JPMorgan European Investment Trust plc

Annual Report & Financial Statements for the year ended 31st March 2021

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 37. Also, see page 101 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 37 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 36 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 2021, the Company's share capital comprised 72,741,224 Growth shares and 86,020,045 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 46 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 AIC.

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.

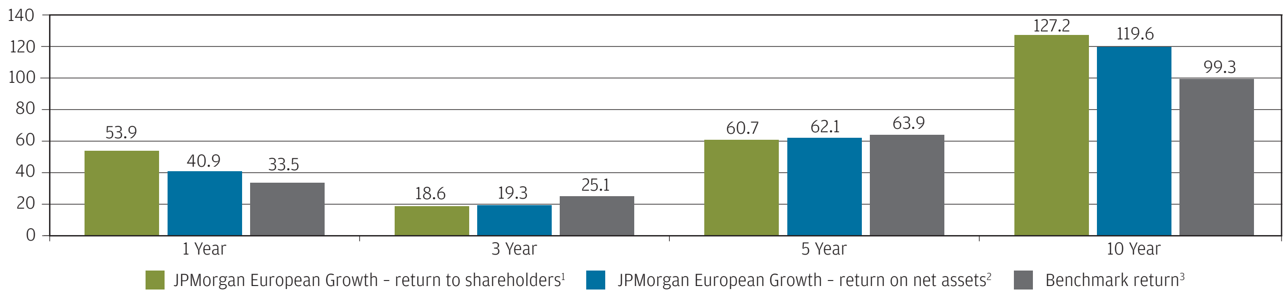
Strategic Report

GROWTH SHARE CLASS – TOTAL INVESTMENTS £275.8 million

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2021	2020	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	+53.9%	-16.3%	+18.6%	+60.7%
Return on net assets[2,4,A]	+40.9%	-13.3%	+19.3%	+62.1%
Benchmark return[3]	+33.5%	-8.3%	+25.1%	+63.9%
Ordinary dividend	4.45p	8.85p		

LONG TERM PERFORMANCE (TOTAL RETURNS) FOR PERIODS ENDED 31ST MARCH 2021



[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. Prior to 26th March 2013 the Growth portfolio's benchmark was the FTSE All World Developed Europe (ex UK) Index 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').

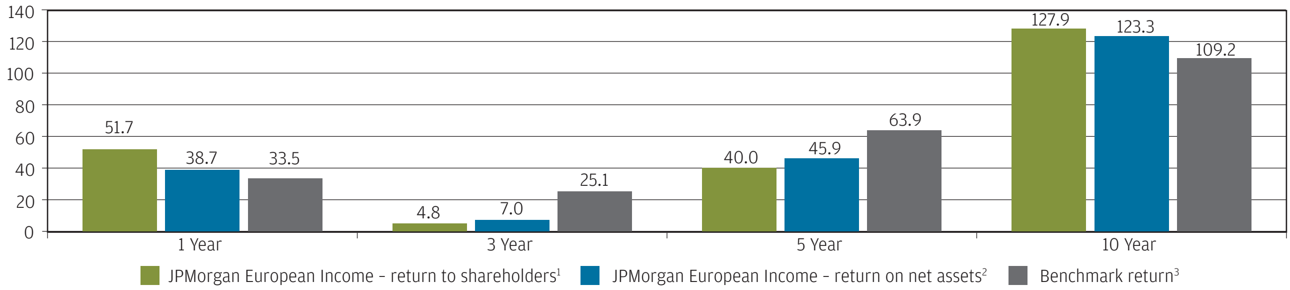
A glossary of terms and APMs is provided on page 105.

INCOME SHARE CLASS – TOTAL INVESTMENTS £153.1 million

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2021	2020	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	+51.7%	-27.5%	+4.8%	+40.0%
Return on net assets[2,4,A]	+38.7%	-24.0%	+7.0%	+45.9%
Benchmark return[3]	+33.5%	-8.3%	+25.1%	+63.9%
Ordinary dividend	6.70p	6.70p		

LONG TERM PERFORMANCE (TOTAL RETURNS) FOR PERIODS ENDED 31ST MARCH 2021



[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. Prior to 26th March 2013 the Income portfolio's benchmark was the MSCI Europe 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').

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Introduction

I am pleased to report that the performance of both the Company's Growth and Income shares have improved significantly in the reporting period.

The markets we invest in have had a buoyant year. The Benchmark return for both share classes (MSCI Europe ex UK Index in sterling terms) was up 33.5% the year under review and both of the Company's share classes comfortably outperformed the benchmark.

Throughout the year, with the ongoing disruption caused by Covid-19, I am pleased to report that the operations and control environment of the Company continued to work well despite the unprecedented change to working practices.

Performance

Growth Portfolio

Return to shareholders and return on net assets

The total return to shareholders for the Company's Growth shares was +53.9% representing a sharp increase from the previous year. This measurement of performance takes into account share price movements and income received by way of dividend.

The total return on net assets for the Company's Growth shares was +40.9% (debt at par). The main reason for higher performance than the benchmark is stock selection, helped by the return to favour of the Fund's investment style. Shareholders will be aware of the protracted period where the investment style has not produced results and so we are heartened to see results coming through at last.

Dividends

For the Company's Growth shares, the Board's aim is that annual dividend payments are sufficient to maintain the Company's investment trust status. In the period the dividend paid per Growth share was 4.45 pence (2020: 8.85 pence). On the year-end share price of 326.0 pence (2020: 215.0 pence), this represents a yield of 1.4% (2020: 4.1%). The reduction of the Growth share dividend in the reporting period reflects the decline in dividend income experienced across equity markets in the reporting period.

Income Portfolio

Return to shareholders and return on net assets

The total return to shareholders for the Company's Income shares was 51.7% representing a sharp increase from the previous year.

The total return on net assets for the Company's Income shares was 38.7% (debt at par).

The investment style related to the Income portfolio staged a recovery during the latter part of the reporting period after being severely hit by the market turmoil during the Covid-19 pandemic.

Dividends

For the Company's 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. In the period under review, the dividend paid per Income share was 6.70 pence (2020: 6.70 pence) which is regarded as an attractive level relative to peers. On the year-end share price of 143.5 pence (2020: 99.8 pence) this represents a yield of 4.7% (2020: 6.7%). In order to maintain the dividend on the Income share, approximately 20% of the dividend was paid from brought forward revenue reserves. If necessary, the Company has brought forward revenue reserves that may be used to support the Income share dividend in the current year end. The Company's Articles also permit the Company's dividends to the paid from distributable capital reserves, although this power has not been utilised.

In their Report on pages 10 to 14, the Investment Managers comment in more detail 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.

General Performance

In my Chairman's Statement in the Annual Report and Accounts 2020 I reported that your Board were very disappointed with the results. As market sentiment towards value investment style changed, as expected the portfolios were able to benefit. Further detail is provided in the Investment Managers' Report.

We are charged with ensuring that the overall strategy of the Company to meet its objectives is appropriate and overseeing that implementation. The objectives, quite rightly reflect a desire to provide an attractive longer term investment opportunity in European Equities. We continue to work with the Investment manager in determining, despite the strong performance this year, that we are on track to provide a model which will provide a sustainable attractive return for the longer term.

Enhancements to the investment process for the Company's Income shares were announced on 7th December 2020 and the Board continue the work to ensure that the Company is best positioned to deliver its objectives.

Gearing

There has been no change in the Investment Manager's permitted gearing range, as previously set by the Board, of between 10% net cash to 20% geared. At 31st March 2021 the Growth portfolio was 0.0% geared and the Income portfolio was 6.5% geared. These levels of gearing as quoted in this Annual Report and Financial Statements 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. The Company's net gearing including derivatives is included with the Company's daily published net asset value.

Conversion between the two share Classes

Annually, the shareholders in either of the two Company's share classes are able to convert some or all of their shares into shares of the other class without such disposal being treated as a disposal for capital gains purposes.

The Company's annual share conversion on 15th March 2021 resulted in a relatively small shift out of Income shares and into Growth shares. See page 39 for further details. The Company's next share conversion will be in March 2022. Details are also available from the Company's website.

Discounts, Share Issuance and Repurchase

At the forthcoming Annual General Meeting (AGM) on 8th July 2021 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 and demand for its shares, subject to the requirements and conditions as detailed in the notice to the AGM on page 102. 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 in normal markets.

The Board remains of the view that it is important to seek to address imbalances in the supply 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 currently trade. The Board does not wish to see the discounts widen beyond 10% under normal market conditions (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. As markets were so disrupted during this reporting period, active buy back of shares were not used as a tool to control the discount for a number of months as it was felt that this would be ineffective. Over the year under review the discount levels have averaged 13.3% for the Growth shares and 13.2% for the Income Shares (both at fair value and on a cum-income NAV basis). Accordingly, over the 12 month period the Company repurchased a total of 1,942,730 Growth shares and 2,180,618 Income shares.

The discount at which the Growth shares were trading below the prevailing net asset value decreased during the financial year, reflecting the improved market conditions.

Environmental, Social and Governance Considerations

The recent appointment of Guy Walker as a non-Executive Director of the Company illustrates the Company's intent regarding ESG, as he was former Global Head of ESG Investment at Schroders. As detailed in the Investment Managers' report, Environmental, Social and Governance ('ESG') considerations are integrated into the Investment Managers' investment process. The Board shares the Investment Managers' view of the importance of ESG factors when making investments for the long term and of the necessity of continued engagement with investee companies throughout the duration of the investment. Further information on the Manager's ESG process and engagement is set out in the ESG Report on pages 15 to 16.

Board of Directors

During the reporting period the Board implemented its Board Succession Plan in order that suitable replacements could be found to replace the Company's two longest serving Directors, Stephen Russell and Stephen Goldman, who would be retiring in 2021. An independent search agency was recruited to undertake a search and after undergoing a thorough selection and interview process the Board were pleased to announce the appointment of Guy Walker as a Director of the Company on 15th February 2021 with immediate effect. Stephen Russell retired as a Director on the same day, and we thank him for his valuable contribution during his years of dedicated service to the Company.

In the second stage of its Board Succession Plan, the Board are pleased to announce that, following the same independent and rigorous selection and recruitment process as detailed above, Alexander Lennard will be appointed as a Director of the Company after the Company's Annual General Meeting (AGM). Stephen Goldman will retire before the end of the Company's financial year, in order to help ensure an orderly handover period for the new Director.

During the year, the Board evaluation process reviewed 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.

The Directors fees remain unchanged since they were last increased on 1st April 2018.

Investment Managers

As referred to in the my Chairman's Statement of the Company's Half Year Report and Financial Statements to 30th September 2020, the Board announced changes to the Company's Investment Management team on 19th October 2020. It was detailed that Stephen Macklow-Smith would be retiring and new co-managers will be joining the team. With effect from 31st October 2020, Matt Jones joined Michael Barakos and Thomas Buckingham as co-manager of the Income portfolio and Alexander Fitzalan Howard has been joined by Zenah Shuhaiber and Timothy Lewis as co-managers of the Growth portfolio.

The performance of the Investment Managers is formally evaluated by the Board annually. The evaluation of the Manager was undertaken in January 2021 and based on the data available at that time; the Board concluded that the performance of the Manager had been satisfactory and that their services should be retained.

Change of Auditors

The current audit firm Ernst & Young LLP has audited the Company's financial statements for many years. As required under regulations requiring the rotation of audit firms, a formal audit tender was undertaken during the year and PwC has been selected as the new auditor on the basis of the experience demonstrated of the investment trust business and the strength of the audit team. Approval of the new audit firm will be put to shareholders at the forthcoming AGM. I thank Ernst & Young LLP for their work over the period they have been the Company's auditors.

Transfer of Reserves between the Growth and Income Portfolios

During the period the Board exercised its power to approve transfers of retained revenue reserves from the Growth portfolio to the Income portfolio in exchange for the equivalent amount of capital reserves from the Income portfolio to the Growth portfolio. This transfer is reflected in these Report and Financial Statements.

Annual General Meeting

The Company's ninety second AGM will take place at J.P.Morgan's offices at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 8th July 2021 at 2.30 p.m.

The format of the Company's 2021 AGM has unfortunately had to be adapted again. Given the uncertainty about the course of Covid-19 and due to ongoing public health concerns, the Board intends to limit physical attendance at the AGM to the minimum quorum required to allow the formal business to proceed.

Despite these restrictions, the Board is keen to ensure shareholders have the opportunity to hear from the Manager and, accordingly, at the time of the AGM a webinar will be organised, to include a presentation from the Investment Managers, which may be viewed at the time by registered participants. This will be followed by a live question and answer session. Shareholders are invited to register as participants to join the webinar and address any questions they have either by submitting questions during the webinar or in advance of the AGM via the 'Ask a Question' link on the Company's website or via email to invtrusts.cosec@jpmorgan.com. Details on how to register as a participant for this event will be posted on the Company's website, or by requesting the details via the email address above.

The Board strongly encourages all shareholders to submit their votes in advance of the meeting, so that these are registered and recorded at the AGM. Proxy votes can be lodged in advance of the AGM either by post or electronically: detailed instructions are included in the Notes to the Notice of Annual General Meeting on pages 102 to 104.

If there are any changes to the above AGM arrangements, the Company will update shareholders through the Company's website and, as appropriate, through an announcement on the London Stock Exchange.

The Board would like to thank shareholders for their understanding and co-operation at this difficult time. We very much hope that you and your families are safe and well and look forward to meeting with you in the not too distant future.

Outlook

The vaccine rollout around the world has fuelled optimism for a strong economic recovery later in the year as national 'lockdowns' abate and some form of economic normality resumes. The very significant stimulus packages introduced by central governments, in addition to record levels of household savings should help to further boost economic recovery.

Conversely, there are fears of the return of inflation, high or excessive debt levels and recurring trade tensions. Furthermore, the scale and longevity of Covid-19 remains unknown, with the impact of new variants and the possibility of further waves an imponderable.

Whilst we are in unchartered waters there remain significant investment opportunities in Europe and we support the manager's approach to address those in achieving our long term objectives.

For and on behalf of the Board
Josephine Dixon
Chairman

3rd June 2021

Alexander Fitzalan Howard
Investment Manager

Zenah Shuhaiber
Investment Manager

Tim Lewis
Investment Manager

Michael Barakos
Investment Manager

Thomas Buckingham
Investment Manager

Matt Jones
Investment Manager

Market Background

Continental European markets rallied sharply in the year to 31st March 2021 with the MSCI Europe ex UK index finishing the year up 33.5%. The recovery from the Covid-19 induced sell off in early 2020 was driven largely by the rapid and extensive measures taken by both governments and central banks globally to avert any systemic threat to the financial system and to alleviate pressure on incomes and jobs. In Europe specifically European Union members agreed a Euro 1.8 trillion spending package and recovery fund with a particular emphasis on green and sustainable measures. From a monetary policy perspective, the European Central Bank increased the size of its planned asset purchases substantially and expanded the horizon over which it will make these purchases to March 2022. Despite the economic damage caused by the pandemic and the lockdown measures to counteract it, equity markets looked through this to the prospect of an eventual recovery well before the economic data troughed.

