
JPMorgan European Smaller Companies Trust plc

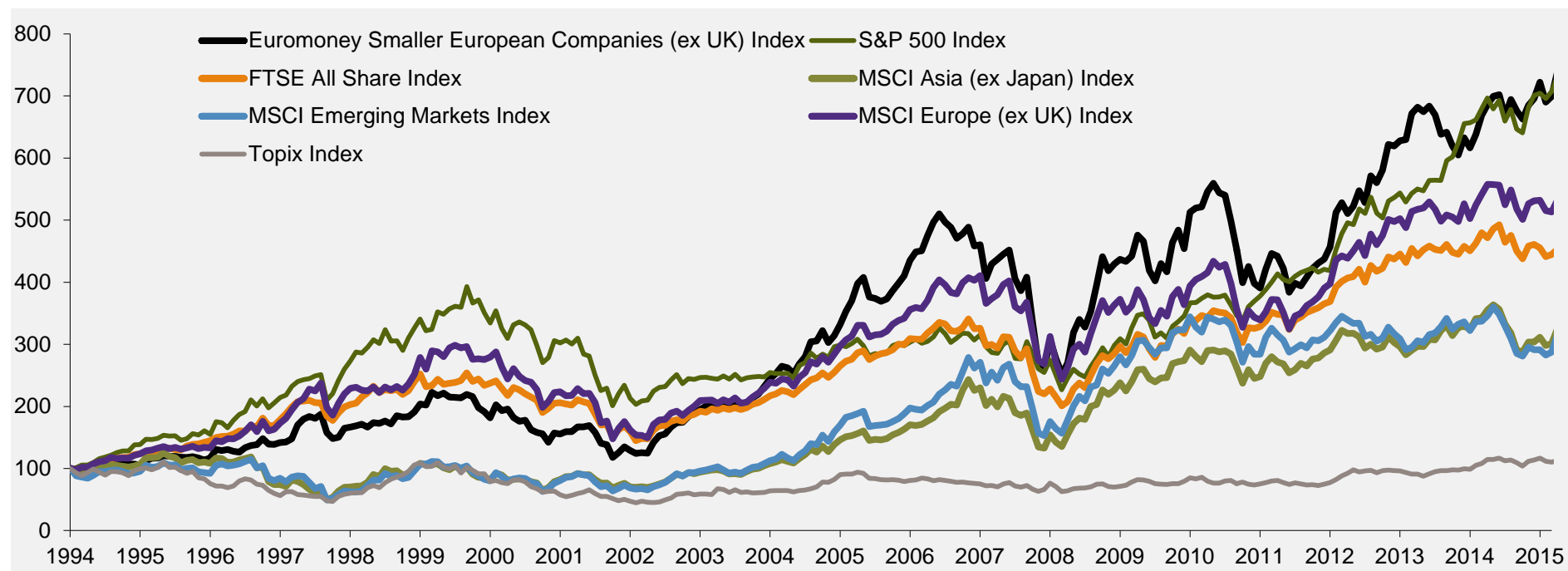
Annual General Meeting

June 2016

European smaller companies

A compelling long asset class

Cumulative returns

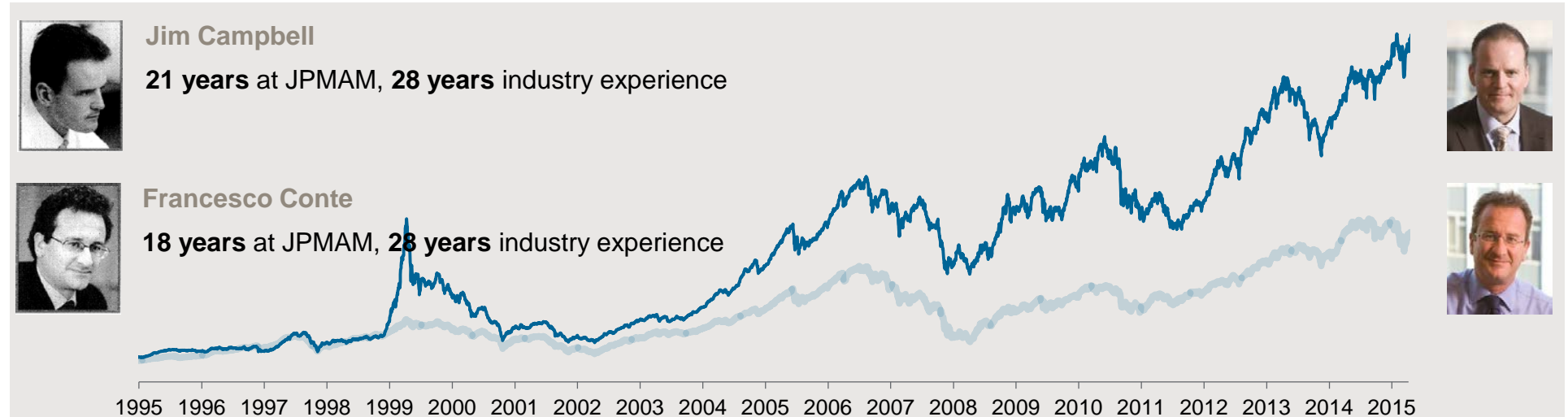


... European small caps have produced long term equity returns amongst the best in the world

Source: J.P. Morgan Asset Management, Thomson Reuters Datastream. All series are rebased to 100 as at 31 December 1994 to 31 May 2016. All indices in GBP and include reinvested dividends. Indices do not include fees or operating expenses and are not available for actual investment. Past performance is not an indication of future performance.

JPMorgan European Smaller Companies Trust

Largest European smaller companies investment trust



- One of the longest track records in European small cap investing
- Investment process focused on capturing change in operating momentum
- Gearing provides opportunities to add value

... a proven track record through market cycles

Source: Thomson Datastream, as at 31 May 2016. Chart shows Euromoney Europe Smaller Companies Index (light blue) and JPM Europe Smaller Companies Investment Trust NAV (dark blue) from 1994, rebased as of 31 December 1994. For illustrative purposes only. There can be no assurance that the professionals currently employed by J.P. Morgan Asset Management will continue to be employed by J.P. Morgan Asset Management or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success. Indices do not include fees or operating expenses and are not available for actual investment. Past performance is not necessarily a reliable indicator for current and future performance.

JPMorgan European Smaller Companies Trust

Key characteristics

■ Objective

- The Company aims to provide capital growth from a diversified portfolio of smaller European companies (excluding the United Kingdom). As the emphasis is on capital growth rather than income, shareholders should expect the dividend to vary from year to year. The company has the ability to use borrowing to gear the portfolio within the range of 20% net cash to 20% geared in normal market conditions

■ Policy

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

■ Benchmark

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

■ Net assets

- £495m

■ Gearing

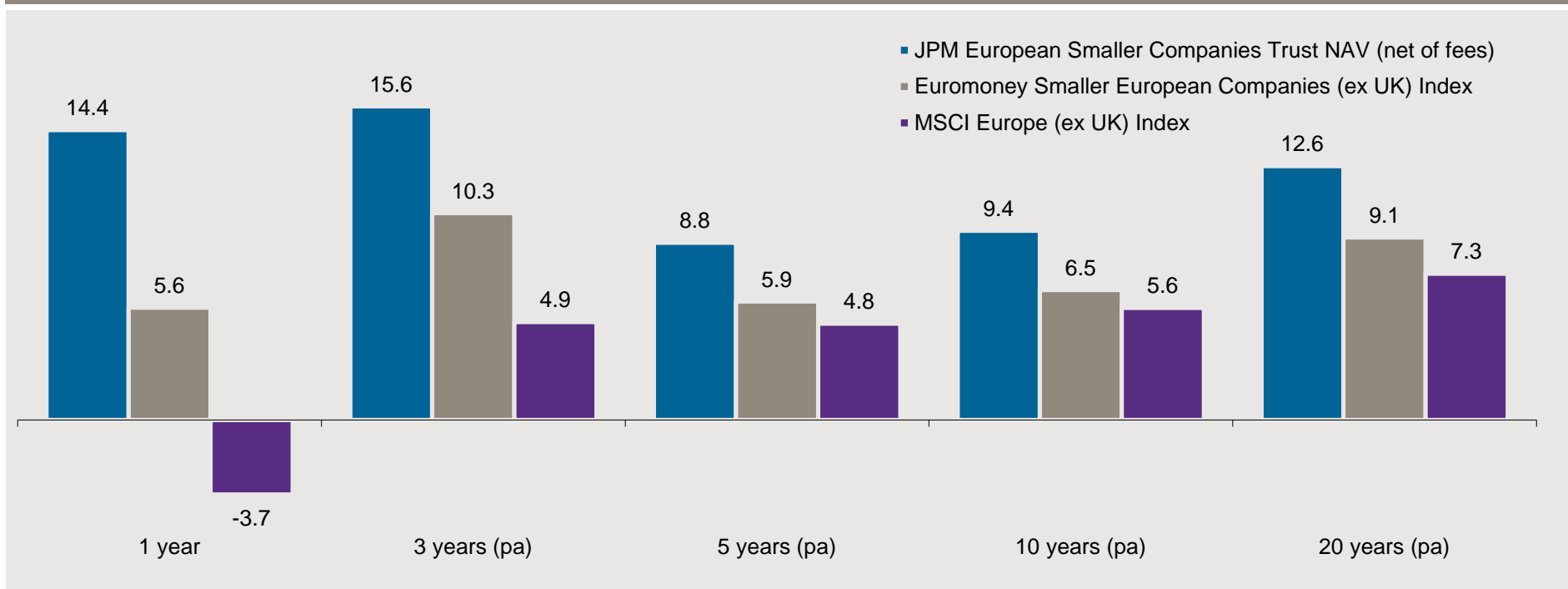
- Current: 4.5% cash

Source: J.P. Morgan Asset Management. As at 29 June 2016. The Investment Manager (Portfolio Manager) seeks to achieve the stated targets/objectives. There can be no guarantee the objectives/targets will be met. The Benchmark is a point of reference against which the performance of the Investment Trust may be measured. The Investment Trust may bear little resemblance to its benchmark.

