JPMorgan European Investment Trust plc - Growth Shares

Overall Morningstar Rating™ (as at 31/08/14) ★★★★

Morningstar Category™ Europe ex UK Large-Cap Equity

August 2014

Investment objective

Capital growth from Continental European investments and a rising share price over the longer term, by consistent outperformance of the benchmark and taking carefully controlled risks through an investment method that is clearly communicated to shareholders.

Company facts

Portfolio manager(s)	Stephen Macklow-Smith, Alexander Fitzalan Howard
Board of director(s)	Andrew Murison, Stephen Russell, Ferdinand Verdonck, Stephen Goldman, Andrew Adcock, Josephine Dixon
Financial year end date	31 March
Company launch date	1929
Listing	LSE
Dividends paid	April, October
Company Broker(s)	Winterflood Securities

Company statistics

	(as at 31/08/14)
Total assets (as at 31/08/14)	GBP 256.7m
Share price	215.6p
Net asset value [A]	240.1p
Discount(-)/Premium	
Current	-10.2%
12 month high	-4.4%
12 month low	-12.2%
12 month average	-8.9%
Total dividend for last financial year	6.7p
Dividend yield [B]	3.1%
Actual gearing (as at 31/08/14) [C]	2.4%
Potential gearing range	-10% to 20%

Company fees & expenses

Annual mgt. fee [D]	0.75% on gross assets
Ongoing charges	0.86%
Performance fee	No

Company codes

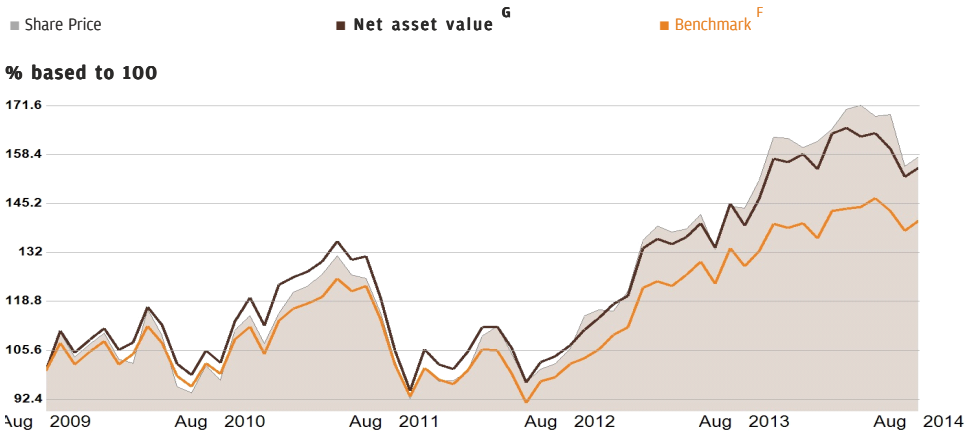
ISIN	GB00B18JK166
Sedol	B18JK16
Bloomberg	JETG LN
Reuters	JETx.L

Benchmark

MSCI Europe ex UK

Performance [E F]

(as at 31/08/14)



Cumulative performance [E F]

%	1 M	3 M	1 Y	3 Y	5 Y	Since inception
Share price	1.7	-6.5	9.7	53.6	57.9	272.2
Benchmark	2.1	-4.0	9.7	38.3	40.7	523.5
Net asset value [G]	1.7	-5.6	11.2	46.8	55.0	554.5

Quarterly Rolling 12M ending June 2014 [E F]

%	2013/14	2012/13	2011/12	2010/11	2009/10
Share Price	27.4	32.1	-19.6	32.7	14.3
Benchmark	15.9	27.0	-20.9	28.4	15.2
Net asset value [G]	20.0	30.2	-21.8	32.2	19.3

Top 10 Holdings

(as at 31/08/14)

Holding	Sector	Weight
Novartis	Health Care	4.5%
Roche Holdings	Health Care	4.5%
Nestle	Consumer Staples	3.5%
Daimler	Consumer Discretionary	2.7%
Sanofi	Health Care	2.4%
JPMorgan European Smaller Companies Inv Trust	Funds	2.4%
Allianz	Financials	2.4%
Total	Energy	2.2%
JPMorgan Europe Dynamic Small Cap A	Funds	2.1%
ING	Financials	1.9%

Statistical analysis review

(as at 31/08/14)

	3 years	5 years
Correlation	0.98	0.99
Annualised volatility	16.96%	19.23%
Tracking error	3.72%	3.81%
Information ratio	0.63	0.62

Market capitalisation

(as at 31/08/14)

	% of portfolio
> 100 bn	25.38%
10 bn <> 100 bn	48.67%
1 bn <> 10 bn	20.14%
< 1 bn	5.81%

Please read the Explanatory Notes, Risks and Important Information at the end of this document.

