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# JPMorgan European Investment Trust plc

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



# 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 by 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 stock markets.

## Investment Policies

### Growth

- To invest in a diversified portfolio of investments in the stock markets 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 and Income

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

## Capital Structure

At 30th September 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.

## AIC

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

## Website

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

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# Half Year Performance

## TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) GROWTH PORTFOLIO

**-8.5%**

Return to shareholders<sup>1</sup>

**-8.0%**

Return on net assets<sup>2</sup>

**-10.6%**

Benchmark return<sup>3</sup>

### Long Term Performance<sup>1,3</sup>

FOR PERIOD ENDED 30TH SEPTEMBER 2015

	Return to shareholders	Return on Net Assets	Benchmark return
1 Year Performance	7.5%	7.5%	5.6%
3 Year Performance	55.7%	47.4%	32.8%
5 Year Performance	61.2%	45.0%	26.7%

The above returns have been calculated on the assumption that any dividends received during the period have been immediately reinvested. Further details are given in the Glossary of Terms and Conditions on page 25.

### Financial Data

	30th September 2015	31st March 2015	% change
Net asset value per share with debt at par value (p)	247.6	270.2	-8.4
Net asset value per share with debt at fair value (p) <sup>4</sup>	244.8	–	–
Share price (p)	232.3	259.0	-10.3
Share price discount to net asset value per share with debt at par value (%)	6.2	4.1	
Share price discount to net asset value per share with debt at fair value (%) <sup>4</sup>	5.1	–	
Number of shares in issue	85,244,846	85,244,846	–
Total net assets (£'000)	211,040	230,314	-8.4
Ongoing charges (%)	1.04	1.04	
Gearing (%)	7.3	7.7	

Dividend	Six months to 30th September 2015	Year to 31st March 2015	Year to 31st March 2014
Pence per Growth share	4.85p <sup>5</sup>	6.70p	6.70p

A glossary of terms and definitions is provided on page 25.

<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: J.P. Morgan.

<sup>3</sup> 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. Performance figures prior to that date reflect the former benchmark and the long term performance figures to 30th September 2015 are composite of the two benchmarks.

<sup>4</sup> The fair value of the Company's private placement has been calculated using discounted cash flow techniques, using the yield from a similarly dated German government bond plus a margin based on the five year average for the AA Barclays Euro corporate bond spread.

<sup>5</sup> Declared.

## TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) INCOME PORTFOLIO

**-6.7%**

Return to shareholders<sup>1</sup>

**-8.1%**

Return on net assets<sup>2</sup>

**-10.6%**

Benchmark return<sup>3</sup>

### Long Term Performance<sup>1,3</sup>

FOR PERIOD ENDED 30TH SEPTEMBER 2015

	Return to shareholders	Return on Net Assets	Benchmark return
1 Year Performance	14.1%	12.8%	5.6%
3 Year Performance	63.7%	52.3%	30.4%
5 Year Performance	75.5%	54.0%	31.7%

The above returns have been calculated on the assumption that any dividends received during the period have been immediately reinvested. Further details are given in the Glossary of Terms and Conditions on page 25.

### Financial Data

	30th September 2015	31st March 2015	% change
Net asset value per share with debt at par value (p)	129.6	143.6	-9.7
Net asset value per share with debt at fair value (p) <sup>4</sup>	128.1	–	–
Share price (p)	125.3	136.5	-8.2
Share price discount to net asset value per share with debt at par value (%)	3.3	4.9	
Share price discount to net asset value per share with debt at fair value (%) <sup>4</sup>	2.2	–	
Number of shares in issue	79,854,104	79,854,104	–
Total net assets (£'000)	103,470	114,692	-9.8
Ongoing charges (%)	1.04	1.08	
Gearing (%)	6.2	7.5	

	Six months to 30th September 2015	Year to 31st March 2015	Year to 31st March 2014
<b>Dividend</b>			
Pence per Income share	2.20p <sup>5</sup>	4.75p	4.75p

A glossary of terms and definitions is provided on page 25.

<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: J.P. Morgan.

<sup>3</sup> 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 in sterling terms (total return). Performance figures prior to that date reflect the former benchmark and the long term performance figures to 30th September 2015 are composite of the two benchmarks.

<sup>4</sup> The fair value of the Company's private placement has been calculated using discounted cash flow techniques, using the yield from a similarly dated German government bond plus a margin based on the five year average for the AA Barclays Euro corporate bond spread.

<sup>5</sup> Declared.

# About the Company

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## CHAIRMAN'S STATEMENT



### Performance

In the six months to 30th September 2015 the Company's Growth portfolio produced a total return on net assets (capital plus net income reinvested) of -8.0% against a total return on the benchmark index, the MSCI Europe ex UK Index, of -10.6% (both in sterling terms). The fall in the Growth share price was -10.3% over the six months and, with net dividends reinvested, the total return to Growth shareholders was -8.5%. The outperformance against the benchmark on the Growth portfolio over the six month period was in line with its performance over one, three and five years, which were all comfortably above the benchmark.

In the same period, the Income portfolio produced a total return on net assets of -8.1%, compared with the total return on the benchmark index, also the MSCI Europe ex UK Index, of -10.6%. With net dividends reinvested, the total return to shareholders was -6.7% over the period. The Income portfolio performance was ahead of its benchmark over the six month period, and also ahead over one, three and five years, and since its inception in 2006. In their report on page 6, the Investment Managers comment on some of the factors underlying the performance of the two portfolios over the six month period, as well as commenting on the economic and market background.

