of the Company's financial year to 30th September 2015, European smaller companies fared better than their large cap counterparts. However, the market fell and the total return from the benchmark index, the Euromoney Smaller European Companies (ex UK) Index, was -3.8%. I am pleased to report that our Investment Managers not only outperformed the benchmark, but they also produced a positive total return on net assets of +2.4% for the six month period. This was due principally to good stock selection. In their report which follows the Investment Managers provide information on the factors impacting the market and the Company's portfolio in the first six months of the financial year.

The share price return was also positive at +0.7%, however the discount at which the Company's shares trade widened from 13.0% at the end of the last financial year to 14.4% at 30th September.

The Company's medium and long term performance record also remains very strong, having out-performed the benchmark index over one, three, five and ten years. Indeed, the total return on net assets over the ten years ended 30th September 2015 is +152.0% against the benchmark total return of +93.4%.

Revenue and Dividend

As I have explained in previous Chairman's Statements, the Board's dividend policy is to pay out the vast majority of revenue available each year. I would again remind shareholders that the Company's objective is to achieve capital growth and management of the portfolio is not constrained to deliver income in any one period. Gross revenue return for the six months to 30th September 2015 was slightly lower than the corresponding period in 2014 at £7.4 million (2014: £7.6 million).

The Board has decided to pay an interim dividend of 1.2 pence per share (2014: 1.2 pence), which will be paid on 15th January 2016 to shareholders on the register as at 18th December 2015 (the ex-dividend date will be 17th December 2015).

Management Fee

As previously reported, the Company's management fee was re-negotiated with JPMorgan and with effect from 1st April 2015 a reduced fee of 1.0% of net assets has been charged.

Share Repurchases

The Board continues to monitor the level of the discount carefully and seeks to use its ability to repurchase shares for cancellation to minimise unexpected fluctuations in the level of the discount. No shares were repurchased for cancellation during the six months to 30th September 2015.

CHAIRMAN'S STATEMENT *CONTINUED*

Outlook

European economies continue their recovery, but the recent slowdown in the rate of growth in the Chinese economy and its associated effect on exports from Europe into China has made the Investment Managers more cautious of the immediate market outlook. Accordingly, gearing has been reduced, cyclical investments reduced and the portfolio more focused on companies whose prospects are more dependent on their own prospects for growth rather than broader economic growth.

Carolan Dobson
Chairman

23rd November 2015

INVESTMENT MANAGERS' REPORT



Jim Campbell

Review

Optimism fuelled by low oil prices and interest rates, a weak Euro and monetary stimulus through quantitative easing by the European Central Bank evaporated quickly in August when data emerging from China suggested a sharp economic slowdown. Markets quickly discounted the potential negative repercussions on the Eurozone economy, and in particular Germany, of lower exports to China. The large company MSCI Europe (ex UK) Index declined by 10.2% in sterling terms in the six months to 30th September 2015. Surprisingly, the reaction of smaller companies was much more muted and the benchmark Euromoney Smaller European Companies (ex UK) Index fell by only 3.8%.

Portfolio

We are pleased to report that in the six month period your Company succeeded in reporting a substantially better result, with the NAV rising by 2.4%. This was achieved largely because of good stock selection and to a smaller extent sector allocation. Somewhat unusually and because of very volatile markets, we had a small negative impact on performance from gearing. In the six months we benefited from increased corporate activity. Faively, a French manufacturer of train components, was approached by a larger US competitor willing in principle to offer more than a fifty percent premium, while OVS, the largest Italian apparel retailer, continued to perform strongly following its initial public offering. Stroer, a German billboard advertising company, and Trigano, a French manufacturer of motor vehicle homes, both benefited from a strong pick up in European consumer demand. Poor performers in the period included the Italian cement producer Cementir, because of its exposure to Turkey, the Swiss private bank EFG International, due to poor cost control and Elis, the French textile cleaning provider, as it faced a price war in France.