Sectors such as pharmaceutical manufacturers and consumer staples which had proved defensive in the initial market decline actually peaked, relative to the market, in the spring of 2020. Instead sectors with more cyclical exposure, such as autos, materials and capital goods, as well as technology, took up the running despite the economic news still being poor. This process accelerated in the autumn despite Covid-19 infection rates rising again across Europe and new lockdown measures being imposed with an inevitable impact on economic activity. Investors welcomed the positive news around multiple Covid-19 vaccines, the eventual outcome of the US Presidential election and towards the end of the year the UK and the European Union successfully negotiated a Brexit trade deal outlining future arrangements just in time for the year-end deadline. As bond yields started to rise, reflecting the return of economic growth and some concerns about inflationary pressures, financial sectors particularly banks and insurance companies joined the rally too.

In a welcome contrast to the previous few years the Value side of the market, which included many cyclical and financial companies, therefore started to outperform. Valuation spreads had become even more stretched than in the dot-com bubble and while some sort of reversion seemed likely shareholders will know that it has been painful waiting for this to happen. At the same time the understandable decision by both regulators and some companies to restrict dividend payments during the crisis has started to ease. Although both portfolios have benefited from these changes of trend the Income portfolio in particular is positioned to reap the rewards as companies join the dividend list again.

Growth Portfolio performance

FOR THE YEAR ENDED 31ST MARCH 2021

	%	%
Contributions to total returns		
Benchmark return		**33.5**
Asset allocation	0.4	
Stock selection	7.6	
Currency	0.1	
Gearing/cash	-0.2	
Investment manager contribution		7.9
Portfolio return		**41.4**
Management fee/other expenses	-0.9	
Share buyback	0.4	
Other effects		-0.5
Return on net assets with debt at par value[A]		**40.9**
Impact of debt at fair value[1]		**3.2**
Return on net assets with debt at fair value[A]		**44.1**
Effect of movement in discount		**9.8**
Return to shareholders[A]		**53.9**

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 82 for reference to fair value of debt.

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

A glossary of terms and APMs is provided on page 105.

Cyclicals in general were a positive area for the portfolio. Within the auto sector Peugeot, prior to its merger with Fiat Chrysler, and Volkswagen rallied strongly with the latter being seen as well positioned for the increasingly clear switch to electric vehicles over time. The trend towards reducing the production of carbon emissions and the resulting growth in electrification is a theme that has become increasingly prominent. Schneider Electric, which manufactures a broad array of products for energy management and industrial automation, was a top contributor to performance. Elsewhere construction and building materials was another sector to benefit from the anticipated reopening of economies around the world. The portfolio held positions in Compagnie de Saint-Gobain and Wienerberger both of which doubled during the year.

Many of our most successful investments were in the technology sectors. ASM International is (ASMI) the global leader in atomic layer deposition (ALD), a semiconductor technology that has been a key enabler of Moore's law in the last decade. As semi manufacturers are investing into smaller nodes and more complex production processes, this deposition technique is taking a greater share: ALD has grown 28% annually over the past 10 years and is expected to continue to grow faster than the rest of the semiconductor equipment industry. ASMI has pioneered this technology and is the clear market leader with more than

50% market share. The stock rose 165% last year. Elsewhere in technology Capgemini, the largest European IT services company, derives nearly 40% of its revenue from outside Europe and has benefited from the global economic recovery. Further down the market cap spectrum SESA is an Italian distributor of IT solutions and Crayon Group is a Norwegian IT consultant and reseller. Both have consistently beaten expectations and seen analysts raising their forecasts leading to strong share price performance. Crayon more than tripled in the year under review.

Growth Portfolio positioning

The portfolio started the year quite defensively positioned being overweight Healthcare and Utilities for example. However by the early summer we started to move towards a more cyclical bias as the share price reaction on the downside had been extreme in many instances and there were signs of real value emerging. Purchases were made in the Auto, Capital Goods, Semiconductor and Transport sectors. By the second half of the year, when bond yields started to rise and the yield curve steepened, we started to add positions in the Banks and Insurance sectors. This change was funded by taking money out of the more defensive areas of the market, especially Pharmaceutical and Consumer Staples, which had held up much better during the initial Covid-19 sell off.

Income Portfolio performance

FOR THE YEAR ENDED 31ST MARCH 2021

	%	%
Contributions to total returns		
Benchmark return		**33.5**
Asset allocation	2.1	
Stock selection	4.2	
Currency	0.0	
Gearing/cash	-0.4	
Investment manager contribution		5.9
Portfolio total return		**39.4**
Management fee/other expenses	-1.0	
Share buy-back	0.3	
Other effects		-0.7
Return on net assets with debt at par value[A]		**38.7**
Impact of debt at fair value[1]		2.5
Return on net assets with debt at fair value[A]		**41.2**
Effect of movement in discount		**10.5**
Return to shareholders[A]		**51.7**

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 82 for reference to fair value of debt.

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

A glossary of terms and APMs is provided on page 105.

Within the Income Portfolio, the most positive driver of performance was an overweight position, aided by positive stock selection within the banks sector. The positive impact from the sector came primarily in the latter half of the period, after the positive Covid vaccine announcements in early November, followed swiftly by a market-friendly US election outcome and a Brexit deal at the very end of the year. These events cleared the path for a strong economic recovery, lending top down support for the sector through steepening yield curves and falling cost of risk, to supplement the already positive bottom up signals that had been in place for some time (strong capital positions, cheap valuations, de-risking of loan books). This led to strong outperformance from most names in the sector, including the likes of ING and DNB.

The portfolio also benefitted materially from some of its underweight positions, particularly in the defensive areas of the market that lagged significantly from early November onwards. Underweights in pharmaceuticals giants Novartis and Novo Nordisk for example benefitted returns as investors aggressively rotated into more cyclical areas of the market, while being underweight SAP, the German software company, also added value as the company announced disappointing performance within its cloud and licensing businesses.

Income Portfolio positioning

As a portfolio management team, we are continually striving to ensure that our process is robust and effective at delivering alpha. As part of this continual drive to deliver better returns to shareholders, we have recently made evolutionary enhancements to the investment process, spanning stock selection, portfolio construction and risk control. We believe with confidence that this evolution, which includes placing a greater emphasis on the capital return prospects of businesses, alongside their dividend yield generation, will allow us to deliver increased alpha through the cycle, in a more risk controlled manner, without sacrificing the level of income that we generate.

Recent changes in the portfolio have included increases in cash generative, cyclically exposed sectors such as materials, capital goods and banks. Stocks that we have added to the portfolio include Linde, the German industrial gas and engineering business which we see benefitting from an uplift in demand as economies and industrial operations reopen. We have also purchased Volvo, where we are very positive on the ongoing transition to electric vehicles as well as the strong recovery in the trucks business which we see continuing to drive strong cash flow and hence dividends. We also added Spanish bank BBVA where we see very attractive shareholder return potential after the company announced the sale of their US business.

We have funded these purchases through reductions in some of the more defensively positioned stocks in the portfolio. We have materially reduced our exposure to the utilities sector, where returns look less attractive when compared to more cyclical areas of the market, particularly in less ESG positive stocks. We have also materially reduced exposure to the pharmaceuticals space, where pricing pressure, potential tax increases and regulatory risk remain front and centre following the US election.

Outlook

Given the scale of the equity market recovery last year it would be optimistic to expect a similar advance this year. Concerns remain about the speed with which vaccines have been rolled out across Europe and this has delayed the recovery, at least for domestic companies. Nevertheless the concerted efforts of governments and central banks, coupled with pent up consumer demand, have fuelled a rapid bounce back.

The equity market has already discounted at least part of this and gains may be harder to come by as we get further into the recovery and year on year comparisons become tougher. At some stage the market will need to factor in the need for both governments and central banks to scale back the extraordinary measures that have been in place during the height of the crisis. It is possible that the combination of the global economic recovery and some signs of inflation may see bond yields rise faster than the equity market is comfortable with.

However it is clear, in the immediate future at least, that corporate earnings are recovering rapidly and that we are in the early stages of a new upgrade cycle driven in particular by high operating leverage in those companies that are most exposed to the upturn. This, coupled with the fact that the disparity between company valuations remains wide, suggests that there will still be attractive opportunities for investment.

Investment Managers 3rd June 2021

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It has become a convenient label for describing the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies acquit themselves in respect of their broad social responsibilities and when reviewing the practices and standards used in governing corporate organisations.

Awareness of these issues has increased significantly in recent years among investment practitioners and their clients, and indeed in society at large, and our practices at J.P.Morgan Asset Management (JPMAM) have been at the forefront of these developments. JPMAM is rated A+ in Strategy and Governance in the United Nations PRI Assessment 2020 according to the United Nations-supported Principles for Responsible Investment, as of July 2020. In these pages we explain how our approach has developed and how it is applied for the benefit of shareholders across the J.P.Morgan range of investment trusts.

The basics: what is ESG?

E is for Environmental. This component considers a company's impact on the world we live in, relating to the quality and functioning of the natural environment and natural systems.

S is for Social. Social factors address the way that companies act within society; this includes the way that employee interests are managed, and the broader impact a company has on society.

G is for Governance. This component relates to how companies are managed. It considers the measures that protect shareholder interests as well as the way any company meets regulatory and other external obligations.

The table below provides illustrative examples of ESG issues in each of the **E**, **S** and **G** categories:

Environmental	Social	Governance
Carbon pollution and emissions	Human rights	Board structure: effectiveness, diversity, independence
Environmental regulations (and adherence)	Diversity	Executive pay and criteria
Climate change policies	Health and safety	Shareholder rights
Sustainable sourcing of materials	Product safety	Financial reporting and accounting standards
Recycling	Employee management	How a business is run
Renewable energy use	Employee well-being	
Water and waste management	Commitment to communities	

What is the approach at J.P.Morgan Asset Management?

We think of ESG factors as additional inputs that help us make better investment decisions and believe that ESG integration can help deliver enhanced risk-adjusted returns over the long run.

We have worked hard over a number of years to demonstrate effective ESG integration in investment processes, not just in the equity funds and investment trusts we manage, but across all asset classes including Fixed Income, Real Assets, Alternatives and Multi-Asset Solutions, with approaches which have been vetted for effectiveness by JPMAM's central Sustainability Investing Leadership team. At the time of writing, we can show 100% ESG integration across our actively managed products.

Why do we integrate ESG into our investment processes?

First, consideration of sustainability is intrinsic to a long term approach to investment. When we invest our clients' assets for them, we have to make judgements about future risks and rewards of any investment. Those risks and rewards have always included the factors shown in the table above, and indeed all ESG factors, because all of them have the potential to affect the future value of a security. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely bring a loss of value for shareholders in the long run. The same is true of businesses that neglect their social responsibilities, or fail in matters of governance. In all these instances, investors will eventually assign a higher discount rate to future cash flows, with consequences for the prices of that company's securities.

As public and official attention has grown in the field of ESG, however, the consequences for investment returns have become more and more important in the overall investment judgement. Thirty years ago, as long as a company met existing regulations, its environmental impact would probably have been taken for granted by many. Now, the significance of these issues seems critical in any assessment of an industry, and the capital markets have discriminated starkly between companies which are offering compelling narratives of transition to a low-carbon approach, and those which have yet to do so. So ESG has simply become a bigger and more important part of any investment judgement and our research processes have needed to evolve accordingly.

Second, our clients require that we consider sustainability factors. Both clients and regulators are paying far more attention to this field, and we as investors must meet their requirements for incorporating ESG in our investment processes, and be able to show how we do this. Demonstrating how ESG is addressed is now a basic requirements for any serious asset manager. As our clients' interest and requirements in the field of ESG have grown, so we have enhanced our capability.

Finally, the asset management industry itself has responsibilities and obligations, not only to our clients, but as a social actor in a broader sense. We have a duty to not just to produce good investment outcomes for our clients, but to be a responsible corporate citizen. This cannot be credibly done if the core practice of our industry, investment management, is not included in the effort. We must consider the broader consequences of the investment choices that we make for our clients. Given the evolution of public policy, client scrutiny, public attitudes, and trends in the corporate world, it is clear that consideration of ESG has become a key component of the way the industry approaches its fiduciary responsibilities. See the Chairman's Statement on page 7 for further reference to ESG factors.

ESG Integration within Equities

For our equity product range, ESG integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research, on both a fundamental and a quantitative basis, and on the team of 150 analysts who cover stocks around the world, from the USA to Japan. Our research teams complete a globally consistent checklist of 40 ESG questions on every company they follow, 12 on environmental issues, 12 on social factors and 16 relating to governance. In addition, a quantitative-led ESG score leverages third-party ESG data, weighted according to our own views on materiality. This score provides further breadth for stocks not currently covered by the 40 question checklist.

As we continue to develop and refine our ESG analysis, we are building a proprietary materiality framework. The twin objectives of this framework are to deepen our insights, including our views on which sub-industries are more (or less) attractive from an ESG perspective; and systematically to identify best-in-class businesses at a more granular level. We also undertake detailed research into specific ESG topics identified as material to our investment process for stock and sectors. Among the topics examined are the environmental impact of fast fashion in Europe, flaring in U.S. oil fields and corporate governance in insurance companies in Asia.

While we do not explicitly exclude individual stocks on ESG criteria (except for certain of our sustainable strategies or when specifically requested by clients or required by local legislation), ESG factors could influence our level of conviction and thus impact a stock's position size during portfolio construction. Although precise methodologies will vary, ESG information is considered throughout the investment process.

Investors also work with a central Stewardship team which sets priorities for corporate engagement both in terms of issues and in terms of significant individual investments held in portfolios.

Engagement and Voting

Active engagement with companies has long been an integral part of our approach to our investment and ESG. We use it not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practices, for the purpose of enhancing returns for our clients. We engage with all companies owned in your Company's portfolio on a regular basis, often several times in the course of a year. Our long history of active management and our teams of experienced investors enable us to have ongoing dialogues directly with companies' top management, maximizing our ability to encourage companies to implement best practices on ESG matters Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests.

The future

In investing your Company's assets over the last two decades and more, we have always looked for companies with the ability to create value in a sustainable way. That scrutiny remains firmly embedded in our process and we know that our clients, including the Directors of your Company, view attention to ESG factors as critical in their assessment of us as investment manager. We expect ESG to remain a dominant theme within the financial services industry and the course being taken by regulators suggests that its importance will only increase in years to come. Our research process and the investment judgements we make will continue to reflect that and to evolve as necessary.

