

## Regulatory Story

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**Company** JPMorgan European Invest Tst PLC  
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28 November 2013

### LONDON STOCK EXCHANGE ANNOUNCEMENT

#### JPMORGAN EUROPEAN INVESTMENT TRUST PLC

##### UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2013

###### Chairman's Statement

###### Performance

In the six months to 30th September 2013 the Company's Growth portfolio produced a total return on net assets (capital plus net income reinvested) of +9.1% against a total return on the benchmark index, the MSCI Europe ex UK Index, of +7.7% (both in sterling terms). The Growth share price rose by 7.2% over the six months and, with net dividends re-invested, the total return to Growth shareholders was +10.1%. It is very pleasing to report this continued outperformance of the benchmark and the Growth portfolio is now ahead of benchmark over three, five and ten years.

In the same period, the Income portfolio produced a total return on net assets of +10.8%, compared with the total return on the benchmark index, also the MSCI Europe ex UK Index, of +7.7%. With net dividends re-invested, the total return to shareholders was +10.6% over the period. In addition to maintaining a good yield, the Income portfolio remains comfortably ahead of its benchmark over two, three and five years and since inception in 2006.

In their report, the Investment Managers comment on some of the factors underlying the performance of the two portfolios over the period, as well as commenting on the economic and market background.

###### Revenue and Dividends

Earnings per share on the Growth portfolio for the six months to 30th September 2013 (calculated by reference to the average number of shares in issue over the period) amounted to 5.15 pence per share (2012: 4.39 pence). A first interim dividend of 5.45 pence per Growth share was paid on 4th October 2013 (2012: 4.80 pence).

Earnings per share on the Income portfolio for the first half (again, calculated by reference to the average number of shares in issue over the period) amounted to 3.65 pence per share (2012: 2.89 pence). The Board increased the first interim dividend to 3.25 pence per Income share paid on 4th October 2013 (2012: 3.00 pence) and aims to be able to at least maintain the dividend for the full year.

Both dividend payments reflect the Board's policy to pay dividends broadly in line with revenues received on the underlying portfolios, in order to ensure that income is distributed in line with shareholdings ahead of each conversion opportunity (in September and March each year).

###### Share Repurchases

The Board has a proactive and structured approach to the use of its share repurchase powers. It 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 minimise thereby the volatility and absolute level of the discount to net asset value at which the Company's shares trade. As stated previously, the Board does not wish to see the discounts widen beyond 10% on an ongoing basis. The precise level and timing of repurchases carried out pursuant to this policy depend upon prevailing market conditions, which were more favourable over the first six months of the Company's financial year. Consequently, the volume of share repurchases has reduced and during the period, the Company repurchased a total of 268,437 Growth shares and 80,675 Income shares for cancellation. These repurchases were made at discounts of between approximately 10.1% and 11.2% and at approximately 10.0% respectively (with debt valued at par). Since the period end, the Company has not repurchased any further shares for cancellation.

###### The Board

As noted in my Chairman's Statement in the last Annual Report, the Board recognises the need to ensure that it has an appropriate succession plan in place. Andrew Adcock and Jo Dixon were appointed Directors with effect from 1st October 2013.

For and on behalf of the Board  
**Andrew Murison**

Chairman

28th November 2013

### Investment Managers' Report

During the six month period under review the markets in Europe ex UK broadly continued the rally that had started in summer of 2012. The trigger for the start of that rally was a realisation that the Euro was not about to collapse and that the pessimism surrounding the single currency area was overdone. When investors realised that the European Central Bank was prepared to throw the weight of its balance sheet behind the integrity of the Euro, a reappraisal of the prospects for Europe started.

Shortly after our financial year started, this renewed optimism about Europe was put to the test when issues emerged in Cyprus. The solution involved a recapitalisation of Cypriot banks which included a compulsory contribution from depositors. A lot of press coverage at the time viewed this as an extremely alarming precedent but in the event, although equities corrected, bank funding markets remained stable and markets soon recovered their poise. At around the same time the Italian general election was taking place and again this had the potential to undermine confidence since over the course of the campaign the moderate centrist parties lost ground to Mr Berlusconi's PdL on the one hand and to Beppe Grillo's anti-political 5 star movement on the other. Italian bond spreads over Germany rose, but again the market calmed itself and started to rise again when it became clear that a coalition would be put together designed to continue the process of reform.

