

JPM Europe Smaller Companies Fund

Interim Short Form Report – 31 May 2013

J.P.Morgan
Asset Management

Investment objective and policy

To provide long-term capital growth by investing primarily in European smaller companies.

European smaller companies are companies that are incorporated under the laws of, and have their registered office in, Europe (excluding the UK), or that derive the predominant part of their economic activity from Europe (excluding the UK), even if listed elsewhere.

Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

Risk profile

The value of your investment may fall as well as rise and you may get back less than you originally invested.

The value of Equity and Equity-Linked Securities may fluctuate in response to the performance of individual companies and general market conditions.

The Fund invests in securities of smaller companies which may be more difficult to sell, more volatile and tend to carry greater financial risk than securities of larger companies.

This Fund is aggressively managed, which may result in higher volatility of the Fund's performance and bigger differences between the performance of the Fund and its Benchmark.

Movements in currency exchange rates can adversely affect the return of your investment.

Please refer to Part 11 of the Prospectus for details of the general risk factors affecting this Fund in addition to the specific risk factors above.

Fund review

Continental European small cap stocks had a strong six months, boosted by receding fears of a eurozone breakup, an improving global backdrop and central bank support.

The Fund, which invests in attractively valued, high quality small cap stocks with positive momentum, underperformed its benchmark. Positive contributors to relative returns included stock selection in the banks and financial services sectors and stock selection and an overweight position in automobiles & parts. Stock selection in industrial engineering, support services and pharmaceuticals detracted.

At the stock level, the Fund benefited most in relative terms from not holding Bankia, the nationalised Spanish lender, which fell after issuing new shares as part of a state-backed recapitalisation plan. An overweight position in Azimut was also positive as the Italian investment manager reported strong inflows for the first four months of the year and said it would exceed its full-year target. Stock-level detractors from relative returns included an overweight position in Danieli & C, the Italian supplier of machinery for the metal industry, which reported 2012 earnings that fell slightly short of expectations and was hurt by Italian political uncertainty. An overweight position in TGS Nopec Geophysical was also detrimental as the surveyor of underwater oilfields missed first-quarter earnings estimates on lower-than-expected prefunding of projects. However, relative returns were boosted by the Fund's overweight position in Plastic-Omnium, the French auto parts manufacturer, which reported stronger-than-expected first-quarter sales, driven by organic growth in its automotive division.

Fund outlook

European earnings momentum remains negative, but economic data suggests the regional economy may return to growth later this year.

12 month performance to 31 May

	2013	2012	2011	2010	2009
JPM Europe Smaller Companies Fund					
A-Class Acc	36.3%	-30.8%	31.5%	28.7%	-37.1%
JPM Europe Smaller Companies Fund					
B-Class Acc ^A	-	-	-	-	-
JPM Europe Smaller Companies Fund					
C-Class Acc ^A	-	-	-	-	-
JPM Europe Smaller Companies Fund					
I-Class Acc	37.2%	-30.3%	32.5%	31.1%	-37.0%
Benchmark Index ^B	41.8%	-30.0%	29.1%	22.5%	-25.2%

Six month performance to 31 May 2013

JPM Europe Smaller Companies Fund A-Class Acc	21.6%
Benchmark Index ^B	24.6%

Fund statistics

Risk and Reward Profile	7*
Fund size	£97.5m
Benchmark Index ^B	HSBC Smaller European Companies ex UK (Net)
Fund charges	
A-Class	Initial 4.25%, Annual 1.50%
B-Class	Initial Nil, Annual 1.00%
C-Class	Initial Nil, Annual 0.75%
I-Class	Initial Nil, Annual 1.00%

Top ten holdings

	%
Pandora	3.1
SBM Offshore	3.0
UBI Soft Entertainment	2.8
Yoox	2.5
Delta Lloyd	2.5
Clariant	2.4
Unit 4	2.4
GAM	2.4
Freenet	2.3
Buzzi Unicem	2.3

* You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, including the risk and reward profile, please refer to the Key Investor information Document (KIID).

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

^A B-Class Accumulation Shares and C-Class Accumulation Shares were launched during October 2012, therefore 12 month performance to 31 May is not available.

^B On 01/10/07 the benchmark for the sub-fund was changed from HSBC Smaller European Companies ex UK Gross to the HSBC Smaller European Companies ex UK (Total Return Net).