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Long term returns

Annualised returns 31 May 2016 (%)

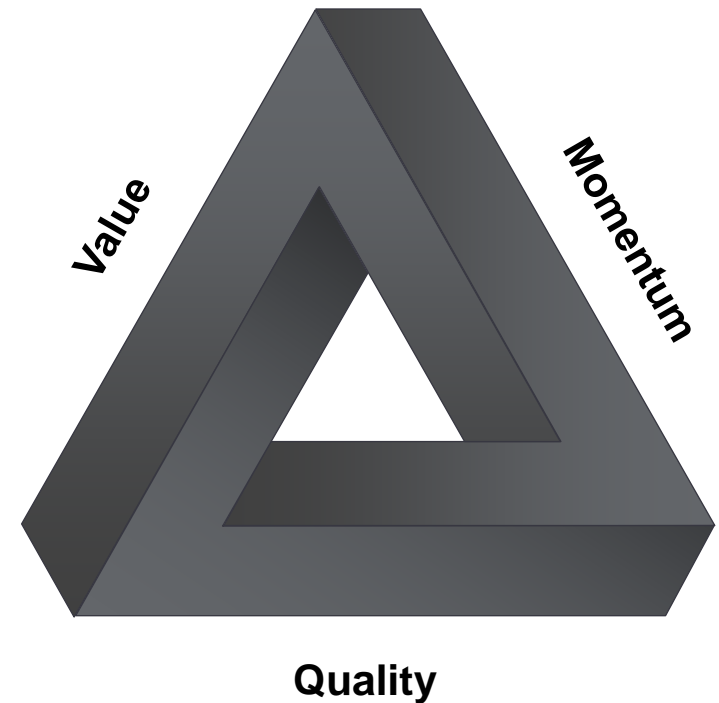
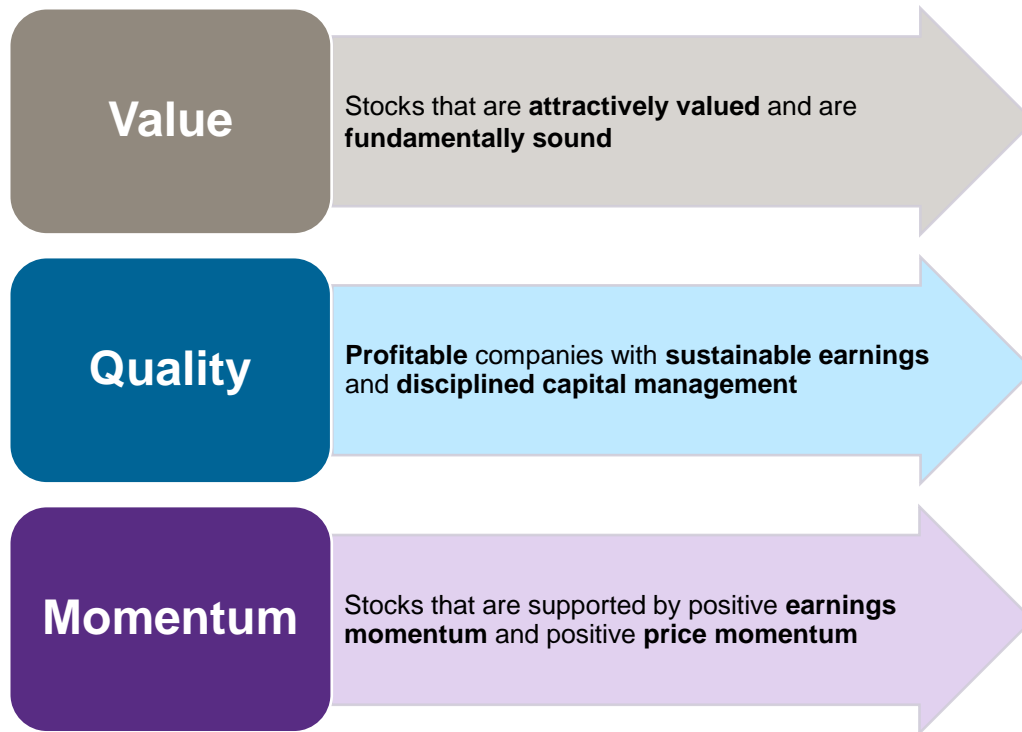


...asset class offers opportunity for significant alpha generation

Source: J.P. Morgan Asset Management. Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. All indices in sterling and include reinvested dividends. Indices do not include fees or operating expenses and are not available for actual investment. Past performance is not necessarily a reliable indicator for current and future performance.

Our investment philosophy

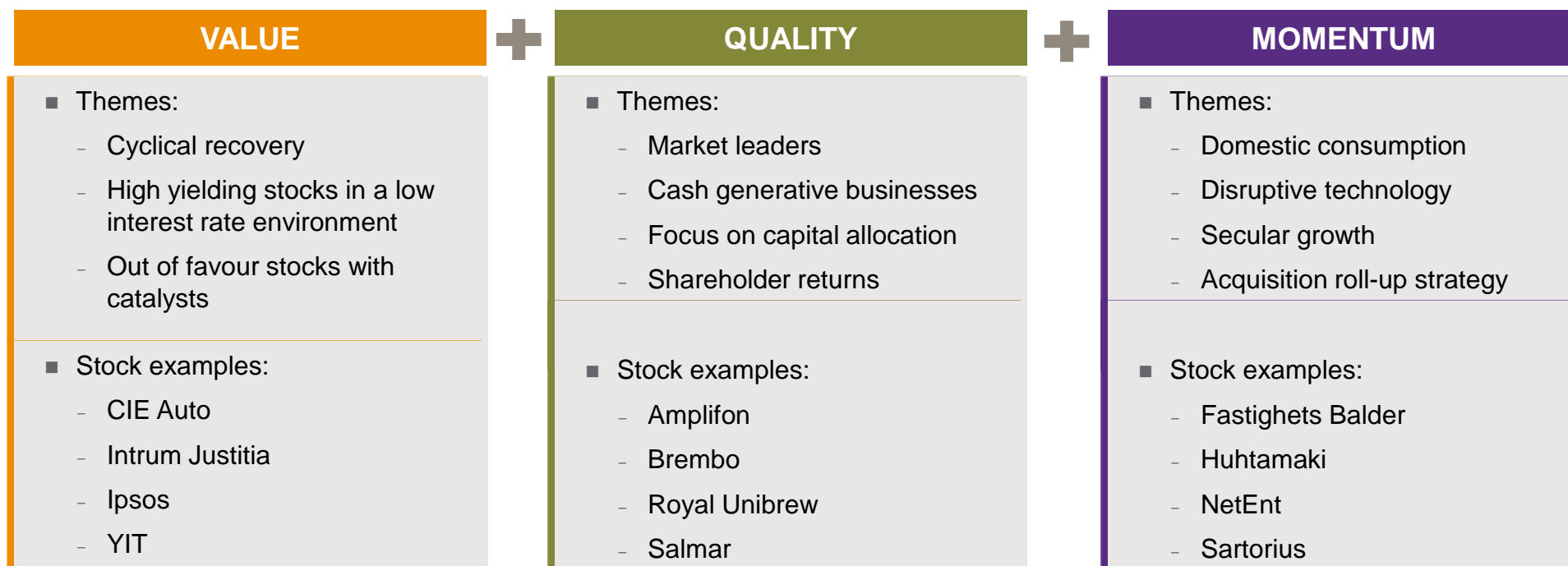
Attractively valued, high quality stocks with positive momentum outperform the market



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Rigorously identifying stocks with specific style characteristics

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



Source: J.P. Morgan Asset Management 8 June 2016. The companies/securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities. Past performance is not necessarily a reliable indicator for current and future performance.