SUMMARY OF RESULTS

	2021	2020	% change
Total returns for the year ended 31st March			
Return to shareholders[1,A]	**+53.9%**	–16.3%	
Return on net assets[2,A]	**+40.9%**	–13.3%	
Benchmark return[3]	**+33.5%**	–8.3%	
Net asset value, share price and discount at 31st March			
Total net assets (£'000)	**275,858**	203,703	**+35.4**
Net asset value per share with debt at par value	**379.2p**	274.3p	**+38.2**
Net asset value per share with debt at fair value[A]	**368.7p**	261.0p	**+41.3**
Share price	**326.0p**	215.0p	**+51.6**
Share price discount to net asset value per share with debt at par value[4,A]	**14.0%**	21.6%	
Share price discount to net asset value per share with debt at fair value[A]	**11.6%**	17.6%	
Shares in issue	**72,741,224**	74,259,820	
Revenue for the year ended 31st March			
Gross revenue (£'000)	**6,468**	7,932	**–18.5**
Net revenue attributable to shareholders (£'000)	**5,672**	6,173	**–8.1**
Return per share[5]	**7.66p**	8.77p	**–12.7**
Dividend per Growth share	**4.45p**	8.85p	
Net cash at 31st March[A]	**0.0%**	(3.7)%	
Ongoing Charges[A]	**0.92%**	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 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 12.5% (2020: 20.5%).
[5] Return per share is calculated on the basis of weighted average number of shares in issue. See Note 9 on page 79.
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 105.

TEN YEAR FINANCIAL RECORD

At 31st March	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total assets less current liabilities (£m)	249.9	187.7	206.3	241.2	230.3	228.5	274.6	272.4	259.3	231.8	303.0
Net asset value per share (p)[1,A]	222.9	186.3	215.3	257.3	270.2	253.3	315.4	331.2	313.5	274.3	379.2
Share price (p)	193.0	164.0	194.0	233.0	259.0	230.5	285.0	297.0	265.0	215.0	326.0
Discount (%)[2,A]	13.4	12.0	9.9	9.4	4.1	9.0	9.6	10.3	15.5	21.6	14.0
Gearing/(net cash) (%)[A]	8.1	3.1	5.4	8.1	7.7	11.0	5.9	6.0	7.7	(3.7)	0.0

Year ended 31st March											
Gross revenue (£'000)	8,083	9,634	7,452	8,018	8,597	6,476	7,678	8,068	9,208	7,932	6,468
Revenue per share (p)	4.93	7.28	6.00	6.64	7.90	5.37	6.75	8.56	10.68	8.77	7.66
Dividend per share (p)	4.90	6.75	5.95	6.70	6.70	5.85	6.85	6.85	8.85	8.85	4.45
Ongoing Charges (%)[3,A]	0.98	0.74	0.87	0.86	1.04	1.06	1.04	0.96	1.01	1.00	0.92

Rebased to 100 at 31st March 2011											
Return to shareholders[4,A]	100.0	88.9	109.1	135.3	155.0	141.4	179.8	191.5	176.3	147.6	227.2
Return on net assets[4,A]	100.0	86.4	103.6	127.6	137.6	132.1	168.2	180.2	174.2	148.9	214.5
Benchmark total return[5]	100.0	87.9	102.5	119.9	128.3	121.6	154.7	159.3	162.7	149.3	199.3

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 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 (2011 to 2012. Total Expense Ratio ('TER'): the average of the month end net assets).

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

5 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 105.

TEN LARGEST INVESTMENTS

AS AT 31ST MARCH

Company	Country	Sector	2021 Valuation £'000	2021 Valuation %[1]	2020 Valuation £'000	2020 Valuation %[1]
Nestlé	Switzerland	Consumer Staples	12,889	4.7	14,644	7.5
JPMorgan European Smaller Companies Trust	United Kingdom	Financials	11,516	4.2	6,311	3.2
ASML	Netherlands	Information Technology	10,031	3.6	4,887	2.5
Roche	Switzerland	Health Care	9,095	3.3	12,524	6.4
LVMH Moet Hennessy Louis Vuitton[2]	France	Consumer Discretionary	7,977	2.9	3,280	1.7
Novartis	Switzerland	Health Care	7,389	2.7	9,838	5.0
Schneider Electric	France	Industrials	6,607	2.4	4,618	2.4
Novo Nordisk	Denmark	Health Care	6,194	2.2	6,278	3.2
BNP Paribas[2]	France	Financials	5,819	2.1	2,521	1.3
Siemens[3]	Germany	Industrials	5,725	2.1	–	–
Total[4]			**83,242**	**30.2**		

[1] Based on total investments of £275.9m (2020: £196.2m) see page 25.

[2] Not included in ten largest equity investments at 31st March 2020.

[3] Not held in the portfolio at 31st March 2020.

[4] At 31st March 2020, the value of the ten largest investments amounted to £72.5m, representing 37.0% of total investments of £196.2m.

PORTFOLIO ANALYSIS

Geographical

	31st March 2021		31st March 2020	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
France	20.7	23.0	21.1	23.0
Switzerland	20.1	18.9	26.3	22.8
Germany	18.9	19.6	17.6	17.6
Netherlands	9.0	8.7	10.3	8.9
Italy	8.1	5.2	5.3	4.6
Sweden	7.0	7.4	3.0	5.9
Denmark	5.3	4.9	4.0	4.7
Austria	3.2	0.4	2.7	0.3
Spain	2.0	4.9	2.5	5.5
Norway	1.9	1.3	2.7	1.2
Belgium	1.7	1.9	1.8	1.9
Finland	1.3	2.0	1.6	2.1
United Kingdom	0.5	–	0.5	–
Ireland	0.3	1.5	0.1	1.1
Portugal	–	0.3	–	0.4
Russia	–	–	0.3	–
Poland	–	–	0.1	–
Hungary	–	–	0.1	–
Total Portfolio[3]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £275.9m (2020: £196.2m) see page 25.

[2] The Company has a holding in JPMorgan Europe Dynamic Small Cap, which holds some UK stocks. This gives rise to the 4.2% 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 2021		31st March 2020	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	22.1	15.5	15.5	14.5
Industrials	19.0	16.0	14.0	13.6
Consumer Discretionary	12.3	13.3	6.8	10.5
Health Care	11.1	14.5	19.6	17.7
Information Technology	10.5	10.0	12.3	8.4
Consumer Staples	8.3	10.4	12.8	14.4
Materials	7.1	7.3	4.6	6.7
Utilities	4.0	5.0	6.9	5.2
Energy	3.3	3.0	3.3	3.4
Communication Services	2.0	3.7	3.6	4.2
Real Estate	0.3	1.3	0.6	1.4
Total Portfolio[2]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £275.8m (2020: £196.2m) see page 25.

[2] 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	
LVMH Moet Hennessy Louis Vuitton	7,977
Schneider Electric	6,607
BNP Paribas	5,819
L'Oreal	4,573
TOTAL	4,191
Capgemini	3,309
Sanofi	3,075
Cie de Saint-Gobain	3,032
AXA	2,662
Credit Agricole	2,314
Safran	2,294
STMicroelectronics	1,390
Verallia	1,219
Eiffage	998
Kaufman & Broad	928
Vivendi	820
Air Liquide	753
Sopra Steria	730
Danone	667
Metropole Television	645
Trigano	607
Faurecia	219
Rexel	208
Hermes International	164
	55,201
SWITZERLAND	
Nestle	12,889
Roche	9,095
Novartis	7,389
UBS	4,528
Zurich Insurance	4,369
LafargeHolcim	3,177
Swiss Life	2,481
ABB	2,192
Adecco	2,142
Julius Baer	2,126
Kuehne + Nagel International	2,092
Zehnder	1,009
Logitech International	433
Sonova	75
	53,997

Company	Valuation £'000
GERMANY	
Siemens	5,725
Allianz	5,522
Daimler	4,219
Volkswagen Preference	3,846
Deutsche Telekom	3,293
Deutsche Post	2,639
Bayerische Motoren Werke	2,615
SAP	2,341
RWE	2,221
adidas	2,075
HeidelbergCement	1,848
Muenchener Rueckversicherungs-Gesellschaft	1,647
Sartorius Preference	1,240
Befesa	1,235
Infineon Technologies	1,203
Eckert & Ziegler Strahlen- und Medizintechnik	1,166
Uniper	1,072
Jungheinrich Preference	1,021
Brenntag	1,009
Aurubis	1,006
Varta	854
Covestro	721
Linde	540
Siemens Energy	454
Auto[1]	450
zooplus	330
BASF	272
	50,564

Company	Valuation £'000
NETHERLANDS	
ASML	10,031
ING	3,901
ASM International	2,393
Adyen	2,150
Signify	1,717
Wolters Kluwer	1,395
Koninklijke Ahold Delhaize	1,027
PostNL	516
InPost	416
JDE Peet's	252
	23,798
ITALY	
Stellantis	4,076
Intesa Sanpaolo	3,781
Enel	3,085
Sesa	2,283
Unipol Gruppo	2,061
Prysmian	1,413
Azimut	807
GVS	754
Esprinet	604
De' Longhi	473
Buzzi Unicem	252
	19,589
SWEDEN	
Volvo	2,809
Sandvik	2,375
Atlas Copco	2,059
Boliden	1,729
Swedish Match	1,227
Telefonaktiebolaget LM Ericsson	1,149
Husqvarna	1,116
Skanska	1,062
Evolution Gaming	935
Hennes & Mauritz	777
Eolus Vind	395
Byggmax	322
	15,955

LIST OF INVESTMENTS

Company	Valuation £'000
DENMARK	
Novo Nordisk	6,194
Carlsberg	1,982
DSV PANALPINA	1,857
AP Moller – Maersk	1,849
Orsted	1,777
Genmab	753
	14,412
AUSTRIA	
Wienerberger	2,858
OMV	2,696
BAWAG	1,297
Erste Bank	1,146
voestalpine	588
Semperit	338
	8,923
SPAIN	
Iberdrola	2,392
Industria de Diseno Textil	988
Acerinox	751
Mediaset Espana Comunicacion	674
Vidrala	371
Acciona	248
	5,424
BELGIUM	
D'ieteren	1,446
KBC	1,372
Bekaert	1,258
	4,076
NORWAY	
SpareBank 1 SMN	1,079
Norwegian Finans	872
Selvaag Bolig	834
Crayon	544
DNB	513
SpareBank 1 Nord Norge	183
	4,025

Company	Valuation £'000
FINLAND	
Neste	1,969
Stora Enso	1,047
UPM-Kymmene	684
	3,700
IRELAND	
CRH	395
Uniphar	348
	743
COLLECTIVE INVESTMENT SCHEMES	
JPMorgan European Smaller Companies Trust	11,516
JPMorgan Funds – Europe Dynamic Small Cap Fund	3,948
TOTAL COLLECTIVE INVESTMENT SCHEMES	**15,464**
TOTAL INVESTMENTS	**275,871**

FOR THE YEAR ENDED 31ST MARCH 2021

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains/(losses) on investments and derivatives held at fair value through profit or loss	–	76,524	76,524	–	(35,487)	(35,487)
Foreign exchange (losses)/gains on liquidity fund	–	(808)	(808)	–	584	584
Net foreign currency gains/(losses)	–	1,021	1,021	–	(1,283)	(1,283)
Income from investments	6,249	–	6,249	7,887	–	7,887
Interest receivable and similar income	219	–	219	45	–	45
Gross return/(loss)	**6,468**	**76,737**	**83,205**	**7,932**	**(36,186)**	**(28,254)**
Management fee	(576)	(1,344)	(1,920)	(571)	(1,334)	(1,905)
Other administrative expenses	(373)	–	(373)	(439)	–	(439)
Net return/(loss) before finance costs and taxation	**5,519**	**75,393**	**80,912**	**6,922**	**(37,520)**	**(30,598)**
Finance costs	(248)	(577)	(825)	(222)	(517)	(739)
Net return/(loss) before finance costs and taxation	**5,271**	**74,816**	**80,087**	**6,700**	**(38,037)**	**(31,337)**
Taxation	401	–	401	(527)	–	(527)
Net return/(loss) after taxation	**5,672**	**74,816**	**80,488**	**6,173**	**(38,037)**	**(31,864)**
Return/(loss) per Growth share	**7.66p**	**101.01p**	**108.67p**	**8.77p**	**(54.03)p**	**(45.26)p**

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

AT 31ST MARCH 2021

	2021 £'000	2020 £'000
Fixed assets		
Investments held at fair value through profit or loss	**275,871**	**196,186**
Current assets		
Derivative financial assets	30	345
Debtors	2,142	1,957
Cash and cash equivalents	25,295	42,155
	27,467	44,457
Current liabilities		
Creditors: amounts falling due within one year	(332)	(8,676)
Derivative financial liabilities	(47)	(120)
Net current assets	**27,088**	**35,661**
Total assets less current liabilities	**302,959**	**231,847**
Creditors: amounts falling due after more than one year	(27,101)	(28,144)
Net assets	**275,858**	**203,703**
Net asset value per Growth share	**379.2p**	**274.3p**

SUMMARY OF RESULTS

	2021	2020	% change
Total returns for the year ended 31st March			
Return to shareholders[1,A]	+51.7%	-27.5%	
Return on net assets[2,A]	+38.7%	-24.0%	
Benchmark return[3]	+33.5%	-8.3%	
Net asset value, share price and discount at 31st March			
Total net assets (£'000)	143,745	112,834	+27.4
Net asset value per share with debt at par value	167.1p	126.5p	+32.1
Net asset value per share with debt at fair value[A]	161.3p	120.3p	+34.1
Share price	143.5p	99.8p	+43.8
Share price discount to net asset value per share with debt at par value[4,A]	14.1%	21.1%	
Share price discount to net asset value per share with debt at fair value[A]	11.0%	17.0%	
Shares in issue	86,020,045	89,181,557	
Revenue for the year ended 31st March			
Gross revenue (£'000)	5,039	7,943	-36.6
Net revenue attributable to shareholders (£'000)	4,401	6,250	-29.6
Return per share[5]	4.95p	6.25p	-20.8
Dividend per Income share	6.70p	6.70p	
Gearing at 31st March[A]	6.5%	7.2%	
Ongoing Charges[A]	0.98%	1.02%	

[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 13.7% (2020: 19.7%).

[5] Return per share is calculated on the basis of weighted average number o shares in issue. See Note 9 on page 79.

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

A glossary of terms and APMs is provided on page 105.