With results of companies exposed to China deteriorating and increasing uncertainty about the state of the world economy, we have made some important changes to the portfolio. We have reduced gearing from 8.2% at the end of April to a small cash position at the end of September. Moreover we have pared back our cyclical exposure, reducing our big overweight position in auto components with the sale of companies such as Plastic Omnium in France and George Fischer in Switzerland. We have bolstered our positions in companies that should continue to grow regardless of the economic environment such as Temenos, the Swiss world leader in banking software, Ubisoft the European leader in videogame publishing and Unibet, the online gambling site operator. We have also added to companies that are exposed to the European consumer such as the French rental car company Europcar and Italian shoe manufacturer and retailer Geox.



Francesco Conte

INVESTMENT MANAGERS' REPORT *CONTINUED*

Outlook

While there does indeed seem to be a slowdown in globally exposed industrial and consumer companies, the good news is that for now companies exposed to Europe and more especially the European consumer are doing well. Europeans are enjoying the benefits of low oil prices and interest rates at a time when the benefits of economic reform in peripheral Europe are increasingly evident in their economic renaissance. Consumer confidence indices in countries like Italy are the highest we have seen since 2001.

We have accelerated the process we started in September of focusing on high quality, well managed companies either exposed to the revival in European consumer confidence or companies that are generally less correlated with global economic trends. While the macro economic outlook may be uncertain we feel confident in the management teams and business models of the companies we are invested in.

Jim Campbell
Francesco Conte
Investment Managers

23rd November 2015

Investment Review

LIST OF INVESTMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

Company	Country	Valuation £'000	%
Temenos	Switzerland	12,118	2.5
Alten	France	11,512	2.3
Ubisoft	France	11,447	2.3
SEB	France	11,135	2.3
OVS	Italy	11,093	2.3
Ackermans & van Haaren	Belgium	10,879	2.2
IMCD	Netherlands	10,788	2.2
Rubis	France	10,762	2.2
Europcar	France	10,738	2.2
Aalberts Industries	Netherlands	10,539	2.1
Trigano	France	10,527	2.1
Geox	Italy	10,058	2.0
Kaba	Switzerland	9,952	2.0
Sopra	France	9,588	2.0
Forbo	Switzerland	8,694	1.8
Elis	France	8,694	1.8
Fastighets Balder	Sweden	8,346	1.7
Havas	France	8,291	1.7
Kingspan	Ireland	8,251	1.7
Ascom	Switzerland	8,090	1.6
Flow Traders	Netherlands	7,996	1.6
TKH	Netherlands	7,509	1.5
CTS Eventim	Germany	7,077	1.4
Paddy Power	Ireland	6,893	1.4
Intrum Justitia	Sweden	6,889	1.4
EFG International	Switzerland	6,887	1.4
Stroeer Media	Germany	6,885	1.4
Nordex	Germany	6,767	1.4
Drillisch	Germany	6,714	1.4
Sydbank	Denmark	6,696	1.4
Melia Hotels	Spain	6,663	1.4
Haulotte Group	France	6,550	1.3
Recordati	Italy	6,370	1.3
Ipsen	France	6,222	1.3
ID Logistics	France	5,823	1.2
Krones	Germany	5,771	1.2
Unibet	Sweden	5,738	1.2
Hexpol	Sweden	5,714	1.2
Datalogic	Italy	5,626	1.1
Rational	Germany	5,607	1.1