### Revenue and Dividends

Earnings per share on the Growth portfolio for the six months to 30th September 2015 (calculated by reference to the average number of shares in issue over the period) amounted to 4.16 pence per share (2014: 5.01 pence). A first interim dividend of 4.85 pence per Growth share was paid on 9th October 2015 (2014: 5.45 pence).

The Board's aim is that annual dividend payments on the Growth shares continue to be broadly in line with revenues received on the underlying portfolio. Earnings per share on the Income portfolio for the half year (again, calculated by reference to the average number of shares in issue over the period) amounted to 3.86 pence per share (2014: 3.68 pence).

The first quarterly interim dividend of 1.10 pence per Income share (2014: 1.10 pence) was paid on 25th June 2015 and a second quarterly interim dividend also of 1.10 pence per Income share (2014: 1.10 pence) was paid on 9th October 2015. A third interim dividend of 1.10 pence (2014: 1.10 pence) per Income share was declared on 24th November 2015. The Board's aim is to consider the possibility of at least maintaining the level of dividend for the fourth quarter interim dividend and provide a regular stream of dividend income on a quarterly basis, subject to the availability of distributable reserves. The timing of the dividend declarations for the Growth second interim and Income fourth interim will continue to be made ahead of the conversion opportunity in March each year.

### Gearing

As announced by the Board on 30th July 2015, the Company agreed to issue €50 million fixed rate 20-year unsecured private placement notes (the Notes) at an annualised coupon of 2.69%.

The Notes were issued on 26th August 2015 and provide fixed rate long-dated Euro-denominated financing at a price that the Company considers attractive and which is expected to enhance its long term investment performance. The issuance allowed the

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Company to repay part of its €60 million short term facility which expired on 27th August 2015. The Notes are due to be repaid on 26th August 2035. The interest payment dates are on 26th February and 26th August. There has been no change in the Investment Manager's permitted gearing range, as previously set by the Board, of 10% cash to 20% geared.

The Company's gearing at 30th September 2015 was 7.3% for the Growth portfolio and 6.2% for the Income portfolio.

### Conversions

As referred to in my predecessor's statement in the Company's last Annual Report & Accounts, I can report that the special resolution put to the Company's shareholders at the 21st July 2015 Annual General Meeting (AGM) was passed and the bi-annual share conversion process was reduced to an annual share conversion in March each year. The Company's next share conversion will be in March 2016 and details of the process will be posted on the Company's website in late January 2016.

### Share Repurchases

The Board has a proactive and structured approach to the use of its share repurchase powers. It remains of the view that it is important to seek to address imbalances in the supply of and demand for the Company's shares and to minimise thereby the volatility and absolute level of the discount to net asset value at which the Company's shares trade. As stated by my predecessor previously, your Board does not wish to see the discounts widen beyond 10% on an ongoing basis. The precise level and timing of repurchases pursuant to this policy depend upon prevailing market conditions. Over the six months under review the discount levels have averaged 6.7% for the Growth shares and 3.1% for Income Shares; the Company has therefore not repurchased any shares for cancellation over the period.

### The Board

As planned and detailed in the Company's last Annual Report & Accounts, both my predecessor Andrew Murison and Ferdinand Verdonck retired as Chairman and Director respectively at the Company's AGM on 21st July 2015. This reduced the number of Board Directors to five, in accordance with the recommendations of the Nomination Committee. I would reiterate the thanks that I offered Andrew and Ferdinand at the AGM for their valuable and distinguished service as directors of the Company and also express my pleasure at the opportunity I have as the newly appointed Chairman of the Company to continue its successful performance record.

For and on behalf of the Board

**Andrew Adcock**  
Chairman

26th November 2015

## INVESTMENT MANAGERS' REPORT



Stephen Macklow-Smith

Since the end of our last financial year, the Growth portfolio has seen its NAV fall by -8.0% on a total return basis, against a benchmark which fell by 10.6%. The return to shareholders in the Growth portfolio was -8.5%. For the Income portfolio, the NAV fell by 8.1% on a total return basis, against a benchmark return of -10.6%. The return to shareholders was -6.7%. Both portfolios have risen in absolute terms and outperformed the benchmark over one year, three years and five years.

During the six month period under review the markets in Europe ex UK experienced significant volatility, hitting a new 12 month high in April and then more or less holding that for four months before succumbing to profit-taking in August and September as investors became concerned about global growth. The immediate cause of the nervousness was a run of disappointing data out of China, and the Chinese market was also cited as a source of some weakness in company profits in the quarter ending in June.



Alexander Fitzalan Howard

Domestically, however, European growth continues to recover. Eurozone countries still benefit from very low interest rates, and the European Central Bank's (ECB) programme of quantitative easing (QE) is also adding liquidity to the economy. The weaker Euro also helped exports. Falls in raw materials prices, most obviously oil, are boosting real incomes for households and corporates, and credit continues to recover. Unemployment is falling, leading to higher consumer confidence almost everywhere – indeed the measure of consumer confidence for the Eurozone in total hit a new multi-year high in March. Retail sales are benefiting, growing year on year at 2.9% in September. Confidence is also good, although there is a disparity between Manufacturing confidence, which has been hit by the emerging market slowdown and also by the travails of the Energy and Mining sectors, and Services confidence, which has remained at a reasonably high level all year. This is relevant because Services account for around three quarters of European GDP, only a little less than in the US.



Michael Barakos

Consistent with this recovery in overall growth, we are also seeing growth in corporate earnings this year, after six years of more or less no change. Consensus expects high (single digit growth) for 2015 profits, with 2016 showing further growth. This stems partly from higher demand, but also from the benefits of cost control in the last few years. Balance sheets are in good shape, with growing levels of free cash-flow, which can either be reinvested, or distributed to shareholders.