Either of these two events would have had the power in previous years to have caused much more widespread panic, but it seems that an important lesson has now been digested: namely that European politicians are not going to allow their currency to be ripped apart by the centrifugal forces of the market. At the same time it is important to remember that overall the Eurozone does not run a current account deficit (indeed this year it is moving into surplus) so Europe is not dependent on foreign capital to fund its investment. In other words whatever the problems of the Eurozone, Europe has the resources to underwrite its own future.

Having said that, of course, the issue of how these resources are to be deployed is the centrepiece of all negotiations about European structures. One clear line in the sand is that no blank cheques are going to be written to expiate the problems of the past. The debt path of certain Eurozone countries in the years before 2008 was simply unsustainable and we have said before that the cover-all phrase 'austerity' masks the true direction of travel, which is to make economies sufficiently competitive to face up to the challenges of the future. This means ensuring that labour is competitive, that public expenditures are affordable, that pensions and healthcare systems are fitted to the available financing rather than to the aspirations of the recipients and that productivity can improve for the economy as a whole. The short term price for this has been high unemployment and it will be important to return to growth as soon as possible so that the social consequences of this do not become too damaging.

Despite the issues of weak growth, the health of corporate Europe remains fairly robust. European companies have excellent market shares in high-growth export markets and their balance sheets are very solid, with respectable and improving returns on capital and powerful cash generation. We expect this to lay the foundations for a generalised upturn in earnings in the next three years and although markets have risen from their lows the long-term valuation is still attractive. The politics of the Eurozone remain unpredictable, and there are undoubtedly areas that will need to be sorted out, with banking union certain to be a feature in 2014, but the events of the last three years should reassure investors about the desire in the Eurozone to keep the currency intact.

Our out-performance of the index in both portfolios was driven mainly by stock selection, but we have also seen a positive contribution from gearing and we remain geared in both portfolios as we are confident that equity prices can rally further. By focusing on Value, Growth and Yield we feel sure that our out-performance will continue as the year draws on.

**Stephen Macklow-Smith**  
**Alexander Fitzalan Howard-**  
**Michael Barakos**

Investment Managers

28th November 2013

### Interim Management Report

The Company is required to make the following disclosures in its half year report.

#### Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational; foreign currency; and financial (including credit risk). Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st March 2013.

#### Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

#### Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

#### Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- (ii) the interim management report includes a fair review of the information required by DTR 4.2.7R and 4.2.8R

of the UK Listing Authority Disclosure and Transparency Rules.

For and on behalf of the Board

**Andrew Murison**

Chairman

28th November 2013

For further information, please contact:

Jonathan Latter

For and on behalf of

JPMorgan Asset Management (UK) Limited, Secretary

020 7742 4000

Please note that up to date information on the Company, including daily NAV and share prices, factsheets and portfolio information can be found at [www.jpmeuropean.co.uk](http://www.jpmeuropean.co.uk)



## The Company

### Income Statement

for the six months ended 30th September 2013

	(Unaudited) Six months ended 30th September 2013			(Unaudited) Six months ended 30th September 2012			(Audited) Year ended 31st March 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments and derivatives held at fair value through profit or loss	-	19,481	19,481	-	(7,570)	(7,570)	-	38,764	38,764
Net foreign currency gains/(losses)	-	714	714	-	635	635	-	(519)	(519)
Income from investments	8,395	-	8,395	7,370	-	7,370	10,574	-	10,574
Other interest receivable and similar income	99	-	99	103	-	103	133	-	133
<b>Gross return/(loss)</b>	<b>8,494</b>	<b>20,195</b>	<b>28,689</b>	<b>7,473</b>	<b>(6,935)</b>	<b>538</b>	<b>10,707</b>	<b>38,245</b>	<b>48,952</b>
Management fee	(267)	(523)	(790)	(297)	(610)	(907)	(538)	(1,085)	(1,623)
Performance fee charge	-	(1,043)	(1,043)	-	(435)	(435)	-	(1,839)	(1,839)
Other administrative expenses	(343)	-	(343)	(307)	-	(307)	(610)	-	(610)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>7,884</b>	<b>18,629</b>	<b>26,513</b>	<b>6,869</b>	<b>(7,980)</b>	<b>(1,111)</b>	<b>9,559</b>	<b>35,321</b>	<b>44,880</b>
Finance costs	(74)	(150)	(224)	(64)	(128)	(192)	(111)	(220)	(331)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>7,810</b>	<b>18,479</b>	<b>26,289</b>	<b>6,805</b>	<b>(8,108)</b>	<b>(1,303)</b>	<b>9,448</b>	<b>35,101</b>	<b>44,549</b>
Taxation	(659)	-	(659)	(646)	-	(646)	(907)	-	(907)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>7,151</b>	<b>18,479</b>	<b>25,630</b>	<b>6,159</b>	<b>(8,108)</b>	<b>(1,949)</b>	<b>8,541</b>	<b>35,101</b>	<b>43,642</b>
<b>Return/(loss) per share (note 4):</b>									
Growth share	5.15p	14.23p	19.38p	4.39p	(6.64)p	(2.25)p	6.00p	27.98p	33.98p
Income share	3.65p	8.01p	11.66p	2.89p	(2.46)p	0.43p	4.29p	12.51p	16.80p