For further information, please contact:
UK-based Investor Services Team 0800 731 111 (or +44 20 7742 9995 if calling from outside the UK)
Agent Services Line 0800 727 770
Our lines are open Monday to Friday, 9.00am to 5.30pm
www.jpmorgan.co.uk/investment-trusts

J.P.Morgan Asset Management

JPMorgan European Investment Trust plc - Growth Shares



Stephen Macklow-Smith is a portfolio manager within the J.P. Morgan Asset Management European Equity Group, responsible for segregated portfolios, the European assets of UK pension funds and the JPMorgan European Investment Trust. An employee since 1997, Stephen was previously head of the European Team at HSBC Asset Management. Prior to this, he was a fund manager of European pension fund assets at Henderson Administration. Stephen obtained an M.A. in Classics and Modern Languages from Oxford University.



Alexander Fitzalan Howard, managing director, is a portfolio manager within the J.P. Morgan Asset Management European Equity Group managing both institutional and retail products. An employee since 1986, Alexander was previously an investment manager with the J.P. Morgan Asset Management North American Portfolios Group, most recently running the desk. Before this, Alexander was involved in the development of the Czechoslovakia Investment Corporation Inc., and responsible for the establishment of the first Czech domestic mutual funds managed by Investicni Banka and administered by Save & Prosper. Prior to this, he assisted in the fund management of the Save & Prosper financial sector unit trusts and was responsible for analytical coverage of the financial and media sectors. Alexander obtained a B.A. (Hons) in Modern History from Oxford University.

Sector breakdown [H]

(as at 31/08/14)

Sector	Company	Benchmark [F]	Deviation
Financials	23.8%	22.6%	1.2%
Health Care	14.2%	14.9%	-0.7%
Industrials	13.9%	13.1%	0.8%
Consumer Discretionary	12.1%	10.8%	1.3%
Consumer Staples	9.8%	12.0%	-2.2%
Utilities	5.5%	4.3%	1.2%
Materials	5.3%	7.3%	-2.0%
Energy	4.9%	5.8%	-0.9%
Telecommunication Services	3.6%	4.8%	-1.2%
JPMorgan European Smaller Comp	2.4%	0.0%	2.4%
JPMorgan Europe Dynamic Small	2.1%	0.0%	2.1%
Information Technology	1.8%	4.4%	-2.6%
JPMorgan Eastern Europe A	0.6%	0.0%	0.6%
Total	100.0%	100.0%	0.0%

Geographical breakdown [H]

(as at 31/08/14)

Country	Company	Benchmark [F]	Deviation
Germany	20.3%	19.9%	0.4%
Switzerland	18.9%	20.5%	-1.6%
France	18.4%	22.1%	-3.7%
Sweden	7.9%	6.7%	1.2%
Netherlands	7.6%	5.9%	1.7%
Spain	6.4%	8.0%	-1.6%
Italy	5.5%	5.5%	0.0%
Denmark	4.2%	3.3%	0.9%
Belgium	2.6%	2.7%	-0.1%
JPMorgan European Smaller Comp	2.4%	0.0%	2.4%
JPMorgan Europe Dynamic Small	2.1%	0.0%	2.1%
Finland	1.1%	1.9%	-0.8%
Others	2.6%	3.5%	-0.9%
Total	100.0%	100.0%	0.0%

Manager's commentary

(as at 30/04/14)

European markets eked out further gains in April, bringing them close to new 12-month highs. The euro continued to strengthen, bringing further modest disinflationary pressure, but the European Central Bank made a statement in which it said that it is "unanimous in its commitment to using also unconventional instruments within its mandate to cope effectively with risks of a too prolonged period of low inflation." The economic recovery continued, with the composite eurozone purchasing managers' index exceeding expectations, with both services and manufacturing contributing to the rise.