We accordingly believe that despite the correction in markets in the first half of this year we will see prices rise in the next year, and therefore we deployed some more gearing near the August and September lows. Our new long-term gearing facility offers us a very attractive rate of interest, and we believe that it will add considerable value for shareholders over its life.

Both share classes outperformed the market. In both cases gearing was a slight short-term drag, outweighed by good stock selection. In the case of the Income class, this reflected the excellent performance of higher yielding stocks as investors searched out a pick-up over meagre cash and sovereign bond yields. The portfolio benefitted from not owning Volkswagen (or Porsche) which was hit by the so called diesel gate scandal although earnings revisions had been poor for some time. It was pleasing to see positive contributions from non index stocks such as the German telecom company Drillisch, Byggmax, a Swedish building materials supplier, and Bakkafrost, a Norwegian salmon farming company. In the case of the Growth class it reflected a tilt away from stocks exposed to global growth and more towards those which benefit from the recovery in domestic growth. For example we did not own BASF because we were concerned about their exposure to Asia and their ability to earn a sustainable return on the capital they have invested there. In contrast our positions in the French construction and concessions company Vinci, and Pandora, a Danish jewellery company, benefitted from a stronger domestic economy. We therefore remain confident about the second half of the Company's year.

**Stephen Macklow-Smith**

**Alexander Fitzalan Howard**

**Michael Barakos**

Investment Managers

26th November 2015



# Growth Portfolio

## FORTY LARGEST INVESTMENTS AT 30TH SEPTEMBER 2015

Company	Country	Sector	Value £'000	%
Novartis	Switzerland	Health Care	10,882	4.6
Nestlé	Switzerland	Consumer Staples	8,796	3.7
Sanofi-Aventis	France	Health Care	6,722	2.9
JPMorgan European Smaller Companies Trust	Europe	Financials	6,495	2.8
Roche	Switzerland	Health Care	6,486	2.8
JPMorgan Europe Dynamic Small Cap Fund	Europe	Financials	5,588	2.4
BNP Paribas	France	Financials	5,554	2.4
ING Bank	Netherlands	Financials	4,964	2.1
Vinci	France	Industrials	4,412	1.9
Daimler	Germany	Consumer Discretionary	4,236	1.8
Iberdrola	Spain	Utilities	4,099	1.7
Novo Nordisk	Denmark	Health Care	3,873	1.6
Anheuser-Busch Inbev	Belgium	Consumer Staples	3,842	1.6
Continental	Germany	Consumer Discretionary	3,768	1.6
Deutsche Boerse	Germany	Financials	3,587	1.5
Hannover Rueckversicherung	Germany	Financials	3,489	1.5
Safran	France	Industrials	3,482	1.5
Reed Elsevier	Netherlands	Consumer Discretionary	3,345	1.4
Deutsche Telekom	Germany	Telecommunication Services	3,262	1.4
Münchener Rückversicherungs	Germany	Financials	3,231	1.4
Adecco	Switzerland	Industrials	3,161	1.3
CRH	Ireland	Materials	3,140	1.3
UBS	Switzerland	Financials	3,119	1.3
Cap Gemini	France	Information Technology	3,112	1.3
Ahold	Netherlands	Consumer Staples	2,904	1.2
Danske Bank	Denmark	Financials	2,782	1.2
Nordea Bank	Sweden	Financials	2,717	1.2
Lvmh Moet Hennessy	France	Consumer Discretionary	2,658	1.1
Telenor	Norway	Telecommunication Services	2,614	1.1
Unilever	Netherlands	Consumer Staples	2,580	1.1
Airbus	France	Industrials	2,542	1.1
Intesa Sanpaolo	Italy	Financials	2,534	1.1
Merck KGAA	Germany	Health Care	2,493	1.1
ProSiebenSat.1 Media	Germany	Consumer Discretionary	2,491	1.1
Mediobanca	Italy	Financials	2,467	1.1
Assicurazioni Generali	Italy	Financials	2,440	1.0
Endesa	Spain	Utilities	2,435	1.0
NN	Netherlands	Financials	2,382	1.0
UPM-Kymmene	Finland	Materials	2,369	1.0
Telecom Italia	Italy	Telecommunication Services	2,140	0.9
<b>Total</b>			<b>153,193</b>	<b>65.1</b>

## PORTFOLIO ANALYSES

### Geographical

	30th September 2015		31st March 2015	
	Portfolio <sup>1</sup> %	Benchmark %	Portfolio <sup>1</sup> %	Benchmark %
France	20.7	22.0	19.0	21.5
Switzerland	18.2	21.2	16.8	20.4
Germany	17.0	19.4	23.4	21.0
Netherlands	8.8	6.1	7.9	6.0
Italy	7.7	5.6	4.9	5.2
Sweden	5.8	6.5	6.1	6.8
Spain	5.3	7.5	5.4	7.8
Belgium	5.0	2.9	4.0	2.9
Denmark	4.5	4.0	5.2	3.6
Norway	2.0	1.3	0.8	1.4
Ireland	1.8	0.9	1.5	0.8
Finland	1.5	1.9	2.1	1.9
United Kingdom <sup>2</sup>	0.8	–	1.7	–
Austria	0.4	0.4	0.7	0.4
Russia	0.2	–	0.3	–
Poland	0.1	–	0.1	–
Portugal	0.1	0.3	–	0.3
Turkey	0.1	–	0.1	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £225.8m (31st March 2015: £246.4m), excluding liquidity fund holdings.