Fundamental analysis

Ongoing engagement with corporate management

Buy discipline

- Focus on market leaders
- Sustainability of earnings momentum
- Identify catalysts
- Avoid value traps
- Sanity check
- Conviction and liquidity drive sizing

Sell discipline

- Run winners
- Fundamental change in business prospects
- Market cap significantly exceeds maximum in benchmark
- Raising cash for a better idea

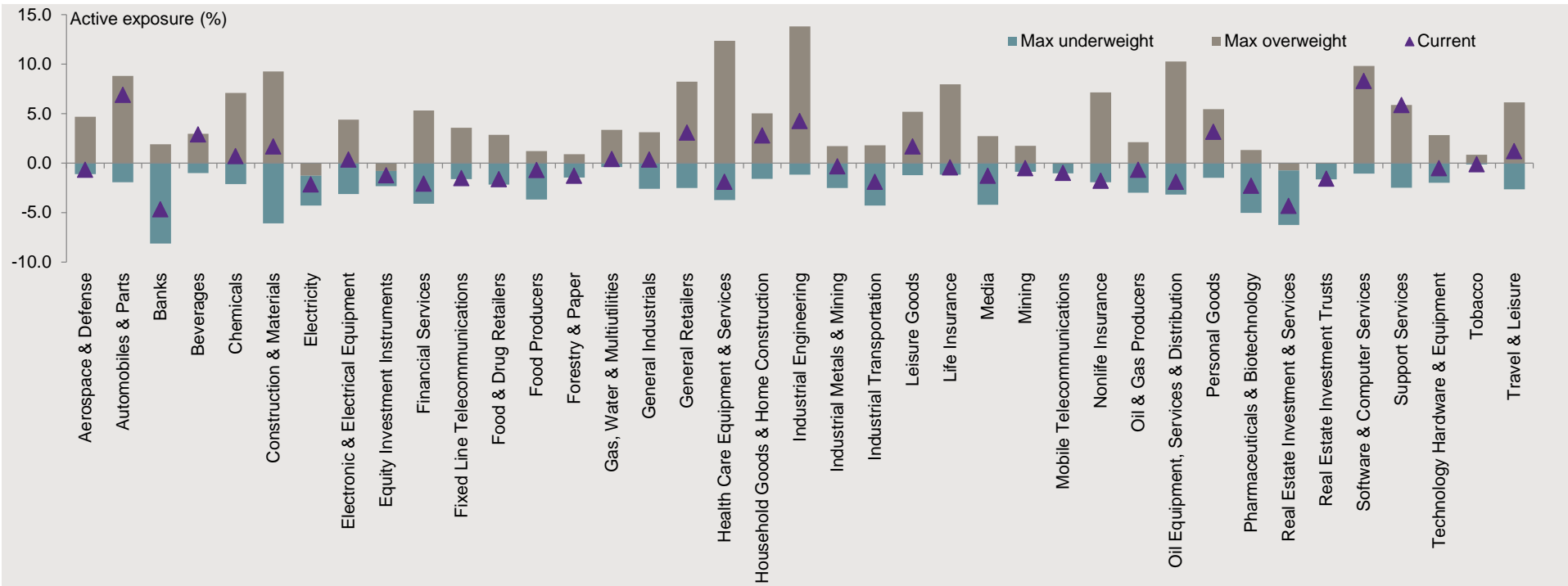
... capturing change in operating momentum

Source: J.P. Morgan Asset Management 31 May 2016. The targets and aims provided above are the Investment Manager's targets and aims only and are not necessarily part of the Fund's investment objectives and policies as stated in prospectus. There is no guarantee that these will be achieved.

JPMorgan European Smaller Companies Trust

A dynamic approach to finding attractive investment opportunities

Sector active exposure over time & current positioning



Source: J.P. Morgan Asset Management as at 30 April 2011 to 31 May 2016 using monthly data. The Trust is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. Past performance is not an indication of current and future performance.

Building an unconstrained small cap portfolio

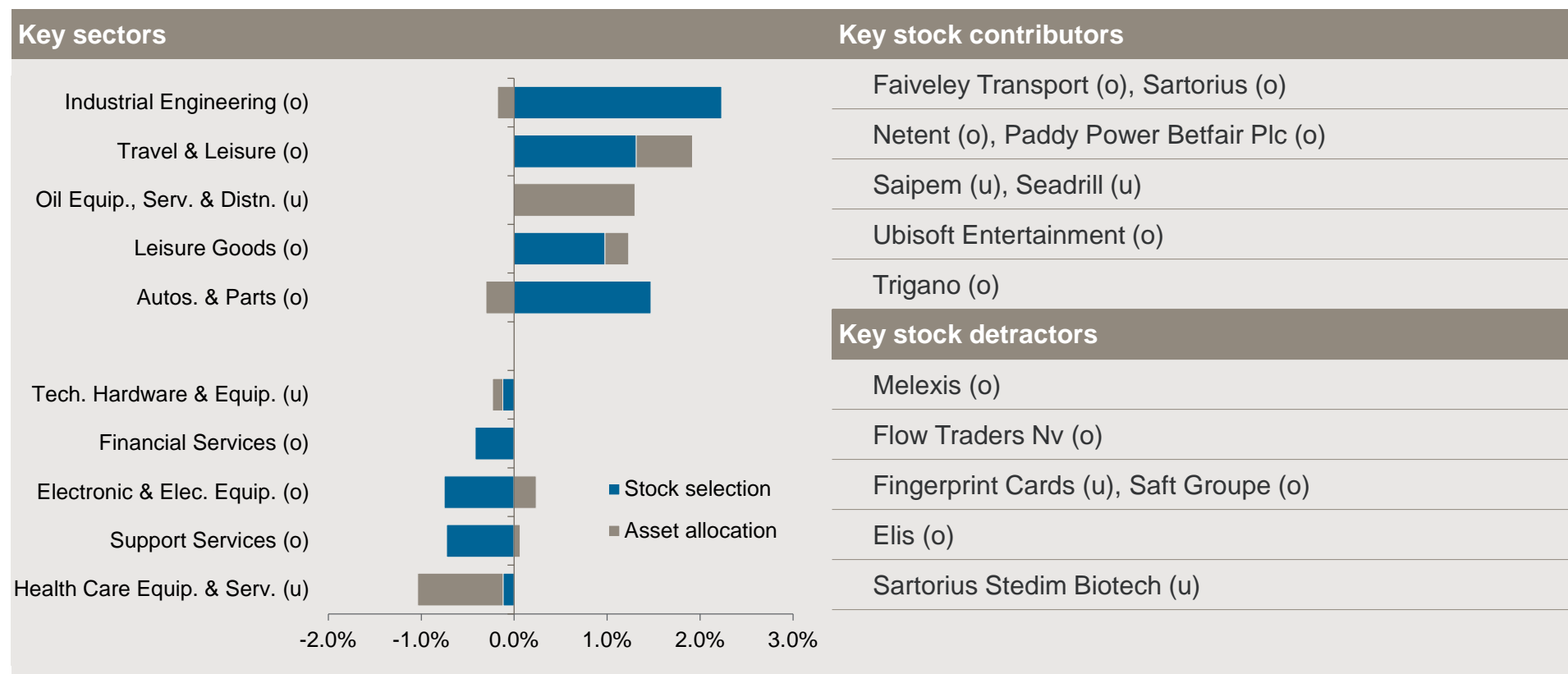


... attractively valued, with high quality and positive momentum

Source: J.P. Morgan Asset Management, FactSet, as of 28 June 2016. Figures reported are weighted medians. Figures shown are Value = Free Cash Flow Yield, Quality = return on equity (ROE), Momentum = 3 month historic earnings per share revisions. Index relates to the Investment Trust benchmark which is Euromoney Smaller European Companies ex UK Index (Net).

