JPMorgan European Investment Trust plc

Annual Report & Financial Statements for the year ended 31st March 2019

J.P.Morgan
Asset Management

Your Company

The Company has two share classes Growth and Income, each with distinct investment policies, objectives and underlying asset pools. Shareholders in either of the Company's two share classes are able to convert some or all of their shares into shares of the other class without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes. A description of the Company's investment processes can be seen on page 32. Also, see page 93 for further details of the Company's capital structure and annual conversion on 15th March between share classes.

Objectives

Growth Portfolio

The investment objective of the Growth portfolio is to provide capital growth and a rising share price over the longer term from Continental European investments by taking carefully controlled risks through an investment method that is clearly communicated to shareholders. See page 32 for a description of the investment process.

Income Portfolio

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

Investment Policies

- To invest in a diversified portfolio of investments in the stockmarkets of Continental Europe.
- To manage liquidity and borrowings to increase returns to shareholders.

Growth Portfolio

- To emphasise capital growth rather than income, with the likely result that the level of dividends will fluctuate.

Income Portfolio

- To provide a growing income together with the potential for long-term capital growth.

See page 32 for details of the Company's Investment Restrictions and Guidelines.

Benchmarks

Growth and Income

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

Capital Structure

At 31st March 2019, the Company's share capital comprised 72,306,030 Growth shares and 100,914,066 Income shares.

A share voting number is attributed to each of the Growth and Income shares so that the votes available to each of the two classes of shares equates to the proportion of the net asset value of the Company that the Growth and Income pools represent. See page 40 for details of the share voting number.

In addition to the votes available as referred to above, the Growth and Income shares also have rights in respect of dividends and return of assets as detailed in the Company's Articles of Association.

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').

Financial Conduct Authority ('FCA') regulation of 'non-mainstream pooled investments' and MiFID II 'complex instruments'

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. The Company's shares are not classified as 'complex instruments' under the FCA's revised 'appropriateness' criteria adopted in the implementation of MiFID II.

Association of Investment Companies ('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, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports and investment methodology.

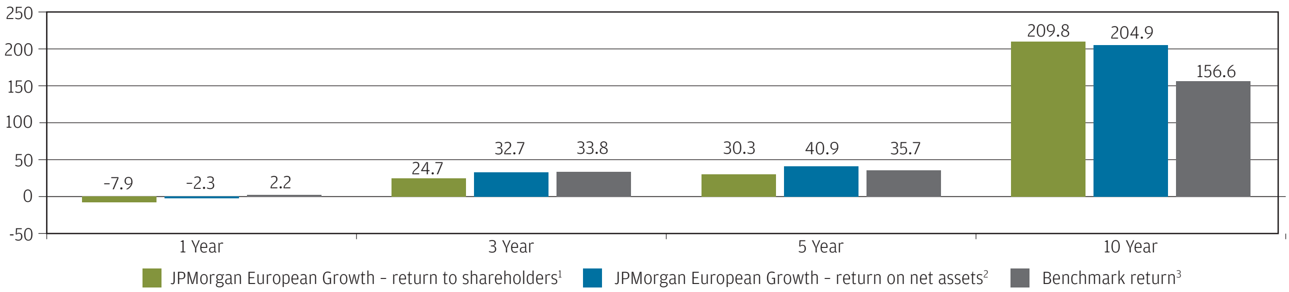
Strategic Report

GROWTH SHARE CLASS – TOTAL INVESTMENTS £252,446,000

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2019	2018	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	-7.9%	+6.6%	+24.7%	+30.3%
Return on net assets[2,4,A]	-2.3%	+7.3%	+32.7%	+40.9%
Benchmark return[3]	+2.2%	+3.0%	+33.8%	+35.7%
Ordinary dividend	8.85p	6.85p		

LONG TERM PERFORMANCE (TOTAL RETURNS) FOR PERIODS ENDED 31ST MARCH 2019



[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at par value.

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

[4] The net asset value above is calculated on the basis that the Company's private placement debt is valued at par. The net assets value identified in the Company's monthly fact sheet is calculated on the basis that the Company's private placement debt is valued at fair value.

[A] Alternative Performance Measure ('APM').

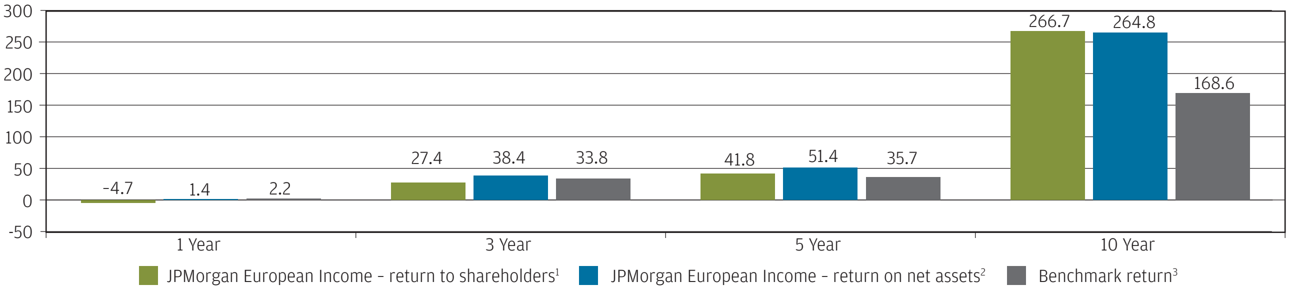
A glossary of terms and APMs is provided on page 97.

INCOME SHARE CLASS – TOTAL INVESTMENTS £177,920,000

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2019	2018	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	-4.7%	+8.4%	+27.4%	+41.8%
Return on net assets[2,4,A]	+1.4%	+6.4%	+38.4%	+51.4%
Benchmark return[3]	+2.2%	+3.0%	+33.8%	+35.7%
Ordinary dividend	6.25p	5.80p		

LONG TERM PERFORMANCE (TOTAL RETURNS) FOR PERIODS ENDED 31ST MARCH 2019



[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at par value.
[3] Source: MSCI. The Income portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms.
[4] The net asset value above is calculated on the basis that the Company's private placement debt is valued at par. The net assets value identified in the Company's monthly fact sheet is calculated on the basis that the Company's private placement debt is valued at fair value.
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 97.

Josephine Dixon
Chairman

Performance

In the year ended 31st March 2019, the percentage changes in the Company's Growth (JETG) and Income (JETI) net asset value (NAV) were -2.3% and +1.4% respectively. The discount on both Growth and Income share price to NAV widened during the reporting period, reflecting deteriorating market sentiment towards Europe. As a result, the total returns to shareholders with net dividends reinvested in the Company's Growth and Income portfolios were -7.9% and -4.7% respectively. Returns on both measures for the two portfolios underperformed the benchmark (the MSCI Europe ex UK index in sterling) of +2.2%. The results for the period under review are somewhat disappointing and reflect volatile market conditions. However, over the longer periods of five and ten years the performance of both portfolios on a NAV basis was ahead of benchmark.

In their Report on pages 8 to 12, the Investment Managers comment on some of the factors underlying the performance of the two portfolios including performance against the benchmark over the Company's financial year, as well as commenting on the economic and market background.

Revenue and Dividends

On the Growth shares the Board's aim is that annual dividend payments continue to be broadly in line with revenues received on the underlying portfolio. In the period the dividend paid per Growth share was 8.85 pence (2018: 6.85 pence). On the year-end share price of 265.0 pence (2018: 297.0 pence), this represents a yield of 3.3% (2018: 2.3%). Revenue per share on the Growth portfolio for the year to 31st March 2019 (calculated by reference to the average number of shares in issue over the period) amounted to 10.68 pence per share (2018: 8.56 pence per share).

As regards the Income shares, the Board's aim is to provide a regular stream of dividend income on a quarterly basis, subject to the availability of distributable reserves. JETI's four dividend payments are spread over the Company's financial year. The Company's fourth interim dividend may be larger than the previous three, depending on the results for the year.

In the period under review, the dividend paid per Income share was 6.25 pence (2018: 5.80 pence). On the year-end share price of 144.0 pence (2018: 157.5 pence) this represents a yield of 4.3% (2018: 3.7%). Revenue per share on the Income portfolio for the year (again, calculated by reference to the average number of shares in issue over the period) amounted to 6.79 pence per share (2018: 6.65 pence per share).

The timing of the dividend payments for both share classes are expected to be maintained with Growth shares dividends paid bi-annually in April and October and Income shares paid quarterly in April, July, October and January.

Gearing

There has been no change in the Investment Manager's permitted gearing range, as previously set by the Board, of 10% net cash to 20% geared. At 31st March 2019 the Growth portfolio was 7.7% geared and the Income portfolio was 2.5% geared. The levels of gearing quoted in the Company's Annual Report are before the application of derivatives, such as futures, which can be used by the Investment Managers to either increase or decrease the effective rate of the Company's gearing, according to market conditions.

Conversions

The Company's annual share conversion on 15th March 2019 resulted in a relatively small shift out of Income shares and into Growth shares. See page 35 for further details.

Share Issuance and Repurchase

At the forthcoming Annual General Meeting (AGM) on 15th July 2019 as referred to below, the Company will seek to renew its permission to allot new equity in order to manage the balance between the supply of and demand for its shares, subject to the requirements and conditions as detailed in the notice to the AGM on page 94. Such allotments benefit all shareholders not least by increasing the liquidity of the Company's shares. The Board has a proactive approach to the use of its share issuance and repurchase powers.

The Board 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 thereby minimise the volatility and absolute level of the discount to net asset value at which the Company's shares trade. The Board do not wish to see the discounts widen beyond 10% (using the cum-income NAV) on an ongoing basis. The precise level and timing of repurchases pursuant to this policy depend upon prevailing market conditions. Over the year under review the discount levels have averaged 11.7% for the Growth shares and 10.7% for Income shares (at fair value). During the year, the Board was active in implementing its buyback policy and purchased a total of 992,424 Growth shares and 342,064 Income shares. Since the year end 125,000 Growth shares and 15,439 Income shares have been repurchased. On the 6th June 2019 the discount on the Growth and Income shares was 12.2% and 11.1% respectively (at fair value).

Board of Directors

On 28th January 2019, the Board announced the sad news that Andrew Adcock, the Company's Chairman had passed away. Andrew battled bravely with ill health for the past couple of years with a courage, humour and determination that was truly inspirational. Andrew Adcock was a talented Chairman and Director of the Company and greatly respected by all members of the Board, Shareholders and the Company's Manager, JPMorgan Asset Management. The Board send their sincere condolences to Andrew Adcock's family. Since the 13th December 2018, I had acted as interim Chair of the Board and Jutta af Rosenborg had acted as interim Chair of the Audit Committee. With agreement of the Board, these positions were made permanent following the sad loss of Andrew Adcock.

In order to bring the complement of Board members back up to five, an independent third party search consultant was engaged to identify a suitable person for appointment as a Director of the Board. After consideration of a strong selection of candidates, the Board is very pleased to announce that Rita Dhut was appointed to the Board on 4th June 2019. Rita Dhut has 18 years' asset management experience in UK and continental European equities with roles including Director of European Equities at M&G and Head of Pan European Equity Value Investing at Aviva Investors.

During the year, the Board carried out its customary evaluation of the Directors, the Chairman, the Committees and the working of the Board as a whole. It was concluded that all aspects of the Board and its procedures were operating effectively. In accordance with corporate governance best practice, all of the Directors retire by rotation at this year's AGM and will offer themselves for re-election. There has been no increase in the Directors remuneration since the increase effective from 1st April 2018. Detail of this increase was included in the Chairman's Statement for the Company's Annual Report and Financial Statements to 31st March 2018.

Investment Managers

The performance of the Investment Managers is formally evaluated by the Board annually. Following this review for the period ended 31st March 2019 the Board concluded that the performance of the Manager had been satisfactory and that their services should be retained.

Transfer of Reserves between the Growth and Income Portfolios

As referred to in the Chairman's Statement included in the Company's Half Year Report and Financial Statements to 30th September 2018, the Board exercised its power to approve transfers of retained revenue reserves from JETG to JETI in exchange for the equivalent amount of capital reserves from JETI to JETG, as in previous years. £1.301 million, being the amount of JETG's retained revenue reserve as at 31st March 2018, after payment of the JETG 2.00p dividend paid on 6th April 2018, was transferred to JETI in exchange for the equivalent amount of capital reserves from JETI to JETG. This transfer is reflected in these Report and Financial Statements.

Annual General Meeting

The Company's ninetieth AGM will take place at J.P.Morgan's offices at 60 Victoria Embankment, London EC4Y 0JP on Monday, 15th July 2019 at 2.30 p.m. In addition to the formal proceedings there will, as usual, be a presentation by the Investment Managers, followed by tea when shareholders, who are always most welcome, can meet the Directors and the Investment Managers for more informal discussions. It would be helpful if shareholders seeking answers to detailed questions put them in writing beforehand, addressed to the Company Secretary at 60 Victoria Embankment, London EC4Y 0JP. Alternatively, questions may be submitted via the Company's website www.jpmeuropean.co.uk.

Outlook

The Board and Managers are mindful of the political uncertainties of investing in Europe which currently include Brexit and the influence of populist parties, together with ongoing trade tensions between the U.S.A. and China, which impacts global stock markets. However, we believe that, within the Company's risk parameters, satisfactory returns are achievable given the proven stock selection skills demonstrated consistently over the medium and longer term.

For and on behalf of the Board
Josephine Dixon
Chairman

7th June 2019

Stephen Macklow-Smith
Investment Manager

Alexander Fitzalan Howard
Investment Manager

Michael Barakos
Investment Manager

Thomas Buckingham
Investment Manager

Introduction

During the Company's financial year ended 31st March 2019, one of the key features was the underperformance of value investing as a style. Given that our Income shares invest in stocks with a high dividend yield and that our Growth shares invest in stocks at cheap valuations, the underperformance of these cheap stocks was a headwind for us during the year. The Company's benchmark managed a small positive return, although it was also a year of volatility with the benchmark up 10% at its best and down 6% at its worst. Performance is analysed later in this report.

Economic Overview

The economic background deteriorated as 2018 went on, despite starting with a vertiginous rise in stock markets around the world in January, which then gave way to a correction into the beginning of the Company's financial year. The driver for the correction was a reaction to the deceleration from what had been a particularly positive growth environment in late 2017 and early 2018 around the world. Most developed markets had been growing above trend, and emerging markets economies were continuing to recover from the fall in commodities prices that had negatively affected them two years previously. This positive growth environment deteriorated during the year under review, largely as a result of an uncertain political background. The United States of America decided to implement tariffs and other measures on trade with most of its major trading partners. In the case of Mexico and Canada a new trade agreement was reached fairly quickly, but the attention of the USA then switched to other markets such as China and the Eurozone. Again in the case of the Eurozone, an initial agreement was reached fairly quickly, but in the case of China, a fairly aggressive stance was taken by the USA and this seems to have undermined confidence among companies involved in global trade and also to have undermined confidence about capital investment outside the USA. The indicator for this fall in confidence was purchasing manager indices which came off their best and outside the USA continued to fall. The rate of growth of global trade also contracted, and uncertainty about the global supply chain appears to have led to a deferral of investment decisions by global companies. Global equity markets improved in the first quarter of 2019, although since then sentiment has weakened following faltering U.S.A-China trade relations.

The fall in confidence was particularly marked in the European Autos industry, which is a substantial employer in Germany and a key player in the European economy. New emission standards led to an accelerated inventory cycle but at the same time it became clear that demand from China was decelerating fast.

Political Overview

Elsewhere in the political sphere we had the continuing negotiations between the United Kingdom and the European Union about the UK's withdrawal, and we also saw the appointment of a new Italian government comprised of two populist parties who announced their determination to adjust the spending limit imposed by the Stability and Growth Pact which had been agreed by all Eurozone countries. In France, Emmanuel Macron faced protest from the *gilets jaunes* movement, triggered by his introduction of taxes on fuel, which were designed to meet France's undertakings under the Paris accord on climate change.

The impact of the slowdown in industrial confidence, and of heightened political risk in Italy made itself felt in bond markets, where supposedly safe assets saw yields moving down to zero or into negative territory, while Italian government bonds began to attract a growing risk premium against other Eurozone assets. Falling long-term interest rates and flattening yield curves are a classic indicator of a challenging growth environment, and given all of the uncertainty it would not have been unreasonable to expect analysts to slash their expectations for company profitability. In the event though, while analysts revised modestly lower their predictions of profits we actually saw a year of positive earnings growth in Europe which meant that the decline in equities prices made valuations more attractive. If anything, this phenomenon of falling valuations was at its most acute in the USA, where the stock market finished 2018 flat or slightly down despite the fact that earnings were growing by around 20%. In Europe, in 2018, the stock market fell by 10% despite earnings growing by around 7%. Dividend payments also grew in Europe and combined with falling equity prices this meant that dividend yield became considerably more attractive, especially when comparing the yield available on equities to those available on government bonds or in cash.

During the year the European Central Bank adjusted its program of support for the economy, committing to keep interest-rates low for the foreseeable future, but backing away from purchases of sovereign debt. Despite the absence of the European Central Bank as a buyer, yields remained extremely low. One of the features of the regulatory environment that has been put in place since the financial crisis of 2008 and 2009 is a huge appetite among banks, pension funds and insurance companies for what are referred to as safe assets. In addition, savers in Japan, which runs a large current-account surplus, are keen to invest money in other bond markets around the world which might give them a positive yield compared to what is available to them on domestic Japanese bonds, and this competition to buy safe assets seems to be keeping yields at an ultra low level, even though central banks in the USA, UK and the Euro zone are no longer buying.