LIST OF INVESTMENTS *CONTINUED*

Company	Country	Valuation £'000	% ¹
NetEnt	Sweden	5,559	1.1
Pandox	Sweden	5,517	1.1
Sartorius	Germany	5,457	1.1
Irish Continental	Ireland	5,438	1.1
SimCorp	Denmark	5,434	1.1
Freenet	Germany	5,006	1.0
Merlin Properties	Spain	4,969	1.0
Credito Emiliano	Italy	4,553	0.9
Moncler	Italy	4,452	0.9
Manitou	France	4,426	0.9
Nobia	Sweden	4,422	0.9
Royal Unibrew	Denmark	4,393	0.9
Lectra	France	4,220	0.9
Grenkeleasing	Germany	4,143	0.8
Moleskine	Italy	4,121	0.8
Evolution Gaming	Sweden	3,476	0.7
BasicNet	Italy	3,333	0.7
Nordax	Sweden	3,317	0.7
Indutrade	Sweden	3,314	0.7
XXL ASA	Norway	3,240	0.7
Faiveley Transport	France	3,016	0.6
Software	Germany	2,597	0.5
Cementir	Italy	2,549	0.5
PER Aarsleff	Denmark	2,373	0.5
Metsa Board	Finland	1,777	0.4
Jungheinrich	Germany	1,774	0.4
Melexis	Belgium	1,275	0.3
Bakkafrost	Norway	1,115	0.2
Hibernia REIT	Ireland	1,086	0.2
Dalata Hotel	Ireland	228	–
Total investments		438,479	89.2
JPM Euro Liquidity Fund		41,486	8.4
Net current assets		12,012	2.4
Total assets less current liabilities		491,977	100.0

PORTFOLIO ANALYSES

Geographical

	at 30th September 2015		at 31st March 2015	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
France	25.1	13.3	21.7	13.1
Germany	11.7	14.5	15.0	13.4
Sweden	10.7	12.1	15.0	11.4
Italy	10.5	12.6	16.4	12.5
Switzerland	9.3	10.6	9.7	11.0
Netherlands	7.4	4.2	7.6	4.2
Ireland	4.4	2.0	1.4	1.6
Denmark	3.9	3.3	2.7	3.6
Belgium	2.5	4.3	3.4	4.2
Spain	2.4	6.9	3.3	7.7
Norway	0.9	4.4	–	4.7
Finland	0.4	4.7	2.1	4.9
Austria	–	3.4	–	3.9
Greece	–	1.9	–	1.9
Portugal	–	1.8	–	1.9
Total equities	89.2	100.0	98.3	100.0
Liquidity Fund	8.4	–	2.1	–
Net current assets/(liabilities)	2.4	–	(0.4)	–
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £492.0m (31st March 2015: £473.1m).

PORTFOLIO ANALYSES *CONTINUED*

Sector

	at 30th September 2015		at 31st March 2015	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Consumer Discretionary	23.9	14.9	21.7	14.6
Industrials	23.9	24.5	28.0	25.5
Information Technology	15.8	7.9	14.4	7.1
Financials	14.2	21.4	9.7	21.0
Health Care	3.7	10.3	3.3	9.7
Telecommunication Services	2.4	1.6	5.9	2.5
Utilities	2.2	3.1	1.7	2.8
Materials	2.0	6.6	7.9	7.4
Consumer Staples	1.1	6.3	5.7	6.0
Energy	–	3.4	–	3.4
Total equities	89.2	100.0	98.3	100.0
Liquidity fund	8.4	–	2.1	–
Net current assets/(liabilities)	2.4	–	(0.4)	–
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £492.0m (31st March 2015: £473.1m).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