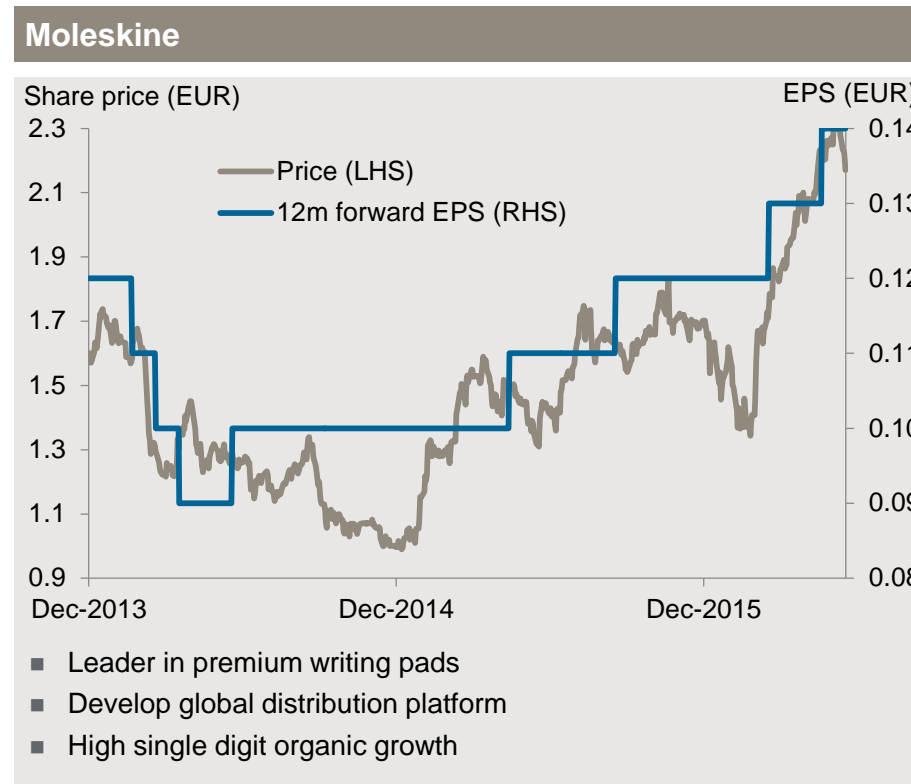
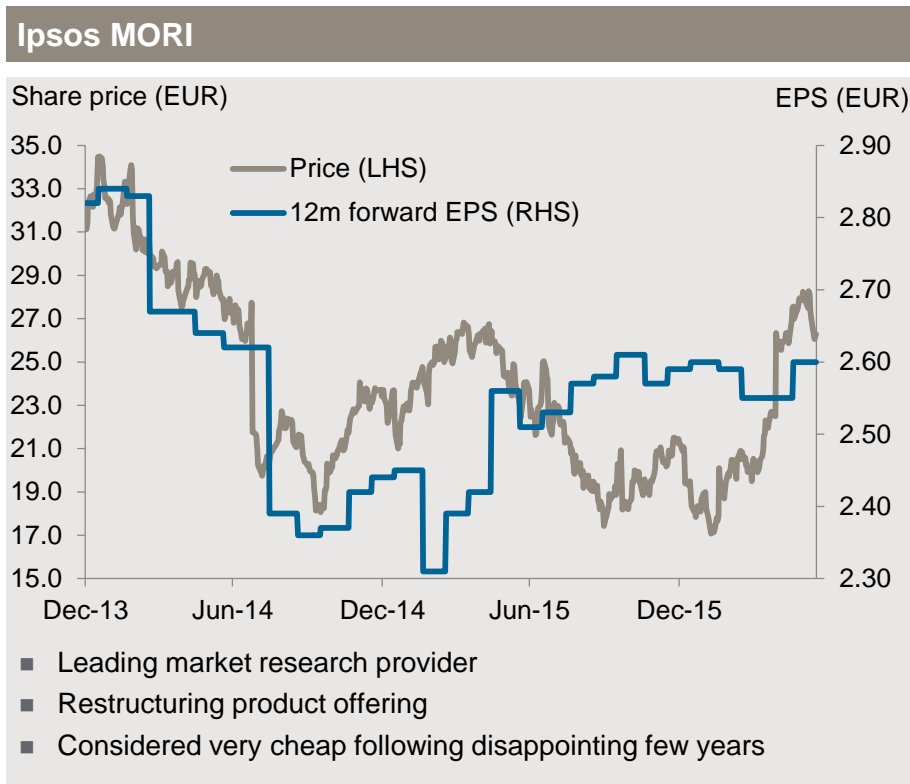
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Attribution: Major stock and sector contributors to returns – 12 months to 31 May 2016



Source: FactSet. The Investment Trust is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. The companies/securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities. Past performance is not necessarily a reliable indicator for current and future performance.

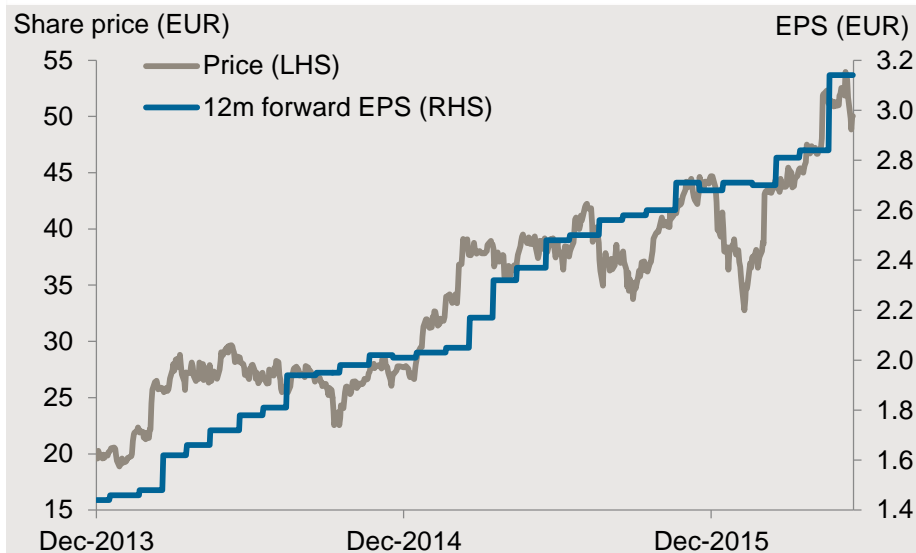
Recent additions



Source: Datastream, J.P. Morgan Asset Management. Data as at 16 June 2016. The companies/securities above shown are for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. Past performance is not necessarily a reliable indicator for current and future performance. J.P. Morgan Asset Management may or may not have positions on behalf of its clients in any or all of the aforementioned securities. EPS denotes Earnings per share.

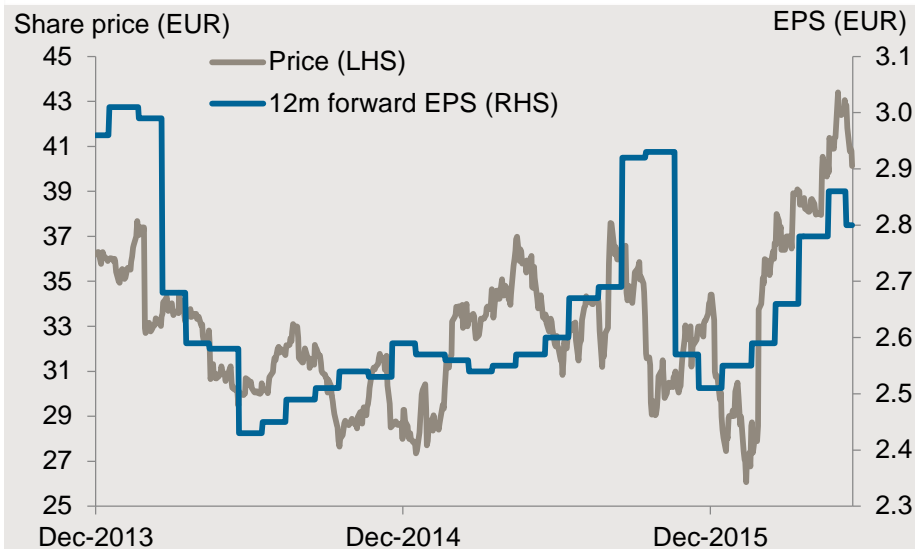
Recent additions

Brembo



- World leader in premium brakes
- We consider the company to have very high quality growth
- Developing rapidly in US

D'leteren



- World leader in vehicle glass repair
- New management restructuring
- We consider the company to be very cheap

Source: Datastream, J.P. Morgan Asset Management. Data as at 16 June 2016. The companies/securities above shown are for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. Past performance is not necessarily a reliable indicator for current and future performance. J.P. Morgan Asset Management may or may not have positions on behalf of its clients in any or all of the aforementioned securities. EPS denotes Earnings per share.

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Top 10 holdings as of 31 May 2016

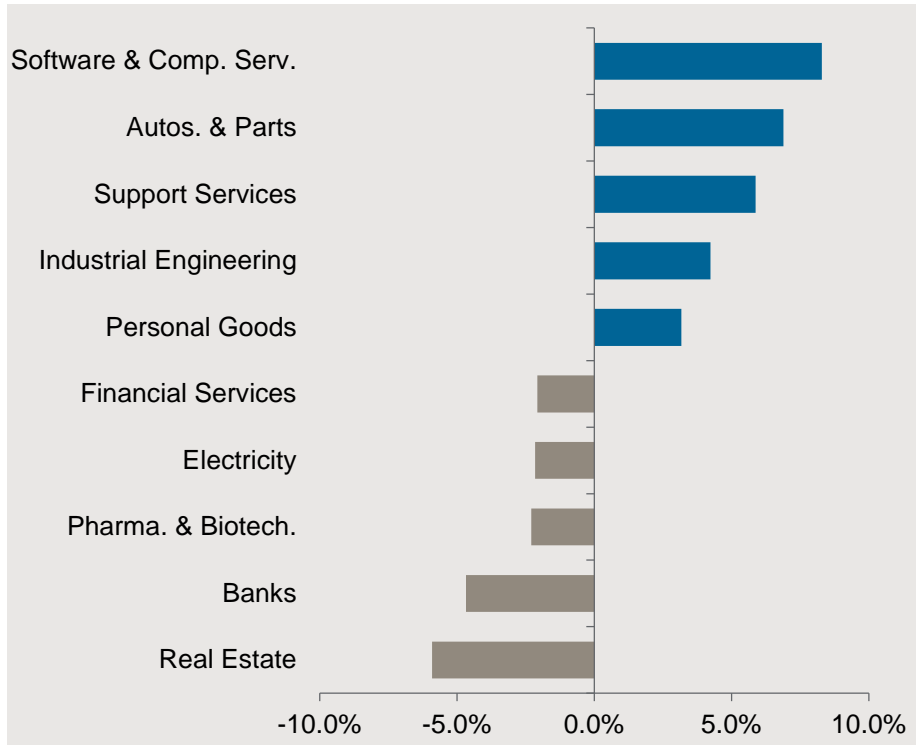
Company	Sector	Weight (%)
Sopra Steria	Digital transformation	3.0
OVS	Fashion retailer	2.9
Aalberts Industries	Industrial products	2.5
Intrum Justitia	Credit management services	2.5
Intertrust	Trust and corporate services	2.5
IMCD	Specialty chemical distributor	2.4
Ipsos	Advertising and marketing	2.0
Alten	Technology consulting and engineering	2.0
Plastic Omnium	Plastic manufacturing	1.9
NetEnt	Online gaming software	1.9
Top twenty weighting		45%
Total number of holdings		63