In an uncertain growth environment profits are expected to grow further in 2019, on top of the growth experienced in 2018, and an optimist would say that if trade tensions can be defused the global economy may be due another leg up. For that to happen though we probably need a more stable political environment, and it is clear that political incumbents on the Continent are under pressure. During the year, we saw Chancellor Merkel's power eclipsed in Germany as she suffered a string of local election setbacks. This precipitated her announcement that she would be standing down as leader of her party which is widely viewed as presaging her standing down as Chancellor. The European Parliamentary elections presage a wholesale changing of the guard at European institutions. The Presidents of the European Council, the European Commission, the European Parliament, and the European Central Bank will all be standing down before the end of the year, and especially in the case of European Central Bank, investors will scrutinise any potential appointees for clues as to the likely direction that policy will take in the next few years. Mr Draghi famously stated that the European Central Bank would do whatever it takes to preserve the Euro and this opened the door to extraordinary monetary policy in the shape of zero interest rates and purchases of sovereign bonds. His replacement will have to reconcile the pressure from some European countries for a loosening of fiscal rules in an attempt to boost domestic demand against the demands of others for an end to ultra low interest rates which they view as penalising savers.

Earnings

Against this background European companies continue to make progress in profitability terms. Earnings for our investable universe struggled to grow in the aftermath of the financial crisis and we have discussed this in previous annual reports. In many cases this was because of factors which specifically affected certain sectors such as banks, and energy and other commodity companies. Consensus profits in 2019 are expected to be a little over 10% below their historical peak having been at their worst 50% below that peak in 2010 and very nearly as bad again in 2016. Margins, which are a good indication of the underlying health of the business are also recovering. Outside the financial sector margins are within touching distance of their historic highs, and this against a background in which growth in most parts of the world outside the USA has been disappointing. Balance sheets also look respectably healthy: for instance in the financial sector, banks look very well capitalised as a result of the pressure put on them by regulators, and outside the financial sector, although net debt has drifted higher the low interest environment means that the affordability of debt is good.

Sector Performance

During the year under review, there was a substantial spread of return between individual sectors. The best performing sector in Europe was Utilities, followed closely by Consumer Staples (this includes companies in Food and Beverages and Personal and Household Products). Healthcare also did well and one of the key characteristics of these three sectors is that they are all viewed as beneficiaries of lower interest rates, so in an environment in which long-term interest rates were falling it is not a surprise to find these sectors in favour with investors. It raises the question, though, of how they would behave in an environment in which interest rates normalise. At the other end of the performance table, we had Financials where in particular, Bank stock prices came under pressure because the low interest rate environment was viewed as putting pressure on their ability to make a return from lending (when lending rates are very close to funding rates it is difficult to extract a decent margin on new loans). Autos also came under pressure for reasons described above, although valuations in the auto sector are now very close to levels that we see at the trough in the cycle rather than towards the peak in the economic cycle.

GROWTH PERFORMANCE ATTRIBUTION

FOR THE YEAR ENDED 31ST MARCH 2019

	%	%
Contributions to total returns		
Benchmark return		2.2
Stock selection	-4.6	
Gearing/cash	0.2	
Asset allocation	0.7	
Investment manager contribution		-3.7
Portfolio return		-1.5
Management fee/other expenses	-1.0	
Share buyback	0.2	
Other effects		-0.8
Return on net assets with debt at par value[A]		-2.3
Impact of debt at fair value[1]		-1.1
Return on net assets with debt at fair value[A]		-3.4
Effect of movement in discount		-4.5
Return to shareholders[A]		-7.9

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

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

[1] See note 14 on page 74 for reference to fair value of debt.

[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 97.

Stock Contributors – Growth

Given the background described above it is no surprise that, within the Growth portfolio, the investments that performed best during the year were concentrated in the defensive end of the market. Pharmaceuticals in particular stand out. For example Roche, the Swiss healthcare company, enjoyed strong growth in both its drug and diagnostic divisions as sales rose 7% and operating profits 9%. New drug launches to tackle cancer, multiple sclerosis and haemophilia helped drive this growth, but at the same time Roche invested 11bn CHF in developing its product pipeline for the future. The shares rose more than 30% during the year. Despite the favourable backdrop for the sector as a whole stock selection remained crucial. In relative terms at least it was helpful to be underweight Bayer which fell more than 35% as its recent acquisition Monsanto was successfully sued in the US courts over allegations that its Roundup weed killer was carcinogenic. There was a similar divergence within the food and beverage sector. The portfolio's holding in Nestle, owner of well-known brands such as Nescafe, Kit Kat and San Pellegrino, appreciated 30% while Anheuser-Busch, which we did not own, maker of Budweiser, fell 15% as the global beer market slowed.

In contrast to last year the growth portfolio's cyclical exposure was a hindrance. Particularly in the second half of 2018 performance was hurt by holdings in BE Semiconductor, which makes machines for packaging and attaching semiconductors. After rising more than 5x in 2016 and 2017 the stock fell 50% as investors lost confidence in the company's earnings prospects. It was a similar story at Fiat Chrysler which lost its CEO Sergio Marchionne to cancer in the middle of the year. Coupled with fears that a trade war with China would hit global auto sales, Fiat's share price fell 20%.

INCOME PERFORMANCE ATTRIBUTION

FOR THE YEAR ENDED 31ST MARCH 2019

	%	%
Contributions to total returns		
Benchmark return		2.2
Stock selection	0.7	
Gearing/cash	–0.3	
Currency	–0.1	
Investment manager contribution		0.3
Portfolio return		2.5
Management fee/other expenses	–1.1	
Other effects		–1.1
Return on net assets with debt at par value[A]		1.4
Impact of debt at fair value[1]		–1.0
Return on net assets with debt at fair value[A]		0.4
Effect of movement in discount		–5.1
Return to shareholders		–4.7

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

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

[1] See note 14 on page 74 for reference to fair value of debt.

[A] Alternative Performance Measure ('APM').

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Stock Contributors – Income

Turning to the income portfolio, performance was helped by two non benchmark positions in the energy sector. Gaztransport & Technigaz which makes containers for liquefied natural gas, rose more than 60% and Aker BP which is a Norwegian exploration and production company whose share price climbed nearly 50%. As in previous years much of the relative performance came from avoiding poor benchmark stocks. The two biggest contributors were Bayer and Anheuser-Busch which have already been mentioned above. Elsewhere a number of banks that we did not own, including UniCredit, BNP Paribas, Societe Generale and Deutsche Bank performed badly.

Given the yield requirements of the income portfolio some stocks do not qualify for inclusion on the grounds of their low yield alone. This is particularly true in the growth end of the market which was a particular hindrance in the year under review. Key examples include Nestle, the software company SAP and the luxury goods companies L'Oreal and LVMH. Not owning these stocks held performance back by almost 2%.

Outlook

We live in politically turbulent times, and making predictions about the outcome of trade policy is challenging in the environment in which many of the previous norms are being overturned. Assuming that the policies of increasing liberalisation of trade which have bought prosperity to many on lower incomes both in developed economies and in emerging economies are likely to continue to be pursued by politicians, there is scope for the investing background to improve. In this environment we also expect that returns to Value investing will improve, especially since the underperformance of cheap stocks has meant that the spread between cheap and expensive stocks is now as extended as it ever gets.

Stephen Macklow-Smith
Alexander Fitzalan Howard
Michael Barakos
Thomas Buckingham
Investment Managers

7th June 2019

SUMMARY OF RESULTS

	2019	2018	% change
Total returns for the year ended 31st March			
Return to shareholders[1,A]	**-7.9%**	+6.6%	
Return on net assets[2,A]	**-2.3%**	+7.3%	
Benchmark return[3]	**+2.2%**	+3.0%	
Net asset value, share price and discount at 31st March			
Total net assets (£'000)	**234,291**	246,994	**-5.1**
Net asset value per share with debt at par value	**324.0p**	338.5p	**-4.3**
Net asset value per share with debt at fair value	**313.5p**	331.2p	**-5.3**
Share price	**265.0p**	297.0p	**-10.8**
Share price discount to net asset value per share with debt at par value[4,A]	**18.2%**	12.3%	
Share price discount to net asset value per share with debt at fair value[A]	**15.5%**	10.3%	
Shares in issue	**72,306,030**	72,972,275	
Revenue for the year ended 31st March			
Gross revenue (£'000)	**9,208**	8,068	**+14.1**
Net revenue attributable to shareholders (£'000)	**7,747**	6,589	**+17.6**
Return per share[5]	**10.68p**	8.56p	**+24.8**
Dividend per Growth share	**8.85p**	6.85p	**+29.2**
Gearing at 31st March[A]	**7.7%**	**6.0%**	
Ongoing Charges[6,A]	**1.01%**	**0.96%**	

[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at par value.

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

[4] Source: J.P.Morgan. The share price discount on capital-only net asset value was 16.7% (2018: 11.2%).

[5] See Note 9 on page 71, Return per share.

[6] See page 34 for further details of Ongoing Charge.

[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 97.

TEN YEAR FINANCIAL RECORD

At 31st March	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total assets less current liabilities (£m)	272.3	315.7	249.9	187.7	206.3	241.2	230.3	228.5	274.6	272.4	259.3
Net asset value per share (p)[1]	142.1	207.2	222.9	186.3	215.3	257.3	270.2	253.3	315.4	331.2	313.5
Share price (p)	116.5	183.8	193.0	164.0	194.0	233.0	259.0	230.5	285.0	297.0	265.0
Discount (%)[2,A]	18.0	11.3	13.4	12.0	9.9	9.4	4.1	9.0	9.6	10.3	15.5
Gearing (%)[A]	5.7	3.6	8.1	3.1	5.4	8.1	7.7	11.0	5.9	6.0	7.7
Year ended 31st March											
Gross revenue (£'000)	17,858	9,146	8,083	9,634	7,452	8,018	8,597	6,476	7,678	8,068	9,208
Revenue per share (p)	9.54	4.79	4.93	7.28	6.00	6.64	7.90	5.37	6.75	8.56	10.68
Dividend per share (p)	9.50[3]	4.85	4.90	6.75	5.95	6.70	6.70	5.85	6.85	6.85	8.85
Ongoing Charges (%)[4,A]	0.81	1.05	0.98	0.74	0.87	0.86	1.04	1.06	1.04	0.96	1.01
Rebased to 100 at 31st March 2009											
Return to shareholders[5,A]	100.0	162.4	175.7	156.1	191.6	237.7	272.2	248.4	315.8	336.5	309.7
Return on net assets[5,A]	100.0	153.7	169.6	146.5	175.7	216.3	233.4	224.1	285.2	305.7	295.4
Benchmark return[6]	100.0	147.4	157.7	138.6	161.6	189.1	202.3	191.7	243.9	251.1	256.6

[1] Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at fair value.

[2] Share price discount to net asset value per share with debt at fair value.

[3] Includes a special dividend of 2.5p.

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

[5] Source: J.P. Morgan/Morningstar. Total return basis, using cum income net asset value per share, with debt at fair value.

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

[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 97.

TEN LARGEST INVESTMENTS

AS AT 31ST MARCH

			2019 Valuation		2018 Valuation	
Company	Country	Sector	£'000	%[1]	£'000	%[1]
Nestlé	Switzerland	Consumer Goods	14,726	5.8	12,330	4.7
Novartis	Switzerland	Health Care	11,672	4.6	10,231	3.9
Roche	Switzerland	Health Care	10,969	4.3	7,387	2.8
JPMorgan European Smaller Companies Trust	European Funds	Financials	8,750	3.5	10,058	3.8
Allianz	Germany	Financials	7,102	2.8	7,352	2.8
Novo Nordisk[2]	Denmark	Health Care	5,220	2.1	4,543	1.7
Sanofi	France	Health Care	4,996	2.0	5,455	2.2
Deutsche Telekom[3]	Germany	Communications Services	4,842	1.9	–	–
Unilever[2]	Netherlands	Consumer Goods	4,346	1.7	4,027	1.5
Wolters Kluwer[3]	Netherlands	Consumer Services	4,110	1.6	–	–
Total[4]			**76,733**	**30.3**		

[1] Based on total investments of £252.4m (2017: £261.9m) see page 19.

[2] Not included in ten largest equity investments at 31st March 2018.

[3] Not held in the portfolio at 31st March 2018.

[4] At 31st March 2019, cash and cash equivalents amount to £13.4m (2018: £17.6m). At 31st March 2018, the value of the ten largest investments amounted to £74.3m, representing 28.4% of total investments of £261.9m.

PORTFOLIO ANALYSIS

Geographical

	31st March 2019		31st March 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
France	21.5	24.6	20.3	23.7
Switzerland	20.3	19.4	19.3	16.9
Germany	17.7	18.7	17.9	21.1
Netherlands	10.5	7.8	11.0	7.9
Spain	6.3	6.5	4.4	7.0
Sweden	4.3	5.8	5.1	5.7
Denmark	3.9	3.9	5.3	4.0
Italy	3.9	5.2	3.9	5.5
Norway	3.1	1.6	2.8	1.5
Austria	3.0	0.5	2.2	0.6
Finland	2.9	2.2	3.9	2.2
Belgium	1.4	2.2	1.8	2.5
United Kingdom[2]	0.5	–	0.4	–
Portugal	0.3	0.4	1.2	0.3
Russia	0.3	–	0.3	–
Poland	0.1	–	0.1	–
Ireland	–	1.2	–	1.0
Turkey	–	–	0.1	–
Luxembourg	–	–	–	0.1
Total Portfolio[3]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £252.4m (2018: £261.9m). See page 19.
[2] The Company has a holding in JPMorgan Europe Dynamic Small Cap, which holds some UK stocks. This gives rise to the 0.5% holding in the UK identified above.
[3] Includes investments in Collective Investment Schemes which are reclassified in accordance with the domicile of the underlying assets in the fund.

PORTFOLIO ANALYSIS

Sector

	31st March 2019		31st March 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1,2]	Benchmark %
Financials	21.5	17.5	27.0	20.6
Industrials	17.4	14.6	15.3	15.1
Health Care	13.5	14.3	11.7	12.9
Consumer Staples	11.7	13.6	8.2	12.0
Consumer Discretionary	8.4	10.4	10.3	11.8
Information Technology	6.9	7.2	7.0	6.6
Energy	6.0	4.8	5.3	4.3
Materials	5.3	6.8	9.3	7.9
Utilities	4.8	4.5	3.6	3.8
Communications Services	3.0	4.7	2.0	3.6
Real Estate	1.5	1.6	0.3	1.4
Total Portfolio[3]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £252.4m (2018: £261.9m) see page 19.

[2] Sector analysis restated to be aligned to current benchmark sectors as defined by MSCI.

[3] Includes investments on Collective Investment Schemes which are reclassified in accordance with the industry of the underlying asset in the fund.

LIST OF INVESTMENTS

Company	Valuation £'000
FRANCE	
Sanofi	4,996
LVMH Moet Hennessy Louis Vuitton	4,081
Peugeot	3,910
L'Oreal	3,572
Capgemini	3,498
Schneider Electric	3,441
Dassault Aviation	3,162
BNP Paribas	3,066
Kering	2,875
Safran	2,728
Eiffage	2,597
Vinci	2,322
TOTAL	1,939
Credit Agricole	1,903
Kaufman & Broad	1,647
Gaztransport Et Technigaz	1,490
Neopost	1,236
Thales	1,184
Rothschild	900
Casino Guichard Perrachon	792
Airbus	573
Arkema	434
Solutions 30	300
Eramet	196
Pernod Ricard	178
SES	140
	53,160

Company	Valuation £'000
SWITZERLAND	
Nestlé	14,726
Novartis	11,672
Roche	10,969
UBS	3,454
Swiss Life	3,018
Partners	2,103
Logitech International	1,824
Adecco	1,072
Vetropack	577
Huber + Suhner	460
Sonova	138
	50,013
GERMANY	
Allianz	7,102
Deutsche Telekom	4,842
adidas	3,148
RWE	2,535
Deutsche Boerse	2,289
SAP	2,270
Knorr-Bremse	1,651
ADO Properties	1,640
Evonik Industries	1,606
Hannover Rueck	1,592
Deutsche Pfandbriefbank	1,558
Covestro	1,523
E.ON	1,276
HeidelbergCement	1,196
Siltronic	1,133
MTU Aero Engines	1,130
Befesa	854

Company	Valuation £'000
GERMANY – CONT	
Deutsche Lufthansa	819
Volkswagen	781
Amadeus Fire	771
ADLER Real Estate	640
Eckert & Ziegler	640
Wirecard	534
Muenchener Rueckversicherungs-Gesellschaft	513
Corestate Capital	504
Siemens Healthineers	387
Dialog Semiconductor	331
Carl Zeiss Meditec	221
EDAG Engineering	75
	43,561
NETHERLANDS	
Unilever	4,346
Wolters Kluwer	4,110
ASR Nederland	3,429
Koninklijke Ahold Delhaize	2,958
ABN AMRO	1,888
Philips Lighting	1,677
Adyen	1,440
Royal Dutch Shell	1,198
ING	1,002
NIBC	777
ASML	514
Heijmans	501
Flow Traders	350
Aegon	258
	24,448

LIST OF INVESTMENTS

Company	Valuation £'000
SPAIN	
ACS Actividades de Construccion y Servicios	3,954
Endesa	3,925
Repsol	3,563
Cia de Distribucion Integral Logista	1,687
International Consolidated Airlines	1,406
Amadeus IT	749
Merlin Properties Socimi	358
Telefonica	210
Ence Energia y Celulosa	193
	16,045
DENMARK	
Novo Nordisk	5,220
Topdanmark	2,059
Vestas Wind Systems	1,502
Royal Unibrew	609
	9,390
SWEDEN	
Telefonaktiebolaget LM Ericsson	2,333
Sandvik	1,494
Swedish Match	1,203
Resurs	772
Concentric	561
Tethys Oil	533
Lindab International	519
Boliden	466
Volvo	458
MIPS	365
Proact IT	231
Ambea	154
Betsson	103
	9,192

