

# JPMorgan European Investment Trust plc - Growth Shares

Overall Morningstar Rating™ (as at 31/03/15) ★★★★★  
Morningstar Category™ Europe ex UK Large-Cap Equity

February 2015

## 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, Jutta af Rosenberg
Financial year end date	31 March
Company launch date	1929
Listing	London Stock Exchange
Dividends paid	April, October
Company Broker(s)	Winterflood Securities

## Company statistics

(as at 31/03/15)

Total assets (as at 28/02/15)	GBP 254.8m
Share price	259.0p
Net asset value (NAV) <sup>A</sup>	267.8p
Discount(-)/Premium	
Current	-3.3%
12 month high	-3.4%
12 month low	-12.2%
12 month average	-8.1%
Total dividend for last financial year (per share)	6.7p
Dividend yield <sup>B</sup>	2.6%
Actual gearing (as at 31/03/15) <sup>C</sup>	7.8%
Potential gearing range	-10% to 20%

## Company fees & expenses

Ongoing charges (comprises): <sup>D</sup>	0.86%
- Annual management	0.75% on gross assets
- Operating & administrative expenses	0.11%
Performance fee	No

## Company codes

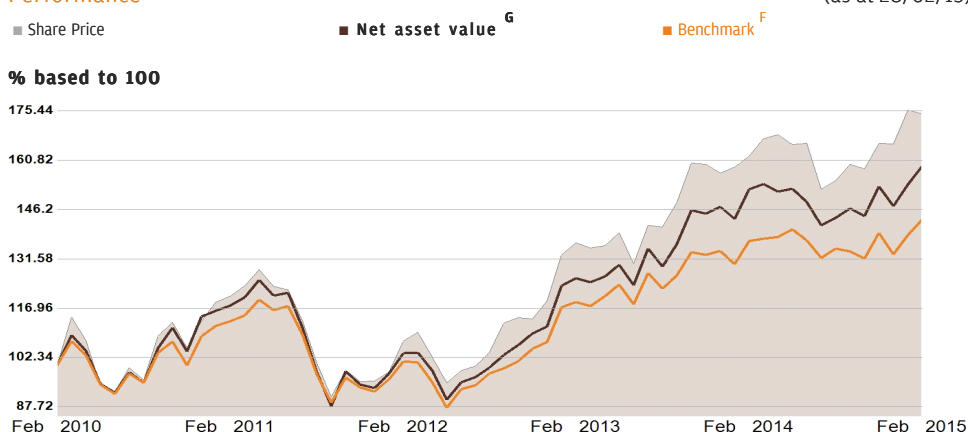
ISIN	GB00B18JK166
Sedol	B18JK16
Bloomberg	JETG LN
Reuters	JETx.L

## Benchmark

MSCI Europe ex UK

## Performance<sup>E F</sup>

(as at 28/02/15)



## Cumulative performance<sup>E F</sup>

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
Share Price	-0.6	5.2	7.7	62.8	74.5	137.8
Benchmark	3.3	2.7	4.5	41.3	43.1	109.5
Net asset value <sup>G</sup>	3.6	4.0	4.6	53.4	59.1	116.8

## Quarterly Rolling 12M ending February 2015<sup>E F</sup>

%	2014/15	2013/14	2012/13	2011/12	2010/11
Share Price	7.7	18.9	27.1	-11.0	20.5
Benchmark	4.5	15.3	17.2	-10.4	13.1
Net asset value <sup>G</sup>	4.6	20.9	21.4	-11.9	17.7

Source: J.P. Morgan/Morningstar.

Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. **Past performance is not a guide to the future.**

Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment.

## Top 10 Holdings

(as at 31/03/15)

Holding	Sector	Weight
Novartis	Health Care	5.0%
Nestle	Consumer Staples	3.7%
Roche Holdings	Health Care	3.1%
Daimler	Consumer Discretionary	2.9%
Sanofi	Health Care	2.8%
JPM European Smaller Companies Trust	Funds	2.6%
ING	Financials	2.3%
JPMorgan Europe Dynamic Small Cap A	Funds	2.3%
Muenchener Rueckversicherungs	Financials	1.9%
BNP Paribas	Financials	1.9%

## Statistical analysis review

(as at 28/02/15)

	3 years	5 years
Correlation	0.98	0.99
Annualised volatility	14.41%	18.64%
Tracking error	3.26%	3.69%
Information ratio	0.89	0.68

## Market capitalisation

(as at 31/03/15)

	% of portfolio
> 100 bn	25.08%
10 bn < 100 bn	52.20%
1 bn < 10 bn	18.45%
< 1 bn	4.27%

The value of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Please read the Explanatory Notes, Fund specific Risks and Important Information at the end of this document.