TEN YEAR FINANCIAL RECORD

At 31st March	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total assets less current liabilities (£m)	63.5	61.9	68.3	86.3	114.7	141.8	175.9	197.3	191.4	128.7	159.1
Net asset value per share (p)[1,A]	109.6	96.9	110.4	134.6	143.6	134.4	166.5	173.0	167.4	126.5	167.1
Share price (p)	97.3	86.5	99.8	123.0	136.5	127.0	150.5	157.5	144.0	99.8	143.5
Discount (%)[2,A]	11.3	10.7	9.6	8.6	4.9	5.5	9.6	9.0	14.0	17.0	14.1
Gearing (%)[A]	10.0	7.1	14.4	5.4	7.5	8.1	8.2	5.6	2.5	7.2	6.5
Year ended 31st March											
Gross revenue (£'000)	2,827	3,375	3,255	3,818	4,127	4,877	7,258	7,535	8,776	7,943	5,039
Revenue per share (p)	3.87	4.56	4.29	4.82	4.60	4.67	5.94	6.65	6.79	6.25	4.95
Dividend per share (p)	4.00	4.20	4.25	4.75	4.75	4.75	5.00	5.80	6.25	6.70	6.70
Ongoing Charges (%)[3,A]	1.18	1.12	1.06	1.06	1.08	1.08	1.07	1.00	1.06	1.02	0.98
Rebased to 100 at 31st March 2021											
Return to shareholders[4,A]	100.0	93.7	113.6	146.3	168.7	162.8	200.6	217.5	207.4	150.3	227.9
Return on net assets[4,A]	100.0	92.6	110.3	139.9	154.8	150.0	192.5	205.8	206.6	153.0	215.9
Benchmark return[5]	100.0	92.8	107.6	125.9	134.7	127.6	162.4	167.2	170.8	156.7	209.2

[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] 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).

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

[5] 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 105.

TEN LARGEST INVESTMENTS

AS AT 31ST MARCH

Company	Country	Sector	2021 Valuation £'000	2021 %[1]	2020 Valuation £'000	2020 %[1]
ASML[2]	Netherlands	Information Technology	3,848	2.5	–	–
Nestle	Switzerland	Consumer Staples	2,982	1.9	6,368	5.3
Siemens[2]	Germany	Industrials	2,927	1.9	–	–
Roche	Switzerland	Health Care	2,815	1.8	4,964	4.1
Allianz	Germany	Financials	2,714	1.8	2,208	1.8
TOTAL	France	Energy	2,463	1.6	2,225	1.8
Schneider Electric[3]	France	Industrials	2,287	1.5	1,433	1.2
Enel	Italy	Utilities	2,155	1.4	1,850	1.5
BASF[2]	Germany	Materials	2,135	1.4	–	–
Daimler[2]	Germany	Consumer Discretionary	2,105	1.4	–	–
Total[4]			**26,431**	**17.2**		

[1] Based on total investments of £153.1m (2020: £121.0m) see page 35.

[2] Not held in the portfolio at 31st March 2020.

[3] Not included in ten largest equity investments at 31st March 2020.

[4] At 31st March 2020 the value of the ten largest investments amounted to £30.1m, representing 24.9% of total investments of £121.0m.

PORTFOLIO ANALYSIS

Geographical

	31st March 2021		31st March 2020	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
France	13.6	23.0	18.8	23.0
Germany	12.5	19.6	12.3	17.6
Switzerland	11.6	18.9	20.0	22.8
Netherlands	10.6	8.7	4.2	8.9
Sweden	9.9	7.4	8.1	5.9
Spain	9.8	4.9	7.7	5.5
Italy	9.1	5.2	10.5	4.6
Finland	7.3	2.0	5.3	2.1
Norway	6.6	1.3	5.0	1.1
Belgium	2.9	1.9	2.5	1.9
Austria	2.6	0.4	2.1	0.3
Denmark	1.4	4.9	1.1	4.7
Ireland	1.3	1.5	1.1	1.2
Portugal	0.8	0.3	1.3	0.4
Total Portfolio[1]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £153.1m (2020: £121.0m) see page 35.

PORTFOLIO ANALYSIS

Sector

	31st March 2021		31st March 2020	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	30.2	15.5	28.3	14.5
Industrials	20.1	16.0	12.0	13.6
Consumer Discretionary	11.6	13.3	7.1	10.5
Materials	10.9	7.3	4.0	6.7
Energy	5.7	3.0	4.3	3.4
Information Technology	4.7	10.0	0.6	8.4
Utilities	4.5	5.0	11.4	5.2
Health Care	4.4	14.5	12.2	17.7
Communication Services	4.1	3.7	7.8	4.2
Consumer Staples	3.5	10.4	8.1	14.4
Real Estate	0.3	1.3	4.2	1.4
Total Portfolio[1]	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £153.1m (2020: £121.0m) see page 35.

LIST OF INVESTMENTS

Company	Valuation £'000
FRANCE	
TOTAL	2,463
Schneider Electric	2,287
LVMH Moet Hennessy Louis Vuitton	2,054
BNP Paribas	1,869
AXA	1,503
Sanofi	1,391
Credit Agricole	1,045
Cie de Saint-Gobain	1,020
SCOR	823
APERAM	822
Publicis Groupe	771
Rexel	757
Amundi	630
Bouygues	529
CNP Assurances	427
Kaufman & Broad	379
Vicat	362
Television Francaise 1	359
Coface	333
Sword	307
ALD	296
ABC arbitrage	251
HEXAOM	209
	20,887

Company	Valuation £'000
GERMANY	
Siemens	2,927
Allianz	2,714
BASF	2,135
Daimler	2,105
Bayerische Motoren Werke	1,699
Deutsche Post	1,693
Muenchener Rueckversicherungs-Gesellschaft	1,109
Evonik Industries	795
Linde	772
RTL	770
Schaeffler Preference	658
Covestro	547
Hannover Rueck	491
DWS	442
Freenet	297
	19,154
SWITZERLAND	
Nestle	2,982
Roche	2,815
Zurich Insurance	2,049
ABB	1,775
UBS	1,744
Novartis	1,538
Julius Baer	1,095
LafargeHolcim	952
SGS	933
Adecco	871
Swiss Life	604
Sulzer	328
	17,686

Company	Valuation £'000
NETHERLANDS	
VASML	3,848
ING Groep	1,837
Akzo Nobel	1,138
Koninklijke Ahold Delhaize	1,089
Randstad	986
NN	959
PostNL	933
BE Semiconductor Industries	904
Signify	805
Van Lanschot Kempen	772
ASR Nederland	515
Koninklijke KPN	509
Arcadis	440
Brunel International	434
Flow Traders	420
Heijmans	391
SBM Offshore	270
	16,250
SWEDEN	
Nordea Bank	1,466
Volvo	1,354
Svenska Handelsbanken	1,075
SKF	1,028
Skandinaviska Enskilda Banken	1,006
Sandvik	962
Boliden	910
Kindred , SDR	884
Lundin Energy	846
Dustin	705
Betsson	664
JM	652
Nordic Waterproofing	624
Bilia	593
Inwido	519
Electrolux	416
Intrum	373
Nobina	319
Resurs	290
Axfood	263
Clas Ohlson	253
	15,202

LIST OF INVESTMENTS

Company	Valuation £'000
SPAIN	
Iberdrola	2,017
Banco Santander	1,779
Banco Bilbao Vizcaya Argentaria	1,401
Industria de Diseno Textil	1,262
Repsol	1,099
CaixaBank	1,062
ACS Actividades de Construccion y Servicios	863
Endesa	861
Naturgy Energy	856
Telefonica	791
Bankinter	782
Acerinox	435
CIE Automotive	425
Unicaja Banco	397
Atresmedia Corp. de Medios de Comunicacion	378
Mediaset Espana Comunicacion	308
Cia de Distribucion Integral Logistas	285
	15,001

Company	Valuation £'000
ITALY	
Enel	2,155
Intesa Sanpaolo	1,481
Assicurazioni Generali	1,251
Stellantis	1,246
Eni	883
Poste Italiane	824
Banca Mediolanum	803
Mediobanca Banca di Credito Finanziario	793
Banca Generali	788
Azimut	736
Snam	689
Esprinet	677
Anima	429
Piaggio & C	327
Unipol Gruppo	311
doValue	300
RAI Way	207
	13,900

Company	Valuation £'000
FINLAND	
UPM-Kymmene	1,064
Kone	1,011
Elisa	840
Fiskars OYJ	775
Metsa Board	738
Sampo	734
Nokian Renkaat	714
Valmet	709
Sanoma	702
Uponor	698
Tokmanni	692
Kesko	589
Cargotec	537
Verkkokauppa.com	416
TietoEVRY	394
Kemira	291
Orion	288
	11,192

Company	Valuation £'000
NORWAY	
Norsk Hydro	1,141
DNB	1,073
Yara International	996
Kongsberg Gruppen	857
Atea	742
Equinor	667
Gjensidige Forsikring	654
Sparebanken Vest	472
Sparebank 1 Oestlandet	431
SpareBank 1	427
Avance Gas	373
Europris	363
SpareBank 1 SMN	361
Selvaag Bolig	334
Kid	320
BW LPG	314
AF Gruppen	304
Fjordkraft	241
	10,070

Company	Valuation £'000
BELGIUM	
Solvay	1,006
Ageas	1,000
KBC	960
Bekaert	530
Econocom	382
Telenet	323
bpost	239
	4,440

Company	Valuation £'000
AUSTRIA	
OMV	969
Oesterreichische Post	794
ANDRITZ	758
Erste Bank	530
Semperit	389
Strabag	343
UBM Development	164
	3,947

LIST OF INVESTMENTS

Company	Valuation £'000
DENMARK	
Novo Nordisk	734
Tryg	660
Solar	397
Alm Brand	385
Scandinavian Tobacco	27
	2,203
IRELAND	
CRH	1,300
Smurfit Kappa	662
	1,962
PORTUGAL	
Galp Energia	857
Sonae	336
	1,193
TOTAL INVESTMENTS	**153,087**

FOR THE YEAR ENDED 31ST MARCH 2021

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains/(losses) on investments and derivatives held at fair value through profit or loss	–	38,732	38,732	–	(41,837)	(41,837)
Foreign exchange (losses)/gains on liquidity fund	–	(68)	(68)	–	43	43
Net foreign currency (losses)/gains	–	(519)	(519)	–	2,159	2,159
Income from investments	4,999	–	4,999	7,853	–	7,853
Interest receivable and similar income	40	–	40	90	–	90
Gross return/(loss)	**5,039**	**38,145**	**43,184**	**7,943**	**(39,635)**	**(31,692)**
Management fee	(431)	(647)	(1,078)	(599)	(898)	(1,497)
Other administrative expenses	(202)	–	(202)	(283)	–	(283)
Net return/(loss) before finance costs and taxation	**4,406**	**37,498**	**41,904**	**7,061**	**(40,533)**	**(33,472)**
Finance costs	(181)	(271)	(452)	(203)	(305)	(508)
Net return/(loss) before taxation	**4,225**	**37,227**	**41,452**	**6,858**	**(40,838)**	**(33,980)**
Taxation	176	–	176	(608)	–	(608)
Net return/(loss) after taxation	**4,401**	**37,227**	**41,628**	**6,250**	**(40,838)**	**(34,588)**
Return/(loss) per Income share	**4.95p**	**41.88p**	**46.83p**	**6.25p**	**(40.86)p**	**(34.61)p**

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

AT 31ST MARCH 2021

	2021 £'000	2020 £'000
Fixed assets		
Investments held at fair value through profit or loss	**153,087**	**121,013**
Current assets		
Derivative financial assets	79	242
Debtors	2,119	1,700
Cash and cash equivalents	5,737	12,477
	7,935	14,419
Current liabilities		
Creditors: amounts falling due within one year	(1,641)	(4,859)
Derivative financial liabilities	(319)	(1,832)
Net current assets	**5,975**	**7,728**
Total assets less current liabilities	**159,062**	**128,741**
Creditors: amounts falling due after more than one year	(15,317)	(15,907)
Net assets	**143,745**	**112,834**
Net asset value per Income share	**167.1p**	**126.5p**

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 legislation and regulations including UK company law, UK Financial Reporting Standards, the FCA Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules, Market Abuse Regulations, taxation law and the Company's own Articles of Association. Since 31st December 2020, new autonomous UK regulations became effective replacing those of the EU. Those EU regulations that were relevant to the Company have been incorporated into UK law and therefore there has been no change in practice. Although it is too soon to determine the long term impact of the UK's withdrawal from the EU, the effect on the Company is expected to be minimal. 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.

The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to provide a cost effective, sustainable investment vehicle for investors who seek capital growth and a rising share price in the Growth portfolio and growing income together with potential for long term capital growth in the Income portfolio, taking account of wider issues including environmental, social and governance. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

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.

As referred to in the Chairman's Statement, the investment process of the Income share class has been recently modified. The screening process to identify the top 30% of the market by yield has now been adapted to include an increased focus on capital growth alongside dividend yield consistent with the Company's investment objective (which remains unchanged). The process now allows flexibility to hold stocks which move below the current dividend threshold of the top 30% of the market by yield. There are increased active weights vs. the benchmark to demonstrate higher conviction in companies which are attractive across both income and capital growth dimensions. There will be decreased turnover and transaction costs, both of which can be detrimental to returns.

Performance

Growth:
In the year to 31st March 2021, the Growth portfolio produced a total return to shareholders of +53.9% and a total return on net assets of +40.9%. This compares with the total return on the benchmark index of +33.5%. As at 31st March 2021, the value of the Company's Growth portfolio was £275.9 million.

Income:
In the year to 31st March 2021, the Income portfolio produced a total return to shareholders of +51.7% and a total return on net assets of +38.7%. This compares with the total return on the benchmark index of +33.5%. As at 31st March 2021, the value of the Company's Income portfolio was £153.1 million.

The Investment Managers' Report on pages 10 to 14 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 £126.4 million (2020: £59.9 million loss) and net total return after deducting finance costs, management expenses, other administrative expenses and taxation amounted to £122.1 million (2020: £66.5 million loss). Distributable income for the year amounted to £10.1 million (2020: £12.4 million).

Growth:
Gross total return for the year amounted to £83.2 million (2020: £28.3 million loss) and net total return, after deducting finance costs, management expenses, other administrative expenses and taxation, amounted to £80.5 million (2020: £31.9 million loss). Distributable income for the year totalled £5.7 million (2020: £6.2 million). Dividends totalling 4.45 pence (2020: 8.85 pence) per Growth share were declared in respect of the year under review. Those distributions cost £3.3 million (2020: £6.2 million) and the revenue reserve after allowing for those dividends amounts to £1.5 million (2020: £0.2 million).

Income:
Gross total return for the year amounted to £43.2 million (2020: £31.7 million loss) and net total return, after deducting finance costs, management expenses, other administrative expenses and taxation, amounted to £41.6 million (2020: £34.6 million return). Distributable income for the year totalled £4.4 million (2020: £6.3 million). Dividends totalling 6.70 pence (2020: 6.70 pence) per Income share were declared in respect of the year under review. Those distributions cost £6.0 million (2020: £6.7 million) and the revenue reserve after allowing for those dividends amounts to £1.0 million (2020: £6.3 million).