Company	Valuation £'000
ITALY	
Fiat Chrysler Automobiles	2,492
A2A	2,258
Enel	1,321
Eni	850
UniCredit	680
Fiera Milano	314
Poste Italiane	197
Unieuro	192
Rizzoli Corriere Della Sera Mediagroup	172
	8,476
FINLAND	
UPM-Kymmene	2,639
Neste	2,327
Stora Enso	1,602
Cramo	485
Valmet	280
Olvi	96
	7,429
AUSTRIA	
OMV	2,552
Verbund	1,043
Wienerberger	997
Raiffeisen Bank International	746
AT&S Austria Technologie & Systemtechnik	595
Mayr Melnhof Karton	469
Strabag	347
Flughafen Wien	160
	6,909

Company	Valuation £'000
NORWAY	
Telenor	2,186
DNB	754
Salmar	644
SpareBank 1 SMN	640
Norwegian Finans	570
Austevoll Seafood	548
DNO	476
Europris	386
Selvaag Bolig	202
Olav Thon Eiendomsselskap	175
Scottish Salmon	164
	6,745
BELGIUM	
KBC	1,466
D'ieteren	671
Colruyt	578
	2,715
PORTUGAL	
Altri	524
	524
COLLECTIVE INVESTMENT SCHEMES	
JPMorgan European Smaller Companies Trust	8,750
JPMorgan Funds – Europe Dynamic Small Cap Fund	3,938
JPMorgan Funds – Emerging Europe Equity Fund	1,151
TOTAL COLLECTIVE INVESTMENT SCHEMES	**13,839**
TOTAL INVESTMENTS	**252,446**

FOR THE YEAR ENDED 31ST MARCH 2019

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
(Losses)/gains on investments and derivatives held at fair value through profit or loss	–	(12,016)	(12,016)	–	13,771	13,771
Net foreign currency gains/(losses)	–	335	335	–	(150)	(150)
Income from investments	9,158	–	9,158	8,049	–	8,049
Interest receivable and similar income	50	–	50	19	–	19
Gross return/(loss)	**9,208**	**(11,681)**	**(2,473)**	**8,068**	**13,621**	**21,689**
Management fee	(584)	(1,362)	(1,946)	(642)	(1,499)	(2,141)
Other administrative expenses	(478)	–	(478)	(436)	–	(436)
Net return/(loss) on ordinary activities before finance costs and taxation	**8,146**	**(13,043)**	**(4,897)**	**6,990**	**12,122**	**19,112**
Finance costs	(223)	(522)	(745)	(241)	(563)	(804)
Net return/(loss) on ordinary activities before taxation	**7,923**	**(13,565)**	**(5,642)**	**6,749**	**11,559**	**18,308**
Taxation	(176)	–	(176)	(160)	–	(160)
Net return/(loss) on ordinary activities after taxation	**7,747**	**(13,565)**	**(5,818)**	**6,589**	**11,559**	**18,148**
Return/(loss) per Growth share	**10.68p**	**(18.71)p**	**(8.03)p**	**8.56p**	**15.01p**	**23.57p**

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

AT 31ST MARCH 2019

	2019 £'000	2018 £'000
Fixed assets		
Investments held at fair value through profit or loss	**252,446**	**261,864**
Current assets		
Derivative financial assets	99	111
Debtors	1,416	760
Cash and cash equivalents	13,408	17,586
	14,923	18,457
Current liabilities		
Creditors: amounts falling due within one year	(7,669)	(7,816)
Derivative financial liabilities	(419)	(93)
Net current assets	**6,835**	**10,548**
Total assets less current liabilities	**259,281**	**272,412**
Creditors: amounts falling due after more than one year	(24,990)	(25,418)
Net assets	**234,291**	**246,994**
Net asset value per Growth share	**324.0p**	**338.5p**

SUMMARY OF RESULTS

	2019	2018	% change
Total returns for the year ended 31st March			
Return to shareholders[1,A]	–4.7%	+8.4%	
Return on net assets[2,A]	+1.4%	+6.4%	
Benchmark return[3]	+2.2%	+3.0%	
Net asset value, share price and discount at 31st March			
Total net assets (£'000)	173,539	179,143	–3.1
Net asset value per share with debt at par value	172.0p	175.8p	–2.2
Net asset value per share with debt at fair value	167.4p	173.0p	–3.2
Share price	144.0p	157.5p	–8.6
Share price discount to net asset value per share with debt at par value[4,A]	16.3%	10.4%	
Share price discount to net asset value per share with debt at fair value[A]	14.0%	9.0%	
Shares in issue	100,914,066	101,880,214	
Revenue for the year ended 31st March			
Gross revenue (£'000)	8,776	7,535	+16.5
Net revenue attributable to shareholders (£'000)	6,898	6,259	+10.2
Return per share[5]	6.79p	6.65p	+2.1
Dividend per Income share	6.25p	5.80p	+7.8
Gearing at 31st March[A]	2.5%	5.6%	
Ongoing Charges[6,A]	1.06%	1.00%	

[1] Source: Morningstar.
[2] Source: Morningstar/J.P.Morgan, using cum income net asset value per share, with debt at par value.
[3] Source: MSCI. The Income portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms.
[4] Source: J.P.Morgan. share price discount on capital-only net asset value was 14.8% (2018: 8.8%).
[5] See Note 9 on page 71, Return per share.
[6] See page 34 for further details of Ongoing Charge.
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 97.

TEN YEAR FINANCIAL RECORD

At 31st March	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total assets less current liabilities (£m)	41.0	76.9	63.5	61.9	68.3	86.3	114.7	141.8	175.9	197.3	191.4
Net asset value per share (p)[1]	70.2	106.3	109.6	96.9	110.4	134.6	143.6	134.4	166.5	173.0	167.4
Share price (p)	60.3	94.5	97.3	86.5	99.8	123.0	136.5	127.0	150.5	157.5	144.0
Discount (%)[2,A]	14.1	8.8	11.3	10.7	9.6	8.6	4.9	5.5	9.6	9.0	14.0
Gearing (%)[A]	4.3	5.3	10.0	7.1	14.4	5.4	7.5	8.1	8.2	5.6	2.5

Year ended 31st March											
Gross revenue (£'000)	4,382	2,986	2,827	3,375	3,255	3,818	4,127	4,877	7,258	7,535	8,776
Revenue per share (p)	5.48	3.92	3.87	4.56	4.29	4.82	4.60	4.67	5.94	6.65	6.79
Dividend per share (p)	5.15[3]	4.00	4.00	4.20	4.25	4.75	4.75	4.75	5.00	5.80	6.25
Ongoing Charges (%)[4,A]	1.19	1.21	1.18	1.12	1.06	1.06	1.08	1.08	1.07	1.00	1.06

Rebased to 100 at 31st March 2009											
Return to shareholders[5,A]	100.0	164.2	176.9	165.7	200.8	258.7	298.4	287.9	354.8	384.7	366.7
Return on net assets[5,A]	100.0	160.0	172.2	159.4	189.9	240.9	266.6	258.5	331.6	354.5	355.9
Benchmark return[6]	100.0	147.5	157.2	145.8	169.2	197.9	211.8	200.7	255.3	262.9	268.6

[1] Source: Morningstar/J.P.Morgan, using cum income net asset value per share, with debt at fair value.

[2] Share price discount to net asset value per share with debt at fair value.

[3] Includes a special dividend of 1.15p.

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

[5] Source: J.P. Morgan/Morningstar. Total return basis, using cum income net asset value per share, with debt at fair value.

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

[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 97.

TEN LARGEST INVESTMENTS

AS AT 31ST MARCH

Company	Country	Sector	2019 Valuation £'000	%[1]	2018 Valuation £'000	%[1]
Roche	Switzerland	Health Care	5,866	3.3	4,391	2.3
Novartis	Switzerland	Health Care	5,255	3.0	5,145	2.7
TOTAL	France	Energy	4,502	2.5	4,132	2.2
Allianz	Germany	Financials	3,465	1.9	3,424	1.8
Sanofi[2]	France	Health Care	3,329	1.9	–	–
Unilever[2]	Netherlands	Consumer Staples	3,053	1.7	–	–
Novo Nordisk	Denmark	Health Care	3,001	1.7	2,749	1.5
Iberdrola[3]	Spain	Utilities	2,159	1.2	1,593	0.8
Deutsche Telekom[3]	Germany	Communications Services	2,146	1.2	1,672	0.9
Enel[3]	Italy	Utilities	2,051	1.2	1,778	0.9
Total[4]			**34,827**	**19.6**		

[1] Based on total investments of £177.9m (2018: £189.2m) see page 29.

[2] Not held in the portfolio at 31st March 2018.

[3] Not included in ten largest equity investments at 31st March 2018.

[4] At 31st March 2019, cash and cash equivalent amounts to £15.8m (2018: £12.5m). At 31st March 2018 the value of the ten largest investments amounted to £33.5m, representing 17.7% of total investments of £189.2m.

PORTFOLIO ANALYSIS

Geographical

	31st March 2019		31st March 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
France	17.3	24.6	15.9	23.7
Germany	12.7	18.7	13.1	21.1
Sweden	10.5	5.8	10.2	5.7
Italy	9.7	5.2	10.8	5.5
Switzerland	9.2	19.4	10.5	16.9
Norway	8.7	1.6	7.4	1.5
Netherlands	7.8	7.8	7.4	7.9
Spain	7.5	6.5	8.7	7.0
Finland	5.3	2.2	6.5	2.2
Belgium	3.9	2.2	2.3	2.5
Denmark	2.7	3.9	3.2	4.0
Austria	1.8	0.5	1.4	0.6
Portugal	1.7	0.4	1.1	0.3
Ireland	1.2	1.2	1.2	1.0
Luxembourg	–	–	0.3	0.1
Total Portfolio[1]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £177.9m (2018: £189.2m) see page 29.

PORTFOLIO ANALYSIS

Sector

	31st March 2019		31st March 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	23.8	17.5	34.6	20.6
Health Care	10.3	14.3	6.7	12.9
Utilities	10.1	4.5	7.5	3.8
Industrials	9.4	14.6	11.3	15.1
Consumer Discretionary	9.2	10.4	9.3	11.8
Communications Services	8.7	4.7	5.4	3.6
Energy	8.6	4.8	7.6	4.3
Real Estate	8.0	1.6	7.0	1.4
Consumer Staples	6.7	13.6	3.2	12.0
Materials	3.3	6.8	5.8	7.9
Information Technology	1.9	7.2	1.6	6.6
Total Portfolio[1]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £177.9m (2018: £189.2m) see page 29.

LIST OF INVESTMENTS

Company	Valuation £'000
FRANCE	
TOTAL	4,502
Sanofi	3,329
AXA	1,899
Vinci	1,799
Schneider Electric	1,583
Orange	1,410
Engie	1,196
Cie Generale des Etablissements Michelin	985
Fonciere Des Regions	888
CNP Assurances	844
Veolia Environnement	786
Renault	785
Peugeot	783
Gaztransport Et Technigaz	711
Publicis Groupe	689
SCOR	628
Klepierre	627
Bouygues	589
Gecina	555
Suez	515
Societe BIC	493
SES	485
Albioma	476
Casino Guichard Perrachon	469
ALD	440
Eutelsat Communications	431
Nexity	416
Kaufman & Broad	413
Coface	406
Altarea	398
Lagardere	389
Television Francaise 1	386
Neopost	386
Maisons France Confort	68
	30,759

Company	Valuation £'000
GERMANY	
Allianz	3,465
Deutsche Telekom	2,146
Daimler	1,973
Muenchener Rueckversicherungs-Gesellschaft	1,539
Volkswagen Preference	1,349
Bayerische Motoren Werke	1,209
E.ON	1,175
Vonovia	888
RWE	853
Talanx	719
Hannover Rueck	675
METRO	575
Amadeus Fire	529
Aroundtown	529
HUGO BOSS	502
Evonik Industries	489
Deutsche Pfandbriefbank	479
TAG Immobilien	461
Corestate Capital	435
DIC Asset	430
Aareal Bank	400
Hamborner	391
DWS	380
Deutsche Lufthansa	371
bet-at-home.com	353
Zeal Network	319
	22,634
SWEDEN	
Volvo	1,122
Tele2	944
Svenska Handelsbanken	902
Telia	788
Swedish Match	766
Skandinaviska Enskilda Banken	747

Company	Valuation £'000
SWEDEN – CONT	
Dios Fastigheter	624
Lundin Petroleum	605
NP3 Fastigheter	590
Boliden	589
Electrolux	538
ICA Gruppen	535
Catella	516
Millicom International Cellular	512
Intrum Justitia	494
Acando	488
Resurs	460
Nobina	457
Axfood	445
Bonava	436
Peab	424
SSAB	413
Thule	408
Castellum	407
Coor Service Management	406
Dustin	375
Holmen	365
Bilia	358
JM	356
Swedbank	356
Kindred	355
NetEnt	349
Beijer Alma	335
Scandic Hotels	330
Betsson	310
Tethys Oil	293
New Wave	247
HIQ International	89
NP3 Fastigheter	45
	18,779

LIST OF INVESTMENTS

Company	Valuation £'000
ITALY	
Enel	2,051
Eni	1,788
Assicurazioni Generali	1,291
Snam	858
Fiat Chrysler Automobiles	855
Terna Rete Elettrica Nazionale	797
Mediobanca Banca di Credito Finanziario	749
Poste Italiane	710
Unipol Gruppo	679
ERG	625
Italgas	554
Societa Cattolica di Assicurazioni	543
Zignago Vetro	506
ACEA	492
Enav	471
Hera	458
Azimut	448
Ascopiave	432
Unieuro	430
A2A	412
RAI Way	398
Societa Iniziative Autostradali e Servizi	394
Banca Farmafactoring	385
Iren	374
Saras	370
COIMA RES	195
	17,265
SWITZERLAND	
Roche	5,866
Novartis	5,255
Zurich Insurance	1,982
Swiss Re	1,243
Swiss Life	901
Sunrise Communications	376
Galenica	373
Mobilezone	349
	16,345

Company	Valuation £'000
NORWAY	
Statoil	1,173
DNB	1,009
Aker BP	857
Telenor	855
Marine Harvest	729
SpareBank 1 SR-Bank	721
SpareBank 1 Nord Norge	720
Salmar	693
SpareBank 1 SMN	634
Orkla	524
Sparebanken More	510
Entra	485
Gjensidige Forsikring	468
Evry	462
Selvaag Bolig	456
Norway Royal Salmon	420
Storebrand	416
Aker	399
Elkem	394
AF Gruppen	381
Stolt-Nielsen	374
Europris	367
Veidekke	354
Kvaerner	353
FLEX LNG	349
SpareBank 1	334
Grieg Seafood	327
Sparebanken Vest	235
Sparebank 1 Oestlandet	231
Pareto Bank	210
	15,440
NETHERLANDS	
Unilever	3,053
ING Groep	1,769
Koninklijke Ahold Delhaize	1,352
NN	866
Koninklijke KPN	797

Company	Valuation £'000
NETHERLANDS – CONT	
ABN AMRO	645
ASR Nederland	644
Aegon	641
NSI	472
Koninklijke BAM	450
Royal Dutch Shell	437
Philips Lighting	432
Intertrust	400
Vastned Retail	388
Van Lanschot Kempen	370
NIBC	353
Flow Traders	351
Sligro Food	318
Amsterdam Commodities	143
	13,881
SPAIN	
Iberdrola	2,159
Telefonica	1,525
Banco Bilbao Vizcaya Argentaria	1,464
Repsol	1,069
ACS Actividades de Construccion y Servicios	814
Naturgy Energy	768
Endesa	728
Aena SME	691
Red Electrica	677
Enagas	675
Bankinter	488
Acciona	483
International Consolidated Airlines	445
Merlin Properties Socimi	427
Cia de Distribucion Integral Logista	373
Mediaset Espana Comunicacion	365
Ence Energia y Celulosa	259
	13,410

LIST OF INVESTMENTS

Company	Valuation £'000
FINLAND	
Nokia	1,211
UPM-Kymmene	1,104
Fortum	730
Elisa	706
Orion	547
Stora Enso	531
Metso	520
Tokmanni	487
Kesko	461
Aktia Bank	457
Cramo	413
Kemira	413
Sanoma	386
Finnair	378
Tieto	371
DNA	342
YIT	313
	9,370
BELGIUM	
KBC	1,149
Ageas	684
Warehouses De Pauw	627
Proximus	554
Telenet	458
Intervest Offices & Warehouses	438
Retail Estates	426
Befimmo	407
D'ieteren	405
Atenor	400
EVS Broadcast Equipment	376
Cofinimmo	363
VGP	297
Leasinvest Real Estate	287
	6,871

Company	Valuation £'000
DENMARK	
Novo Nordisk	3,001
Tryg	479
Topdanmark	455
Matas	406
Scandinavian Tobacco	370
TCM	70
	4,781
AUSTRIA	
Erste Group Bank	701
OMV	640
UNIQA Insurance	428
Oesterreichische Post	412
BAWAG	403
Vienna Insurance	371
UBM Development	356
	3,311
PORTUGAL	
EDP – Energias de Portugal	771
Galp Energia	606
NOS	483
REN – Redes Energeticas Nacionais	409
Altri	347
Sonae SGPS	346
	2,962
IRELAND	
Irish Residential Properties	532
Smurfit Kappa	504
AIB	502
C&C	433
Origin Enterprises	141
	2,112
TOTAL INVESTMENTS	**177,920**

FOR THE YEAR ENDED 31ST MARCH 2019

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
(Losses)/gains on investments and derivatives held at fair value through profit or loss	–	(4,486)	(4,486)	–	6,017	6,017
Net foreign currency gains/(losses)	–	931	931	–	(1,003)	(1,003)
Income from investments	8,706	–	8,706	7,501	–	7,501
Interest receivable and similar income	70	–	70	34	–	34
Gross return/(loss)	**8,776**	**(3,555)**	**5,221**	**7,535**	**5,014**	**12,549**
Management fee	(602)	(903)	(1,505)	(573)	(859)	(1,432)
Other administrative expenses	(362)	–	(362)	(263)	–	(263)
Net return/(loss) on ordinary activities before finance costs and taxation	**7,812**	**(4,458)**	**3,354**	**6,699**	**4,155**	**10,854**
Finance costs	(218)	(328)	(546)	(209)	(311)	(520)
Net return/(loss) on ordinary activities before taxation	**7,594**	**(4,786)**	**2,808**	**6,490**	**3,844**	**10,334**
Taxation	(696)	–	(696)	(231)	–	(231)
Net return/(loss) on ordinary activities after taxation	**6,898**	**(4,786)**	**2,112**	**6,259**	**3,844**	**10,103**
Return/(loss) per Income share	**6.79p**	**(4.71)p**	**2.08p**	**6.65p**	**4.08p**	**10.73p**

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

AT 31ST MARCH 2019

	2019 £'000	2018 £'000
Fixed assets		
Investments held at fair value through profit or loss	**177,920**	**189,182**
Current assets		
Derivative financial assets	298	204
Debtors	3,142	1,580
Cash and cash equivalents	15,779	12,492
	19,219	14,276
Current liabilities		
Creditors: amounts falling due within one year	(5,500)	(5,784)
Derivative financial liabilities	(206)	(330)
Net current assets	**13,513**	**8,162**
Total assets less current liabilities	**191,433**	**197,344**
Creditors: amounts falling due after more than one year	(17,894)	(18,201)
Net assets	**173,539**	**179,143**
Net asset value per Income share	**172.0p**	**175.8p**

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. The following Business Review aims to assist shareholders with this assessment.