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

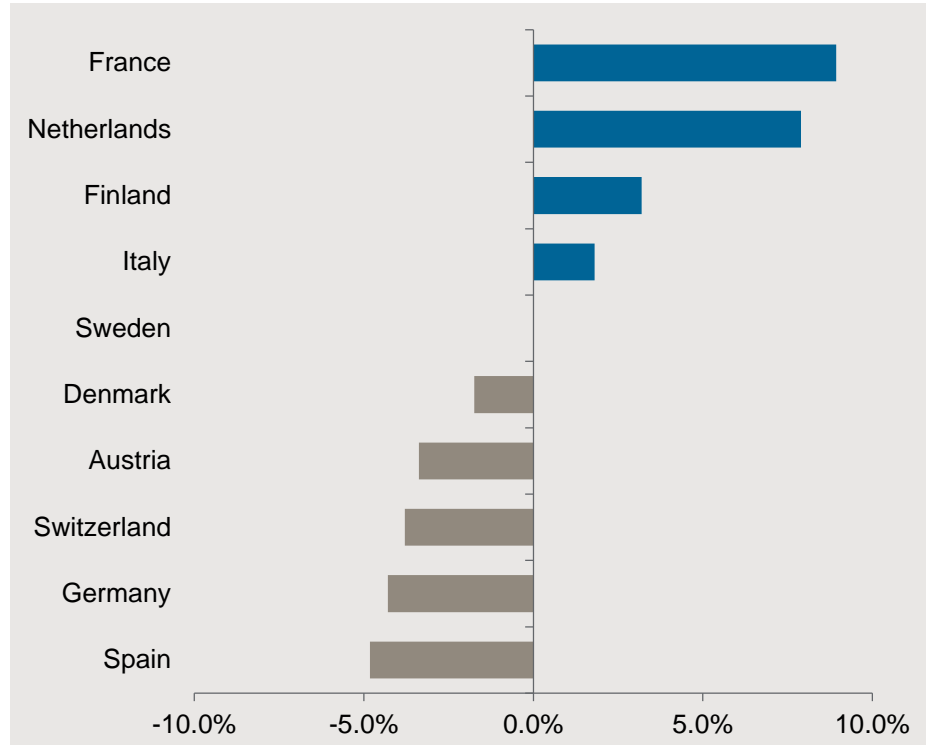
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Portfolio positioning as of 31 May 2016

Top / bottom active sector positions



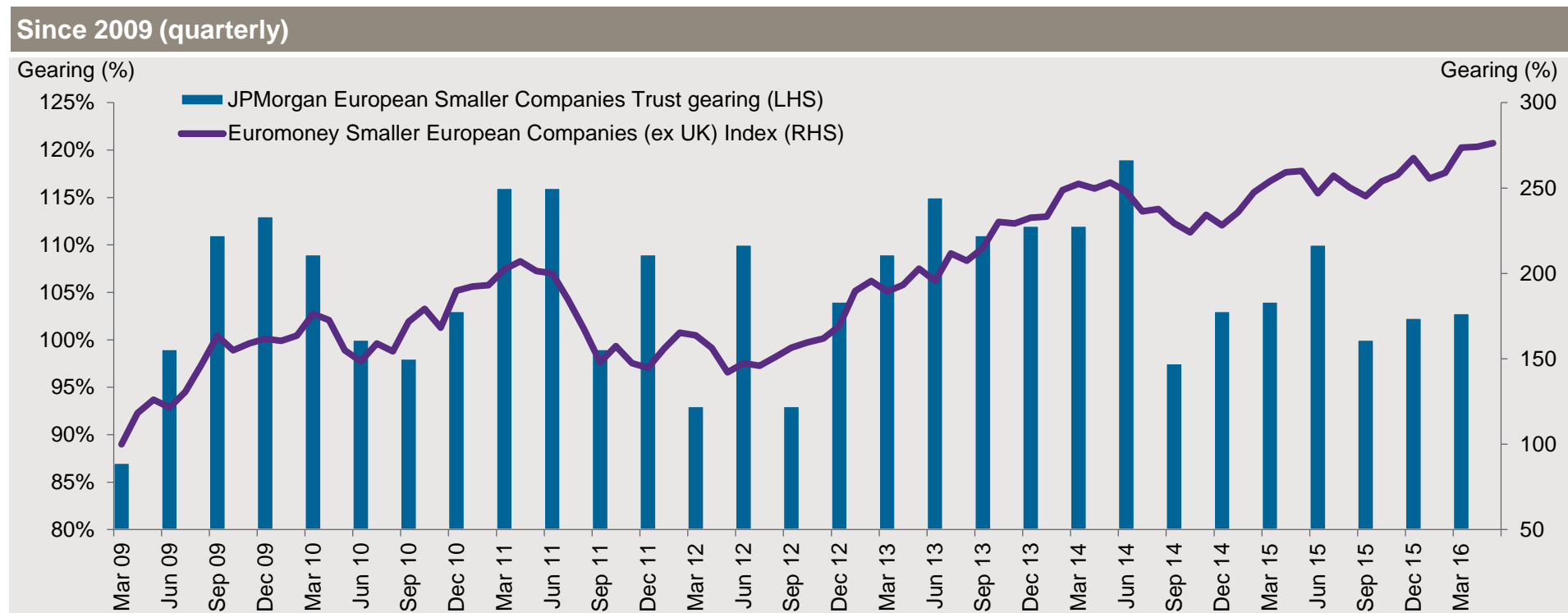
Top / bottom active country positions



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

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Gearing versus the index as of 31 May 2016



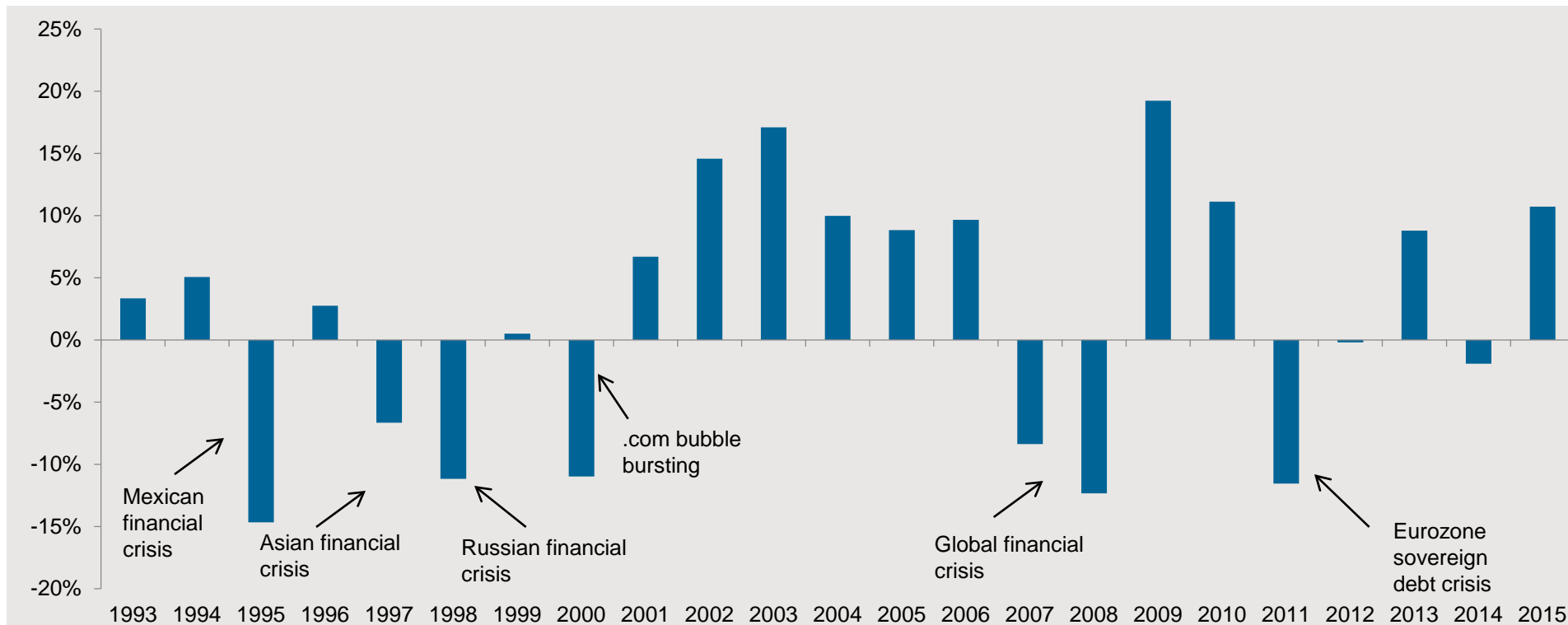
...active management of gearing a source of consistent value added

Source: Thomson Reuters Datastream, J.P. Morgan Asset Management as at 31 March 2016. Index rebased to 100 at start of data series. * Index is Euromoney Smaller European Companies (ex UK) Index.