<sup>2</sup> Includes investments in European funds which are reclassified in accordance with the domicile of the underlying assets in the fund.

### Sector

	30th September 2015		31st March 2015	
	Portfolio <sup>1</sup> %	Benchmark %	Portfolio <sup>1</sup> %	Benchmark %
Financials	27.0	22.7	24.3	22.8
Industrials	14.9	12.9	12.9	13.0
Health Care	14.6	16.1	15.1	15.6
Consumer Discretionary	13.6	11.8	15.0	12.3
Consumer Staples	10.5	12.9	10.1	12.2
Materials	5.2	6.9	7.9	7.5
Telecommunication Services	5.1	4.5	5.8	4.4
Utilities	4.1	3.7	4.0	3.7
Information Technology	3.1	4.7	2.6	4.5
Energy	1.9	3.8	2.3	4.0
<b>Total<sup>2</sup></b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £225.8m (31st March 2015: £246.4m), excluding liquidity fund holdings.

<sup>2</sup> Includes investments in European funds which are reclassified in accordance with the domicile of the underlying assets in the fund.

## 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
<b>(Losses)/gains on investments held at fair value through profit or loss</b>	–	(20,374)	(20,374)	–	(16,040)	(16,040)	–	8,559	8,559
Net foreign currency (losses)/gains	–	(646)	(646)	–	1,374	1,374	–	2,296	2,296
Income from investments	4,472	–	4,472	5,693	–	5,693	8,288	–	8,288
Other interest receivable and similar income	57	–	57	158	–	158	309	–	309
<b>Gross return/(loss)</b>	<b>4,529</b>	<b>(21,020)</b>	<b>(16,491)</b>	<b>5,851</b>	<b>(14,666)</b>	<b>(8,815)</b>	<b>8,597</b>	<b>10,855</b>	<b>19,452</b>
Management fee	(267)	(622)	(889)	(284)	(664)	(948)	(545)	(1,272)	(1,817)
Other administrative expenses	(273)	–	(273)	(271)	–	(271)	(517)	–	(517)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>3,989</b>	<b>(21,642)</b>	<b>(17,653)</b>	<b>5,296</b>	<b>(15,330)</b>	<b>(10,034)</b>	<b>7,535</b>	<b>9,583</b>	<b>17,118</b>
Finance costs	(32)	(74)	(106)	(45)	(104)	(149)	(74)	(173)	(247)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>3,957</b>	<b>(21,716)</b>	<b>(17,759)</b>	<b>5,251</b>	<b>(15,434)</b>	<b>(10,183)</b>	<b>7,461</b>	<b>9,410</b>	<b>16,871</b>
Taxation	(408)	–	(408)	(572)	–	(572)	(287)	–	(287)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>3,549</b>	<b>(21,716)</b>	<b>(18,167)</b>	<b>4,679</b>	<b>(15,434)</b>	<b>(10,755)</b>	<b>7,174</b>	<b>9,410</b>	<b>16,584</b>
<b>Return/(loss) per Growth share</b>	<b>4.16p</b>	<b>(25.48)p</b>	<b>(21.32)p</b>	<b>5.01p</b>	<b>(16.54)p</b>	<b>(11.53)p</b>	<b>7.90p</b>	<b>10.36p</b>	<b>18.26p</b>

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.

**STATEMENT OF FINANCIAL POSITION** AT 30TH SEPTEMBER 2015

	(Unaudited) 30th September 2015 £'000	(Unaudited) 30th September 2014 £'000	(Audited) 31st March 2015 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	225,824	234,841	246,352
Cash equivalents (including liquidity funds) at fair value through profit or loss <sup>1</sup>	9,613	8,142	6,164
<b>Current assets</b>			
Debtors	729	406	1,638
Cash and short term deposits	6,752	682	772
Derivative financial assets	61	112	194
	<b>7,542</b>	<b>1,200</b>	<b>2,604</b>
<b>Creditors: amounts falling due within one year</b>	(7,461)	(27,281)	(24,697)
Derivative financial liabilities	(45)	(179)	(109)
<b>Net current assets/(liabilities)</b>	<b>36</b>	<b>(26,260)</b>	<b>(22,202)</b>
<b>Total assets less current liabilities</b>	<b>235,473</b>	<b>216,723</b>	<b>230,314</b>
<b>Creditors: amounts falling due after more than one year</b>	(24,433)	–	–
<b>Net assets</b>	<b>211,040</b>	<b>216,723</b>	<b>230,314</b>
<b>Net asset value per Growth share</b>	<b>247.6p</b>	<b>244.6p</b>	<b>270.2p</b>

<sup>1</sup> 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.