Structure and Objective of the Company

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

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

Investment Objective

Growth Portfolio

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

Income Portfolio

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

Investment Policies

- To invest in a diversified portfolio of investments in the stockmarkets of Continental Europe.
- To manage liquidity and borrowings to increase returns to shareholders.

Growth

- To emphasise capital growth rather than income, with the likely result that the level of dividends will fluctuate.

Income

- To provide a growing income together with the potential for long-term capital growth.

Investment Restrictions and Guidelines

- The portfolio will not invest more than 15% (Growth)/6% (income) of the assets in any one individual stock at the time of acquisition.
- The portfolio will be no more than 20% geared in normal market conditions.
- The portfolio does not normally invest in unquoted investments and to do so requires prior Board approval.
- Except for the transactions referred to in the following paragraph, the portfolio does not normally enter into derivative transactions, and to do so requires prior Board approval. However, the Investment Manager has authority to carry out currency hedging transactions in order to mitigate currency risk relative to the benchmark index.
- Index Futures to ensure market exposure is maintained where there are significant cash in/out flows and Covered Call Options are permitted, subject to restrictions included in the Company's Investment Restrictions and Guidelines. All other derivative transactions are subject to approval by the Board.
- In accordance with the Listing Rules of the UK Listing Authority, the portfolio will not invest more than 15% of its gross assets in other UK listed closed-ended investment funds and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed closed-ended investment funds.

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

Compliance with the Company's Investment Restrictions and Guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

Investment Processes

The Growth share class and the Income share class both represent actively managed portfolios.

The Growth share class focuses on identifying companies with a combination of attractive valuations (Value), strong balance sheets and capital discipline (Quality), and good business momentum (Momentum). The investment process for the Growth share class includes initially screening of a large number of stocks for various Value, Quality and Momentum characteristics before undertaking fundamental research. In constructing the portfolio the Managers seek to maximise exposure to these characteristics while minimising country and sector risk.

The portfolio construction process for the Income share class stock selection starts by screening large number of stocks in order to identify the top 30% of the market by yield, before focusing on the sustainability of dividends, cash flow and earnings, as well as momentum characteristics. Those stocks that do qualify for inclusion in the portfolio are held at equal active weights. Exposure to country and sector is more loosely constrained than in the Growth share class, but the overall intention for the Income shares is to maximise exposure to Income as a style while controlling for other risks.

Performance

Growth:

In the year to 31st March 2019, the Growth portfolio produced a total return to shareholders of -7.9% and a total return on net assets of -2.3%. This compares with the total return on the benchmark index of +2.2%. As at 31st March 2019, the value of the Company's Growth portfolio was £252.4 million.

Income:

In the year to 31st March 2019, the Income portfolio produced a total return to shareholders of -4.7% and a total return on net assets of +1.4%. This compares with the total return on the benchmark index of +2.2%. As at 31st March 2019, the value of the Company's Income portfolio was £177.9 million.

The Investment Managers' Report on pages 8 to 12 includes a review of developments during the year as well as information on investment activity within the Company's portfolios, together with an explanation of the performance relative to the benchmark.

Total Return, Revenue and Dividends

Company:

Gross total return for the year amounted to £2.7 million (2018: £34.2 million) and net total loss after deducting finance costs, management expenses, other administrative expenses and taxation amounted to £3.7 million (2018: £28.3 million return). Distributable income for the year amounted to £14.6 million (2018: £12.8 million).

Growth:

Gross total loss for the year amounted to £2.5 million (2018: £21.7 million profit) and net total loss, after deducting finance costs, management expenses, other administrative expenses and taxation, amounted to £5.8 million (2018: £18.1 million return). Distributable income for the year totalled £7.7 million (2018: £6.6 million). Dividends totalling 8.85 pence (2018: 6.85 pence) per Growth share were declared in respect of the year under review. Those distributions cost £6.4 million (2018: £5.3 million) and the revenue reserve after allowing for those dividends amounts to £1.3 million (2018: £1.3 million).

Income:

Gross total return for the year amounted to £5.2 million (2018: £12.5 million) and net total return, after deducting finance costs, management expenses, other administrative expenses and taxation, amounted to £2.1 million (2018: £10.1 million). Distributable income for the year totalled £6.9 million (2018: £6.3 million). Dividends totalling 6.25 pence (2018: 5.8 pence) per Income share were paid in respect of the year under review. Those distributions cost £6.4 million (2018: £5.4 million) and the revenue reserve after allowing for those dividends amounts to £5.4 million (2018: £3.5 million).

Key Performance Indicators ('KPIs')

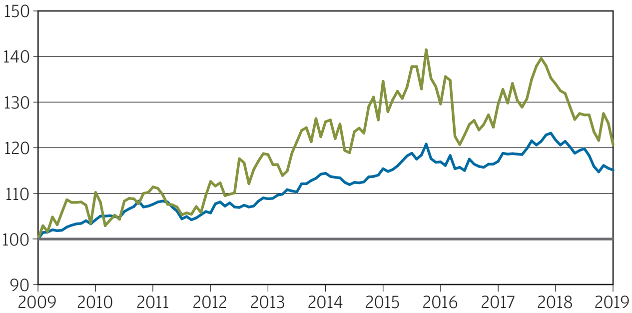
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The Board is provided with performance indicators monthly and in addition, during quarterly Board Meetings, more detailed reviews are undertaken. The principal KPIs are:

- **Performance against the benchmark index:**
  This is the most important KPI by which performance is judged. The following graphs illustrate performance against benchmark indicators and these are further discussed in the Chairman's Statement on page 5 and can be read together with the financial records for ten years on pages 14 and 23.

Growth:

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2009



Source: Morningstar.

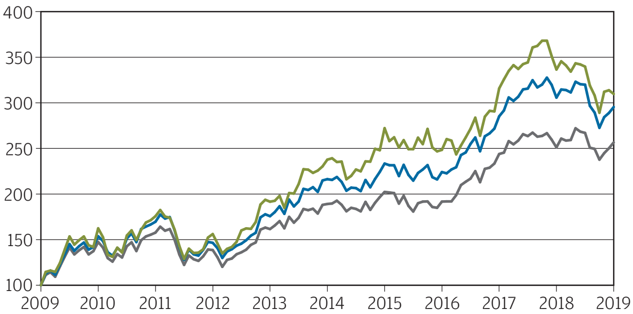
JPMorgan European Growth - share price total return.

JPMorgan European Growth - net asset value per share total return (based on cum income NAV).

The benchmark is represented by the grey horizontal line (see page 68 note 3).

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2009



Source: Morningstar.

JPMorgan European Growth - share price total return.

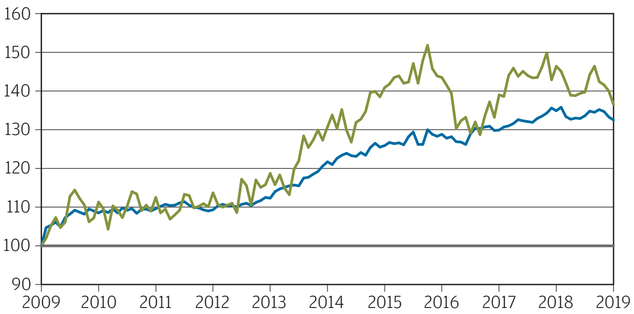
JPMorgan European Growth - net asset value per share total return (based on cum income NAV).

Benchmark (see page 68 note 3).

Income:

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2009



Source: Morningstar.

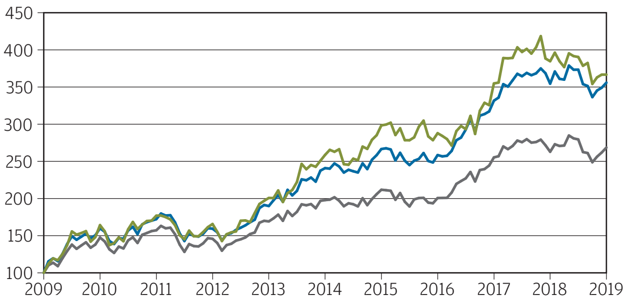
JPMorgan European Income – share price total return.

JPMorgan European Income – net asset value per share total return (based on cum income NAV).

The benchmark is represented by the grey horizontal line (see page 68 note 3).

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2009



Source: Morningstar/MSCI.

JPMorgan European Income – share price total return.

JPMorgan European Income – net asset value per share total return (based on cum income NAV).

Benchmark (see page 68 note 3).

- **Performance against the Company's peers**

  The principal objective of the Growth portfolio is to achieve capital growth by consistent outperformance of the benchmark. The principal objective of the Income portfolio is to provide a growing income together with the potential for long-term capital growth. However, the Board also monitors the performance of both portfolios relative to a broad range of competitor funds. The Company's performance is measured regularly against 10 of its peers.

- **Performance attribution**

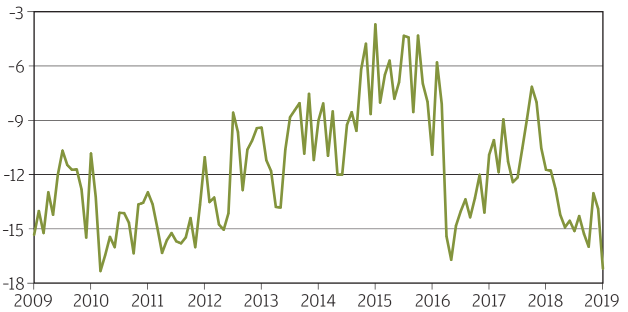
  The purpose of performance attribution analysis is to assess how each portfolio achieved its performance relative to its benchmark index, i.e. to understand the impact on each portfolio's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analyses for the year ended 31st March 2019 are given in the Investment Managers' Report on pages 8 to 12.

- **Discount to net asset value ('NAV')**

  The Board has for several years operated a share repurchase programme that seeks to address imbalances in supply and demand for the Company's shares within the market and thereby seek to manage the volatility and absolute level of the discount to NAV at which the Company's shares trade. In the year to 31st March 2019, the discount on the Growth shares (using cum-income NAV, with debt valued at fair value) ranged between 8.0% and 15.0% and the discount on the Income shares (using cum-income NAV, with debt valued at fair value) ranged between 5.5% and 14.2%.

Growth:

Discount on cum-income NAV to Fair Value

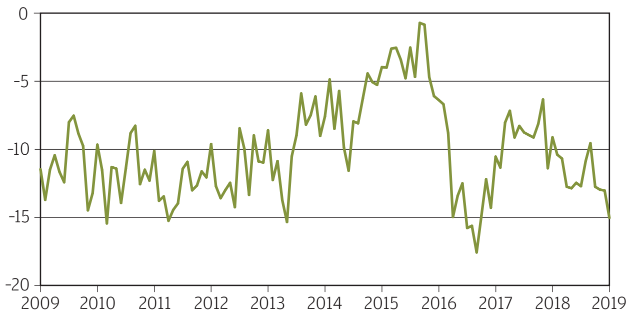


Source: Datastream.

JPMorgan European Growth – share price discount on cum-income only net asset value with debt at fair value.

Income:

Discount on cum-income NAV to Fair Value



Source: Datastream.

JPMorgan European Income – share price discount on cum-income net asset value with debt at fair value.

- **Ongoing Charges**

  The Ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The Growth portfolio's Ongoing charges for the year ended 31st March 2019 were 1.01% (2018: 0.96%). The Income portfolio's Ongoing charges for the year ended 31st March 2019 were 1.06% (2018: 1.00%).

Growth's ongoing charge increase is driven by a fall of 10% in the average net assets, offset in part by a 6% fall in expenses. Income's ongoing charge increase is driven by a 10% increase in costs, offset in part by a small increase in the average NAV. The increase in NAV contributed to the increase in costs as the management fee is based on NAV as did an increase in withholding tax reclaim fees.

Share Capital

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

During the year 992,424 Growth shares and 342,064 Income shares were repurchased for cancellation (2018: Growth 30,116, Income none).

Since the year end, the Board implemented its buyback policy and purchased a total of 125,000 Growth shares and 15,439 Income shares.

No new shares of either share class were issued during the year, or since the year end (2018: nil).

Resolutions to renew the authorities to allot new shares and to repurchase shares for cancellation will be put to shareholders at the forthcoming AGM. The full text of the resolutions is set out in the Notice of Meeting on pages 94 to 96.

Conversions

During the year, the Company's annual share conversions took place on 15th March 2019. The net result of those conversions was an increase in the Growth issued share capital of 326,179 shares, and a decrease in the Income issued share capital of 624,084 shares.

Borrowing

The Company has issued a €50 million Private Placement Note with MetLife repayable on 26th August 2035 with a fixed coupon rate of 2.69%. The Company also has a €15 million 364 day committed revolving credit facility with National Australia Bank which expires on 22nd August 2019.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. As regards the gender diversity of the Board as at 31st March 2019, there were two male Directors and two female Directors on the Board. A third female director was appointed on 4th June 2019.

Employees, Social, Community, Environmental, Human Rights Issues and Greenhouse Gas Emissions

An increasingly broad spectrum of investors now rightly focus on 'ESG' issues for their portfolios. They want to know that their managers are aware of these issues, that they take them into account in building their portfolios and that they raise issues directly with investee companies. The Company is aware of the focus on these issues with the Managers and how they integrate them into their investment process.

Companies that address ESG issues and adopt sustainable business practices are better placed to maximise their performance and create enduring value for shareholders. Corporate governance issues have the most direct bearing on the risk/reward profile of the Company's portfolio; as such it is the area most integrated into the Manager's investment process. However, environmental concerns and social issues are relevant and again the focus is on the economic impact of the involvement. The Manager engages in meaningful interactions with investee companies through dedicated meetings and exercises the Company's proxy votes in a prudent and diligent manner in the interests of our shareholders. Also see the Company's Corporate Governance and Voting Policy in the Directors Report on page 44 for further details on Proxy Voting and Stewardship/Engagement.

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive. The day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Board notes the JPMAM policy statements in respect of Social, Community and Environmental and Human Rights issues and Greenhouse Gas Emissions and that JPMAM, is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance. See www.jpmorganinvestmenttrusts.co.uk/governance for further details.

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/modern-slavery-act.pdf

Criminal Corporate Offence

Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company. The Company maintains a zero tolerance for tax evasion.

Principal Risks

The Directors have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company These key risks fall broadly under the following categories:

Investment

The Board recognises that performance of the trust's investment portfolio is fundamental to the success of the Company. In order to achieve the objectives given the risks inherent in investment such as market, gearing, currency and interest rates, investment guidelines, policies and processes are in place which aim to mitigate these risks. They are designed to ensure that the portfolios are managed in a way which is aimed at identifying the best stocks and diversifying risk. Regular reports are received by the Board from the Manager on stock selection, asset allocation, gearing, hedging and costs of running the Company and these are reviewed at each Board meeting in detail. Compliance with investment guidelines and policies are reviewed by the Manager and the Board, and discussed at each board meeting in detail together with an analysis of market parameters affecting the business.

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

Further details regarding financial instruments are disclosed in note 22 on pages 80 to 84.

Operational

In common with most investment trusts the Board delegates the operation of the business to third parties, the principal delegate being the Manager JPFM. Disruption to, failure of, or fraud in JPMF's accounting, dealing or payments systems or the Depositary or Custodian's records could prevent timely implementation of investment decisions, and potentially shortfalls in the accuracy of reporting and monitoring of the Company's financial position and loss. Cyber crime is a threat to businesses continuity and security. The Board has received the cyber security policies of its key third party service providers and JPMF has provided assurance to the Directors that the Company benefits directly or indirectly from all elements of JPMorgan's cyber security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and trading applications are tested and reported on every six months against the AAF standard. Details of how the Board monitors the services provided by JPMF and its associates and the Depositary and Custodian and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on page 44.