European smaller companies

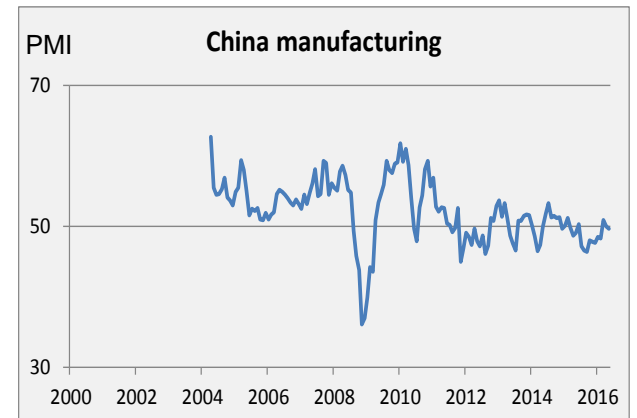
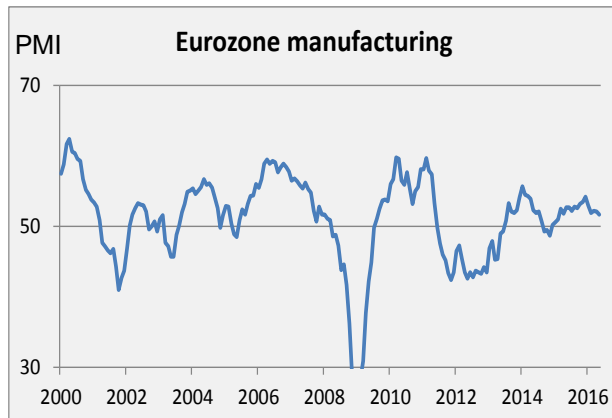
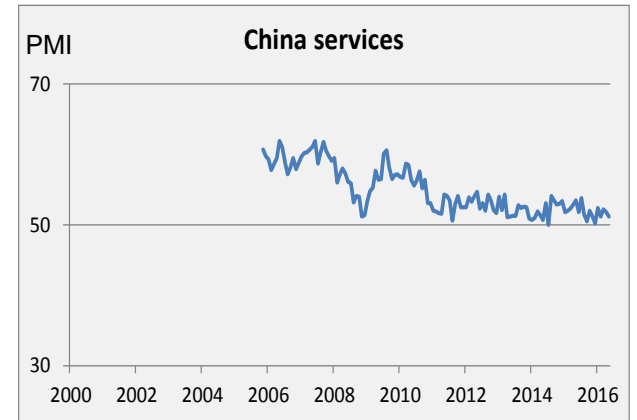
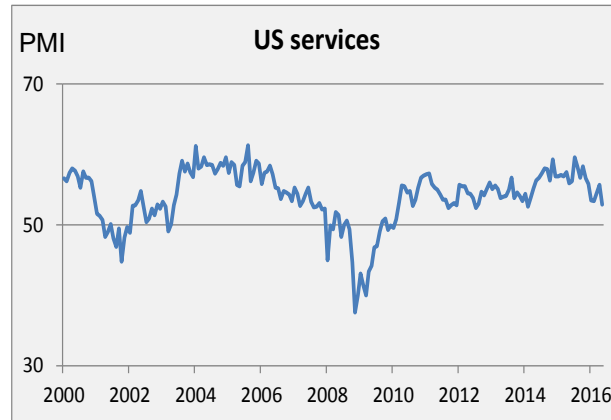
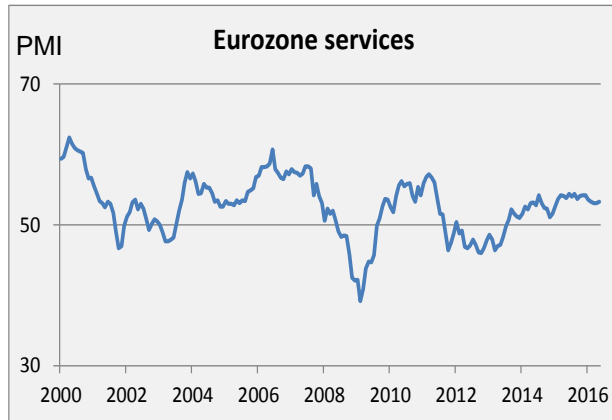
Generally outperform in up markets

Calendar year excess returns Euromoney Smaller European Companies (ex UK) Index vs. MSCI Europe (ex UK) Index



Source: J.P. Morgan Asset Management, Thomson Reuters Datastream, data from 31 December 1992 to 31 December 2015. All indices in EUR and include reinvested dividends. Indices do not include fees or operating expenses and are not available for actual investment. Past performance is not necessarily a reliable indicator for current and future performance.

Global Purchasing Managers' Index – manufacturing and services



Source: J.P. Morgan Asset Management, Bloomberg. Data as at 31 May 2016. PMI denotes Purchasing Managers' Index. Data for China available from January 2014.

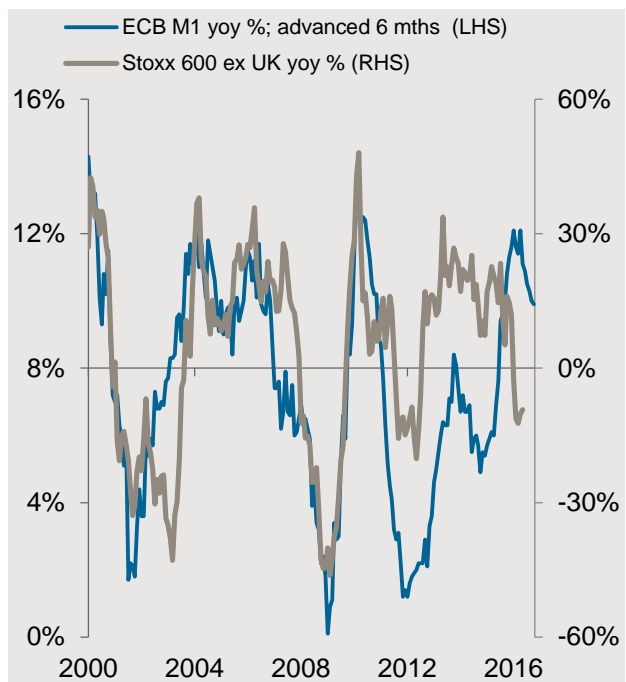
Eurozone M1 money supply

Money supply has historically been one of the most consistent leading indicators in Europe