# Income Portfolio

## FORTY LARGEST INVESTMENTS AT 30TH SEPTEMBER 2015

Company	Country	Sector	Value £'000	%
Roche	Switzerland	Health Care	3,836	3.3
Nestlé	Switzerland	Consumer Staples	2,576	2.2
Sanofi-Aventis	France	Health Care	2,513	2.1
Allianz	Germany	Financials	1,861	1.6
Daimler	Germany	Consumer Discretionary	1,584	1.4
BNP Paribas	France	Financials	1,581	1.3
BASF	Germany	Materials	1,566	1.3
Unilever	Netherlands	Consumer Staples	1,541	1.3
UBS	Switzerland	Financials	1,514	1.3
ING Bank	Netherlands	Financials	1,404	1.2
Deutsche Telekom	Germany	Telecommunication Services	1,382	1.2
Telefonica	Spain	Telecommunication Services	1,381	1.2
AXA	France	Financials	1,368	1.2
Intesa Sanpaolo	Italy	Financials	1,296	1.1
Nordea Bank	Sweden	Financials	1,086	0.9
Iberdrola	Spain	Utilities	1,062	0.9
Swiss Re	Switzerland	Financials	1,013	0.9
Munich Re	Germany	Financials	1,000	0.9
Enel	Italy	Utilities	981	0.8
Société Générale	France	Financials	974	0.8
Vivendi	France	Consumer Discretionary	954	0.8
Vinci	France	Industrials	894	0.8
Syngenta	Switzerland	Materials	885	0.8
Orange	France	Telecommunication Services	866	0.7
Sampo	Finland	Financials	835	0.7
Svenska Handelsbanken	Sweden	Financials	828	0.7
Swedbank	Sweden	Financials	797	0.7
Unibail-Rodamco	France	Financials	797	0.7
Assicurazioni Generali	Italy	Financials	753	0.6
Skandinaviska Enskilda	Sweden	Financials	720	0.6
Koninklijke Philips	Netherlands	Industrials	704	0.6
Credit Suisse	Switzerland	Financials	686	0.6
Danske Bank	Denmark	Financials	675	0.6
Pandora	Denmark	Consumer Discretionary	673	0.6
Telenor	Norway	Telecommunication Services	667	0.6
Atlantia	Italy	Industrials	644	0.5
Snam Rete Gas	Italy	Utilities	626	0.5
Ahold	Netherlands	Consumer Staples	616	0.5
Hannover Rueckversicherung	Germany	Financials	611	0.5
Ferrovial	Spain	Industrials	600	0.5
<b>Total</b>			<b>46,350</b>	<b>39.5</b>

## PORTFOLIO ANALYSES

## Geographical

	30th September 2015		31st March 2015	
	Portfolio <sup>1</sup> %	Benchmark %	Portfolio <sup>1</sup> %	Benchmark %
France	17.0	22.0	17.2	21.5
Switzerland	14.4	21.2	16.1	20.4
Germany	12.0	19.4	12.3	21.0
Sweden	10.8	6.5	9.8	6.8
Finland	8.9	1.9	7.5	1.9
Norway	8.9	1.3	7.6	1.4
Italy	8.2	5.6	7.3	5.2
Spain	6.6	7.5	8.3	7.8
Netherlands	5.8	6.1	5.8	6.0
Belgium	2.7	2.9	3.6	2.9
Denmark	2.0	4.0	1.6	3.6
Portugal	1.6	0.3	1.3	0.3
Austria	0.7	0.4	1.0	0.4
Ireland	0.4	0.9	0.6	0.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £109.4m (31st March 2015: £122.5m), excluding liquidity fund holdings.

## Sector

	30th September 2015		31st March 2015	
	Portfolio <sup>1</sup> %	Benchmark %	Portfolio <sup>1</sup> %	Benchmark %
Financials	35.5	22.7	38.9	22.7
Industrials <sup>2</sup>	14.7	12.9	13.5	13.0
Consumer Discretionary	10.6	11.8	9.2	12.4
Consumer Staples	9.1	12.9	7.8	12.2
Utilities	8.3	3.7	8.2	3.7
Telecommunication Services	7.3	4.5	7.0	4.4
Health Care	6.2	16.1	7.5	15.6
Materials	4.4	6.9	2.3	7.5
Energy <sup>2</sup>	2.5	3.8	2.0	4.0
Information Technology	1.4	4.7	3.6	4.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £109.4m (31st March 2015: £122.5m), excluding liquidity fund holdings.

<sup>2</sup> Bonheur was reclassified from Industrials in the prior period to Energy in the current period.

## 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
<b>(Losses)/gains on investments held at fair value through profit or loss</b>	–	(12,378)	(12,378)	–	(4,519)	(4,519)	–	5,880	5,880
Net foreign currency gains	–	325	325	–	554	554	–	1,742	1,742
Income from investments	3,667	–	3,667	2,830	–	2,830	4,028	–	4,028
Other interest receivable and similar income	44	–	44	71	–	71	99	–	99
<b>Gross return/(loss)</b>	<b>3,711</b>	<b>(12,053)</b>	<b>(8,342)</b>	<b>2,901</b>	<b>(3,965)</b>	<b>(1,064)</b>	<b>4,127</b>	<b>7,622</b>	<b>11,749</b>
Management fee	(184)	(275)	(459)	(142)	(214)	(356)	(301)	(452)	(753)
Other administrative expenses	(115)	–	(115)	(71)	–	(71)	(239)	–	(239)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>3,412</b>	<b>(12,328)</b>	<b>(8,916)</b>	<b>2,688</b>	<b>(4,179)</b>	<b>(1,491)</b>	<b>3,587</b>	<b>7,170</b>	<b>10,757</b>
Finance costs	(20)	(29)	(49)	(19)	(29)	(48)	(33)	(49)	(82)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>3,392</b>	<b>(12,357)</b>	<b>(8,965)</b>	<b>2,669</b>	<b>(4,208)</b>	<b>(1,539)</b>	<b>3,554</b>	<b>7,121</b>	<b>10,675</b>
Taxation	(312)	–	(312)	(280)	–	(280)	(353)	–	(353)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>3,080</b>	<b>(12,357)</b>	<b>(9,277)</b>	<b>2,389</b>	<b>(4,208)</b>	<b>(1,819)</b>	<b>3,201</b>	<b>7,121</b>	<b>10,322</b>
<b>Return/(loss) per Income share</b>	<b>3.86p</b>	<b>(15.47)p</b>	<b>(11.61)p</b>	<b>3.68p</b>	<b>(6.48)p</b>	<b>(2.80)p</b>	<b>4.60p</b>	<b>10.25p</b>	<b>14.85p</b>

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.