	(Unaudited) Six months ended 30th September 2015			(Unaudited) Six months ended 30th September 2014			(Audited) Year ended 31st March 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	7,428	7,428	–	(78,193)	(78,193)	–	(8,060)	(8,060)
Net foreign currency (losses)/gains	–	(1,404)	(1,404)	–	3,200	3,200	–	7,229	7,229
Income from investments	7,347	–	7,347	7,478	–	7,478	8,448	–	8,448
Other interest receivable and similar income	69	–	69	133	–	133	138	–	138
Gross return/(loss)	7,416	6,024	13,440	7,611	(74,993)	(67,382)	8,586	(831)	7,755
Management fee	(648)	(1,512)	(2,160)	(697)	(1,625)	(2,322)	(1,336)	(3,117)	(4,453)
Other administrative expenses	(336)	–	(336)	(306)	–	(306)	(694)	–	(694)
Net return/(loss) on ordinary activities before finance costs and taxation	6,432	4,512	10,944	6,608	(76,618)	(70,010)	6,556	(3,948)	2,608
Finance costs	(122)	(284)	(406)	(175)	(408)	(583)	(290)	(676)	(966)
Net return/(loss) on ordinary activities before taxation	6,310	4,228	10,538	6,433	(77,026)	(70,593)	6,266	(4,624)	1,642
Taxation	(354)	–	(354)	(751)	–	(751)	(747)	–	(747)
Net return/(loss) on ordinary activities after taxation	5,956	4,228	10,184	5,682	(77,026)	(71,344)	5,519	(4,624)	895
Return/(loss) per share (note 4)	3.72p	2.64p	6.36p	3.55p	(48.10)p	(44.55)p	3.45p	(2.89)p	0.56p

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

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.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015 (UNAUDITED)

	Called up share capital £'000	Share redemption premium £'000	Capital reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
At 31st March 2015 (Unaudited)	8,008	1,312	7,628	406,499	6,280	429,727
Net return on ordinary activities	–	–	–	4,228	5,956	10,184
Dividends appropriated in the period	–	–	–	–	(3,203)	(3,203)
At 30th September 2015	8,008	1,312	7,628	410,727	9,033	436,708
At 31st March 2014 (Unaudited)	8,008	1,312	7,628	411,139	5,406	433,493
Expenses incurred due to stock split	–	–	–	(16)	–	(16)
Net (loss)/return on ordinary activities	–	–	–	(77,026)	5,682	(71,344)
Dividends appropriated in the period	–	–	–	–	(2,723)	(2,723)
At 30th September 2014	8,008	1,312	7,628	334,097	8,365	359,410
At 31st March 2014 (Audited)	8,008	1,312	7,628	411,139	5,406	433,493
Expenses incurred due to stock split	–	–	–	(16)	–	(16)
Net (loss)/return on ordinary activities	–	–	–	(4,624)	5,519	895
Dividends appropriated in the year	–	–	–	–	(4,645)	(4,645)
At 31st March 2015	8,008	1,312	7,628	406,499	6,280	429,727

¹ This reserve forms the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments.

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2015

	(Unaudited) 30th September 2015 £'000	(Unaudited) 30th September 2014 £'000	(Audited) 31st March 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	438,479	350,686	465,221
Cash equivalents (including liquidity funds) at fair value through profit or loss ¹	41,486	31,356	9,992
	479,965	382,042	475,213
Current assets			
Debtors	6,662	9,095	6,322
Cash and short term deposits	16,081	8,792	1,300
	22,743	17,887	7,622
Creditors: amounts falling due within one year	(10,728)	(1,540)	(9,699)
Derivative financial instruments: forward foreign currency contracts	(3)	(18)	–
Net current assets/(liabilities)	12,012	16,329	(2,077)
Total assets less current liabilities	491,977	398,371	473,136
Creditors: amounts falling due after more than one year	(55,269)	(38,961)	(43,409)
Net assets	436,708	359,410	429,727
Capital and reserves			
Called up share capital	8,008	8,008	8,008
Share premium	1,312	1,312	1,312
Capital redemption reserve	7,628	7,628	7,628
Capital reserves	410,727	334,097	406,499
Revenue reserve	9,033	8,365	6,280
Equity shareholders' funds	436,708	359,410	429,727
Net asset value per share (note 5)	272.7p	224.4p	268.3p

¹ This line item was shown as 'Investment in liquidity fund held at fair value through profit or loss' in the financial statements for the year ended 31st March 2015.