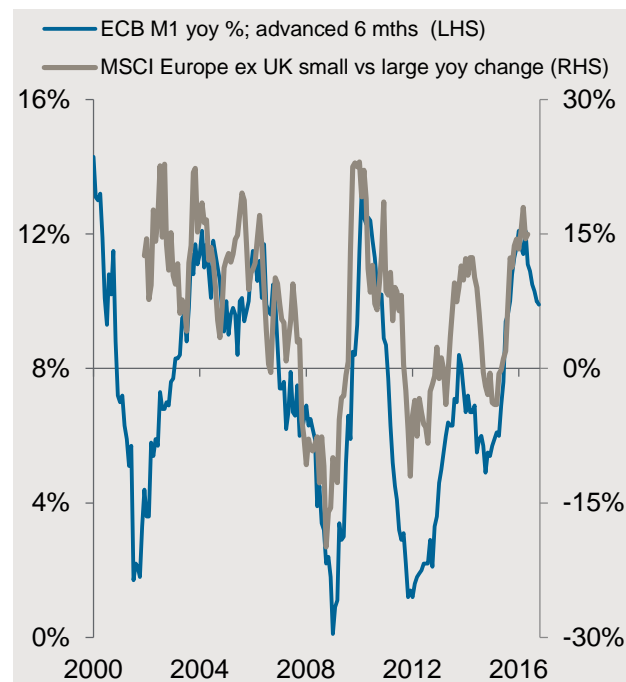
Money supply vs GDP expectations



Money supply vs equities



Money supply vs small cap rel perf⁽¹⁾



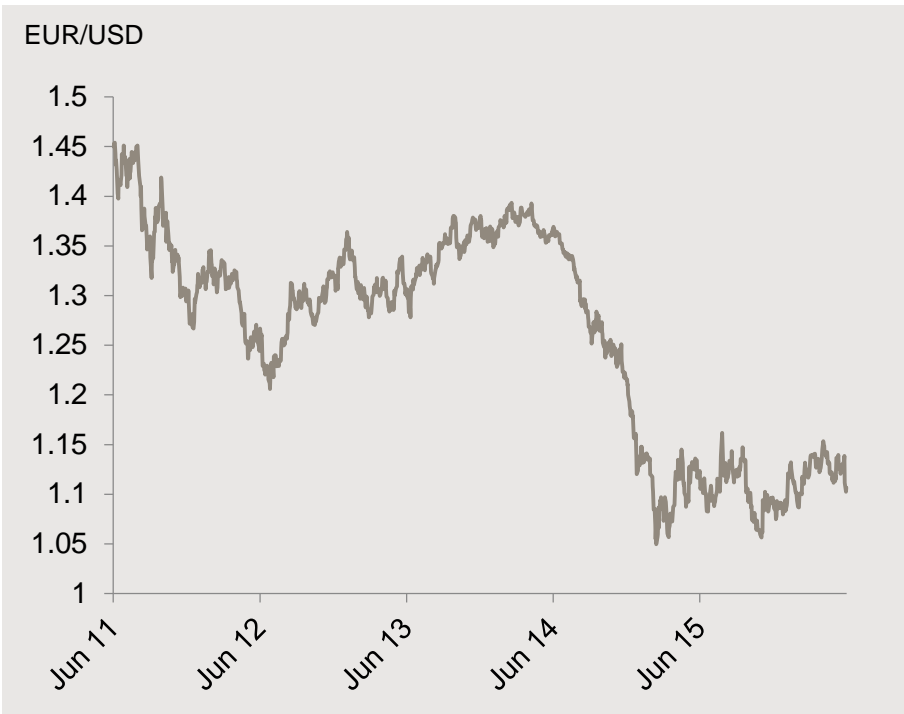
Source: J.P. Morgan Asset Management, Bloomberg, MSCI. Data as at 31 May 2016.

(1) Yoy change in the relative total return (net) performance of the MSCI Europe ex UK small-cap index vs MSCI Europe ex UK large-cap index. Indices do not include fees or operating expenses and are not available for actual investment. Past performance is not necessarily a reliable indicator for current and future performance.

Brexit implications

No contagion to periphery at present

EUR/USD



Italian 2 year bond yield



Source: Bloomberg, as of 28 June 2016. Past performance is not necessarily a reliable indicator for current and future performance.

European smaller company valuations

Absolute valuations – price/book*



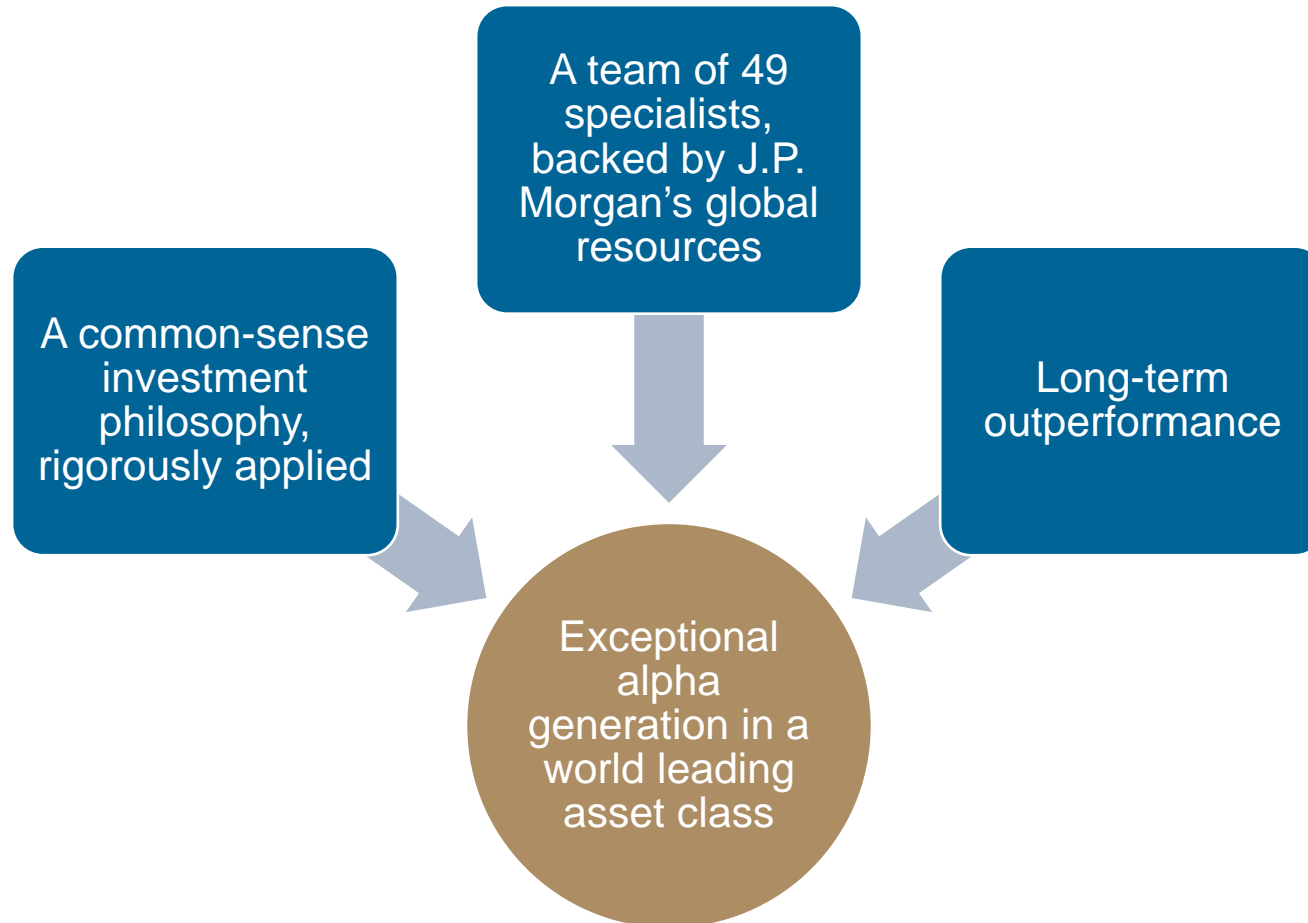
Relative valuations – price/book*



... valuations attractive v. large companies

Source: European Quantitative Research, Citigroup Investment Research. Data as at 31 May 2016. Past performance is not necessarily a reliable indicator for current and future performance. *Price-To-Book is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest Quarter's book value per share.