**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 <sup>H</sup>

(as at 31/03/15)

Sector	Company	Benchmark <sup>F</sup>	Deviation
Financials	21.5%	22.1%	-0.6%
Health Care	14.7%	15.6%	-0.9%
Consumer Discretionary	14.0%	12.4%	1.6%
Industrials	11.6%	13.0%	-1.4%
Consumer Staples	9.8%	12.2%	-2.4%
Materials	7.4%	7.5%	-0.1%
Telecommunication Services	5.5%	4.4%	1.1%
JPMorgan Europe Dynamic Small	4.2%	0.6%	3.6%
Utilities	4.1%	3.7%	0.4%
JPMorgan European Smaller Comp	2.6%	0.0%	2.6%
Energy	2.2%	4.0%	-1.8%
Information Technology	1.9%	4.5%	-2.6%
JPMorgan Eastern Europe A	0.5%	0.0%	0.5%
Total	100.0%	100.0%	0.0%

## Geographical breakdown <sup>H</sup>

(as at 31/03/15)

Country	Company	Benchmark <sup>F</sup>	Deviation
Germany	20.8%	20.4%	0.4%
France	17.8%	21.5%	-3.7%
Switzerland	16.5%	20.4%	-3.9%
Netherlands	7.5%	6.0%	1.5%
Sweden	5.9%	6.8%	-0.9%
Spain	5.2%	7.8%	-2.6%
Denmark	5.2%	3.6%	1.6%
Others	5.0%	4.8%	0.2%
Italy	4.7%	5.2%	-0.5%
JPMorgan Europe Dynamic Small	4.2%	0.6%	3.6%
Belgium	4.1%	2.9%	1.2%
JPMorgan European Smaller Comp	2.6%	0.0%	2.6%
JPMorgan Eastern Europe A	0.5%	0.0%	0.5%
Total	100.0%	100.0%	0.0%

## Manager's commentary

(as at 31/03/15)

European markets rose again in March, outperforming the MSCI World Index and generating handsome gains both year to date and over 12 months.

The trust's net asset value (NAV) and share price outperformed the benchmark. The trust remains ahead of the benchmark in both share price and NAV terms over two and three years, and over longer time periods. With the eurozone economic recovery gaining further momentum, cyclical stocks were among the top performers in the month. The fund's relative performance was boosted by strong stock selection in the materials sector. An overweight position in Aperam contributed positively, as the stainless steel manufacturer delivered fourth-quarter earnings ahead of consensus expectations. An overweight in Merck was the biggest stock-level contributor. The pharmaceutical and chemicals company performed well following the completion of two acquisitions made in the third and fourth quarter of 2014, while also benefiting from greater clarity and more momentum in its pipeline. Positive stock-level contributors also included companies that are benefiting from the significant weakening in the euro against the US dollar. In particular, an overweight position in Ahold was positive for relative returns, as the Dutch food retailer delivered strong returns. An overweight in Euronext, the German financial marketplace operator, was also positive, as the company benefited from increased volume on stock exchanges due to improving sentiment towards European shares. Detractors from performance included an overweight and stock selection in telecommunication services, with our overweight holding in Orange negative for relative returns. The stock pulled back following its recent positive performance, as there were some signs of setback in terms of progress towards consolidation in the French telecoms market. An overweight position in Irish cement company CRH also detracted, as the stock sold off after its merger with Holcim-Lafarge stalled.

## Market Outlook

European earnings are not only expected to grow this year, but are actually now seeing upgrades. Confidence is good, with energy costs falling for households and corporates, while quantitative easing means that monetary conditions are loose, credit is picking up and money supply growth is accelerating. Meanwhile, the weaker euro is supporting export competitiveness. Political risks remain, as Greece attempts to wrest concessions from its creditors.

# JPMorgan European Investment Trust plc - Growth Shares

## 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

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

<sup>B</sup>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

<sup>C</sup>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.

<sup>D</sup>Ongoing charges are the management fee and all other operating expenses, excluding interest charges on any borrowing and any performance fee payable expressed as a percentage of the average daily net assets during the year. All figures are for the previous financial year.

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

<sup>F</sup>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.

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

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

See Glossary of terms for explanations.

### Risk Information

The value of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

Investment trusts may borrow to finance further investment (gearing). The use of gearing will increase the volatility of movements in the Net Asset Value (NAV) per share. This means that a relatively small change, down or up, in the value of a trust's assets will result in a magnified fall or rise, in the same direction, of the investment trust's NAV per share.

Exchange rate changes may cause the value of underlying overseas investments to go down as well as up. The trust may invest in smaller company shares, which can be more unpredictable and less liquid than shares of larger companies.

Where permitted, a trust may invest in other investment trusts that utilise gearing (borrowing), which will exaggerate market movements both up and down.

### Important Information

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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 Non-mainstream Pooled Investment products, therefore Investment Trust products can be marketed to retail investors directly or via Independent Financial Advisers.

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## Glossary of terms

**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:** The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net assets during the year.

**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.

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](http://www.jpmorgan.co.uk/investment-trusts)