Key Performance Indicators ('KPIs')

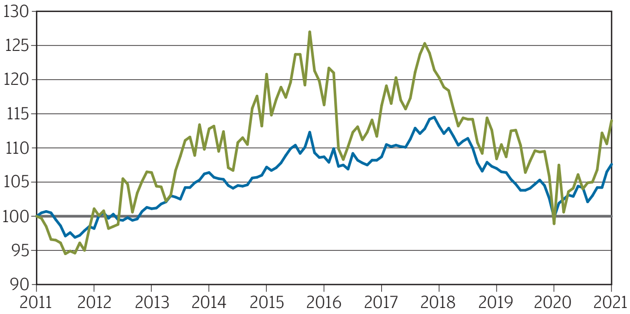
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The Board is provided with performance indicators monthly and in addition, during quarterly Board Meetings, more detailed reviews are undertaken. The principal KPIs are:

- **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 18 and 27.

Growth:

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2011



Source: Morningstar.

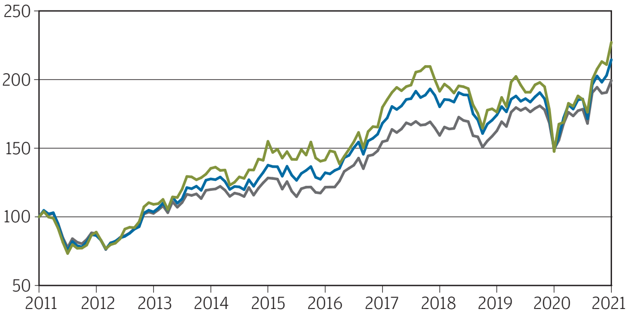
— JPMorgan European Growth - share price total return.

— 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 76 note 3).

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2011



Source: Morningstar.

— JPMorgan European Growth - share price total return.

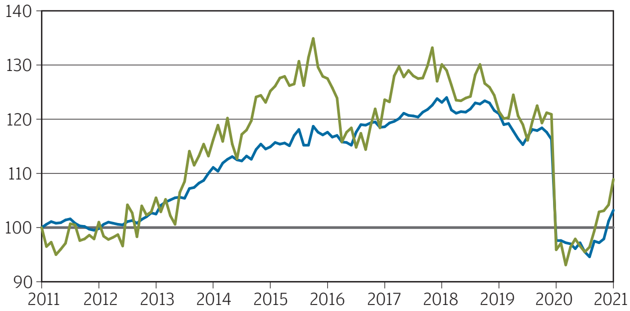
— JPMorgan European Growth - net asset value per share total return (based on cum income NAV).

— Benchmark (see page 76 note 3).

Income:

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2011



Source: Morningstar.

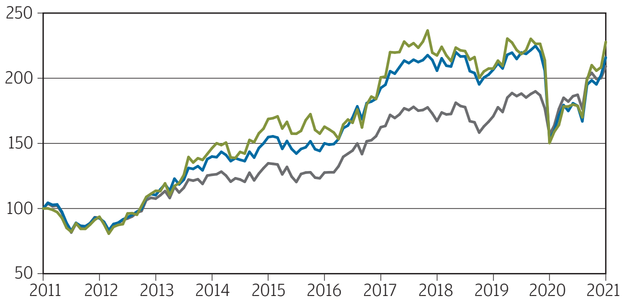
— JPMorgan European Income - share price total return.

— 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 76 note 3).

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST MARCH 2011



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 76 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 and its performance is comparable.

- **Performance attribution**

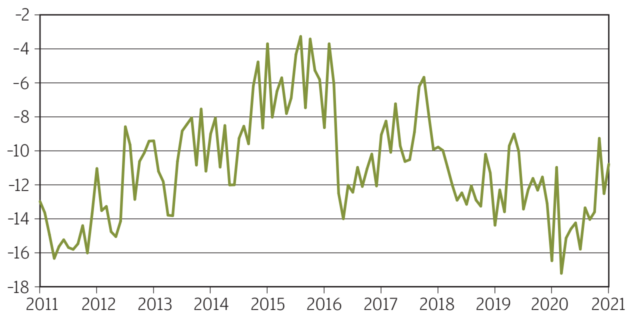
  The purpose of performance attribution analysis is to assess how each portfolio achieved its performance relative to its benchmark index, i.e. to understand the impact on each portfolio's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analyses for the year ended 31st March 2021 are given in the Investment Managers' Report on pages 10 to 14.

- **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 2021, the discount on the Growth shares (using cum-income NAV, with debt valued at fair value) ranged between 18.1% and 7.7% and the discount on the Income shares (using cum-income NAV, with debt valued at fair value) ranged between 5.2% and 18.7%. For details of the Board's approach to managing the discount for both the Growth and Income shares, please refer to the Chairman's Statement on page 6.

Growth:

Discount on cum-income NAV to Fair Value

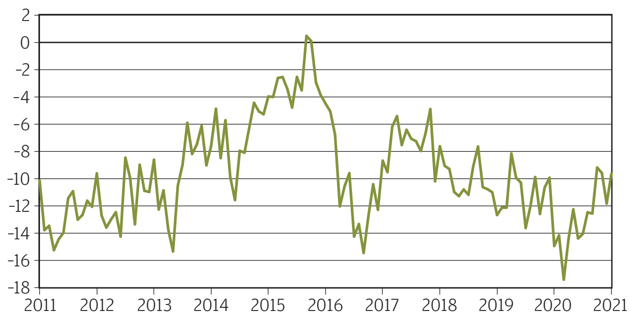


Source: Datastream.

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 2021 were 0.92% (2020: 1.00%). The Income portfolio's Ongoing charges for the year ended 31st March 2021 were 0.98% (2020: 1.02%).

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 1,942,730 Growth shares and 2,180,618 Income shares were repurchased for cancellation (2020: Growth 3,561,284, Income 987,502).

Since the year end, the Board implemented its buyback policy and purchased a total of 555,625 Growth shares and 155,379 Income shares.

Excepting the requirement arising due to the Company's annual share conversion, no new shares of either share class were issued during the year, or since the year end (2020: 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 102 and 104.

Conversions

During the year, the Company's annual share conversions took place on 15th March 2021. The net result of those conversions was an increase in the Growth issued share capital of 424,134 shares, and a decrease in the Income issued share capital of 980,894 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 had a €15 million 364 day committed revolving credit facility with National Australia Bank which was repaid on 21st May 2020.

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 2021, there were two male Directors and three female Directors on the Board.

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 51 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. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. 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

Corporate Criminal 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 and Emerging Risks

The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including climate change and 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 and emerging risks to the Company. Emerging risks include climate change. The 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 86 to 92.

- **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 50.

- **Regulatory**

  The Company operates in an environment with significant regulation including the FCA 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 48.

- **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.

- **Pandemic Risk**

  Covid-19 has developed rapidly to become a pandemic which has delivered a major shock to the global economy and become a principal risk. The Company is exposed to the risk of market volatility and falling equity markets brought about by the pandemic. The resilience of the operational services to the Company could be reduced as a result of the effects of the pandemic, representing a risk to the Company. The Board regularly reviews the mitigation measures which JPMorgan Asset Management and other key service providers have in place to maintain operational resilience and is satisfied that these are appropriate even in the current conditions. Relevant business continuity plans have been invoked at those service providers and the Board had been given updates. Working from home arrangements have been implemented where appropriate and government guidance is being followed. The Board does not anticipate a fall in the level of service.

  The pandemic has triggered a sharp fall in global stock markets and created uncertainty around future dividend income. However, the Board notes the Investment Managers' investment process is unaffected by the Covid-19 pandemic and they continue to focus on long-term company fundamentals and detailed analysis of current and future investments.

  Further information on Covid-19 is set out in the Chairman's statement on page 5, the Investment Managers' report on page 10 and Note 1 (a) on page 73.

Long Term Viability

The Company was established in 1929 and has now been in existence for 92 years. This year it will be hosting its 92nd 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 and emerging risks and the outlook for the European economy, its equity market and the market for investment trusts, including the current Covid-19 crisis and the potential impact and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience. Equity markets have remained volatile primarily due to concerns around the scale of the impact of the pandemic on the global economy. Although the total cost of Covid-19 is currently hard to predict with any certainty, we do not believe that it calls into question the long term viability of the Company, particularly as the Company has no loan covenants or liabilities that cannot be readily met. The Board have reviewed income and expense projections, and the liquidity of the investment portfolio in making their assessment. 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 and its ability to maintain its loan covenants.

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 2026.

Duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Board is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's philosophy is that the Company should foster a culture where all parties are treated fairly and with respect and the Board recognises the importance of keeping the interests of the Company's stakeholders, and of acting fairly between them, front of mind in its key decision making. As an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its shareholders, its Manager, its investee companies, and its other professional third party service providers (corporate broker, registrar, auditor, custodian and depositary) and wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders as all parties wish to see and ultimately benefit from the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

The table below sets out details of the Company's engagement with these stakeholders:

Stakeholder Engagement
Shareholders
Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. Full details on how the Board ensures it is fully appraised of shareholder views and how it engages with all shareholder groups can be found on page 50.
Manager
The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).
Investee companies
The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager voted at all of the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies. The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.
Other key service providers
The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board consider the Company's Custodian, Depositary, Registrar, Auditor and Broker to be stakeholders. Met-Life is also regarded as a key external service provider, as lender of a €50 million long term private placement to the Company. The Board maintains regular contact with its key external service providers, either directly, or via its dedicated company secretary or client director, and receives regular reporting from these providers at Board and Committee meetings. The Management Engagement Committee meets annually to review and appraise its key service providers.

Wider society and the Environment

Whilst strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 15 to 16.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. Some of the key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

Key Decisions and Actions

Dividends Payable to Shareholders

Despite the turbulent markets experienced during the reporting period the Company maintained the level of its four quarterly interim distributions on its Income shares, giving a total dividend of 6.7 pence per share for the year (2020 6.7 pence). This illustrates the Board's willingness to take advantage of the Company's brought forward revenue reserves to the benefit of shareholders.

Succession Planning

The Board progressed its succession plans during the year resulting in the decision to appoint Guy Walker as an independent non-executive director on 15th February 2021. Further announcements regarding Board succession are included in the Chairman's statement. Shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience.

Managing the Company's Discount

To ensure that the Board continue to have the power to manage the Company's discount and issue shares in the Company, they recommend that shareholders vote in favour of the resolutions to renew the allotment and buy back authorities at the Company's Annual General Meeting.

Gearing

The Board's decision not to renew the Revolving Credit Facility with National Australia Bank in 2020 illustrates the Board's ability to react to market conditions and take action to manage the Company's costs to the benefit of shareholders.

Other Actions that Continue to Promote the Success of the Company

In addition, the Directors have kept under review the competitiveness of the management fee and the Company's other operating costs; continued to hold the Manager to account on investment performance; undertaken a robust review of the principal and emerging risks faced by the Company; and continued to encourage the Manager to enhance its sales and marketing efforts. The Board have also approved updates to the investment process of the Company's Income portfolio and the appointment of a new auditor. See page 47 for further details of the audit rotation.

Furthermore, throughout the course of the Covid-19 pandemic the Board has been in regular contact with the Manager, receiving regular updates on the operation effectiveness of the Manager and key service providers and on areas such as portfolio activity, portfolio liquidity, gearing and the discount to NAV at which the Company's shares trade.

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

3rd June 2021

Directors' Report

Josephine Dixon (Chair of the Board of Directors)
A Director since 1st October 2013.
Last reappointed to the Board: 2020.
Josephine Dixon is a Non-Executive Director of BB Healthcare Trust plc, Strategic Capital Trust plc, BMO Global Smaller Companies plc, Ventus VCT plc and Alliance Trust 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: 2020.
Stephen Goldman 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.

Guy Walker
A Director since February 2021
Last reappointed to the Board: N/A
Guy Walker is currently Senior Adviser at the Investor Forum and has 30 years' investment experience in UK and continental European equities with roles including Managing Director of European Equities at UBS Asset Management and Global Head of ESG Investment at Schroders.
Shared directorships with other Directors: None
Shareholding in Company: 6,500 Growth Shares

Rita Dhut (Chair of the Nomination Committee, Management Engagement Committee and Senior Independent Director)
A Director since 4th June 2019
Last reappointed to the Board: 2020
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: 6,625 Income Shares.

Jutta af Rosenborg (Chair of the Audit Committee)
A Director since 1st February 2015.
Last reappointed to the Board: 2020.
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.

All Directors are members of the Audit Committee, Nomination Committee and Management Engagement Committee.

The Directors present their report and the audited financial statements for the year ended 31st March 2021.

Reference to Financial Instruments and Future Developments are included in the Strategic Report on pages 40 and 41.

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 Management Engagement Committee 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.

The Management Engagement Committee 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 approved the Management Engagement Committee's recommendation 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. The Company's investment management fee is reduced to 0.65% on gross assets in excess of £500 million, calculated by aggregating the gross assets of the Growth and Income portfolios. 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.

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 101 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 2021 were as follows:

Growth shares: 3.792
Income shares: 1.671

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 104.

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	14.1
City of London Investment Management Company Ltd	12.0
1607 Capital Partners LLC	10.2

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

Due to the mandatory rotation requirements Ernst & Young LLP will retire as the Company's auditors at the forthcoming Annual General Meeting. As explained in the Audit Committee Report on page 52, the Board proposes that PwC be appointed auditor to the Company, and there is a resolution being put to Shareholders at the forthcoming Annual General Meeting to effect that change.

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 7,218,560 new Growth shares and 8,586,467 new Income shares for cash up to an aggregate nominal amount of £360,928 and £214,662 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 102. This authority will expire at the conclusion of the AGM of the Company in 2022 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares to 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 2020 AGM, will expire on 8th January 2023 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 8th January 2023 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 102 and 103. 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.

(iii) 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 0.2% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration; and
- the workforce.
  - Internal audit function as the Company relies on the internal audit department of the Manager; and
  - Establishment of a separate Remuneration Committee, as this role is undertaken by the Nomination Committee chaired by the Senior Independent Director.

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 45.

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.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 45. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised on page 48. All of the Directors held office throughout the year under review will stand for reappointment at the forthcoming AGM. See page 102 for further details regarding the AGM.

Resolution 4 is for the reappointment of Josephine Dixon. She joined the Board in October 2013 and has served for seven years firstly as a Director and then Chairman.

Resolution 5 is for the reappointment of Stephen Goldman. He joined the Board in September 2008 and has served for 12 years as a Director.

Resolution 6 is for the reappointment of Jutta af Rosenborg. She joined the Board in February 2015 and has served for six years as a Director.

Resolution 7 is for the reappointment of Rita Dhut. She joined the Board in June 2019 and has served as a Director for two years.

Resolution 8 is for the appointment of Guy Walker. He joined the Board in February 2021 and has served for less than one year as a Director.

The Board confirms that each of the Directors standing for reappointment at the forthcoming AGM continue to contribute effectively and recommends that shareholders vote in favour of their reappointment.