Regulatory

The Company operates in an environment with significant regulation including the UKLA Listing Rules, The UK Companies Act, the Corporation Taxes Act, Market Abuse Regulation, Disclosure Guidance and Transparency Regulations and the Alternative Investment Fund Managers Directive (AIFMD).

There has been no significant change to this risk during the year though the environment as a whole is considered to be one of increasing costs for compliance. The Company also operates under the requirements of the Bribery Act 2010 as referred to in the Directors Report on page 42.

Discount premium to NAV

Share price discount or premium to net asset value per share could lead to high levels of uncertainty and reduced shareholder confidence. For further details of the Company's action in addressing this risk and its buyback activity and discount, please see the Share Issuance and Repurchase section of the Chairman's Statement on page 6.

Strategy

The Board reviews the overall strategy and structure of the Company in comparison to performance against benchmark, peer group and share activity. The Board holds a separate meeting devoted to strategy each year which includes consideration of whether the Company's objectives and structures are appropriate for the long term interests of shareholders.

Long Term Viability

The Company was established in 1929 and has now been in existence for 90 years. This year it will be hosting its 90th AGM.

The Company is an investment trust and has the objective of achieving long term capital growth and income investing in

Continental European investments. The Company has been investing over many economic cycles and some difficult market conditions.

Although past performance and a long historic track record is no guide to the future, the Directors believe that the Company has an attractive future for investors as a long term investment proposition. Unfortunately, it is impossible to predict too far into the future, so the Directors have adopted a somewhat shorter time horizon to assess the Company's viability, which is five years.

The Board continue to consider five years to be a suitable time horizon as it is regarded by many as a reasonable time for investing in equities. The Directors have considered the Company's prospects over the next five years, its principal risks and the outlook for the European economy, its equity market and the market for investment trusts. Moreover, the existence of a 20 year private placement illustrates the confidence that the Directors have placed in the long term viability of the Company.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years until 31st March 2024.

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

7th June 2019

Directors' Report

Josephine Dixon*‡† (Chair of the Board of Directors)
A Director since 1st October 2013.
Last reappointed to the Board: 2018.
Josephine Dixon is a Non-Executive Director of Aberdeen Standard Equity Income Trust plc, BB Healthcare Trust plc, Strategic Capital Trust plc, BMO Global Smaller Companies plc and Ventus VCT plc. Previously held a number of senior positions within the NatWest Group and was Finance Director of Newcastle United plc. She was Commercial Director, UK, Europe and the Middle East at Serco Group and sat on various advisory boards in the education and charity sector. She is a Chartered accountant.
Shared directorships with other Directors: None.
Shareholding in Company: 7,000 Growth Shares.

Stephen Goldman*‡†
A Director since 1st September 2008.
Last reappointed to the Board: 2018.
Stephen Goldman is a director of Cavendish Asset Management Limited. He has a wide experience of investing in European equities, having spent 12 years at NM Rothschild Asset Management, where he led the UK Equity Research team. Formerly Head of the UK Portfolio Management and the European Client Portfolio Management teams at JPMorgan and Head of Equities for the European Region at Credit Suisse Asset Management.
Shared directorships with other Directors: None.
Shareholding in Company: 10,000 Growth Shares.

*** Member of the Audit Committee.**

‡ Member of the Nomination Committee.

† Considered independent by the Board.

Rita Dhut *‡†
A Director since 4th June 2019
Last reappointed to the Board: N/A
Rita Dhut is currently a Non-Executive Director of Ashoka India Equity Investment Trust plc and a member of the Investment Committee for Newable Private Investing. She has over 25 years of varied and award winning investment experience including in UK and continental European equities with previous roles including Director of European Equities at M&G and Head of Pan European Equity Value Investing at Aviva Investors.
Shared directorships with other Directors: None
Shareholding in the Company: Nil

Jutta af Rosenborg*‡† (Chair of the Audit Committee)
A Director since 1st February 2015.
Last reappointed to the Board: 2018.
Jutta af Rosenborg is a Non-Executive Director of Standard Life Aberdeen plc and a Director of NKT A/S, Nilfisk Holdings A/S and BBGI SICAV S.A. She has held a number of senior auditing and consulting roles with firms including Deloitte in addition to directorships of listed Danish Companies. She has considerable business experience gained as a Financial Director of several large industrial enterprises and their subsidiaries operating in Continental Europe. She is a qualified accountant.
Shared directorships with other Directors: None.
Shareholding in Company: nil.

Stephen Russell*‡†
A Director since 1st June 2005.
Last reappointed to the Board: 2018.
Stephen Russell is Investment Director at Ruffer LLP. He has wide practical experience of investment in Europe and knowledge of both the institutional and private client markets. He spent eleven years at SLC Asset Management (now CSAM), most notably as Fund Manager of £5 billion of equities, before joining HSBC Investment Bank as Head of Europe & UK Equity Strategy.
Shared directorships with other Directors: None.
Shareholding in Company: 2,856 Growth Shares.

The Directors present their report and the audited financial statements for the year ended 31st March 2019.

Reference to Financial Instruments and Future Developments are included in the Strategic Report on pages 32 and 37.

Management of the Company

The Manager and Secretary is JPMorgan Funds Limited (JPMF). Portfolio management is delegated to JPMorgan Asset Management (UK) Limited (JPMAM). JPMF is employed under a contract terminable on one year's notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

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

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

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

Management Fee

The annual management fee for both the Growth and Income share class is charged at 0.75% per annum on total assets less current liabilities and is calculated and paid monthly in arrears. If the Company invests in funds managed or advised by JPMAM or any of its associated companies, those investments are excluded from the calculation and therefore attract no fee.

Directors

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

Rita Dhut was appointed as a director on 4th June 2019.

Director Indemnification and Insurance

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

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

Disclosure of information to Auditors

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

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

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

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

Section 992 Companies Act 2006

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

Capital Structure

The Company's capital structure is summarised on page 93 of this report.

Voting Rights in the Company's shares

The percentage of total voting rights is calculated by reference to the share voting numbers which as at 31st March 2019 were as follows:

Growth shares: 3.24
Income shares: 1.72

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of AGM on page 96.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	% of total voting rights
Wells Capital Management	11.0
1607 Capital Partners LLC	9.8

The Company is also aware that approximately 11.9% of the Company's total voting rights are held by individuals through savings products managed by JPMAM and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the general meeting to which they applied.

See page 101 for details of changes to JPMAM savings products.

There were no changes after the year end to report.

Miscellaneous Information

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

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

Independent Auditor

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

Annual General Meeting

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

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

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

The Directors will seek renewal of the authority at the AGM to issue up to 7,218,103 new Growth shares and 10,089,863 new Income shares for cash up to an aggregate nominal amount of £360,905 and £252,247 respectively, such amount being equivalent to 10% of the present issued share capital of each share class as at the last practicable date before the publication of this document, and to disapply pre-emption rights in relation to such issues. The full text of the resolutions is set out in the Notice of Meeting on page 94. This authority will expire at the conclusion of the AGM of the Company in 2020 unless renewed at a prior general meeting.

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

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

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2018 AGM, will expire on 15th January 2020 unless renewed at the forthcoming AGM. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole as the repurchase of shares at a discount to NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the AGM to renew this authority, which will last until 14th January 2021 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Meeting on pages 94 and 96. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares, as and when market conditions are appropriate.

(iv) Authority to make off-market purchases (resolution 13 special)

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

Recommendation

The Board considers that resolutions 10 to 13 to be proposed at the forthcoming AGM, are in the best interests of shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to approximately 0.4% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 52, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts[1].

Copies of the UK Corporate Governance Code and the AIC Code may be found on the respective organisations' website at www.frc.org.uk and www.aic.co.uk.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code, other than in respect of the provision relating to the appointment of a senior independent director, and, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

The Board have made arrangements to ensure compliance with the revised FRC 2018 UK Corporate Governance Code and 2019 AIC Code of Corporate Governance (which has been endorsed by the FRC). The new requirements are effective for periods of account commencing on or after 1st January 2019, and will be reported in the Company's Annual Report and Financial Statements for the year ended 31st March 2020.

Role of the Board

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

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

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

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

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

Board Composition

At the date of signing this Report the Board, chaired by Josephine Dixon, consists of five non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business. Brief biographical details of each Director are set out on page 39.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter,

[1] Copies of the UK Corporate Code and the AIC Code may be found on the respective organisations' websites: www.frc.org.uk and www.theaic.co.uk

Directors are subject to annual reappointment by shareholders, in line with corporate governance best practice. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees. Not withstanding that Stephen Russell will have served as a director for thirteen years and Stephen Goldman for ten years at the date of the 2019 AGM, the Nomination Committee agree that they continue to remain independent in character and judgement. Accordingly, due to their significantly positive contribution to the Company and knowledge of the industry, and in order to help maintain continuity following the sad loss of the Company's Chairman in January 2019 and subsequent appointment of a new director, the Nomination Committee agreed that it would be in the best interest of the Company that their appointment continue.

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

Induction and Training

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

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on page 39.

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Andrew Adcock	2	1	0
Josephine Dixon	5	2	1
Stephen Goldman	5	2	1
Jutta af Rosenborg	5	2	1
Stephen Russell	5	2	1

Rita Dhut joined the Board as a director on 4th June 2019.

Board Committees

Nomination Committee

The Nomination Committee, chaired by Josephine Dixon, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. A variety of sources, including the use of external search consultants, may be used to ensure that a wide range of candidates is considered. The appointment of Rita Dhut on 4th June 2019 was undertaken by Cornforth Consulting Ltd, an external search consultant that have no other relationships with the Company.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. Questionnaires, drawn up by the Board, with the assistance of JPMF, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Audit Committee Chairman leads the evaluation of the Chairman's performance.

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

Audit Committee

The Audit Committee Report is set out on page 45.

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

Relations with Shareholders

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

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Managers are available in person to meet with shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and JPMF hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and

Corporate Governance Statement continued

Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 102. Questions can also be raised through the link on the Company's website www.jpmeuropean.co.uk.

The Company's Annual Report and Financial Statements is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 102. Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Risk Management and Internal Control

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

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

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

- **Financial Reporting**

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

- **Management Agreement**

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

- **Management Systems**

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

- **Investment Strategy**

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

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

  - the Board, through the Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMF's Compliance department;
  - the Board reviews reports on the risk management and internal controls and the operations of its Depositary, The Bank of New York Mellon (International) Limited and Custodian, JPMorgan Chase Bank, which are themselves independently reviewed; and
  - every six months the Directors review an independent report on the risk management and internal controls and the operations of JPMF.

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31st March 2019 and that systems have been in place during the year under review and up to the date of approval of this Annual Report and Financial Statements. Moreover, the controls accord with the Financial Reporting Council, Guidance on Risk Management, internal control and related Financial and Business Reporting, September 2014.

Corporate Governance and Voting Policy

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

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

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

Audit Committee Report

Composition and Role

The Audit Committee presents its report for the year ended 31st March 2019.

The Audit Committee, chaired by Jutta af Rosenborg, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. As referred to in the Chairman's Statement on page 6. Jutta af Rosenborg was appointed as Chair of the Audit Committee following the appointment of Josephine Dixon as Chair of the Board.

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

The Audit Committee also examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department, see page 44 Risk Management and Internal Controls, and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent. The Company also engages the Auditors to undertake a review of the annual share conversion that it processes for a total fee of £3,750 per annum (2018: £3,750). The Board do not consider that the fee for this non-audit service undermines the auditor's independence as it is regarded as an immaterial sum.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st March 2019, the Audit Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments and derivatives	The valuation of investments and derivatives are undertaken in accordance with the accounting policies, disclosed in note 1(b) and (g) to the accounts on page 65 and 66. 100% of the portfolio can be verified against daily published prices. Controls are in place to ensure valuations are appropriate and existence is verified through custodian and depositary reconciliations. The Board monitors controls and significant movements in the underlying portfolio by reviewing reports regularly in Board Meetings.

Significant issue	How the issue was addressed
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 66. The Board regularly reviews subjective elements of income and agrees their accounting treatment.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager on behalf of the Board.

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

Going Concern

The Directors believe that, having considered the Company's investment objectives (see page 32), future cash flow projections, risk management policies (see page 44), liquidity risk (see note 22(b) on page 82), capital management policies and procedures (see page 85), nature of the portfolios and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future, which is at least 12 months from approving this annual report and financial statements. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the report.

Audit Appointment and Tenure

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report and Financial Statements including the Auditor's Audit Planning Report were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with JPMF, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current audit firm has audited the Company's financial statements for more than 20 years. The Company's year ended 31st March 2019 is Caroline Mercer's third year of a five year maximum term as the Company's Audit Partner. Following advice from the Company's Auditors regarding the requirements of EU public interest entity regulations, the Committee is planning to arrange a tender for the Company's audit services with a view to appointing a new auditor effective from 1st April 2021.

Fair Balanced and Understandable

Having discussed the content of the annual report and financial statements with the Alternative Investment Fund Manager (JPMF), Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31st March 2019, taken as a whole, is fair, balanced and understandable and provides the information both positive and negative necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 52.

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

7 June 2019

Directors’ Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st March 2019, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 54 to 59.

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

Directors' Remuneration Policy

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

At the AGM on 16th July 2018 99.65% votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the Remuneration Policy and 0.35% voted against. Abstentions were received from less than 0.21% of votes cast.

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chairman £40,000; Chairman of the Audit Committee £31,500; and other Directors £27,500.

As referred to in the Chairman's Statement, there has been no increase in the Directors remuneration since the previous increase was made on 1st April 2018. The maximum aggregate Directors' fees payable are £225,000 per annum, as specified in the Company's Articles of Association. Any increase in the maximum aggregate annual limit on Directors' fees, requires both Board and shareholder approval.

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

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

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 42.

Rita Dhut was appointed as a director on 4th June 2019, and will be subject to the above policy.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st March 2018.

At the Annual General Meeting held on 16th July 2018, of votes cast, 99.65% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.35% voted against. Abstentions were received from less than 0.17% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2019 Annual General Meeting will be given in the annual report for the year ending 31st March 2020.

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

Single total figure of remuneration

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

Single total figure table[1]

	2019			2018		
		Taxable			Taxable	
	Fees	expenses[2]	Total	Fees	expenses[2]	Total
Directors' Name	£	£	£	£	£	£
Andrew Adcock[3]	32,889	67	32,956	38,000	162	38,162
Josephine Dixon[4]	34,059	936	34,995	30,000	618	30,618
Stephen Goldman	27,500	–	27,500	26,000	–	26,000
Jutta af Rosenborg[5]	30,704	–	30,704	26,000	–	26,000
Stephen Russell	27,500	–	27,500	26,000	–	26,000
Total	152,652	1,003	153,655	146,000	780	146,780

[1] Audited information.

[2] Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.

[3] Deceased 26th January 2019.

[4] Assumed role of Chairman from 13th December 2018.

[5] Assumed role of Audit Committee Chairman from 13th December 2018.

Rita Dhut was appointed on 4th June 2019.

Effective from 1st April 2019:

	2019 £
Josephine Dixon	40,000
Jutta af Rosenborg	31,500
Stephen Goldman	27,500
Stephen Russell	27,500
Total	126,500

Rita Dhut was appointed on 4th June 2019. Her annual remuneration is £27,500.

A table showing the total remuneration for the role of Chairman over the five years ended 31st March 2019 is below:

Remuneration for the role of Chairman over the five years ended 31st March 2019

Year ended 31st March	Fees
2019	£40,000
2018	£38,000
2017	£38,000
2016	£34,000
2015	£34,000

Directors' Shareholdings

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

Directors	31st March[1] 2019	1st April 2018 or date of appointment
Andrew Adcock	–	25,000
Josephine Dixon	7,000	7,000
Stephen Goldman	10,000	10,000
Jutta af Rosenborg	–	–
Stephen Russell	2,856	2,750

[1] Audited information.

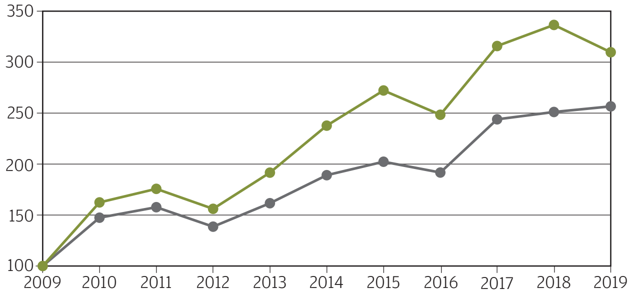
Rita Dhut was appointed on 4th June 2019 and holds no shares in the Company.

There have been no changes to the above details since the year end and the date of signing these report and financial statements.

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

Growth:

Ten Year Share Price and Benchmark Total Return to 31st March 2019



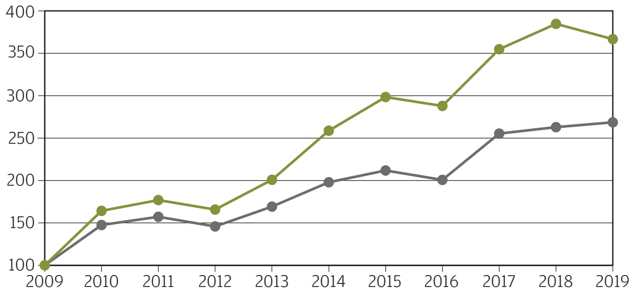
Source: Morningstar/FTSE.

Share price total return.

Benchmark total return.

Income:

Ten Year Share Price and Benchmark Total Return to 31st March 2019



Source: Morningstar/FTSE.