Company registration number: 2431143

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

	(Unaudited) Six months ended 30th September 2015 £'000	(Unaudited) Six months ended 30th September 2014 £'000	(Audited) Year ended 31st March 2015 £'000
Cash inflow from operations (note 6)	3,512	3,798	2,084
Interest paid	(402)	(580)	(974)
Taxation	117	223	518
Net cash inflow from operating activities	3,227	3,441	1,628
Purchases of investments and derivatives	(478,324)	(462,606)	(883,929)
Sales of investments and derivatives	513,947	515,603	904,941
Other capital charges	(49)	(128)	(207)
Net cash inflow from investing activities	35,574	52,869	20,805
Dividends paid	(3,203)	(2,723)	(4,645)
Net drawn down/(repayment) of bank loans	10,341	(27,820)	(20,585)
Expenses incurred due to stock split	–	(16)	(16)
Net cash inflow/(outflow) from financing activities	7,138	(30,559)	(25,246)
Increase/(decrease) in cash and cash equivalents	45,939	25,751	(2,813)
Cash and cash equivalents at start of year	11,292	15,437	15,437
Exchange movements	336	(1,040)	(1,332)
Cash and cash equivalents at end of year	57,567	40,148	11,292
Increase/(decrease) in cash and cash equivalents	45,939	25,751	(2,813)
Cash and cash equivalents consist of:			
Cash and short term deposits	16,081	8,792	1,300
Cash equivalents (including liquidity funds) at fair value through profit or loss	41,486	31,356	9,992
	57,567	40,148	11,292

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st March 2015 are extracted from the latest published financial statements of the Company and do not constitute statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in November 2014.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 30th September 2015.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative numbers and presentational formats have been restated where required.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st March 2015 with the following exceptions and amendments:

Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 102.

Financial instruments

Cash and cash equivalents may comprise cash (including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents.

Derivative financial instruments, including short term forward currency contracts, are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the statement of financial position in accordance with FRS 102.

Foreign currency

In accordance with FRS 102 the Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company 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.

Taxation

Current tax is provided at the amounts expected to be received or paid.

Repurchase of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to 'Capital reserves' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

2. Accounting policies *CONTINUED*

Dividends payable

In accordance with FRS 102 the final dividend is included in the financial statements in the year in which it is approved by shareholders.

Only the relevant section of the applicable policies from the last year end accounts which have changed as a result of the application of the 2014 AIC SORP and FRS 102 have been reproduced above - all other aspects of those policies remain the same. The impact of the changes is substantially in relation to presentational, disclosure and non-quantifiable aspects.

3. Dividends¹

	(Unaudited) Six months ended 30th September 2015 £'000	(Unaudited) Six months ended 30th September 2014 £'000	(Audited) Year ended 31st March 2015 £'000
Final dividend in respect of the year ended 31st March 2015 of 2.0p (2014: 1.7p)	3,203	2,723	2,723
Interim dividend in respect of the year ended 31st March 2015 of 1.2p	–	–	1,922
Total dividends paid in the period/year	3,203	2,723	4,645

¹ All dividends paid and declared in the period have been funded from the Revenue Reserve.

An interim dividend of 1.2p (2014: 1.2p) has been declared in respect of the six months ended 30th September 2015, amounting to £1,922,000.

4. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2015 £'000	(Unaudited) Six months ended 30th September 2014 £'000	(Audited) Year ended 31st March 2015 £'000
Return/(loss) per share is based on the following:			
Revenue return	5,956	5,682	5,519
Capital return/(loss)	4,228	(77,026)	(4,624)
Total return/(loss)	10,184	(71,344)	895
Weighted average number of shares in issue	160,147,885	160,147,885	160,147,885
Revenue return per share	3.72p	3.55p	3.45p
Capital return/(loss) per share	2.64p	(48.10)p	(2.89)p
Total return/(loss) per share	6.36p	(44.55)p	0.56p

5. Net asset value per share

The net asset value per share is calculated by dividing shareholders' funds of £436,708,000 (30th September 2014: £359,410,000 and 31st March 2015: £429,727,000) by the number of shares in issue at 30th September 2015 of 160,147,885 (30th September 2014: 160,147,885 and 31st March 2015: 160,147,885).