**STATEMENT OF FINANCIAL POSITION** AT 30TH SEPTEMBER 2015

	(Unaudited) 30th September 2015 £'000	(Unaudited) 30th September 2014 £'000	(Audited) 31st March 2015 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	109,390	99,277	122,492
Cash and equivalents (including liquidity funds) at fair value through profit or loss <sup>1</sup>	7,981	3,511	–
<b>Current assets</b>			
Debtors	351	911	674
Cash and short term deposits	1,539	1,179	3
Derivative financial assets	301	303	289
	<b>2,191</b>	<b>2,393</b>	<b>966</b>
<b>Creditors:</b> amounts falling due within one year	(3,768)	(9,366)	(8,686)
Derivative financial liabilities	(120)	(389)	(80)
<b>Net current liabilities</b>	<b>(1,697)</b>	<b>(7,362)</b>	<b>(7,800)</b>
<b>Total assets less current liabilities</b>	<b>115,674</b>	<b>95,426</b>	<b>114,692</b>
<b>Creditors:</b> amounts falling due after more than one year	(12,204)	–	–
<b>Net assets</b>	<b>103,470</b>	<b>95,426</b>	<b>114,692</b>
<b>Net asset value per Income share</b>	<b>129.6p</b>	<b>129.7p</b>	<b>143.6p</b>

<sup>1</sup> 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.



# 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
<b>(Losses)/gains on investments and derivatives held at fair value through profit or loss</b>	–	(32,752)	(32,752)	–	(20,559)	(20,559)	–	14,439	14,439
Net foreign currency (losses)/gains	–	(321)	(321)	–	1,928	1,928	–	4,038	4,038
Income from investments	8,139	–	8,139	8,523	–	8,523	12,316	–	12,316
Other interest receivable and similar income	101	–	101	229	–	229	408	–	408
<b>Gross return/(loss)</b>	8,240	(33,073)	(24,833)	8,752	(18,631)	(9,879)	12,724	18,477	31,201
Management fee	(451)	(897)	(1,348)	(426)	(878)	(1,304)	(846)	(1,724)	(2,570)
Other administrative expenses	(388)	–	(388)	(342)	–	(342)	(756)	–	(756)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	7,401	(33,970)	(26,569)	7,984	(19,509)	(11,525)	11,122	16,753	27,875
Finance costs	(52)	(103)	(155)	(64)	(133)	(197)	(107)	(222)	(329)
<b>Net return/(loss) on ordinary activities before taxation</b>	7,349	(34,073)	(26,724)	7,920	(19,642)	(11,722)	11,015	16,531	27,546
Taxation	(720)	–	(720)	(852)	–	(852)	(640)	–	(640)
<b>Net return/(loss) on ordinary activities after taxation</b>	6,629	(34,073)	(27,444)	7,068	(19,642)	(12,574)	10,375	16,531	26,906
<b>Return/(loss) per share</b> (note 4):									
Growth share	4.16p	(25.48)p	(21.32)p	5.01p	(16.54)p	(11.53)p	7.90p	10.36p	18.26p
Income share	3.86p	(15.47)p	(11.61)p	3.68p	(6.48)p	(2.80)p	4.60p	10.25p	14.85p

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**

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves <sup>1</sup> £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>Six months ended 30th September 2015 (Unaudited)</b>						
<b>At 31st March 2015</b>	6,280	63,686	13,279	257,206	4,555	345,006
Net (loss)/return on ordinary activities	–	–	–	(34,073)	6,629	(27,444)
Dividends appropriated in the period <sup>2</sup>	–	–	–	–	(3,052)	(3,052)
<b>At 30th September 2015</b>	<b>6,280</b>	<b>63,686</b>	<b>13,279</b>	<b>223,133</b>	<b>8,132</b>	<b>314,510</b>
<b>Six months ended 30th September 2014 (Unaudited)</b>						
<b>At 31st March 2014</b>	6,298	41,815	12,916	262,891	3,622	327,542
Share conversions during the period	(11)	12,511	211	(12,711)	–	–
Net (loss)/return on ordinary activities	–	–	–	(19,642)	7,068	(12,574)
Dividends appropriated in the period <sup>2</sup>	–	–	–	–	(2,819)	(2,819)
<b>At 30th September 2014</b>	<b>6,287</b>	<b>54,326</b>	<b>13,127</b>	<b>230,538</b>	<b>7,871</b>	<b>312,149</b>
<b>Year ended 30th March 2015 (Audited)</b>						
<b>At 31st March 2014</b>	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	29,906
Dividends appropriated in the year <sup>2</sup>	–	–	–	–	(9,442)	(9,442)
<b>At 31st March 2015</b>	<b>6,280</b>	<b>63,686</b>	<b>13,279</b>	<b>257,206</b>	<b>4,555</b>	<b>345,006</b>

<sup>1</sup> Both Capital and Revenue reserves of the Company may be used to fund the distribution of profits to investors via dividend payments.

<sup>2</sup> Refer to note 3.

## STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2015

	(Unaudited) 30th September 2015			(Unaudited) 30th September 2014	(Audited) 31st March 2015
	Growth £'000	Income £'000	Total £'000	Total £'000	Total £'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	225,824	109,390	335,214	334,118	368,844
Cash equivalents (including liquidity funds) at fair value through profit or loss <sup>1</sup>	9,613	7,981	17,594	11,653	6,164
<b>Current assets</b>					
Debtors	729	351	1,080	1,317	2,312
Cash and short term deposits	6,752	1,539	8,291	1,861	775
Derivative financial assets	61	301	362	415	483
	<b>7,542</b>	<b>2,191</b>	<b>9,733</b>	<b>3,593</b>	<b>3,570</b>
<b>Creditors:</b> amounts falling due within one year	(7,461)	(3,768)	(11,229)	(36,647)	(33,383)
Derivative financial liabilities	(45)	(120)	(165)	(568)	(189)
<b>Net current assets/(liabilities)</b>	<b>36</b>	<b>(1,697)</b>	<b>(1,661)</b>	<b>(33,622)</b>	<b>(30,002)</b>
<b>Total assets less current liabilities</b>	<b>235,473</b>	<b>115,674</b>	<b>351,147</b>	<b>312,149</b>	<b>345,006</b>
<b>Creditors:</b> amounts falling due after more than one year	(24,433)	(12,204)	(36,637)	–	–
<b>Net assets</b>	<b>211,040</b>	<b>103,470</b>	<b>314,510</b>	<b>312,149</b>	<b>345,006</b>
<b>Capital and reserves</b>					
Called up share capital	4,383	1,897	6,280	6,287	6,280
Share premium	10,304	53,382	63,686	54,326	63,686
Capital redemption reserve	12,165	1,114	13,279	13,127	13,279
Capital reserves	178,766	44,367	223,133	230,538	257,206
Revenue reserve	5,422	2,710	8,132	7,871	4,555
<b>Total equity shareholders' funds</b>	<b>211,040</b>	<b>103,470</b>	<b>314,510</b>	<b>312,149</b>	<b>345,006</b>
<b>Net asset values</b> (note 5):					
<b>Net asset value per Growth share</b>			247.6p	244.6p	270.2p
<b>Net asset value per Income share</b>			129.6p	129.7p	143.6p

<sup>1</sup> 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: 237958

**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/(outflow) from operations (Note 6)	5,907	(300)	644
Interest paid	(120)	(207)	(346)
Taxation recovered	767	217	350
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6,554</b>	<b>(290)</b>	<b>648</b>
Purchases of investments	(115,162)	(150,936)	(280,545)
Sales of investments	116,362	155,451	285,117
Settlement of futures contracts	(566)	(73)	(117)
Other capital charges	(45)	(33)	(51)
<b>Net cash inflow from investing activities</b>	<b>589</b>	<b>4,409</b>	<b>4,404</b>
Dividends paid	(3,052)	(2,819)	(9,442)
Net repayment of Scotiabank loans	(22,145)	–	–
Drawdown of Metlife private placement	36,712	–	–
Set up expenses of private placement	(207)	–	–
<b>Net cash inflow/(outflow) from financing activities</b>	<b>11,308</b>	<b>(2,819)</b>	<b>(9,442)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>18,451</b>	<b>1,300</b>	<b>(4,390)</b>
Cash and cash equivalents at the start of the period/year	6,265	13,065	13,065
Exchange movements	1,169	(851)	(2,410)
Cash and cash equivalents at the end of the period/year	25,885	13,514	6,265
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>18,451</b>	<b>1,300</b>	<b>(4,390)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits	8,291	1,861	775
Bank overdraft	–	–	(674)
Investments in liquidity funds	17,594	11,653	6,164
	<b>25,885</b>	<b>13,514</b>	<b>6,265</b>

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## 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 accounts 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 '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 accounts for the year ended 31st March 2015 with the following exceptions and amendments:

#### 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.

The private placement, bank loans and overdrafts are recognised at amortised cost and are initially recorded at the proceeds received net of direct issue costs.

#### 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 financial statements are presented.

#### Share capital transactions

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 Statement of Changes in Equity. 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'.

*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.*

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**
**3. Dividends<sup>1</sup>**

	(Unaudited) Six months ended 30th September 2015 £'000	(Unaudited) Six months ended 30th September 2014 £'000	(Audited) Year ended 31st March 2015 £'000
<b>Dividends paid</b>			
Unclaimed European Growth dividends refunded to the Company	(1)	–	–
Growth 2015 second interim dividend of 1.25p (2014: 1.25p)	1,108	1,187	1,187
Growth 2015 first interim dividend of 5.45p	–	–	5,110
Income 2015 fourth quarterly dividend of 1.45p (2014 second interim: 1.50p) <sup>2</sup>	1,067	926	926
Income 2016 first quarterly dividend of 1.10p (2015: 1.10p)	878	706	705
Income 2015 second quarterly dividend of 1.10p	–	–	705
Income 2015 third quarterly dividend of 1.10p	–	–	809
<b>Total dividends paid in the period</b>	<b>3,052</b>	<b>2,819</b>	<b>9,442</b>
<b>Dividends declared</b>			
Growth 2015 second interim dividend of 1.25p	–	–	1,108
Growth 2016 first interim dividend of 4.85p	4,134	5,110	–
Income 2015 fourth quarterly dividend of 1.45p	–	–	1,067
Income 2016 second quarterly dividend of 1.10p	878	705	–
<b>Total dividends declared</b>	<b>5,012</b>	<b>5,815</b>	<b>2,175</b>

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

<sup>2</sup> From 1st April 2014 the Income shares increased their dividend frequency from bi-annual to quarterly.