Share price total return.

Benchmark total return.

Expenditure by the Company on remuneration and distribution to shareholders

	Year ended 31st December 2019	2018
Remuneration paid to all Directors	£153,655	£146,780
Distribution to shareholders		
– by way of dividend	£11,220,000	£9,978,000
– by way of share repurchases	£3,381,000	£91,000

For and on behalf of the Board
Josephine Dixon
Chair

7th June 2019

Statement of Directors’ Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

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

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

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report, a Directors' Report and a Directors' Remuneration Report that comply with that law. The Strategic Report and the Directors' report include a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

Each of the Directors, whose names and functions are listed on page 39 confirm that, to the best of their knowledge the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company.

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

For and on behalf of the Board
Josephine Dixon
Chairman

7th June 2019

Independent Auditor’s Report

To The Members of JPMorgan European Investment Trust Plc

Opinion

We have audited the financial statements of JPMorgan European Investment Trust plc (the 'Company') for the year ended 31st March 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31st March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 36 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 36 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 65 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on pages 36 and 37 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income • Risk of incorrect valuation and defective title to the investment portfolio
Materiality	• Overall materiality of £4.08 million which represents 1% of shareholders' funds (2018: £4.26 million)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 46 in the Report of the Audit Committee and as per accounting policy set out on page 65). The total income received for the year to 31st March 2019 was £17.98 million (2018: £15.60 million), consisting primarily of dividend income from listed investments. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	**We have performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition and allocation of special dividends by reviewing their internal controls report and performing our walkthrough procedures. For classification of special dividend, we also evaluated the design and implementation of controls. We agreed a sample of dividends received from the income report to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable using exchange rates obtained from an independent data vendor and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31st March 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where possible, if paid post year end.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	We reviewed the income report and the acquisition and disposal report produced by the Administrator to identify special dividends received or accrued in excess of our revenue testing threshold. We did not identify any special dividends above our revenue testing threshold. On a sample basis, we reviewed special dividends below our revenue testing threshold, and noted no issues in reviewing the underlying circumstances and motives for the payments to verify the classification of special dividends.	
Risk of incorrect valuation and defective title to the investment portfolio (as described on page 46 in the Report of the Audit Committee and as per the accounting policy set out on page 66). The valuation of the portfolio at 31st March 2019 was £430.37 million (2018: £451.05 million) consisting entirely of listed investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is determined by reference to stock exchange quoted market bid prices at the reporting date.	**We performed the following procedures:** For all investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor. We reviewed the price exception and stale pricing reports produced by the Administrator to highlight and investigate any unexpected price movements in investments held as at the year-end. We also assessed the liquidity of the investment portfolio through analysing the monthly average trading volume of the investments. We agreed the Company's investments to the independent confirmation received from the Company's Custodian and Depositary at 31st March 2019.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio.

There have been no changes to the areas of key focus raised in the above risk table from the prior year.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £4.08 million (2018: £4.26 million) which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £3.06 million (2018: £3.20 million).

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.78 million (2018: £0.66 million) being 5% of profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.20 million (2018: £0.21 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 46** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 45 and 46** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 42** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 52, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by management to audit the financial statements of the Company for the period ending 31st March 1930 and subsequent financial periods. Our total uninterrupted period of engagement is 90 years, covering periods from our appointment through to the period ending 31st March 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Caroline Mercer (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
Edinburgh

7th June 2019

Notes:

1. The maintenance and integrity of the JPMorgan European Investment Trust plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

FOR THE YEAR ENDED 31ST MARCH 2019

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
(Losses)/gains on investments and derivatives held at fair value through profit or loss	3	–	(16,502)	(16,502)	–	19,788	19,788
Net foreign currency gains/(losses)		–	1,266	1,266	–	(1,153)	(1,153)
Income from investments	4	17,864	–	17,864	15,550	–	15,550
Interest receivable and similar income	4	120	–	120	53	–	53
Gross return/(loss)		**17,984**	**(15,236)**	**2,748**	**15,603**	**18,635**	**34,238**
Management fee	5	(1,186)	(2,265)	(3,451)	(1,215)	(2,358)	(3,573)
Other administrative expenses	6	(840)	–	(840)	(699)	–	(699)
Net return/(loss) on ordinary activities before finance costs and taxation		**15,958**	**(17,501)**	**(1,543)**	**13,689**	**16,277**	**29,966**
Finance costs	7	(441)	(850)	(1,291)	(450)	(874)	(1,324)
Net return/(loss) on ordinary activities before taxation		**15,517**	**(18,351)**	**(2,834)**	**13,239**	**15,403**	**28,642**
Taxation	8	(872)	–	(872)	(391)	–	(391)
Net return/(loss) on ordinary activities after taxation		**14,645**	**(18,351)**	**(3,706)**	**12,848**	**15,403**	**28,251**
Return/(loss) per share:							
Growth share	9	**10.68p**	**(18.71)p**	**(8.03)p**	**8.56p**	**15.01p**	**23.57p**
Income share	9	**6.79p**	**(4.71)p**	**2.08p**	**6.65p**	**4.08p**	**10.73p**

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. Net return/(loss) on ordinary activities after taxation represents the (loss)/profit for the year and also Total Comprehensive Income.

The notes on pages 66 to 85 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST MARCH 2019

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
At 31st March 2017	**5,024**	**84,114**	**14,864**	**298,082**	**5,871**	**407,955**
Repurchase and cancellation of the Company's own shares (note 15)	(1)	–	1	(91)	–	(91)
Share conversions during the year (note 15)	–	16,659	197	(16,856)	–	–
Net return on ordinary activities	–	–	–	15,403	12,848	28,251
Dividends paid in the year (note 10)	–	–	–	–	(9,978)	(9,978)
At 31st March 2018	**5,023**	**100,773**	**15,062**	**296,538**	**8,741**	**426,137**
Repurchase and cancellation of the Company's own shares (note 15)	(48)	–	48	(3,381)	–	(3,381)
Share conversions during the year (note 15)	–	3,053	39	(3,092)	–	–
Net (loss)/return on ordinary activities	–	–	–	(18,351)	14,645	(3,706)
Dividends paid in the year (note 10)	–	–	–	–	(11,220)	(11,220)
At 31st March 2019	**4,975**	**103,826**	**15,149**	**271,714**	**12,166**	**407,830**

[1] These reserves form the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

The notes on pages 66 to 85 form an integral part of these financial statements.

AT 31ST MARCH 2019

	Notes	2019 Growth (unaudited) £'000	2019 Income (unaudited) £'000	2019 Total £'000	2018 Total £'000
Fixed assets					
Investments held at fair value through profit or loss	**11**	**252,446**	**177,920**	**430,366**	**451,046**
Current assets	12				
Derivative financial assets		99	298	397	315
Debtors		1,416	3,142	4,558	2,340
Cash and cash equivalents		13,408	15,779	29,187	30,078
		14,923	19,219	34,142	32,733
Current liabilities					
Creditors: amounts falling due within one year	13a	(7,669)	(5,500)	(13,169)	(13,600)
Derivative financial liabilities	13b	(419)	(206)	(625)	(423)
Net current assets		**6,835**	**13,513**	**20,348**	**18,710**
Total assets less current liabilities		**259,281**	**191,433**	**450,714**	**469,756**
Creditors: amounts falling due after more than one year	14	(24,990)	(17,894)	(42,884)	(43,619)
Net assets		**234,291**	**173,539**	**407,830**	**426,137**
Capital and reserves					
Called up share capital	15	2,872	2,103	4,975	5,023
Share premium	16	14,709	89,117	103,826	100,773
Capital redemption reserve	16	13,734	1,415	15,149	15,062
Capital reserves	16	198,748	72,966	271,714	296,538
Revenue reserve	16	4,228	7,938	12,166	8,741
Total shareholders' funds		**234,291**	**173,539**	**407,830**	**426,137**
Net asset values					
Net asset value per Growth share	17			**324.0p**	**338.5p**
Net asset value per Income share	17			**172.0p**	**175.8p**

The financial statements on pages 61 to 64 were approved and authorised for issue by the Directors on 7th June 2019 and were signed on their behalf by:

Josephine Dixon
Director

The notes on pages 66 to 85 form an integral part of these financial statements.

JPMorgan European Investment Trust plc
Company registration number: 237958

FOR THE YEAR ENDED 31ST MARCH 2019

	Notes	2019 £'000	2018 £'000
Net cash outflow from operations before dividends and interest	18	(4,526)	(3,959)
Dividends received		14,277	13,637
Interest received		4	–
Overseas tax recovered		1,388	1,255
Net cash inflow from operating activities		**11,143**	**10,933**
Purchases of investments		(248,805)	(273,101)
Sales of investments		251,740	277,797
Settlement of future contracts		424	(259)
Settlement of foreign currency contracts		438	456
Net cash inflow from investing activities		**3,797**	**4,893**
Dividends paid		(11,220)	(9,978)
Repayment of bank loans		(13,477)	–
Drawdown of bank loans		13,528	–
Interest paid		(1,291)	(1,312)
Repurchase and cancellation of the Company's own shares		(3,381)	(354)
Net cash outflow from financing activities		**(15,841)**	**(11,644)**
(Decrease)/increase in cash and cash equivalents		**(901)**	**4,182**
Cash and cash equivalents at the start of the year		30,078	25,920
Exchange movements		10	(24)
Cash and cash equivalents at the end of the year		29,187	30,078
(Decrease)/increase in cash and cash equivalents		**(901)**	**4,182**
Cash and cash equivalents consist of:			
Cash and short term deposits		6,547	6,219
JPMorgan Euro Liquidity Fund		22,640	23,859
Total		**29,187**	**30,078**

The notes on pages 66 to 85 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST MARCH 2019

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 and updated in February 2018.

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

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 46 of the Directors' Report form part of these financial statements.

(b) Valuation of investments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

Accordingly, upon initial recognition the investments are designated by the Company as 'held at fair value through profit or loss'.

They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

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

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency contracts, management fee and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'. Unrealised gains and losses on foreign currency contracts (including futures and forwards) or foreign currency loans and private placements are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Unrealised reserve'.

(d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis. Overseas dividends are included gross of any withholding tax.

Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as revenue or capital.

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

Deposit interest receivable is taken to revenue on an accruals basis. Securities lending income is taken to revenue on an accruals basis.

1. Accounting policies *continued*

(e) Expenses

All expenses are accounted for on an accruals basis.

Expenses charged to the Company that are common to both share classes are allocated between those classes in the same proportion as the net assets of each share class on a half yearly basis.

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

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

Expenses are allocated wholly to revenue with the following exceptions:

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

(f) Finance costs

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

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

(g) Financial instruments

Financial instruments are recognised only when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or are settled. Financial liabilities are derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

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. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans are classified as financial liabilities measured at amortised cost. They are initially measured as proceeds and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income.

The private placement in issue is classified as financial liabilities at amortised cost. It was initially measured at the proceeds net of direct issue costs and subsequently measured at amortised cost. The amortisation of direct issue costs are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method.

Derivative financial instruments, including short term forward currency contracts are classified as 'held for trading' and 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. Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as capital.

(h) Taxation

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

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

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised. Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column. Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value Added Tax ('VAT')

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

(j) Foreign currency

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 of the Company's long term financing and expense payments, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented. Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

(k) Dividends payable

Dividends are included in the financial statements in the year in which they are paid.

(l) 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'. Share conversions are accounted for on the conversion date. The conversion value of the converted shares is transferred out of 'Capital reserves' with the nominal value into 'Capital redemption reserve' and any share premium into the 'Share premium'.

(m) Segmental Reporting

The Company has a single operating segment, being that of carrying out investment activity.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires management to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. (Losses)/gains on investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Gains on sales of investments held at fair value through profit or loss based on historical cost	4,771	42,077
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(28,227)	(37,807)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(23,456)	4,270
Net movement in investment holding gains and losses	6,844	15,847
Realised gains/(losses) on close out of future contracts	424	(260)
Unrealised losses on futures contracts	(245)	(16)
Other capital charges	(69)	(53)
Total capital (losses)/gains on investments and derivatives held at fair value through profit or loss	**(16,502)**	**19,788**

4. Income

	2019 £'000	2018 £'000
Income from investments		
Overseas dividends	17,516	15,229
UK dividends	169	132
Scrip dividends	179	189
	17,864	**15,550**
Other interest receivable and similar income		
Securities lending	116	53
Deposit interest	4	–
	120	53
Total income	**17,984**	**15,603**

5. Management fee

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,186	2,265	3,451	1,215	2,358	3,573

Details of the management fee are given in the Directors' Report on page 40.

6. Other administrative expenses

	2019 £'000	2018 £'000
Administration expenses	512	442
Directors' fees[1]	154	147
Savings scheme costs[2]	68	–
Depositary fee[3]	66	71
Auditors' remuneration for audit services[4]	35	34
Auditors' remuneration for all other services[5]	5	5
	840	**699**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 48 and 50.

[2] Paid to the Manager for the administration of saving scheme products. Includes £10,000 (2018: £nil) irrecoverable VAT. A change in the fee structure has resulted in a £nil fee in the 2018 financial year.

[3] Includes £10,000 (2018: £10,000) irrecoverable VAT.

[4] Includes £5,000 (2018: £5,000) irrecoverable VAT.

[5] Review annual conversion calculations, includes £2,000 (2018: £2,000) irrecoverable VAT.

7. Finance Costs

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	31	58	89	34	66	100
Interest on private placement	410	792	1,202	416	808	1,224
	441	**850**	**1,291**	**450**	**874**	**1,324**

8. Taxation

(a) Analysis of tax charge in the year

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	872	–	872	391	–	391
Total tax charge for the year	**872**	**–**	**872**	**391**	**–**	**391**

8. Taxation *continued*

(b) Factors affecting total tax charge for the year

The tax charge for the year is higher (2018: lower) than the Company's applicable rate of corporation tax for the year of 19% (2018: 19%). The factors affecting the total tax charge for the year are as follows:

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net return/(loss) on ordinary activities before taxation	15,517	(18,351)	(2,834)	13,239	15,403	28,642
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2018: 19%)	2,948	(3,486)	(538)	2,515	2,926	5,441
Effects of:						
Non taxable capital losses/(gains)	–	2,894	2,894	–	(3,540)	(3,540)
Non taxable scrip dividends	(34)	–	(34)	(36)	–	(36)
Non taxable UK dividend income	(32)	–	(32)	(25)	–	(25)
Non taxable overseas dividends	(3,286)	–	(3,286)	(2,861)	–	(2,861)
Excess expenses over taxable income	1,006	–	1,006	1,063	–	1,063
Overseas withholding tax	872	–	872	391	–	391
Tax attributable to expenses and finance costs charged to capital	(592)	592	–	(614)	614	–
Double taxation relief expensed	(10)	–	(10)	(42)	–	(42)
Total tax charge for the year	**872**	**–**	**872**	**391**	**–**	**391**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £8,424,000 (2018: £7,525,000) based on a prospective corporation tax rate of 17% (2018: 17%). The UK corporation tax rate is enacted to fall to 17% which is effective from 1st April 2020. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

9. (Loss)/return per share

	2019 £'000	2018 £'000
Growth share		
Return per share is based on the following:		
Revenue return	7,747	6,589
Capital (loss)/return	(13,565)	11,559
Total (loss)/return	**(5,818)**	**18,148**
Weighted average number of shares in issue	72,515,547	76,996,832
Revenue return per share	10.68p	8.56p
Capital (loss)/return per share	(18.71)p	15.01p
Total (loss)/return per share	**(8.03)p**	**23.57p**
Income share		
Return per share is based on the following:		
Revenue return	6,898	6,259
Capital (loss)/return	(4,786)	3,844
Total return	**2,112**	**10,103**
Weighted average number of shares in issue	101,651,495	94,147,254
Revenue return per share	6.79p	6.65p
Capital (loss)/return per share	(4.71)p	4.08p
Total return per share	**2.08p**	**10.73p**

10. Dividends

(a) Dividends paid and declared

	2019 £'000	2018 £'000
Dividends paid		
Unclaimed Growth dividends refunded to the Company	(1)	(1)
Growth 2018 second interim dividend of 2.00p (2017: 2.00p) per share	1,544	1,549
Growth first interim dividend of 4.85p (2018: 4.85p) per share	3,520	3,744
Income 2018 fourth interim dividend of 2.50p (2017: 1.70p) per share	2,344	1,593
Income first interim dividend of 1.25p (2018: 1.10p) per share	1,272	1,031
Income second interim dividend of 1.25p (2018: 1.10p) per share	1,271	1,031
Income third interim dividend of 1.25p (2018: 1.10p) per share	1,270	1,031
Total dividends paid in the year	**11,220**	**9,978**
Dividends declared		
Growth second interim dividend of 4.00p (2018: 2.00p) per share	2,879	1,544
Income fourth quarterly dividend of 2.50p (2018: 2.50p) per share	2,538	2,344
Total dividends declared[1]	**5,417**	**3,888**

[1] In accordance with the accounting policy of the Company, these dividends will be reflected in the financial statements of the year ending 31st March 2020.

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

10. Dividends *continued*

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

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

The revenue available for distribution by way of dividend for the year is £14,645,000 (2018: £12,848,000).

	2019 £'000	2018 £'000
Growth first interim dividend of 4.85p (2018: 4.85p) per share	3,520	3,744
Growth second interim dividend of 4.00p (2018: 2.00p) per share	2,879	1,544
Income first interim dividend of 1.25p (2018: 1.10p) per share	1,272	1,031
Income second interim dividend of 1.25p (2018: 1.10p) per share	1,271	1,031
Income third interim dividend of 1.25p (2018: 1.10p) per share	1,270	1,031
Income fourth interim dividend of 2.50p (2018: 2.50p) per share	2,538	2,344
Total	**12,750**	**10,725**

The revenue reserve after payment of the final dividend will amount to £6,749,000 (2018: £4,853,000).