6. Reconciliation of total return/(loss) on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 30th September 2015 £'000	(Unaudited) Six months ended 30th September 2014 £'000	(Audited) Year ended 31st March 2015 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	10,944	(70,010)	2,608
(Net capital return)/net capital loss on ordinary activities before finance costs and taxation	(4,512)	76,618	3,948
Scrip dividends received as income	(888)	–	–
Decrease/(increase) in accrued income	94	(56)	(138)
Decrease/(increase) in other debtors	13	10	(2)
Decrease in accrued expenses	(22)	(36)	(11)
Overseas withholding tax	(605)	(1,103)	(1,204)
Management fee charged to capital	(1,512)	(1,625)	(3,117)
Net cash inflow from operating activities	3,512	3,798	2,084

7. Fair valuation of investments

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 30th September 2015		(Unaudited) Six months ended 30th September 2014		(Audited) Year ended 31st March 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Quoted prices for identical instruments in active markets	438,479	–	350,686	–	465,221	–
Prices of recent transactions for identical instruments ¹	41,486	–	31,356	–	9,992	–
Valuation techniques using observable market value ²	–	(3)	–	(18)	–	–
Total value of investments	479,965	(3)	382,042	(18)	475,213	–

¹ Includes JPMorgan Euro Liquidity Fund.

² Includes forward foreign currency contracts.

INTERIM MANAGEMENT REPORT

The Company is required to make the following disclosures in its half year report:

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company have not changed and fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational going concern and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st March 2015.

Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operation existence for at least twelve months from the date of the approval of this half yearly financial report. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with FRS 104 'Interim Financial Reports' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 30th September 2015, as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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.

For and on behalf of the Board

Carolyn Dobson

Chairman

23rd November 2015

Shareholder Information

GLOSSARY OF TERMS AND DEFINITIONS

Share Price Return

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.

Net Asset Value Return

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, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV when calculating the total return on net assets.

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.

Share Price Discount/Premium to Net Asset Value ('NAV') Per Share

If the share price of an investment trust company is lower than the NAV per share, the 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 company's shares to trade at a discount than at a premium.

Ongoing Charges

Estimated annualised management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the period. Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012.

Financial Conduct Authority

Beware of share fraud

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



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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 20 40 20 or visit its website at am.jpmorgan.co.uk

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 ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

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

Fund supermarkets:

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

Information about the Company

FINANCIAL CALENDAR

Financial year end	31st March
Final results announced	May/June
Half year end	30th September
Half year results announced	November
Annual General Meeting	July
Dividend	July

History

On 24th April 1990, the Company acquired the undertaking and assets of Fleming European Fledgeling Fund Limited (the 'Fund') in exchange for the issue of its shares and warrants. The Fund was an open-ended, unquoted investment company based in Jersey and formed in June 1987 with the same objectives and investment policies as the Company. The Company adopted its present name in July 2010.

Directors

Carolán Dobson (Chairman)
Ashok Gupta
Federico Marescotti
Nicholas Smith
Stephen White

Company Numbers

Company registration number: 2431143
London Stock Exchange number: 034I969
ISIN: GB00BMTSOZ37
Bloomberg code: JESCLN

Market Information

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

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 and J.P. Morgan ISA. These products are all available on the online service at www.jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial issues and administrative matters, please contact Jonathan Latter.

Depository

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

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

Registrars

Equiniti Limited
Reference 1083
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2325

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1083.

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Brokers

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Savings Product Administrators

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

aic

The Association of
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A member of the AIC

www.jpmeuropeansmallercompanies.co.uk

J.P. Morgan Helpline

Freephone 0800 20 40 20 or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday, 9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.