Geographical breakdown

	%
Netherlands	16.4
Switzerland	14.7
France	14.6
Italy	12.1
Germany	10.3
Denmark	10.0
Sweden	8.5
Greece	5.8
Norway	2.1
Finland	1.3
Spain	1.1
Ireland	0.6
Belgium	0.4
Austria	0.1
Net other assets	2.0

Highest/lowest share price and distribution record

Calendar year	Highest share price	Lowest share price	Distribution per share (net) ^c
A-Class Accumulation Shares			
2008	372.6p	185.9p	3.22p
2009	310.4p	176.1p	2.32p
2010	369.8p	270.7p	1.23p
2011	394.3p	264.8p	2.50p
2012	306.8p	255.1p	1.83p
2013 ^d	366.2p	307.7p	-
A-Class Income Shares			
2008	50.71p	25.31p	0.41p
2009	41.63p	23.61p	0.32p
2010	48.93p	36.00p	0.16p
2011	52.22p	34.75p	0.31p
2012	40.09p	33.50p	0.25p
2013 ^d	47.79p	40.16p	-
B-Class Accumulation Shares^e			
2012	307.0p	281.9p	1.94p
2013 ^d	367.0p	308.0p	-
C-Class Accumulation Shares^f			
2012	307.2p	282.0p	2.02p
2013 ^d	367.8p	308.2p	-
C-Class Income Shares^f			
2012	40.06p	37.04p	0.27p
2013 ^d	47.96p	40.19p	-
I-Class Accumulation Shares			
2008	727.8p	364.2p	10.15p
2009	616.7p	344.6p	11.99p
2010	740.8p	540.0p	6.57p
2011	791.7p	533.9p	9.68p
2012	623.1p	516.2p	7.55p
2013 ^d	745.7p	625.1p	-

^c On an ex-dividend date basis.

^d To 31 May 2013.

^e B-Class Accumulation Shares were launched on 29 October 2012.

^f C-Class Accumulation Shares and C-Class Income Shares were launched on 22 October 2012.

Portfolio turnover rate

30.11.12	742.8%
31.05.13	282.9%

The portfolio turnover rate (PTR) reflects the total of security purchases and sales (excluding Liquidity funds), less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

Portfolio transaction costs

	Broker Commissions	Transactions Taxes	Total
30.11.12	0.80%	0.04%	0.84%
31.05.13	0.79%	0.05%	0.84%

The percentage figures disclosed above reflect the total broker commissions and transaction taxes suffered during the last 3 years divided by the average assets under management over the same period.

Stamp duty reserve tax

30.11.12	0.00%
31.05.13	0.00%

The percentage figures disclosed above reflect the total stamp duty reserve tax suffered during the year divided by the average assets under management over the same period.

Net asset values and Ongoing charges

Date	Net asset value per share class £'000	Number of shares	Net asset value per share	Ongoing charges
A-Class Accumulation Shares				
30.11.10	122,927	37,642,773	326.6p	1.68%
30.11.11	92,914	33,445,277	277.8p	1.68%
30.11.12	85,189	28,786,372	295.9p	1.68%
31.05.13	96,301	26,787,066	359.5p	1.69%
A-Class Income Shares				
30.11.10 ^g	478	1,103,510	43.27p	1.68%
30.11.11 ^g	482	1,321,098	36.48p	1.68%
30.11.12 ^g	519	1,344,420	38.62p	1.68%
31.05.13	521	1,110,875	46.91p	1.69%
B-Class Accumulation Shares				
30.11.12	3	1,000	296.0p	1.18%
31.05.13	4	1,000	360.3p	1.19%
C-Class Accumulation Shares				
30.11.12	1	500	296.2p	0.93%
31.05.13	138	38,164	361.2p	0.94%
C-Class Income Shares				
30.11.12 ^g	1	3,000	38.62p	0.93%
31.05.13	17	36,531	47.08p	0.94%
I-Class Accumulation Shares				
30.11.10	664	101,546	653.8p	1.00%
30.11.11	383	68,406	559.9p	1.00%
30.11.12	414	68,829	600.7p	1.00%
31.05.13	547	74,709	732.1p	1.01%

^g The net asset value and the net asset value per income share are shown ex-dividend at the financial year end.

Following the adoption of the requirements of UCITS IV in June 2012, Ongoing charges has replaced the Total expense ratio ("TER"). The Ongoing charges takes into account the ACD fee; the fixed expenses and any other chargeable operating expenses, expressed as a percentage of the average daily net asset values over the period. The main difference between the two calculations is the inclusion of the custodian handling charges in the Ongoing charges figure. The comparative figures have not been restated, and the historic TER is disclosed.

Other information

These are short form accounts, the full accounts can be obtained using the contact details below.

The Fund is a sub-fund of JPMorgan Fund II ICVC. JPMorgan Fund II ICVC is an Open-Ended Investment Company ("The Company") with variable capital, authorised, under Regulation 12 of the OEIC Regulations, by the Financial Conduct Authority on 29 August 2001.

The Company was launched as a UCITS Scheme on the same date and acts as an umbrella company comprising three sub-funds. Its registration number is IC127 and its registered address is Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

Authorised Corporate Director: JPMorgan Funds Limited, 3 Lochside View,
Edinburgh Park, Edinburgh, EH12 9DH.
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135 Bishopsgate, London, EC2M 3UR.
(Authorised and regulated by the Financial Conduct Authority)

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Investment Adviser: JPMorgan Asset Management (UK) Limited,
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For up-to-date performance information please contact your J.P. Morgan Asset Management representative. Intermediaries on 0800 727 770. Clients investing direct contact your financial adviser or call 0800 20 40 20.

Telephone lines are open 9.00am to 5.30pm Monday to Friday. Telephone lines are recorded and may be monitored for security and training purposes.

www.jpmorganassetmanagement.co.uk

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