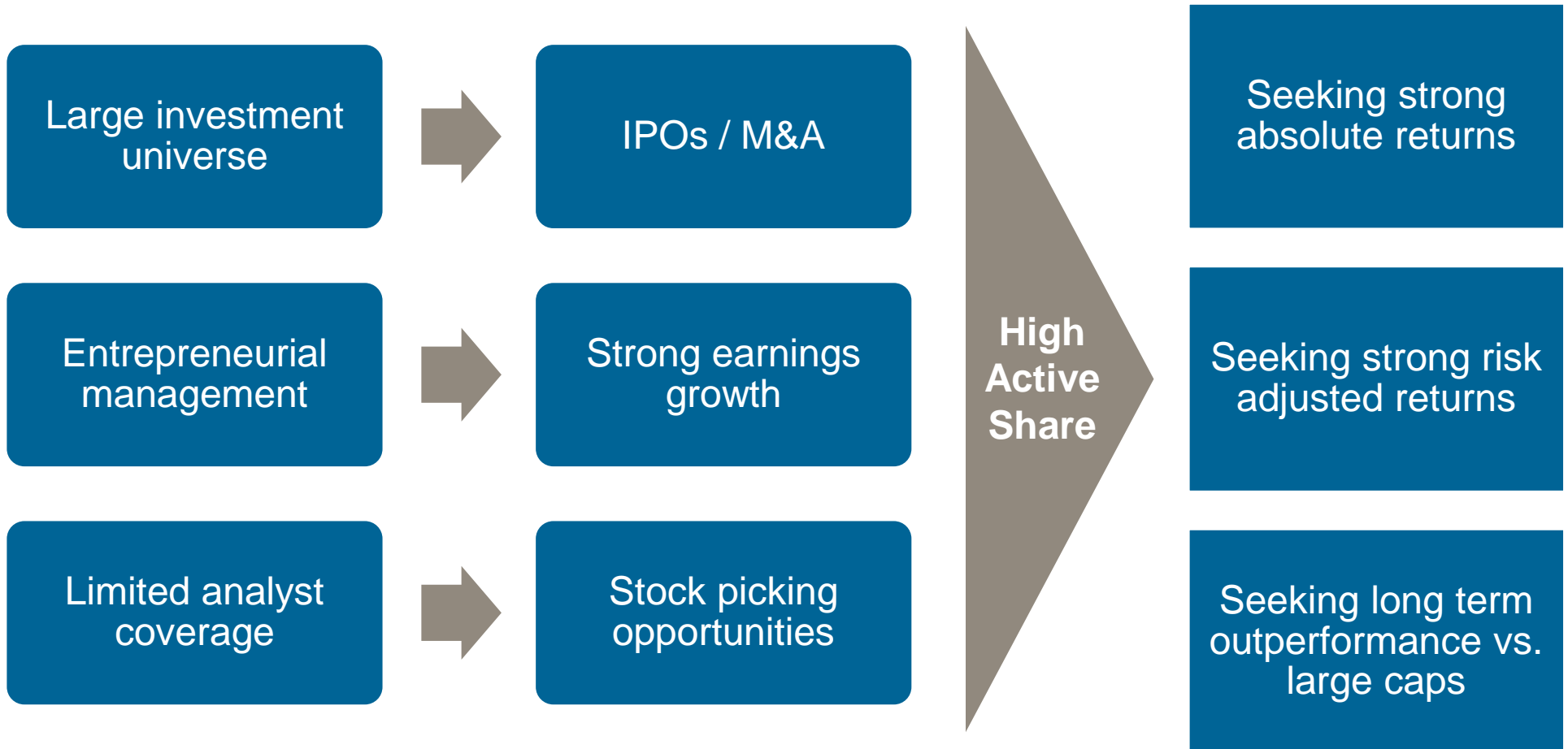
Summary



Source: J.P. Morgan Asset Management as 29 June 2016.

Appendix

Small cap investing rationale

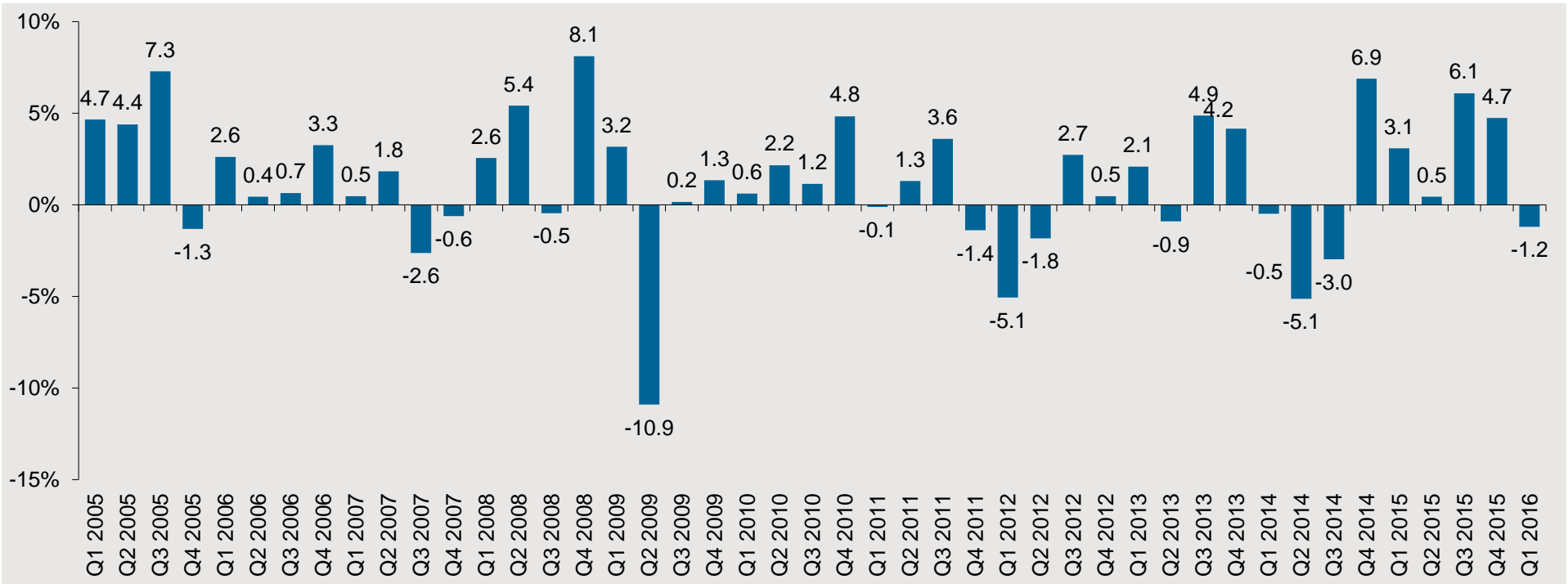


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JPMorgan European Smaller Companies Trust

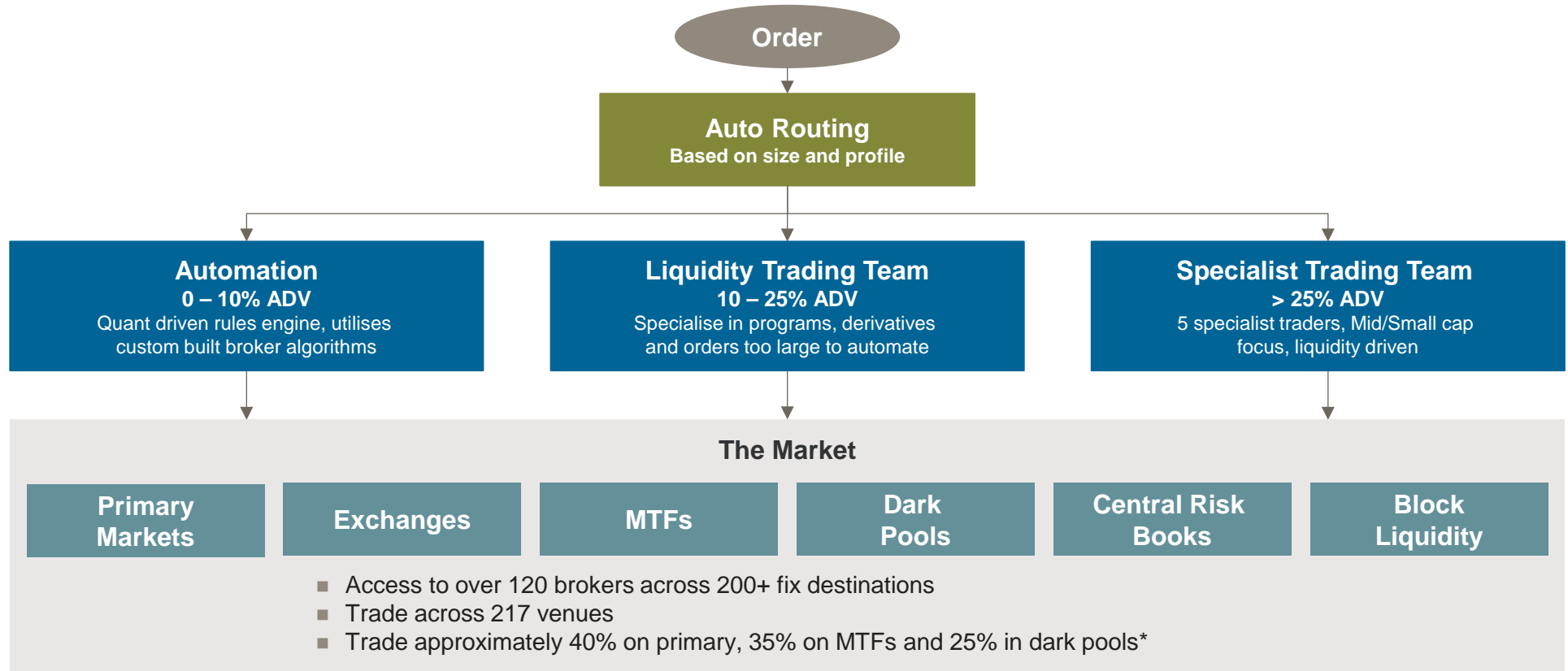
Strong and consistent returns – quarterly excess returns to 31 March 2016

Excess returns versus Euromoney Smaller European Companies (ex UK) Net Index



Source: J.P. Morgan Asset Management. Performance is gross of fees, data calculated NAV to NAV, in GBP. Gross fund returns are calculated from net returns by applying the ongoing charges, including operating & administrative expenses (O&A). The O&A fees are accrued at the maximum rate, according to what is stated in the fund prospectus. Where the O&A fees incurred are actually lower than the accrual, this would lead to a minor overstatement of gross returns. Net returns are not impacted. Past performance is not necessarily a reliable indicator for current and future performance.

Equity trading – order flow management



... focus on minimising transaction costs and preserving alpha

Source: J.P. Morgan Asset Management as of 15 March 2016. *Based on number of fills by categorised venue in 2015. For illustrative purposes only.

Euromoney Smaller European Companies (ex UK) Index

Key characteristics

- 1,000 stocks across 15 markets
- Market capitalisation range of £60m – £4.0bn
- Back history from December 1985
- Monthly geographic and sector analysis
- Daily pricing on Bloomberg - JCSCEXPT Index

Source: Euromoney; as at 31 March 2016.

J.P. Morgan Asset Management

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