11. Investments

	2019 £'000	2018 £'000
Investments listed on a recognised stock exchange	430,366	451,046

	2019 Listed in UK £'000	2019 Listed overseas £'000	2019 Total £'000	2018 Listed in UK £'000	2018 Listed overseas £'000	2018 Total £'000
Opening book cost	502	373,879	374,381	555	336,634	337,189
Opening investment holding gains	9,556	67,109	76,665	8,661	89,964	98,625
Opening valuation	10,058	440,988	451,046	9,216	426,598	435,814
Movements in the year:						
Purchases at cost	–	248,802	248,802	–	273,422	273,422
Sales proceeds	–	(252,870)	(252,870)	(1,194)	(277,113)	(278,307)
(Losses)/gains on sales of investments based on thecarrying value at the previous balance sheet date	–	(23,456)	(23,456)	301	3,969	4,270
Net movement in investment holding gains and losses	(1,308)	8,152	6,844	1,735	14,112	15,847
Closing valuation	8,750	421,616	430,366	10,058	440,988	451,046
Closing book cost	502	374,582	375,084	502	373,879	374,381
Closing investment holding gains	8,248	47,034	55,282	9,556	67,109	76,665
Total investments held at fair value through profit or loss	**8,750**	**421,616**	**430,366**	**10,058**	**440,988**	**451,046**

Transaction costs on purchases during the year amounted to £586,000 (2018: £586,000) and on sales during the year amounted to £318,000 (2018: £397,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £28,227,000 were transferred to 'Gains and losses on sales of investments', as disclosed in note 16.

12. Current assets

	2019 £'000	2018 £'000
Derivative financial assets		
Forward foreign currency contracts and spot contracts[1]	397	315

[1] As at 31st March 2019, there are 20 forward currency contracts and 7 spot contracts in a net asset position. These have a settlement date of 3rd April 2019 or 7th May 2019. The gross currency exposure figures are NOK 203,588,418, USD 7,125,692, EUR 2,185,355, CHF (5,703,836), GBP (7,946,253), DKK (31,570,671), SEK (110,041,860).

As at 31st March 2018, there were 19 forward currency contracts and two spot contracts in a net asset position. These had a settlement date of 3rd, 4th, 10th, 13th April 2018 or 11th May 2018. The gross currency exposure figures are EUR 49,785,384, USD 3,543,914, GBP (1,760,202), CHF (22,586,681), DKK (44,228,004), NOK (123,796,049), SEK (127,403,610).

	2019 £'000	2018 £'000
Debtors		
Securities sold awaiting settlement	1,550	490
Dividends and interest receivable	1,180	655
Overseas tax recoverable	1,782	1,159
Other debtors	46	36
	4,558	2,340

The Directors consider that the carrying amount of debtors approximates to their fair value. No debtors are past due or impaired.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds.

The carrying amount of these represents their fair value.

13a. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Securities purchased awaiting settlement	6	189
Bank loan	12,926	13,150
Loan interest payable	108	118
Other creditors and accruals	129	143
	13,169	13,600

The Company has a Euro 15 million 0.45% 364 day committed revolving credit facility with National Australia Bank, which expires on 22nd August 2019 (prior year the Company had a Euro 15 million 364 day committed revolving credit facility with Scotiabank, which expired 24th August 2018).

As is typical across the industry with such loans, the Company is required to comply with certain restrictions required by the lender regarding the amount of debt as a ratio of net assets and minimum requirements regarding the net asset value of the Company.

The Company comfortably complies with all these requirements.

13b. Derivative financial liabilities

	2019 £'000	2018 £'000
Derivative financial liabilities		
Futures contracts[1]	261	16
Forward foreign currency contracts and spot contracts[2]	364	407
	625	**423**

[1] As at 1st March 2019: EURO STOXX 50 06/21/2019 futures at a contract cost of £17,023,000 and a market value of £17,284,000 giving an unrealised liability of £261,000. As at 31st March 2018: EURO STOXX 50 06/15/2018 futures at a contract cost of £2,517,000 and a market value of £2,501,000 giving unrealised liability of £16,000.

[2] As at 31st March 2019, there are 21 forward currency contracts and 5 spot contracts in a net liability position. These had a settlement date of 3rd April 2019 or 7th May 2019. The gross currency exposure figures were DKK 37,713,653, SEK 27,103,808, CHF 20,601,857, GBP 11,800,482, EUR 3,632,300, USD (3,562,846), NOK (393,417,814).

As at 31st March 2018, there were 17 forward currency contracts and two spot contracts in a net liability position. These had a settlement date of 3rd, 10th, 13th April 2018 or 14th May 2018. The gross currency exposure figures were CHF 23,528,762, SEK 20,454,603, DKK 8,425,957, GBP 5,374,181, EUR (26,316,041), NOK (32,582,010).

14. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Metlife Private Placement	42,884	43,619

On 26th August 2015 the Company issued a Euro 50 million Private Placement Note with Metlife which has a capital repayment date of 26th August 2035, and an annualised fixed coupon rate of 2.69%. As is typical across the industry with such loans, the Company is required to comply with certain restrictions required by the lender regarding the amount of debt as a ratio of net assets and minimum requirements regarding the net asset value of the Company. The Company comfortably complies with all these requirements. For details regarding the fair valuation of the private placement long term debt, see the glossary of terms and APMs on page 97. The negative attributions arising from the fair valuation calculation of the private placement is detailed on pages 10 and 11 in the Investment Management Report. The Directors consider that the impact of the fair valuation calculation of the private placement on attribution is outweighed by the potential benefits offered by the long term debt.

15. Called up share capital

Issued and fully paid share capital:	2019		2018	
	Shares in issue	£'000	Shares in issue	£'000
Growth shares – ordinary shares of 5p each[1]				
Opening balance of shares	72,972,275	2,898	77,220,608	3,066
Repurchase of shares for cancellation	(992,424)	(39)	(30,116)	(1)
Net conversion increase/(decrease) of shares	326,179	13	(4,218,217)	(167)
Closing balance	**72,306,030**	**2,872**	**72,972,275**	**2,898**
Income shares – ordinary shares of 2.5p each[2]				
Opening balance of shares	101,880,214	2,125	93,769,494	1,958
Repurchase of shares for cancellation	(342,064)	(9)	–	–
Net conversion (decrease)/increase of shares	(624,084)	(13)	8,110,720	167
Closing balance	**100,914,066**	**2,103**	**101,880,214**	**2,125**

Further details of transactions in the Company's shares are given on page 35.

[1] Fully paid ordinary shares, which have a per value of 5p each, carry one vote per share and carry a right to receive dividends.

[2] Fully paid ordinary shares, which have a per value of 2.5p each, carry one vote per share and carry a right to receive dividends.

Deferred Shares

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

	2019 £'000	2018 £'000
Deferred Growth shares		
2018 Opening balance of 707,537 shares of 0.064665p each (2017: 379,801 shares of 0.009226p)	–	–
2018 Repurchase of 707,537 shares of 0.064665p each for cancellation (2017: Repurchase of 379,801 shares of 0.009226p each for cancellation)	–	–
2019 Issue of 71,649,318 shares of 0.06491071p each (2018: Issue of 707,537 shares of 0.064665p each)	47	–
2019 Closing balance of 71,649,318 shares of 0.06491071p each	**47**	**–**
Deferred Income shares		
2018 Opening balance of 93,061,957 shares of 0.028445p each (2017: 238,169 shares of 0.018911p)	26	–
2018 Repurchase of 93,061,957 shares of 0.028445p each for cancellation (2017: Repurchase of 238,169 shares of 0.018911p each for cancellation)	(26)	–
2019 Issue of 303,533 shares of 0.10371430p each (2018: Issue of 93,061,957 shares of 0.028445p each)	–	26
2019 Closing balance of 303,533 shares of 0.10371430p each	**–**	**26**

16. Capital and reserves

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments[1] £'000	Capital reserves: Holding gains and losses on investments £'000	Capital reserves: Unrealised reserve £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	5,023	100,773	15,062	227,939	76,665	(8,066)	8,741	426,137
Net foreign currency gains on other balances	–	–	–	210	–	–	–	210
Unrealised foreign currency gains on loan and private placement	–	–	–	–	–	1,349	–	1,349
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	(23,456)	–	–	–	(23,456)
Net movement in investment holding gains and losses	–	–	–	–	6,844	–	–	6,844
Unrealised gains on foreign currency contracts	–	–	–	–	–	33	–	33
Transfer on disposal of investments	–	–	–	28,227	(28,227)	–	–	–
Realised losses on foreign currency contracts	–	–	–	(92)	–	92	–	–
Realised gains on close out of futures contracts	–	–	–	440	–	–	–	440
Unrealised losses on futures contracts	–	–	–	–	–	(261)	–	(261)
Unrealised losses on futures from prior period now realised	–	–	–	(16)	–	16	–	–
Realised losses on repayment of loans	–	–	–	(326)	–	–	–	(326)
Transfer re loans repaid in period	–	–	–	(877)	–	877	–	–
Repurchase and cancellation of the Company's own shares	(48)	–	48	(3,381)	–	–	–	(3,381)
Share conversions during the year	–	3,053	39	(3,092)	–	–	–	–
Management fee and finance costs charged to capital	–	–	–	(3,115)	–	–	–	(3,115)
Other capital charges	–	–	–	(69)	–	–	–	(69)
Dividends paid in the year	–	–	–	–	–	–	(11,220)	(11,220)
Retained revenue for the year	–	–	–	–	–	–	14,645	14,645
Closing balance	**4,975**	**103,826**	**15,149**	**222,392**	**55,282**	**(5,960)**	**12,166**	**407,830**

[1] These reserves form the distributable reserve of the Company and may be used to fund distributions to investors via dividend payments.

17. Net asset value per share

	2019	2018
Growth share		
Ordinary shareholders' funds (£'000)	234,291	246,994
Number of shares in issue	72,306,030	72,972,275
Net asset value per share	324.0p	338.5p
Income share		
Ordinary shareholders' funds (£'000)	173,539	179,143
Number of shares in issue	100,914,066	101,880,214
Net asset value per share	172.0p	175.8p

18. Reconciliation of net (loss)/return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	2019 £'000	2018 £'000
Net (loss)/return on ordinary activities before finance costs and taxation	(1,543)	29,966
Add capital loss/(less capital return) before finance costs and taxation	17,501	(16,277)
Scrip dividends included in income	(179)	(189)
(Increase)/decrease in accrued income and other debtors	(535)	474
Decrease in accrued expenses	(11)	(5)
Management fee charged to capital	(2,265)	(2,358)
Overseas withholding tax	(2,883)	(2,196)
Dividends received	(14,277)	(13,637)
Interest received on cash and cash equivalents	(4)	–
Realised loss on foreign currency transactions	(4)	(46)
Realised (loss)/gain on liquidity fund	(326)	309
Net cash outflow from operations before dividends and interest	(4,526)	(3,959)

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2018: none).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 40. The management fee payable to the Manager for the year was £3,451,000 (2018: £3,573,000), of which £nil (2018: £nil) was outstanding at the year end.

During the year £68,000 (2018: £nil) was payable to the Manager for the administration of savings scheme products, of which £nil (2018: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 69 are safe custody fees amounting to £64,000 (2018: £50,000) payable to JPMorgan Chase of which £9,000 (2018: £6,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. Commission amounting to £nil (2018: £4,000) was payable to JPMorgan Securities Limited for the year of which £nil (2018: £nil) was outstanding at the year end.

The Company holds investments in funds managed by JPMAM. At 31st March 2019 these were valued at £13.8 million (2018: £15.6 million) and represented 3.2% (2018: 3.5%) of the Company's investment portfolio. During the year the Company made £nil purchases of such investments (2018: £nil) and sales with a total value of £nil (2018: £1.2 million).

Income amounting to £205,000 (2018: £213,000) was receivable from these investments during the year of which £nil (2018: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan Euro Liquidity Fund, managed by JPMF. At the year end this was valued at £22.6 million (2018: £23.9 million). Interest amounting to £89,000 (2018: £85,000) was payable during the year of which £nil (2018: £nil) was outstanding at the year end.

Stock lending income amounting to £116,000 (2018: £53,000) was receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £20,000 (2018: £9,000).

Handling charges on dealing transactions amounting to £69,000 (2018: £53,000) were payable to JPMorgan Chase Bank N.A. during the year of which £8,000 (2018: £8,000) was outstanding at the year end.

At the year end, total cash of £5.1 million (2018: £5.9 million) was held with JPMorgan ChaseBank N.A. A net amount of interest of £4,000 (2018: £nil) was receivable by the Company during the year from JPMorgan Chase of which £nil (2018: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 48 and in note 6 on page 69.

21. Disclosures regarding financial instruments measured at fair value

The fair value hierarchy disclosures required by FRS 102 are given below.

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio and derivative financial instruments.

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

(1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

(2) Inputs other than quoted prices included within Level 1 that are observable (i.e.: developed using market data) for the asset or liability, either directly or indirectly

(3) Inputs are unobservable (i.e.: for which market data is unavailable) for the asset or liability

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques of investments are given in note 1(b) on page 65 and valuation techniques of derivatives are given in note 1(g) on page 66.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31st March.

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1[1]	430,366	(261)	451,046	(16)
Level 2[2]	397	(364)	315	(407)
Total	**430,763**	**(625)**	**451,361**	**(423)**

[1] Includes future currency contracts.

[2] Forward foreign currency contracts and spot contracts.

There were no transfers between Level 1, 2 or 3 during the year (2018: nil).

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

As an investment trust, the Company invests in equities for the long term so as to secure its investment objective stated on the 'Features' page for each share class. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy.

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

The Company's classes of financial instruments are as follows:

- investments in Continental European equity shares, collective investment funds and which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations;
- futures contracts, the purpose of which is to effect changes in the level of the Company's gearing;
- short term forward currency contracts for the purpose of settling short term liabilities and manage working capital requirements; and
- a Euro denominated bank loan and private placement, the purpose of which are to finance the Company's operations.

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

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

Foreign currency exposure

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

				2019			
	EUR £'m	CHF £'m	SEK £'m	DKK £'m	NOK £'m	USD £'m	TOTAL £'m
Current assets less current liabilities excluding the foreign currency bank loan & private placement	34.8	11.8	(5.5)	0.9	(16.4)	2.7	28.3
Foreign currency bank loan and private placement	(55.8)	–	–	–	–	–	(55.8)
Futures	(0.3)	–	–	–	–	–	(0.3)
Foreign currency exposure on net monetary items	(21.3)	11.8	(5.5)	0.9	(16.4)	2.7	(27.8)
Investments held at fair value through profit or loss	290.9	66.3	28.0	14.2	22.2	–	421.6
Total net foreign currency exposure	**269.6**	**78.1**	**22.5**	**15.1**	**5.8**	**2.7**	**393.8**

22. Financial instruments' exposure to risk and risk management policies *continued*

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure *continued*

	EUR £'m	CHF £'m	SEK £'m	2018 DKK £'m	NOK £'m	USD £'m	TOTAL £'m
Current assets less current liabilities excluding the foreign currency bank loan & private placement	51.1	0.9	(8.5)	(4.0)	(13.9)	2.5	28.1
Foreign currency bank loan and private placement	(56.8)	–	–	–	–	–	(56.8)
Foreign currency exposure on net monetary items	(5.7)	0.9	(8.5)	(4.0)	(13.9)	2.5	(28.7)
Investments held at fair value through profit or loss	300.7	68.4	32.3	19.6	20.0	–	441.0
Total net foreign currency exposure	**295.0**	**69.3**	**23.8**	**15.6**	**6.1**	**2.5**	**412.3**

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

Foreign currency sensitivity

The following table illustrate the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2018: 10%) appreciation or depreciation in sterling against the Euro, and the other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2019 If sterling strengthens by 10% £'000	2019 If sterling weakens by 10% £'000	2018 If sterling strengthens by 10% £'000	2018 If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(1,770)	1,770	(1,542)	1,542
Capital return	2,779	(2,779)	2,872	(2,872)
Total return after taxation for the year	1,009	(1,009)	1,330	(1,330)
Net assets	**1,009**	**(1,009)**	**1,330**	**(1,330)**

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

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits, the liquidity fund and the interest payable on variable rate borrowings when interest rates are reset.

Management of interest rate risk

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

Interest rate exposure

The Company has a private placement carrying a fixed rate of interest. The exposure of financial assets and liabilities to floating interest rates using the year end figures, giving cash flow interest rate risk when rates are reset, is shown below.

	2019 £'000	2018 £'000
Exposure to floating interest rates:		
Cash and short term deposits	6,547	6,219
JPMorgan Euro Liquidity Fund	22,640	23,859
Bank loan	(12,926)	(13,150)
Total exposure	**16,261**	**16,928**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2018: same).

The target interest earned on the JPMorgan Euro Liquidity Fund is the 7 day Euro London Interbank Bid Rate.

Details of the bank loan and private placement are given in note 13 and 14 on pages 73 and 74.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2018: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2019		2018	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	247	(247)	256	(256)
Capital return	(85)	85	(87)	87
Total return after taxation for the year	162	(162)	169	(169)
Net assets	**162**	**(162)**	**169**	**(169)**

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances, cash held in the liquidity fund and amounts drawn down on the Company's loan facility.