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, 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 Goldman will have served as a director for 12 years at the date of the 2021 AGM, the Nomination Committee agree that he continues to remain independent in character and judgement. Accordingly, due to his significantly positive contribution to the Company and knowledge of the industry, and in order to help maintain continuity since the appointment of new directors, the Nomination Committee agreed that it would be in the best interest of the Company that Stephen Goldman's appointment continue. However, the Company's Board Succession Plan is for Stephen Goldman to retire before the end of 2021.

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 45.

The table below details the number of Board and Committee meetings attended by each Director. In addition to ad-hoc telephone Board meetings, 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 and Management Engagement Committee during the year. From Guy Walker joining the Board to the year end, there were no Board or Committee Meetings.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended	Management Engagement Committee Meetings Attended
Josephine Dixon	5	2	1	1
Rita Dhut	5	2	1	1
Stephen Goldman	5	2	1	1
Jutta af Rosenborg	5	2	1	1
Stephen Russell	5	2	1	1

Board Committees

Nomination Committee

The Nomination Committee, now chaired by Rita Dhut following the retirement of Stephen Russell in February 2021, 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 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 Senior Independent Director (SID) leads the evaluation of the Chairman's performance. Rita Dhut replaced Stephen Russell as the Company's SID in February 2021. Consideration was given to the appointment of an external consultant to evaluate the performance of the Chairman and the Board, but it was not regarded as necessary as the existing evaluation process was sufficient.

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

Corporate Governance Statement continued

The Management Engagement Committee
The membership of the Management Engagement Committee consists of all the independent Directors and is chaired by Rita Dhut. The Committee meets at least once a year to review the terms of the management agreement between the Company and the Manager, to review the performance of the Manager and fees, to review the notice period that the Board has with the Manager and to make recommendations to the Board on the continued appointment of the Manager following these reviews. During the year the investment management fee was reviewed. The key service providers of the Company are also reviewed. Further information is set out on page 42.

Audit Committee
The Audit Committee Report is set out on page 52.

The Nomination Committee, Audit Committee and the Management Engagement 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.

Normally, 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. However, this year the Covid-19 pandemic legislation has made it necessary to amend arrangements for the Company's 2021 Annual General Meeting. Please see the Chairman's Statement for further details. 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 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 111. 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 111. Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Significant votes against at the 2020 Annual General Meeting

At the Company's 2020 Annual General Meeting, the Company received the following negative votes (as a proportion of the total votes cast) in respect of resolutions 4, 5, 6, 7, and 14:

4. To reappoint Josephine Dixon as a Director of the Company 26.34%

5. To reappoint Stephen Goldman as a Director of the Company 22.98%

6. To reappoint Stephen Russell as a Director of the Company 23.56%

7. To reappoint Jutta af Rosenborg as a Director of the Company 26.52%

14. To adopt new Articles of Association 23.82%

Although all the resolutions at the Company's 2020 AGM were passed, in line with Investment Association guidance, the above votes against are deemed to be 'significant'.

Since the results of the 2020 Annual General Meeting, on instruction of the Board, the investor relations teams of the Company's Broker and Manager have been in dialogue with the Company's major shareholders to address any concerns in relation to these negative votes.

Actions taken by the Board in response to this dialogue: Stephen Russell retired as a Director of the Company on 15th February 2021 and the Chairman's Statement in this Report announces that Stephen Goldman will be retiring before the end of the financial year. In addition, in an announcement of 15th January 2021 the Directors reiterated their intention that the power to use virtual only shareholder meetings will only be used where the Directors consider it to be in the best interests of shareholders.

In light of the Company's above actions since the 2020 Annual General Meeting, the Board will not be taking any further specific action regarding these votes, other than to continue with its ongoing engagement with shareholders.

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. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board. 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 2021 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 2021.

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. The Chairman of the Board is deemed to be independent and therefore is permitted to be a member of the Audit Committee under corporate governance rules.

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. It monitors the Company's Principal and Emerging risks and the controls relating to Key risks it receives information from the Manager's Compliance department, see page 50 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 (2020: £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 2021, 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 pages 73 and 74. 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.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 73. The Board regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment. Reference is made to a Revenue Estimate during the reviews.
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.
Covid-19 Pandemic	The Audit Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts, particularly in view of the impact of the Covid-19 pandemic. The Audit Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement on page 53 which also details how the issue was addressed).

Through its service providers 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 36), future cash flow projections, risk management policies (see page 50), liquidity risk (see note 22(b) on page 90), principal and emerging risks (see page 40) capital management policies and procedures (see page 93), 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 to 30th June 2022, being at least 12 months from approving this annual report and financial statements. We considered as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of Brexit, the impact of the Covid-19 pandemic, the requirements of the applicable financial reporting framework the covenants in respect of the Company's private placement debt and the system of internal control. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the report.

Assessment of the Effectiveness of the External Audit Process

The Audit Committee 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 were considered and also engage with Directors as and when required. Having considered the external Auditors' performance, including their technical competence, strategic knowledge, the quality of work, communications and reporting, the Committee was satisfied with the effectiveness of the external audit process.

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 Results Report were considered and also engage with Directors as and when required. The Audit Committee received confirmations from the Auditors in regard of their independence and objectivity during the review of their services. The current audit firm has audited the Company's financial statements for more than 20 years. The Company's year ended 31st March 2021 was Caroline Mercer's fifth year of a five year maximum term as the Company's Audit Partner. Following discussions with the Company's Auditors regarding the requirements of EU public interest entity regulations, the Committee decided to undertake a formal audit tender process in November 2020 involving three other firms of auditors. Following detailed consideration the Committee recommended to the Board that PwC be appointed as auditors on the basis of the experience demonstrated of the investment trust business and the strength of the audit team. The Board supported the recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

Thanks are given to Ernst & Young LLP for their services over the long period that they have been the Company's Auditors.

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 2021, 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 59.

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

3rd June 2021

Directors’ Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st March 2021, 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 61 to 68.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee chaired by the Senior Independent Director 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 15th July 2020 99.81% votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the Remuneration Policy and 0.01% voted against. Abstentions were received from less than 0.008% 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 49.

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 2020.

At the Annual General Meeting held on 15th July 2020, of votes cast, 99.83% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.17% voted against. Abstentions were received from less than 0.04% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2021 Annual General Meeting will be given in the annual report for the year ending 31st March 2022.

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]

	2021			2020		
		Taxable			Taxable	
	Fees	expenses[2]	Total	Fees	expenses[2]	Total
Directors' Name	£	£	£	£	£	£
Josephine Dixon	40,000	–	40,000	40,000	2,164	42,164
Rita Dhut[3]	27,500	–	27,500	22,688	–	22,688
Stephen Goldman	27,500	–	27,500	27,500	–	27,500
Jutta af Rosenborg	31,500	–	31,500	31,500	–	31,500
Stephen Russell[4]	24,139	–	24,139	27,500	–	27,500
Guy Walker[5]	3,438	–	3,438	–	–	–
Total	154,077	–	154,077	149,188	2,164	151,352

[1] Audited information.
[2] Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.
[3] Appointed to the Board on 4th June 2019.
[4] Retired from the Board on 15th February 2021.
[5] Appointed to the Board on 15th February 2021.

Effective from 1st April 2021:

	2022 £	2021 £
Josephine Dixon	40,000	40,000
Jutta af Rosenborg	31,500	31,500
Rita Dhut	27,500	27,500
Stephen Goldman	27,500	27,500
Stephen Russell	–	27,500
Guy Walker	27,500	27,500
Total	154,000	181,500

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31st March 2021:

Directors' Name	Percentage change on prior year
Josephine Dixon	0.0%
Rita Dhut[1]	21.2%
Stephen Goldman	0.0%
Jutta af Rosenborg	0.0%
Stephen Russell[2]	(12.2)%
Guy Walker[3]	n/a

[1] Appointed to the Board on 4th June 2019.
[2] Retired from the Board on 15th February 2021.
[3] Appointed to the Board on 15th February 2021.

A table showing the total remuneration for the role of Chairman over the five years ended 31st March 2021 is below:

Remuneration for the role of Chairman over the five years ended 31st March 2021

Year ended 31st March	Fees
2021	£40,000
2020	£40,000
2019	£40,000
2018	£38,000
2017	£38,000

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 shares, are detailed below:

Directors	31st March[1] 2021	1st April[1] 2020 or date of appointment
Josephine Dixon	7,000	7,000
Rita Dhut	6,625	6,625
Stephen Goldman	10,000	10,000
Jutta af Rosenborg	–	–
Stephen Russell	–	2,856
Guy Walker	6,500	–

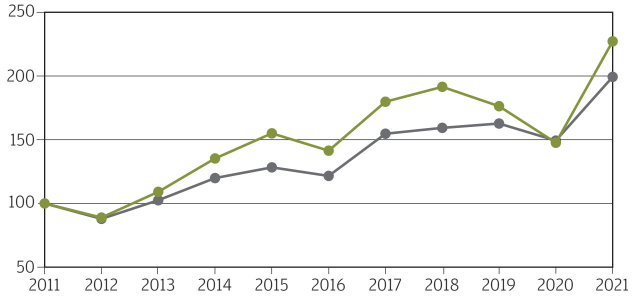
[1] Audited information.

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 2021



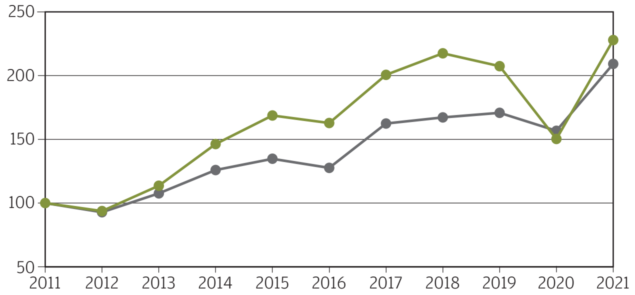
Source: Morningstar/FTSE.

Share price total return.

Benchmark total return.

Income:

Ten Year Share Price and Benchmark Total Return to 31st March 2021



Source: Morningstar/FTSE.

Share price total return.

Benchmark total return.

Expenditure by the Company on remuneration and distribution to shareholders

	Year ended 31st December	
	2021	**2020**
Remuneration paid to all Directors	£154,076	£151,352
Distribution to shareholders		
– by way of dividend	£9,923,000	£13,034,000
– by way of share repurchases	£9,127,000	£11,807,000

For and on behalf of the Board
Josephine Dixon
Chair

3rd June 2021

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 45 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

3rd June 2021

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 2021 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 2021 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. 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 going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process by engaging with the directors and the Company Secretary to determine if all key factors were considered in their assessment.
- We inspected the directors' assessment of going concern, including the revenue forecast, for the period to 30th June 2022 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- In relation to the Company's borrowing arrangements, we inspected the directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the Directors and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants during the going concern period.
- We considered the mitigating factors included in the revenue forecast and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to repay borrowings or to cover working capital requirements should revenue decline significantly.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the directors, being the period to 30th June 2022 which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Statement of Comprehensive Income • Risk of incorrect valuation or ownership of the investment portfolio
Materiality	• Overall materiality of £4.20 million which represents 1% of shareholders' funds.

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. All audit work was performed directly by the audit engagement team.

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
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Statement of Comprehensive Income (*Refer to the Audit Committee Report (page* 52) *and Accounting policies (page* 73)) The total revenue for the year to 31st March 2021 was £11.51 million (2020: £15.88 million), consisting primarily of dividend income from listed equity investments. The Company received special dividends amounting to £0.41 million (2020: £0.80 million), of which £0.32 million (2020: £0.36 million) was classified as revenue and £0.09 million (2020: £0.44 million) was classified as capital. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an 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' in the Statement of Comprehensive Income.	**We have performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition and the classification of special dividends by performing walkthrough procedures. For 100% of dividends received, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We agreed a sample of cash receipts to bank statements and we also agreed the exchange rates to an external source. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the entitlement arose prior to 31st March 2021. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the amount receivable and agreed the subsequent cash receipts to post-year end bank statements. To test completeness of recorded income, we tested that all expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. We identified that the Company received 26 special dividends (cumulative value £0.41 million) during the year. No special dividends received were greater than our testing threshold, individually or in aggregate. We randomly selected four special dividends (cumulative value £0.21 million), and assessed the appropriateness of the Company's classification with reference to publicly available information.	The results of our procedures identified no material misstatements in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (*Refer to the Audit Committee Report (page* 52) *and Accounting policies (page* 73*)*) The valuation of the investment portfolio at 31st March 2021 was £428.96 million (2020: £317.20 million) consisting primarily of listed equities. The valuation of investments held in the investment portfolio is the primary driver of the Company's net asset value and total return. Incorrect investment pricing, or 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 listed investments is determined using listed market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes and controls surrounding investment valuation and legal title by performing walkthrough procedures. For all investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We inspected the stale pricing reports produced by the Administrator to identify prices that have not changed within one business day and verified whether the listed price is a valid fair value. We did not identify any investments with stale pricing. We compared the Company's investment holdings at 31st March 2021 to independent confirmations received directly from the Company's Depositary and Custodian.	The results of our procedures identified no material misstatements in relation to incorrect valuation or ownership of the investment portfolio.

In the prior year, our auditor's report included a key audit matter in relation to the impact of COVID-19. The impact of COVID-19 continued to be relevant to our audit of the Company and we considered its impact as part of our work on going concern which is set out in this report under our conclusions relating to going concern.

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 £4.20 million (2020: £3.17 million), which is 1% (2020: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure 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% (2020: 75%) of our planning materiality, namely £3.15 million (2020: £2.38 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for Investment Trusts, we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.48 million (2020: £0.68 million), being 5% of the net revenue return before taxation.

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 £0.21 million (2020: £0.16 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 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 themselves. 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.

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' Report 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.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 53;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 41;
- Directors' statement on fair, balanced and understandable set out on page 53;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 40;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 50; and;
- The section describing the work of the Audit Committee set out on page 52.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 59, 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- 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, Section 1158 of the Corporation Tax Act 2010, and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary, review of the minutes of the Audit Committee and Board meetings held during the period 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 incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital. Further discussion of our approach is set out in the key audit matter 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 Company Secretary's 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 the Company to audit the financial statements for the year ending 31st March 1930 and subsequent financial periods.