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

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. The total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.



**The Company****Reconciliation of Movements in Shareholders' Funds**

	Called up share capital	Share premium	Capital redemption reserve	Capital reserves	Revenue reserve	Total
Six months ended 30th September 2013 (Unaudited)	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31st March 2013</b>	6,314	37,921	12,836	212,894	3,384	<b>273,349</b>
Repurchase and cancellation of the Company's own shares	(15)	-	15	(615)	-	<b>(615)</b>
Share conversions during the period	-	302	6	(308)	-	-
Net return on ordinary activities	-	-	-	18,479	7,151	<b>25,630</b>
Dividends appropriated in the period	-	-	-	-	(1,866)	<b>(1,866)</b>
<b>At 30th September 2013</b>	6,299	38,223	12,857	230,450	8,669	<b>296,498</b>

	Called up share capital	Share premium	Capital redemption reserve	Capital reserves	Revenue reserve	Total
Six months ended 30th September 2012 (Unaudited)	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31st March 2012</b>	6,618	35,628	12,484	190,006	4,149	<b>248,885</b>
Repurchase and cancellation of the Company's own shares	(176)	-	176	(5,345)	-	<b>(5,345)</b>
Share conversions during the period	-	485	12	(497)	-	-
Net (loss)/return on ordinary activities	-	-	-	(8,108)	6,159	<b>(1,949)</b>
Dividends appropriated in the period	-	-	-	-	(2,737)	<b>(2,737)</b>
<b>At 30th September 2012</b>	6,442	36,113	12,672	176,056	7,571	<b>238,854</b>

	Called up share capital	Share premium	Capital redemption reserve	Capital reserves	Revenue reserve	Total
Year ended 31st March 2013 (Audited)	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31st March 2012</b>	6,618	35,628	12,484	190,006	4,149	<b>248,885</b>
Repurchase and cancellation of the Company's own shares	(304)	-	304	(9,872)	-	<b>(9,872)</b>
Share conversions during the year	-	2,293	48	(2,341)	-	-
Net return on ordinary activities	-	-	-	35,101	8,541	<b>43,642</b>
Dividends appropriated in the year	-	-	-	-	(9,306)	<b>(9,306)</b>
<b>At 31st March 2013</b>	6,314	37,921	12,836	212,894	3,384	<b>273,349</b>