**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
<b>Growth Share</b>			
<b>(Loss)/return per share is based on the following:</b>			
Revenue return	3,549	4,679	7,174
Capital (loss)/return	(21,716)	(15,434)	9,410
<b>Total (loss)/return</b>	<b>(18,167)</b>	<b>(10,755)</b>	<b>16,584</b>
Weighted average number of shares in issue	85,244,846	93,305,249	90,815,383
Revenue return per share	4.16p	5.01p	7.90p
Capital (loss)/return per share	(25.48)p	(16.54)p	10.36p
<b>Total (loss)/return per share</b>	<b>(21.32)p</b>	<b>(11.53)p</b>	<b>18.26p</b>

	(Unaudited) Six months ended 30th September 2015 £'000	(Unaudited) Six months ended 30th September 2014 £'000	(Audited) Year ended 31st March 2015 £'000
<b>Income Share</b>			
<b>(Loss)/return per share is based on the following:</b>			
Revenue return	3,080	2,389	3,201
Capital (loss)/return	(12,357)	(4,208)	7,121
<b>Total (loss)/return</b>	<b>(9,277)</b>	<b>(1,819)</b>	<b>10,322</b>
Weighted average number of shares in issue	79,854,104	64,923,979	69,514,226
Revenue return per share	3.86p	3.68p	4.60p
Capital (loss)/return per share	(15.47)p	(6.48)p	10.25p
<b>Total (loss)/return per share</b>	<b>(11.61)p</b>	<b>(2.80)p</b>	<b>14.85p</b>

## 5. Net asset value

Net asset value per Growth share is calculated by dividing Growth shareholders' funds of £211,040,000 (30th September 2014: £216,723,000 and 31st March 2015: £230,314,000) by the 85,244,846 Growth shares in issue at 30th September 2015 (30th September 2014: 88,610,143 shares and 31st March 2015: 85,244,846 shares).

Net asset value per Income share is calculated by dividing Income shareholders' funds of £103,470,000 (30th September 2014: £95,426,000 and 31st March 2015: £114,692,000) by the 79,854,104 Income shares in issue at 30th September 2015 (30th September 2014: 73,572,982 shares and 31st March 2015: 79,854,104 shares).

## 6. Reconciliation of total (loss)/return on ordinary activities before taxation to net cash inflow/(outflow) 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 (loss)/return on ordinary activities before finance costs and taxation	(26,569)	(11,525)	27,875
Net capital loss/(net capital return) on ordinary activities	33,970	19,509	(16,753)
Decrease/(increase) in net debtors and accrued income	633	611	(70)
Management fee charged to capital	(897)	(1,122)	(1,969)
Performance fee paid	–	(6,371)	(6,371)
Overseas withholding tax	(1,131)	(1,234)	(1,922)
Scrip dividends included in income	(50)	(29)	(42)
Decrease in accrued expenses	(49)	(139)	(104)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>5,907</b>	<b>(300)</b>	<b>644</b>

## NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

### 7. Fair valuation of investments

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

	(Unaudited)		(Unaudited)		(Audited)	
	Six months ended 30th September 2015		Six months ended 30th September 2014		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	352,808	–	345,771	–	375,008	–
Valuation techniques using observable market value <sup>1</sup>	197	–	–	(153)	294	–
<b>Total value of investments</b>	<b>353,005</b>	<b>–</b>	<b>345,771</b>	<b>(153)</b>	<b>375,302</b>	<b>–</b>

<sup>1</sup> Includes forward foreign currency contracts.



# Shareholder Information

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## 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 fall into the following broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational; 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 Parties 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 relating 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 Reporting' 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

**Andrew Adcock**  
Chairman

26th November 2015

## CAPITAL STRUCTURE AND CONVERSION BETWEEN SHARE CLASSES

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.

### Capital Structure

- **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 from a diversified portfolio of investments in pan-european stockmarkets.

### 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 classes 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.

Conversion is annual on 15th March (if such a date is not a business day, then the conversion date will move to the next business day).

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 Investment Account or ISA must submit a conversion instruction form which can be found at [www.jpmeuropean.co.uk](http://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 March conversions.

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 dates and conversion instruction forms can be found on the Company's website: [www.jpmeuropean.co.uk](http://www.jpmeuropean.co.uk)

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## 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 relevant share class 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 relevant share class 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 per share 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 into the shares of the underlying companies at 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 performance of the portfolio and that of the benchmark.

### Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total assets less cash/cash equivalents, expressed as a percentage of the shareholders' funds. 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 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 shares to trade at a discount than at a premium.

### Ongoing Charges

Management fees 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 period. The ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The figure as at 30th September 2015 is an estimated annualised figure based on the six months to 30th September 2015.

## 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](http://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](http://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](http://www.fca.org.uk).

## 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](http://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](http://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](http://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	30th 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.

## Directors

Andrew Adcock (Chairman)  
Jo Dixon  
Stephen Goldman  
Jutta af Rosenborg  
Stephen Russell

## 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 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](http://www.jpmeuropean.co.uk), where the share prices are updated every fifteen minutes during trading hours.

## Website

[www.jpmeuropean.co.uk](http://www.jpmeuropean.co.uk)

## Share Transactions

The Company's shares may be dealt in directly through a stockbroker, intermediary 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](http://www.jpmorgan.co.uk/online)

## Manager and Company Secretary

JPMorgan Funds Limited

## 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.

## Depository

BNY Mellon Trust & 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 1080  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone number: 0371 384 2319

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 1080. Registered shareholders can obtain further details on their holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk).

## 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.

## Independent Auditor

Ernst & Young LLP  
Chartered Accountants and 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

**aic**

The Association of  
Investment Companies

A member of the AIC

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[www.jpmeuropean.co.uk](http://www.jpmeuropean.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.