  The period of total uninterrupted engagement is 92 years, covering the periods ending 31st March 1930 to 31st March 2021.
- 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

3rd June 2021

Financial Statements

FOR THE YEAR ENDED 31ST MARCH 2021

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains/(losses) on investments and derivatives held at fair value through profit or loss	3	–	115,256	115,256	–	(77,324)	(77,324)
Foreign exchange (losses)/gains on liquidity fund		–	(876)	(876)	–	627	627
Net foreign currency gains		–	502	502	–	876	876
Income from investments	4	11,248	–	11,248	15,740	–	15,740
Interest receivable and similar income	4	259	–	259	135	–	135
Gross return/(loss)		**11,507**	**114,882**	**126,389**	**15,875**	**(75,821)**	**(59,946)**
Management fee	5	(1,007)	(1,991)	(2,998)	(1,170)	(2,232)	(3,402)
Other administrative expenses	6	(575)	–	(575)	(722)	–	(722)
Net return/(loss) before finance costs and taxation		**9,925**	**112,891**	**122,816**	**13,983**	**(78,053)**	**(64,070)**
Finance costs	7	(429)	(848)	(1,277)	(425)	(822)	(1,247)
Net return/(loss) before taxation		**9,496**	**112,043**	**121,539**	**13,558**	**(78,875)**	**(65,317)**
Taxation	8	577	–	577	(1,135)	–	(1,135)
Net return/(loss) after taxation		**10,073**	**112,043**	**122,116**	**12,423**	**(78,875)**	**(66,452)**
Return/(loss) per share:							
Growth share	9	**7.66p**	**101.01p**	**108.67p**	**8.77p**	**(54.03)p**	**(45.26)p**
Income share	9	**4.95p**	**41.88p**	**46.83p**	**6.25p**	**(40.86)p**	**(34.61)p**

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) after taxation represents the profit/(loss) for the year and also Total Comprehensive Income.

The notes on pages 73 to 93 form an integral part of these financial statements.

	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 2019	4,975	103,826	15,149	271,714	12,166	407,830
Repurchase and cancellation of the Company's own shares (note 15)	(164)	–	164	(11,807)	–	(11,807)
Share conversions during the year (note 15)	(7)	24,001	300	(24,294)	–	–
Net (loss)/return	–	–	–	(78,875)	12,423	(66,452)
Dividends paid in the year (note 10)	–	–	–	–	(13,034)	(13,034)
At 31st March 2020	4,804	127,827	15,613	156,738	11,555	316,537
Repurchase and cancellation of the Company's own shares (note 15)	(131)	–	131	(9,127)	–	(9,127)
Share conversions during the year (note 15)	(6)	3,701	47	(3,742)	–	–
Net return	–	–	–	112,043	10,073	122,116
Dividends paid in the year (note 10)	–	–	–	–	(9,923)	(9,923)
At 31st March 2021	4,667	131,528	15,791	255,912	11,705	419,603

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

The notes on pages 73 to 93 form an integral part of these financial statements.

AT 31ST MARCH 2021

	Notes	2021 Growth (unaudited) £'000	2021 Income (unaudited) £'000	2021 Total £'000	2020 Total £'000
Fixed assets					
Investments held at fair value through profit or loss	11	**275,871**	**153,087**	**428,958**	**317,199**
Current assets	12				
Derivative financial assets		30	79	109	587
Debtors		2,142	2,119	4,261	3,657
Cash and cash equivalents		25,295	5,737	31,032	54,632
		27,467	7,935	35,402	58,876
Current liabilities					
Creditors: amounts falling due within one year	13a	(332)	(1,641)	(1,973)	(13,535)
Derivative financial liabilities	13b	(47)	(319)	(366)	(1,952)
Net current assets		**27,088**	**5,975**	**33,063**	**43,389**
Total assets less current liabilities		**302,959**	**159,062**	**462,021**	**360,588**
Creditors: amounts falling due after more than one year	14	(27,101)	(15,317)	(42,418)	(44,051)
Net assets		**275,858**	**143,745**	**419,603**	**316,537**
Capital and reserves					
Called up share capital	15	2,888	1,779	4,667	4,804
Share premium	16	38,126	93,402	131,528	127,827
Capital redemption reserve	16	14,000	1,791	15,791	15,613
Capital reserves	16	216,072	39,840	255,912	156,738
Revenue reserve	16	4,772	6,933	11,705	11,555
Total shareholders' funds		**275,858**	**143,745**	**419,603**	**316,537**
Net asset values					
Net asset value per Growth share	17			**379.2p**	**274.3p**
Net asset value per Income share	17			**167.1p**	**126.5p**

The financial statements on pages 69 to 72 were approved and authorised for issue by the Directors on 3rd June 2021 and were signed on their behalf by:

Josephine Dixon
Director

The notes on pages 73 to 93 form an integral part of these financial statements.

JPMorgan European Investment Trust plc
Company registration number: 237958

FOR THE YEAR ENDED 31ST MARCH 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operations before dividends and interest	18	(3,090)	(3,663)
Dividends received		9,105	14,613
Interest received		2	5
Overseas tax recovered		883	988
Net cash inflow from operating activities		**6,900**	**11,943**
Purchases of investments		(184,765)	(250,538)
Sales of investments		192,149	281,685
Settlement of future contracts		(2,390)	5,696
Settlement of foreign currency contracts		(1,109)	2,225
Net cash inflow from investing activities		**3,885**	**39,068**
Dividends paid		(9,923)	(13,034)
Repayment of bank loans		(13,439)	(3,354)
Drawdown of bank loans		–	3,354
Interest paid		(1,275)	(1,230)
Repurchase and cancellation of the Company's own shares		(8,809)	(11,807)
Net cash outflow from financing activities		**(33,446)**	**(26,071)**
(Decrease)/Increase in cash and cash equivalents		**(22,661)**	**24,940**
Cash and cash equivalents at the start of the year		54,632	29,187
Exchange movements		(939)	505
Cash and cash equivalents at the end of the year		31,032	54,632
(Decrease)/Increase in cash and cash equivalents		**(22,661)**	**24,940**
Cash and cash equivalents consist of:			
Cash and short term deposits		10,520	45,155
JPMorgan Euro Liquidity Fund		20,512	9,477
Total		**31,032**	**54,632**

The notes on pages 73 to 93 form an integral part of these financial statements.

RECONCILIATION OF NET DEBT

	As at 31st March 2020 £'000	Cash flows £'000	Exchange movements £'000	Other non-cash charges £'000	As at 31st March 2021 £'000
Cash and cash equivalents					
Cash	45,155	(34,615)	(20)	–	10,520
Cash equivalents	9,477	11,954	(919)	–	20,512
	54,632	(22,661)	(939)	–	31,032
Borrowings					
Debt due within one year	(13,274)	13,439	(165)	–	–
Debt due after one year	(44,051)	–	1,645	(12)	(42,418)
	(57,325)	13,439	1,480	(12)	(42,418)
Total	**(2,693)**	**(9,222)**	**541**	**(12)**	**(11,386)**

FOR THE YEAR ENDED 31ST MARCH 2021

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') 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 October 2019.

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

The financial statements have been prepared on a going concern basis. In forming this opinion, the directors have considered as part of its risk assessment: the nature of the Company, its business model and related risks including where relevant the impact of Brexit, the impact of the Covid-19 pandemic, the requirements of the applicable financial reporting framework, the covenants in respect of the Company's private placement debt and the system of internal control.

The Directors believe that, having considered the Company's investment objectives, future cash flow projections, risk management policies, liquidity risk, principal and emerging risks, capital management policies and procedures, 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 to 30th June 2022, being 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.

(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 classified 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.

1. Accounting policies *continued*

(d) Income *continued*

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.

(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. Gains/(losses) on investments and derivatives held at fair value through profit or loss

	2021 £'000	2020 £'000
Realised gains/(losses) on sales of investments	2,131	(15,847)
Net change in unrealised gains and losses on investments	114,415	(66,017)
Realised (losses)/gains on close out of future contracts	(2,391)	5,695
Unrealised gains/(losses) on futures contracts	1,173	(1,096)
Other capital charges	(72)	(59)
Total capital gains/(losses) on investments and derivatives held at fair value through profit or loss	**115,256**	**(77,324)**

4. Income

	2021 £'000	2020 £'000
Income from investments		
Overseas dividends	11,080	15,571
UK dividends	168	169
	11,248	**15,740**
Other interest receivable and similar income		
Securities lending	257	130
Deposit interest	2	5
	259	135
Total income	**11,507**	**15,875**

5. Management fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Management fee	1,007	1,991	2,998	1,170	2,232	3,402

Details of the management fee are given in the Directors' Report on page 46.

6. Other administrative expenses

	2021 £'000	2020 £'000
Administration expenses	313	414
Directors' fees[1]	154	151
Depositary fee[2]	53	63
Savings scheme costs[3]	–	48
Auditors' remuneration for audit services[4]	50	41
Auditors' remuneration for all other services[5]	5	5
	575	**722**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 56 and 57.

[2] Includes £6,000 (2020: £9,000) irrecoverable VAT.

[3] Paid to the Manager for the administration of saving scheme products. Includes £nil (2020: £7,000) irrecoverable VAT.

[4] Includes £6,000 (2020: £6,000) irrecoverable VAT.

[5] Review annual conversion calculations, includes £2,000 (2020: £2,000) irrecoverable VAT.

7. Finance Costs

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	23	46	69	19	38	57
Interest on private placement	406	802	1,208	406	784	1,190
	429	**848**	**1,277**	**425**	**822**	**1,247**

8. Taxation

(a) Analysis of tax charge for the year

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	(577)	–	(577)	1,135	–	1,135
Total tax charge for the year	**(577)**	**–**	**(577)**	**1,135**	**–**	**1,135**

8. Taxation *continued*

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower (2020: higher) than the Company's applicable rate of corporation tax for the year of 19% (2020: 19%). The factors affecting the total tax charge for the year are as follows:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Net return/(loss) before taxation	9,496	112,043	121,539	13,558	(78,875)	(65,317)
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2020: 19%)	1,804	21,288	23,092	2,576	(14,986)	(12,410)
Effects of:						
Non taxable capital (gains)/losses	–	(21,827)	(21,827)	–	14,406	14,406
Non taxable UK dividend income	(32)	–	(32)	(32)	–	(32)
Non taxable overseas dividends	(2,090)	–	(2,090)	(2,923)	–	(2,923)
Excess expenses over taxable income	861	–	861	968	–	968
Overseas withholding tax	(577)	–	(577)	1,135	–	1,135
Tax attributable to expenses and finance costs charged to capital	(539)	539	–	(580)	580	–
Double taxation relief expensed	(4)	–	(4)	(9)	–	(9)
Total tax charge for the year	**(577)**	**–**	**(577)**	**1,135**	**–**	**1,135**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £11,244,000 (2020: £10,383,000) based on a prospective corporation tax rate of 19% (2020 19%). 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. Return/(Loss) per share

	2021 £'000	2020 £'000
Growth share		
Return per share is based on the following:		
Revenue return	5,672	6,173
Capital return/(loss)	74,816	(38,037)
Total return/(loss)	**80,488**	**(31,864)**
Weighted average number of shares in issue	74,068,960	70,394,443
Revenue return per share	7.66p	8.77p
Capital loss per share	101.01p	(54.03)p
Total loss per share	**108.67p**	**(45.26)p**
Income share		
Return per share is based on the following:		
Revenue return	4,401	6,250
Capital loss	37,227	(40,838)
Total return/(loss)	**41,628**	**(34,588)**
Weighted average number of shares in issue	88,892,127	99,944,665
Revenue return per share	4.95p	6.25p
Capital loss per share	41.88p	(40.86)p
Total return/(loss) per share	**46.83p**	**(34.61)p**

10. Dividends

(a) Dividends paid and declared

	2021 £'000	2020 £'000
Dividends paid		
Unclaimed Growth dividends refunded to the Company	–	(17)
Growth 2020 second interim dividend of 4.00p (2019: 4.00p) per share	2,750	2,879
Growth first interim dividend of 1.25p (2020: 4.85p) per share	928	3,413
Income 2020 fourth interim dividend of 2.50p (2019: 2.50p) per share	2,498	2,538
Income first interim dividend of 1.40p (2020: 1.40p) per share	1,249	1,413
Income second interim dividend of 1.40p (2020: 1.40p) per share	1,249	1,409
Income third interim dividend of 1.40p (2020: 1.40p) per share	1,249	1,399
Total dividends paid in the year	**9,923**	**13,034**
Dividends declared		
Growth second interim dividend of 3.20p (2020: 4.00p) per share	2,348	2,750
Income fourth interim dividend of 2.50p (2020: 2.50p) per share	2,211	2,498
Total dividends declared[1]	**4,559**	**5,248**

[1] In accordance with the accounting policy of the Company, these dividends will be reflected in the financial statements of the following year.

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 £10,073,000 (2020: £12,423,000).

	2021 £'000	2020 £'000
Growth first interim dividend of 1.25p (2020: 4.85p) per share	928	3,413
Growth second interim dividend of 3.20p (2020: 4.00p) per share	2,348	2,750
Income first interim dividend of 1.40p (2020: 1.40p) per share	1,249	1,413
Income second interim dividend of 1.40p (2020: 1.40p) per share	1,249	1,409
Income third interim dividend of 1.40p (2020: 1.40p) per share	1,249	1,399
Income fourth interim dividend of 2.50p (2020: 2.50p) per share	2,211	2,498
Total	**9,234**	**12,882**

The revenue reserve after payment of the Growth second interim dividend and Income fourth interim dividend amounts to £7,146,000 (2020: £6,307,000).

11. Investments

	2021 £'000	2020 £'000
Investments listed on a recognised investment exchange	428,958	317,199

	2021 Listed in UK £'000	2021 Listed overseas £'000	2021 Total £'000	2020 Listed in UK £'000	2020 Listed overseas £'000	2020 Total £'000
Opening book cost	502	327,433	327,935	502	374,582	375,084
Opening investment holding gains/(losses)	5,809	(16,545)	(10,736)	8,248	47,034	55,282
Opening valuation	6,311	310,888	317,199	8,750	421,616	430,366
Movements in the year:						
Purchases at cost	–	186,167	186,167	–	250,532	250,532
Sales proceeds	–	(190,954)	(190,954)	–	(281,835)	(281,835)
Gains/(losses) on investments	5,205	111,341	116,546	(2,439)	(79,425)	(81,864)
Closing valuation	11,516	417,442	428,958	6,311	310,888	317,199
Closing book cost	502	324,777	325,279	502	327,433	327,935
Closing investment holding gains/(losses)	11,014	92,665	103,679	5,809	(16,545)	(10,736)
Total investments held at fair value through profit or loss	**11,516**	**417,442**	**428,958**	**6,311**	**310,888**	**317,199**

The company received £190,954,000 (2020: £281,835,000) from investments sold in the year. The bookcost of these investments when they were purchased was £188,823,000 (2020: £297,681,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £314,000 (2020: £501,000) and on sales during the year amounted to £129,000 (2020: £264,000). These costs comprise mainly brokerage commission.

12. Current assets

	2021 £'000	2020 £'000
Derivative financial assets		
Future contracts[1]	–	202
Forward foreign currency contracts and spot contracts[2]	109	385
	109	**587**

[1] As at 31st March 2020: EURO STOXX 50 06/19/2020 futures at a contract cost of £1,297,000 and a market value of £1,499,000 giving an unrealised asset of £202,000.

[2] As at 31st March 2021, there are 20 forward currency contracts and 5 spot contracts in a net asset position. These have a settlement date of 1st April 2021 or 29th April 2021. The gross currency exposure figures are CHF 13,417,385, GBP 4,045,880, USD 2,170,166, NOK 271,984, EUR (9,550,578), DKK (17,536,965), SEK (68,808,584).