**The Company**  
**Balance Sheet**  
at 30th September 2013

	(Unaudited) 30th September 2013			(Unaudited) 30th September 2012	(Audited) 31st March 2013
	Growth	Income	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	242,111	81,614	323,725	246,726	290,009
Investments in liquidity funds held at fair value through profit or loss	-	1,371	1,371	6,977	3,044
<b>Total investments</b>	<b>242,111</b>	<b>82,985</b>	<b>325,096</b>	<b>253,703</b>	<b>293,053</b>
<b>Current assets</b>					
Debtors	539	192	731	1,000	30,311
Cash and short term deposits	728	459	1,187	5,985	977
Derivative financial instruments - forward foreign currency contracts held at fair value through profit or loss	96	219	315	40	222
	<b>1,363</b>	<b>870</b>	<b>2,233</b>	<b>7,025</b>	<b>31,510</b>
<b>Creditors:</b> amounts falling due within one year	<b>(20,492)</b>	<b>(8,855)</b>	<b>(29,347)</b>	<b>(20,674)</b>	<b>(49,575)</b>
Derivative financial instruments - forward foreign currency contracts held at fair value through profit or loss	(141)	(33)	(174)	(40)	(412)
<b>Net current liabilities</b>	<b>(19,270)</b>	<b>(8,018)</b>	<b>(27,288)</b>	<b>(13,689)</b>	<b>(18,477)</b>
<b>Total assets less current liabilities</b>	<b>222,841</b>	<b>74,967</b>	<b>297,808</b>	<b>240,014</b>	<b>274,576</b>
<b>Provisions for liabilities and charges</b>					
Performance fee	(896)	(414)	(1,310)	(1,160)	(1,227)
<b>Net assets</b>	<b>221,945</b>	<b>74,553</b>	<b>296,498</b>	<b>238,854</b>	<b>273,349</b>
<b>Capital and reserves</b>					
Called up share capital	4,782	1,517	6,299	6,442	6,314
Share premium	9,554	28,669	38,223	36,113	37,921
Capital redemption reserve	11,754	1,103	12,857	12,672	12,836
Capital reserves	189,982	40,468	230,450	176,056	212,894
Revenue reserve	5,873	2,796	8,669	7,571	3,384
<b>Total equity shareholders' funds</b>	<b>221,945</b>	<b>74,553</b>	<b>296,498</b>	<b>238,854</b>	<b>273,349</b>
<b>Net asset values (note 5):</b>					
<b>Net asset value per Growth share</b>			<b>233.6p</b>	<b>183.1p</b>	<b>215.3p</b>
<b>Net asset value per Income share</b>			<b>120.8p</b>	<b>96.4p</b>	<b>110.4p</b>

Company registration no. 237958



**The Company****Cash Flow Statement**

for the six months ended 30th September 2013

	(Unaudited) Six months ended 30th September 2013 £'000	(Unaudited) Six months ended 30th September 2012 £'000	(Audited) Year ended 31st March 2013 £'000
Net cash inflow from operating activities (note 6)	4,897	5,795	7,326
Net cash outflow from returns on investments and servicing of finance	(219)	(245)	(383)
Taxation recovered	336	49	404
Net cash (outflow)/inflow from capital expenditure and financial investment	(6,279)	9,021	11,081
Dividends paid	(1,866)	(2,737)	(9,306)
Net cash inflow/(outflow) from financing	5,276	(6,069)	(10,531)
<b>Increase/(decrease) in cash in the period</b>	<b>2,145</b>	<b>5,814</b>	<b>(1,409)</b>
<b>Reconciliation of net cash inflow/ (outflow) to movement in net debt/funds</b>			
Increase/(decrease) in cash in the period	2,145	5,814	(1,409)
Net repayment of loans	(5,989)	-	-
Exchange movements	382	599	(366)
Changes in net debt/funds arising from cash flows	(3,462)	6,413	(1,775)
Net debt at the beginning of the period	(22,518)	(20,743)	(20,743)
<b>Net debt at the end of the period</b>	<b>(25,980)</b>	<b>(14,330)</b>	<b>(22,518)</b>
Represented by:			
Cash and short term deposits	1,187	5,985	(954)
Foreign currency bank loans	(27,167)	(20,315)	(21,564)
<b>Net debt</b>	<b>(25,980)</b>	<b>(14,330)</b>	<b>(22,518)</b>



## Notes to the Accounts

for the six months ended 30th September 2013

### 1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st March 2013 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

### 2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

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

The accounting policies applied in these half year accounts are consistent with those applied in the accounts for the year ended 31st March 2013.