The trust's share price outperformed the benchmark, while the net asset value underperformed, as the market rotated into less economically-sensitive stocks, and as financials paused in their recent uptrend. Events in Ukraine continued to cast a shadow, and the earnings backdrop remained fairly weak. Towards the end of 2013 we bought some unfashionable but attractively-valued shares in the utilities and telecoms area, and also raised our exposure to energy stocks. This helped our performance in April, as these sectors performed positively during the market's rotation. Our gearing also helped, as markets rose to within touching distance of new highs.

Market Outlook

Lead indicators for earnings and margins suggest that they will resume growth this year. The background remains constructive. Portugal has announced plans to access market funding again, and the reform programme of Matteo Renzi in Italy—while ambitious—seems to be receiving widespread popular support. Even Greece is forecast to achieve a primary surplus this year. While we wait for earnings to grow, though, we may well see a continuation of range-bound markets.

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Investment trust history and investment policies

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.

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

Explanatory Notes, Risks and Important Information

Notes

[A]Capital only NAV with debt at par, diluted for treasury and/or subscription shares if applicable.

[B]Dividend yields are based on mid market prices and the estimated dividend(s) payable in respect of the current financial year. This will include declared and prospective dividends. Source Morningstar

[C]Actual gearing: Represents the excess amount above shareholders' funds of total assets less cash/cash equivalents, expressed as a percentage of shareholders funds. If the amount calculated is negative, this represents a net cash position.

[D]Management fee charged on total gross assets. An additional performance fee may be payable. For details see the company's latest Annual Report & Accounts at http://am.jpmorgan.co.uk/investment-trust.

[E]Prior to 01/08/06 the performance record is of the predecessor company J.P.Morgan Fleming Continental European Investment Trust plc.

[F]On 26/03/13 the benchmark for the Trust was changed from FTSE All World Developed Europe (ex UK) Index to MSCI Europe ex UK Index.

[G]Net asset value assumes that shares held in treasury (if any) have been re issued at the previous nights closing price.

[H]Based on total investments, which include investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current assets.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express of implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

See Glossary of terms for explanations.

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Shares and debentures (if any) in an Investment Trust are not subject to Financial Conduct Authority's (FCA) restrictions for marketing Nonmainstream Pooled Investment products, therefore Investment Trust products can be marketed to retail investors directly or via Independent Financial Advisers.

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Glossary

Annual volatility: Volatility is one measure used to assess the risk of a portfolio as it helps to describe the likely range of returns achieved by the fund. In statistical terms it is the standard deviation of the return distribution. Greater volatility of monthly Net Asset Value returns means that there is a wider range of likely returns in the future, or greater uncertainty regarding the fund return. Most investors would equate this greater uncertainty with greater risk. Gearing will have an impact on the volatility of an investment trust.

Benchmark comparison: Comparison of the Company's performance is made with the benchmark. 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 therefore there may be a degree of divergence between its performance and that of the Company.

Cash: Net current assets and includes investment in liquidity funds & treasury stocks (if held) and drawn revolving credit facilities (if any) with an original maturity of less than 1 year.

Correlation: Correlation describes the way in which Net Asset Value has moved relative to the benchmark. Correlation coefficients range between +1.0 for assets which consistently move in the same direction, and -1.0 for assets which consistently move in the opposite direction. Assets with a correlation of zero are unrelated. Portfolios combining assets with low correlations provide diversification or risk reduction benefits, potentially without decreasing total portfolio return.

Actual gearing: Total portfolio less liquidity stocks, divided by net assets plus income cash and any effects of performance fees and revenue reserve accruals where applicable.

Gearing range: Indication of the maximum and minimum percentage by which the Company may be geared.

Information ratio: This is the difference between the annualised average fund return and the annualised average benchmark return (calculated geometrically) divided by the annualised tracking error. The higher the ratio, the better, as it shows that the risk taken by the fund manager relative to the benchmark has been rewarded. Gearing will have an impact on the information ratio.

Sector/Geographical breakdowns: These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds will be shown as cash.

Top 10 holdings: These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds / treasury stocks will not be shown in the top 10 holdings.

Ongoing charges: Management fees and all other operating expenses, excluding interest payments and commissions which are treated as a separate capital item, expressed as a percentage of the average of the opening and closing net assets. This calculation is based on the financial year end data and will be updated annually.

Tracking error: Tracking error measures the standard deviation of relative returns, i.e. the Net Asset Value return less the benchmark return. Tracking error is often used as a measure of risk taken against the fund's benchmark with a larger tracking error indicating that greater risks were taken relative to the benchmark in achieving the return of the fund. Gearing will increase a tracking error.