(iii) Other price risk

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

Management of other price risk

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

22. Financial instruments' exposure to risk and risk management policies *continued*

(a) Market risk *continued*

(iii) Other price risk *continued*

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

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	430,366	451,046
Futures	(261)	(16)
	430,105	**451,030**

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

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 15 and 24. This shows that the majority of the investment portfolio's value is in European equities but there is no concentration of exposure to any one European country. It should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2018: 10%) in the market value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2019		2018	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(103)	103	(116)	116
Capital return	41,110	(41,110)	44,881	(44,881)
Total return after taxation	41,007	(41,007)	44,765	(44,765)
Net assets	**41,007**	**(41,007)**	**44,765**	**(44,765)**

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities.

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

Liquidity risk exposure

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

	2019			
	Three months or less £'000	More than three months but not more than one year £'000	One year or more £'000	Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	6	–	–	6
Bank loan, including interest	5	12,927	–	12,932
Other creditors and accruals	129	–	–	129
Derivative financial instruments	625	–	–	625
Creditors: amounts falling due after more than one year				
Metlife Private Placement, including interest	393	873	60,952	62,218
	1,158	**13,800**	**60,952**	**75,910**

	2018			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	189	–	–	189
Bank loan, including interest	31	13,164	–	13,195
Other creditors and accruals	143	–	–	143
Derivative financial instruments	423	–	–	423
Creditors: amounts falling due after more than one year				
Metlife Private Placement, including interest	399	889	63,684	64,972
	1,185	**14,053**	**63,684**	**78,922**

The liabilities shown above represent future contractual payments and therefore may differ from the amounts shown in the Statement of Financial Position.

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate Delivery Versus Payment ('DVP') settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

22. Financial instruments' exposure to risk and risk management policies *continued*

(c) Credit risk *continued*

Cash and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group. The Board regularly reviews the counterparties used by the Manager. At the year end the cash balance of £6.5 million (2018: £6.2 million) was placed across a range of suitably approved counterparties in line with the Board's concentration guidelines. The JPMorgan Euro Liquidity Fund has a AAA rating.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading.

The Depositary, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under current assets represent the maximum exposure to credit risk at the current and comparative year ends.

The aggregate value of securities on loan at 31st March 2019 amounted to £20.0 million (2018: £4.1 million) and the maximum value of stock on loan during the year amounted to £44.8 million (2018: £25.3 million). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% (2018: same) of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% (2018: same) if it is denominated in a different currency.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the Statement of Financial Position at fair value or the carrying amount is a reasonable approximation of fair value except for the Metlife Private Placement which the Company has in issue. The fair value of the 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.

	Carrying value		Fair value	
	2019 £m	2018 £m	2019 £m	2018 £m
Euro 50 million 2.69% Metlife Private Placement 25th August 2035	42.9	43.6	55.1	51.8

23. Capital management policies and procedures

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

	2019 £'000	2018 £'000
Debt		
Bank loan	12,926	13,150
Private Placement	42,884	43,619
Total debt	**55,810**	**56,769**
Equity		
Called up share capital	4,975	5,023
Reserves	402,855	421,114
Total equity	**407,830**	**426,137**
Total debt and equity	**463,640**	**482,906**

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

The Board's policy is to limit gearing within the range of 10% net cash to 20% geared.

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	430,366	451,046
Net assets	407,830	426,137
Gearing	**5.5%**	**5.8%**

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

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium;
- the opportunity for issues of new shares, including issues from Treasury; and
- the level of dividend distributions in excess of that which is required to be distributed.

24. Subsequent events

The Directors have evaluated the period since the year end and have not noted any subsequent events.

Regulatory Disclosures

SECURITIES FINANCING TRANSACTIONS REGULATION ('SFTR') DISCLOSURES (UNAUDITED)

The Fund engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFTR for the accounting period ended 31st March 2019 are detailed below.

Global Data

Amount of securities on loan

The total value of securities on loan as a proportion of the Company's total lendable assets, as at the balance sheet date, is 4.9%. Total lendable assets represents the aggregate value of assets types forming part of the Company's securities lending programme.

Amount of assets engaged in securities lending

The following table represents the total value of assets engaged in securities lending:

	Value £'000	% of AUM
Securities lending	20,002	5.0%

Concentration and Aggregate Transaction Data

Counterparties

The following table provides details of the counterparties (based on gross volume of outstanding transactions with exposure on a gross absolute basis) in respect of securities lending as at the balance sheet date:

Counterparty	Country of Incorporation	Value £'000
Goldman Sachs	United States of America	6,479
Morgan Stanley	United States of America	4,469
Citigroup	United States of America	2,436
Merrill Lynch	United States of America	2,225
Credit Suisse	Switzerland	2,186
UBS	Switzerland	903
Deutsche Bank	Germany	705
JP Morgan	United States of America	446
HSBC	United Kingdom	153
Total		**20,002**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Maturity tenure of Security lending transactions

The Company's securities lending transactions have open maturity.

Collateral issuers

The following table lists the issuers by value of non-cash collateral received by the Company by way of title transfer collateral arrangement across securities lending transactions, as at the balance sheet date:

Issuer	Value £'000
United Kingdom Treasury	8,463
United States of America Treasury	4,962
French Republic Government	2,351
Federal Republic of Germany	535
Kingdom of Netherlands Government	322
Republic of Austria Government	304
Kingdom of Belgium Government	285
Republic of Finland Government	115
Total	**17,337**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Type, quality and currency of collateral

The following table provides an analysis of the type, quality and currency of collateral received by the Company in respect of securities lending transactions as at the balance sheet date.

Type	Quality	Currency	Value £'000
Sovereign Debt	Investment Grade	GBP	8,463
Sovereign Debt	Investment Grade	EUR	3,912
Treasury Notes	Investment Grade	USD	3,295
Treasury Bonds	Investment Grade	USD	1,557
Treasury Bills	Investment Grade	USD	110
Total			17,337

Maturity tenure of collateral

The following table provides an analysis of the maturity tenure of collateral received in relation to securities lending transactions as at the balance sheet date.

Maturity	Value £'000
1 day to 1 week	18
1 week to 1 month	30
1 to 3 months	316
3 to 12 months	543
more than 1 year	16,430
Total	17,337

Settlement and clearing

The Company's securities lending transactions including related collaterals are settled and cleared either bi-laterally, tri-party or through a central counterparty.

Re-use of collateral

Share of collateral received that is reused and reinvestment return

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Cash collateral received in the context of securities lending transactions may be reused in accordance with the provisions contained within the Prospectus, however the Company does not currently reinvest cash collateral received in respect of securities lending transactions.

Safekeeping of collateral

All collateral received £17,337,000 by the Company in respect of securities lending transactions as at the balance sheet date is held by the Depositary.

Return and cost

JPMorgan Chase Bank, N.A (JPMCB), the lending agent, receives a fee of 10% of the gross revenue for its services related to the Stock Lending Transactions. The remainder of the revenue, 90%, is received by the Company i.e. for the benefit of shareholders.

ALTERNATIVE INVESTMENT FUND MANAGERS' DIRECTIVE ('AIFMD') DISCLOSURES (UNAUDITED)

Leverage

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

The Company's maximum and actual leverage levels at 31st March 2019 are shown below:

	Gross Method	Commitment Method
Growth		
Maximum limit	350%	350%
Actual	171%	144%
Income		
Maximum limit	350%	350%
Actual	269%	188%

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan European Investment Trust plc (the '**Company**') and is part of the J.P. Morgan Chase & Co. group of companies. In this section, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive (the 'AIFMD'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD. The information in this section is in respect of the most recent complete remuneration period **('Performance Year')** as at the reporting date.

This section has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5).

Remuneration Policy

A summary of the Remuneration Policy currently applying to the Management Company (the '**Remuneration Policy Statement**') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the Alternative Investment Funds it manages ('**AIFMD Identified Staff**'). The AIFMD Identified Staff include members of the Board of the Management Company (the '**Board**'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2018 Performance Year in June 2018 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2018 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 32 Alternative Investment Funds and two UCITS (with 32 sub-funds) as at 31st December 2018, with a combined AUM as at that date of £12,595 million and £13,316 million respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company ($'000s)	14,408	8,631	23,039	107

The aggregate 2018 total remuneration paid to AIFMD Identified Staff was USD $68,884,000, of which USD $12,470,000 relates to Senior Management and USD $56,414,000 relates to other Identified Staff[1].

[1] Since 2017, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

Shareholder Information

Capital Structure

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

- **Growth Shares**
  Capital growth from Continental European investments, by consistent out-performance of the benchmark and a rising share price over the longer term by taking carefully controlled risks through an investment method that is clearly communicated to shareholders.
- **Income Shares**
  To provide a growing income together with the potential for long-term capital growth by investing in a portfolio of investments that is diversified amongst countries, sectors and market capitalisations within the universe of Continental European companies.

Conversion Opportunities

Shareholders in either of the two share classes are able to convert some or all of their shares into shares of the other class without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes. The conversion is annual taking place on the 15th March.

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

Conversion between the share classes

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

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

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

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

Notice is hereby given that the ninetieth Annual General Meeting of JPMorgan European Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 15th July 2019 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st March 2019.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st March 2019.
4. To reappoint Josephine Dixon a Director of the Company.
5. To reappoint Stephen Goldman a Director of the Company.
6. To reappoint Stephen Russell a Director of the Company.
7. To reappoint Jutta af Rosenborg a Director of the Company.
8. To reappoint Rita Dhut a Director of the Company.
9. To reappoint Ernst & Young LLP as auditor to the Company and to authorise the Directors to determine their remuneration for the ensuing year.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, in substitution of any authorities previously granted to the Directors, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £613,152, (being approximately 10% of the issued share capital of the Growth and Income share classes of the Company as at 6th June 2019), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

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

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

    (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal value of approximately £613,152 (being approximately 10% of the total issued share capital of the Growth and Income share classes of the Company as at 6th June 2019) at a price not less than the net asset value per share; and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to Repurchase the Company's shares – Special Resolution

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

    PROVIDED ALWAYS THAT

    (i) the maximum number of Growth and Income shares hereby authorised to be purchased shall be 10,819,936 or 15,124,704 respectively, or, if different, that number of Growth and Income shares which is equal to 14.99% of the issued share capital of the relevant share class as at the date of the passing of this Resolution;

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

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

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

(v) the authority hereby conferred shall expire on 14th January 2021 unless the authority is renewed at the Company's Annual General Meeting in 2020 or at any other general meeting prior to such time; and

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

Authority to make off-market purchases – Special Resolution

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

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

7th June 2019

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.

8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.

10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmeuropean.co.uk.

13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.

14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.

15. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.

16. As at 6th June 2019 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 72,181,030 Growth shares and 100,898,627 Income shares. Voting rights are calculated by reference to the share voting numbers which, as at 31st March 2019, were 3.24 (Growth) and 1.72 (Income). Therefore the total voting rights in the Company are 407,412,176.

Electronic appointment – CREST members

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

Return to Shareholders (APM)

Total return to the shareholders, on a last traded price to last traded 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.

Total Return calculation	Page	Year ended 31st March 2019	Year ended 31st March 2018	
Growth				
Opening share price (p)	13	297.0	285.0	(a)
Closing share price (p)	13	265.0	297.0	(b)
Total dividend adjustment factor[1]		1.031755	1.022494	(c)
Adjusted closing share price (d = b x c)		273.4	303.7	(d)
Total return to shareholders (e = d / a – 1)		**–7.9%**	**6.6%**	**(e)**
Income				
Opening share price (p)	22	157.5	150.5	(a)
Closing share price (p)	22	144.0	157.5	(b)
Total dividend adjustment factor[1]		1.042572	1.035292	(c)
Adjusted closing share price (d = b x c)		150.1	163.1	(d)
Total return to shareholders (e = d / a – 1)		**–4.7%**	**8.4%**	**(e)**

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on Net Assets with Debt at Par Value (APM)

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.

Total return calculation	Page	Year ended 31st March 2019	Year ended 31st March 2018	
Growth				
Opening cum-income NAV per share (p)	13	338.5	321.9	
(–) the 2nd interim dividend declared but not paid pre year-end date	71	(2.0)	(2.0)	
Adjusted opening cum-income NAV per share (p)		336.5	319.9	(a)
Closing cum-income NAV per share (p)	13	324.0	338.5	
(–) the 2nd interim dividend declared but not paid pre year-end date	71	(4.0)	(2.0)	
Adjusted closing cum-income NAV per share (p)		320.0	336.5	(b)
Total dividend adjustment factor[2]		1.027133	1.019964	(c)
Adjusted closing cum–income NAV per share (d = b x c)		328.7	343.2	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**–2.3%**	**7.3%**	**(e)**

[2] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

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.

	Page	Year ended 31st March 2019	Year ended 31st March 2018	
Income				
Opening cum-income NAV per share (p)	22	175.8	169.9	
(–) the 4th interim dividend declared but not paid pre year-end date	71	(2.5)	(1.7)	
Adjusted opening cum-income NAV per share (p)		173.3	168.2	(a)
Closing cum-income NAV per share (p)	22	172.0	175.8	
(–) the 4th interim dividend declared but not paid pre year-end date	71	(2.5)	(2.5)	
Adjusted closing cum-income NAV per share (p)		169.5	173.3	(b)
Total dividend adjustment factor[2]		1.037146	1.032624	(c)
Adjusted closing cum-income NAV per share (d = b x c)		175.8	179.0	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**1.4%**	**6.4%**	**(e)**

[2] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

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.

Return on Net Assets with Debt at Fair Value (APM)

The Company’s debt (private placement) is valued in the Statement of Financial Position (on page 63) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as ‘Debt at Par Value’. The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the ‘Debt at Fair Value’. This fair value is explained in note 22(d) (on page 84) on the accounts. The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value.

The fair value of the Euro 50.0 million Private Placement issued by the Company has been calculated using discounted cash flow techniques, using the yield from similar dated German government bond plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread. See note 14 for reference to impact of fair value.

As at 31st March 2019, €29.15 million of the €50.0 million was allocated to the Growth pool with the remaining million allocated to the Income pool.

Benchmark total return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in 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 follow or ‘track’ this index and consequently, there may be some divergence between the Company’s performance and that of the benchmark.

Gearing/(Net Cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	31st March 2019 £'000	31st March 2018 £'000	
Growth				
Investments held at fair value through profit or loss	63	252,446	261,864	(a)
Net assets	63	234,291	246,994	(b)
Gearing (c = a / b – 1)		**7.7%**	**6.0%**	**(c)**
Income				
Investments held at fair value through profit or loss	63	177,920	189,182	(a)
Net assets	63	173,539	179,143	(b)
Gearing (c = a / b – 1)		**2.5%**	**5.6%**	**(c)**

Ongoing Charges (APM)

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

Ongoing charges calculation	Page	31st March 2019 £'000	31st March 2018 £'000	
Growth				
Management Fee	20	1,946	2,141	
Other administrative expenses	20	478	436	
Total management fee and other administrative expenses		2,424	2,577	(a)
Average daily cum-income net assets		240,648	267,730	(b)
Ongoing charges (c = a / b)		**1.01%**	**0.96%**	**(c)**
Income				
Management Fee	30	1,505	1,432	
Other administrative expenses	30	362	263	
Total management fee and other administrative expenses		1,867	1,695	(a)
Average daily cum-income net assets		176,789	170,292	(b)
Ongoing charges (c = a / b)		**1.06%**	**1.00%**	**(c)**

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

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.

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

Performance Attribution Definitions:

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

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

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

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

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

Share Buyback
Measures the enhancement to net asset value per share of buying back the Company's shares for cancellation at a price which is less than the Company's net asset value per share.

J.P. Morgan investment trusts are eligible investments within a stocks & shares individual savings account (ISA) and Junior ISA. For the 2019/20 tax year, from 6th April 2019 and ending 5th April 2020, the annual ISA allowance is £20,000 and the Junior ISA annual allowance is £4,368.

You can invest in J.P. Morgan investment trusts through the following;

1. Via a third party provider

Third party providers include:

AJ Bell
Alliance Trust Savings
Barclays Smart Investor
Charles Stanley Direct
FundsNetwork
Hargreaves Lansdown
Interactive Investor
Selftrade
The Share Centre

Please note this list is not exhaustive and the availability of the Company's shares may vary depending on the provider. These websites are third party sites and the Company does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

You may also buy J.P. Morgan investment trusts through stockbrokers, wealth managers and banks.

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

Information for J.P. Morgan Investment Account, Stock & Shares ISA account holders

On 8th April 2019, J.P. Morgan Asset Management informed holders of J.P. Morgan investment accounts and stocks & shares ISA savings products that it had decided to cease managing these accounts. Investors are able to remain invested in J.P. Morgan managed investment trusts by transferring to another service provider.

Information regarding the transfer arrangements has been provided, detailing the options to; transfer to an alternative third party provider, re-register the investment into certificated form or sell the investment. Where no alternative instruction is received the account will be transferred later in the year, in line with the correspondence sent by J.P. Morgan on 8th April 2019.

For full details of all the options available to investors, please refer to correspondence sent by J.P. Morgan on 8th April 2019, contact your financial adviser or contact J.P. Morgan's Client Administration Centre on 0800 20 40 20/+44 (0) 1268 44 44 70.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers/report-scam-unauthorised-firm.** You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at www.fca.org.uk/scamsmart

FCA
FINANCIAL CONDUCT AUTHORITY

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
Dividends payable – Income	April, July, October and January
Annual General Meeting	July

History

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

Company Numbers

Company registration number: 237958
LEI: 549300D8SPJFHBDGXS57
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, where the share prices are updated every fifteen minutes during trading hours.

Website

www.jpmeuropean.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

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.

Depositary

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

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

Registrars

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

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

Andrew Adcock
1953 – 2019

Andrew was a talented Chair and Director of the Company and greatly respected by all members of the Board, Shareholders and the Company's Manager, JPMorgan Asset Management. He will be greatly missed.

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.

J.P.Morgan
Asset Management