### 3. Dividends

	(Unaudited) Six months ended 30th September 2013 £'000	(Unaudited) Six months ended 30th September 2012 £'000	(Audited) Year ended 31st March 2013 £'000
<b>Dividends paid</b>			
Unclaimed European Growth dividends refunded to the Company	(1)	-	-
Growth 2013 final dividend of 1.15p (2012: 1.95p)	1,099	1,981	1,981
Growth 2012 interim dividend of 4.80p	-	-	4,679
Income 2013 final dividend of 1.25p (2012: 1.20p)	768	756	756
Income 2012 interim dividend of 3.00p	-	-	1,890
<b>Total dividends paid in the period</b>	<b>1,866</b>	<b>2,737</b>	<b>9,306</b>
<b>Dividends declared</b>			
Growth 2013 final dividend of 1.15p	-	-	1,099
Growth 2013 interim dividend of 5.45p	5,178	4,678	-
Income 2013 final dividend of 1.25p	-	-	768
Income 2013 interim dividend of 3.25p	2,003	1,890	-
<b>Total dividends declared</b>	<b>7,181</b>	<b>6,568</b>	<b>1,867</b>

### 4. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2013 £'000	(Unaudited) Six months ended 30th September 2012 £'000	(Audited) Year ended 31st March 2013 £'000
<b>Growth share</b>			
<b>Return/(loss) per share is based on the following:</b>			
Revenue return	4,901	4,325	5,846
Capital return/(loss)	13,538	(6,544)	27,241
<b>Total return/(loss)</b>	<b>18,439</b>	<b>(2,219)</b>	<b>33,087</b>
Weighted average number of shares in issue	95,108,089	98,507,423	97,372,672
Revenue return per share	5.15p	4.39p	6.00p
Capital return/(loss) per share	14.23p	(6.64)p	27.98p
<b>Total return/(loss) per share</b>	<b>19.38p</b>	<b>(2.25)p</b>	<b>33.98p</b>



	(Unaudited) Six months ended 30th September 2013 £'000	(Unaudited) Six months ended 30th September 2012 £'000	(Audited) Year ended 31st March 2013 £'000
<b>Income share</b>			
<b>Return/(loss) per share is based on the following:</b>			
Revenue return	2,250	1,834	2,695
Capital return/(loss)	4,941	(1,564)	7,860
<b>Total return</b>	<b>7,191</b>	<b>270</b>	<b>10,555</b>
Weighted average number of shares in issue	61,669,418	63,443,720	62,833,778
Revenue return per share	3.65p	2.89p	4.29p
Capital return/(loss) per share	8.01p	(2.46)p	12.51p
<b>Total return per share</b>	<b>11.66p</b>	<b>0.43p</b>	<b>16.80p</b>

#### 5. Net asset values

Net asset value per Growth share is calculated by dividing Growth shareholders' funds of £221,945,000 (30th September 2012: £177,806,000 and 31st March 2013: £205,238,000) by the 95,002,186 Growth shares in issue at 30th September 2013 (30th September 2012: 97,091,853 shares and 31st March 2013: 95,318,652 shares).

Net asset value per Income share is calculated by dividing Income shareholders' funds of £74,553,000 (30th September 2012: £61,048,000 and 31st March 2013: £68,111,000) by the 61,726,649 Income shares in issue at 30th September 2013 (30th September 2012: 63,311,986 shares and 31st March 2012: 61,719,532 shares).

#### 6. Reconciliation of net return/(loss) on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 30th September 2013 £'000	(Unaudited) Six months ended 30th September 2012 £'000	(Audited) Year ended 31st March 2013 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	26,513	(1,111)	44,880
Less capital (return)/loss on ordinary activities	(18,629)	7,980	(35,321)
Decrease in net debtors and accrued income	429	588	323
Management fee charged to capital	(718)	(427)	(890)
Performance fee paid	(1,337)	(182)	(182)
Overseas withholding tax	(1,122)	(953)	(1,417)
Scrip dividends included in income	(124)	(159)	(173)
(Decrease)/increase in accrued expenses	(114)	54	103
Effective interest rate adjustment on bonds	(1)	5	3
<b>Net cash inflow from operating activities</b>	<b>4,897</b>	<b>5,795</b>	<b>7,326</b>

### JPMORGAN ASSET MANAGEMENT (UK) LIMITED

ENDS

A copy of the half year has been submitted to the National Storage Mechanism and will shortly be available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM)

The half year will also shortly be available on the Company's website at [www.jpmeuropean.co.uk](http://www.jpmeuropean.co.uk) where up to date information on the Company, including daily NAV and share prices, factsheets and portfolio information can also be found.

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