As at 31st March 2020, there are 22 forward currency contracts and 2 spot contracts in a net asset position. These have a settlement date of 1st April 2020 or 29th April 2020. The gross currency exposure figures are SEK 80,064,767, DKK 36,315,000, NOK 21,000,839, GBP 3,837,811, USD (1,210,378), EUR (1,845,445), CHF (15,918,718).

	2021 £'000	2020 £'000
Debtors		
Securities sold awaiting settlement	383	1,646
Dividends and interest receivable	574	283
Overseas tax recoverable	3,229	1,683
Other debtors	75	45
	4,261	**3,657**

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

	2021 £'000	2020 £'000
Securities purchased awaiting settlement	1,402	–
Repurchases of the Company's own shares awaiting settlement	318	–
Bank loan	–	13,274
Loan interest payable	103	113
Other creditors and accruals	150	148
	1,973	**13,535**

The Company had a Euro 15 million 0.45% 364 day committed revolving credit facility with National Australia Bank, which expired on 24th August 2020. The amount of Euro 15 million drawn on the National Australia Bank credit facility referred to above was repaid on 21st May 2020.

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

	2021 £'000	2020 £'000
Derivative financial liabilities		
Futures contracts[1]	(185)	1,560
Forward foreign currency contracts and spot contracts[2]	(181)	392
	(366)	1,952

[1] As at 31st March 2021: EURO STOXX 50 06/18/2021 futures at a contract cost of £8,751,000 and a market value of £8,566,000 giving an unrealised liability of £185,000. As at 31st March 2020:EURO STOXX 50 06/19/2020 futures at a contract cost of £10,178,000 and a market value of £11,738,000 giving an unrealised liability of liability of £1,560,000.

[2] As at 31st March 2021, there are 32 forward currency contracts in a net liability position. These had a settlement date of 29th April 2021. The gross currency exposure figures were DKK 40,226,984, SEK 16,366,035, EUR 14,985,833, CHF (4,754,630), GBP (5,447,910), NOK (115,553,258).

As at 31st March 2020, there are 19 forward currency contracts and 1 spot contracts in a net liability position. These had a settlement date of 1st April 2020 or 29th April 2020. The gross currency exposure figures were EUR 11,010,654, CHF 10,578,598, USD 2,738,688, GBP (6,954,004), SEK (64,275,663), NOK (117,063,382).

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

	2021 £'000	2020 £'000
Metlife Private Placement	42,418	44,051

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 complies with all these requirements. For details regarding the fair valuation of the private placement long term debt , see glossary of terms and APMs on page 105. The negative attributions arising from the fair valuation calculation of the private placement is detailed on pages 11 and 12 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:	2021 Shares in issue	2021 £'000	2020 Shares in issue	2020 £'000
Growth shares – ordinary shares of 5p each[1]				
Opening balance of shares	74,259,820	2,948	72,306,030	2,872
Repurchase of shares for cancellation	(1,942,730)	(76)	(3,561,284)	(139)
Net conversion increase of shares	424,134	16	5,515,074	215
Closing balance	**72,741,224**	**2,888**	**74,259,820**	**2,948**
Income shares – ordinary shares of 2.5p each[2]				
Opening balance of shares	89,181,557	1,856	100,914,066	2,103
Repurchase of shares for cancellation	(2,180,618)	(55)	(987,502)	(25)
Net conversion decrease of shares	(980,894)	(22)	(10,745,007)	(222)
Closing balance	**86,020,045**	**1,779**	**89,181,557**	**1,856**

Further details of transactions in the Company's shares are given on page 39.

[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.

	2021 £'000	2020 £'000
Deferred Growth shares		
2020 Opening balance of 12,664,930 shares of 0.05170309p each (2019: 71,649,318 shares of 0.06491071p)	7	47
2020 Repurchase of 12,664,930 shares of 0.05170309p each for cancellation (2019: Repurchase of 71,649,318 shares of 0.06491071p each for cancellation)	(7)	(47)
2021 Issue of 1,701,086 shares of 0.33842498p each (2020: Issue of 12,664,930 shares of 0.05170309p each)	6	7
2021 Closing balance of 1,701,086 shares of 0.33842498p each	**6**	**7**
Deferred Income shares		
2020 Opening balance of 87,261,634 shares of 0.02096422p each (2019: 303,533 shares of 0.10371430p)	18	–
2020 Repurchase of 87,261,634 shares of 0.02096422p each for cancellation (2019: Repurchase of 303,533 shares of 0.10371430p each for cancellation)	(18)	–
2021 Issue of 85,836,171 shares of 0.31987038p each (2020: Issue of 87,261,634 shares of 0.02096422p each)	275	18
2021 Closing balance of 85,836,171 shares of 0.31987038p each	**275**	**18**

16. Capital and reserves

				Capital reserves[1]				
	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Unrealised reserve £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	4,804	127,827	15,613	175,569	(10,735)	(8,096)	11,555	316,537
Net foreign currency losses on other balances	–	–	–	(1,785)	–	–	–	(1,785)
Unrealised foreign currency gains on loan and private placement	–	–	–	–	–	1,646	–	1,646
Realised gains on sale of investments	–	–	–	2,131	–	–	–	2,131
Net change in unrealised gains and losses on investments	–	–	–	–	114,415	–	–	114,415
Unrealised gains on foreign currency contracts	–	–	–	–	–	(70)	–	(70)
Unrealised gains on forward foreign currency contracts from prior period now realised	–	–	–	(6)	–	6	–	–
Realised losses on close out of futures contracts	–	–	–	(1,033)	–	–	–	(1,033)
Unrealised losses on futures contracts	–	–	–	–	–	(185)	–	(185)
Unrealised losses on futures from prior period now realised	–	–	–	(1,358)	–	1,358	–	–
Realised losses on repayment of loans	–	–	–	(165)	–		–	(165)
Transfer re loans repaid in period	–	–	–	261	–	(261)	–	–
Repurchase and cancellation of the Company's own shares	(131)	–	131	(9,127)	–	–	–	(9,127)
Share conversions during the year	(6)	3,701	47	(3,742)	–	–	–	–
Management fee and finance costs charged to capital	–	–	–	(2,839)	–	–	–	(2,839)
Other capital charges	–	–	–	(72)	–	–	–	(72)
Dividends paid in the year	–	–	–	–	–	–	(9,923)	(9,923)
Retained revenue for the year	–	–	–	–	–	–	10,073	10,073
Closing balance	**4,667**	**131,528**	**15,791**	**157,834**	**103,680**	**(5,602)**	**11,705**	**419,603**

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

17. Net asset value per share

	2021	2020
Growth share		
Ordinary shareholders' funds (£'000)	275,858	203,703
Number of shares in issue	72,741,224	74,259,820
Net asset value per share	379.2p	274.3p
Income share		
Ordinary shareholders' funds (£'000)	143,745	112,834
Number of shares in issue	86,020,045	89,181,557
Net asset value per share	167.1p	126.5p

18. Reconciliation of net loss before finance costs and taxation to net cash outflow from operations before dividends and interest

	2021 £'000	2020 £'000
Net profit/(losses) before finance costs and taxation	122,816	(64,070)
Less capital return/ add capital loss before finance costs and taxation	(112,891)	78,053
(Increase)/decrease in accrued income and other debtors	(321)	898
(Decrease)/increase in accrued expenses	(2)	14
Management fee charged to capital	(1,991)	(2,232)
Overseas withholding tax	(1,852)	(2,024)
Dividends received	(9,105)	(14,613)
Interest received on cash and cash equivalents	(2)	(5)
Realised gain on foreign currency transactions	215	484
Realised gain/(loss) on liquidity fund	43	(168)
Net cash outflow from operations before dividends and interest	**(3,090)**	**(3,663)**

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2020: none).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 46. The management fee payable to the Manager for the year was £2,998,000 (2020: £3,402,000), of which £nil (2020: £nil) was outstanding at the year end.

During the year £nil (2020: £48,000) was payable to the Manager for the administration of savings scheme products, of which £nil (2020: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 77 are safe custody fees amounting to £44,000 (2020: £57,000) payable to JPMorgan Chase of which £16,000 (2020: £15,000) 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 £1,000 (2020: £nil) was payable to JPMorgan Securities Limited for the year of which £nil (2020: £nil) was outstanding at the year end.

The Company holds investments in funds managed by JPMAM. At 31st March 2021 these were valued at £15.5 million (2020: £10.6 million) and represented 5.6% (2020: 3.3%) of the Company's investment portfolio. During the year the Company made £nil purchases of such investments (2020: £nil) and sales with a total value of £2,526,000 (2020: £nil).

Income amounting to £204,000 (2020: £244,000) was receivable from these investments during the year of which £nil (2020: £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 £20.5 million (2020: £9.5 million). Interest amounting to £nil (2020: £nil) was payable during the year of which £nil (2020: £nil) was outstanding at the year end.

Stock lending income amounting to £257,000 (2020: £130,000) was receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £28,000 (2020: £15,000).

Handling charges on dealing transactions amounting to £71,000 (2020: £59,000) were payable to JPMorgan Chase Bank N.A. during the year of which £17,000 (2020: £13,000) was outstanding at the year end.

At the year end, total cash of £9.8 million (2020: £36.7 million) was held with JPMorgan Chase Bank N.A. A net amount of interest of £2,000 (2020: £5,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2020: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 56 and in note 6 on page 77.

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 policies of investments and derivatives are given in note 1(b) and note 1(g) on pages 73 and 74.Derivative financial instruments, including short term forward currency contracts are valued at fair value, which is the net unrealised gain or loss.

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

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1[1]	425,010	(185)	313,146	(1,560)
Level 2[2]	4,057	(181)	4,640	(392)
Total	**429,067**	**(366)**	**317,786**	**(1,952)**

[1] Includes future currency contracts.

[2] Includes investments in Open Ended Investment Schemes (OEIC's) and Forward foreign currency contracts and spot contracts.

There were no transfers between Level 1, 2 or 3 during the year (2020: 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.

				2021			
	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	31.5	7.0	(4.1)	3.1	(9.6)	1.6	29.5
Foreign currency bank loan and private placement	(42.4)	–	–	–	–	–	(42.4)
Futures	(0.2)	–	–	–	–	–	(0.2)
Foreign currency exposure on net monetary items	(11.1)	7.0	(4.1)	3.1	(9.6)	1.6	(13.1)
Investments held at fair value through profit or loss	283.9	71.7	31.2	16.5	14.1	–	417.4
Total net foreign currency exposure	**272.8**	**78.7**	**27.1**	**19.6**	**4.5**	**1.6**	**404.3**

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure *continued*

	2020						
	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	57.5	(4.4)	1.5	4.6	(6.9)	1.2	53.5
Foreign currency bank loan and private placement	(57.3)	–	–	–	–	–	(57.3)
Futures	(1.3)	–	–	–	–	–	(1.3)
Foreign currency exposure on net monetary items	(1.1)	(4.4)	1.5	4.6	(6.9)	1.2	(5.1)
Investments held at fair value through profit or loss	201.7	73.7	15.0	8.8	11.2	0.5	310.9
Total net foreign currency exposure	**200.6**	**69.3**	**16.5**	**13.4**	**4.3**	**1.7**	**305.8**

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% (2020: 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.

	2021		2020	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(1,108)	1,108	(1,557)	1,557
Capital return	1,315	(1,315)	505	(505)
Total return after taxation for the year	207	(207)	(1,052)	1,052
Net assets	**207**	**(207)**	**(1,052)**	**1,052**

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.

	2021 £'000	2020 £'000
Exposure to floating interest rates:		
Cash and short term deposits	10,520	45,155
JPMorgan Euro Liquidity Fund	20,512	9,477
Bank loan	–	(13,274)
Total exposure	**31,032**	**41,358**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2020: 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 81 and 82.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2020: 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.

	2021		2020	
	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	310	(310)	502	(502)
Capital return	–	–	(89)	89
Total return after taxation for the year	310	(310)	413	(413)
Net assets	**310**	**(310)**	**413**	**(413)**

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:

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	428,958	317,199
Futures	(185)	(1,358)
	428,773	**315,841**

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 19 and 28. 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% (2020: 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.

	2021		2020	
	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	(96)	96	(75)	75
Capital return	38,603	(38,603)	30,576	(30,576)
Total return after taxation	38,507	(38,507)	30,501	(30,501)
Net assets	**38,507**	**(38,507)**	**30,501**	**(30,501)**

(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 pre-arranged credit 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:

	2021			
	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	1,402	–	–	1,402
Repurchase of the Company's own shares awaiting settlement	318	–	–	318
Other creditors and accruals	150	–	–	150
Derivative financial instruments	366	–	–	366
Creditors: amounts falling due after more than one year				
Metlife Private Placement, including interest	385	864	57,961	59,210
	2,621	**864**	**57,961**	**61,446**

	2020			
	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	–	–	–	–
Bank loan, including interest	5	13,277	–	13,282
Other creditors and accruals	148	–	–	148
Derivative financial instruments	1,952	–	–	1,952
Creditors: amounts falling due after more than one year				
Metlife Private Placement, including interest	406	892	61,131	62,429
	2,511	**14,169**	**61,131**	**77,811**

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 £10.5 million (2020: £45.2 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 2021 amounted to £11.0 million (2020: £51.7 million) and the maximum value of stock on loan during the year amounted to £87.9 million (2020: £84.1 million). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% (2020: 102%) of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% (2020: 105%) if it is denominated in a different currency. Full details of the collateral is disclosed on pages 97 to 98.

(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	
	2021 £m	2020 £m	2021 £m	2020 £m
Euro 50 million 2.69% Metlife Private Placement 25th August 2035	42.4	44.1	55.1	59.5

23. Capital management policies and procedures

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

	2021 £'000	2020 £'000
Debt		
Bank loan	–	13,274
Private Placement	42,418	44,051
Total debt	**42,418**	**57,325**
Equity		
Called up share capital	4,667	4,804
Reserves	414,936	311,733
Total equity	**419,603**	**316,537**
Total debt and equity	**462,021**	**373,862**

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.

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	428,958	317,199
Net assets	419,603	316,537
Gearing	**2.2%**	**0.2%**

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

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 2021 are shown below:

	Gross Method	Commitment Method
Growth		
Maximum limit	350%	350%
Actual	119%	116%
Income		
Maximum limit	350%	350%
Actual	178%	154%

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 JPMF 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 2020 Performance Year in June 2020 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 2020 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 30 Alternative Investment Funds (with 5 sub-funds) and 2 UCITS (with 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £21.4 billion and £22.5 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (US$'000s)	19,241	11,862	31,103	139

The aggregate 2020 total remuneration paid to AIFMD Identified Staff was USD $63,330,000, of which USD $5,620,000 relates to Senior Management and USD $57,710,000 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.

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 2021 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 2.57%. 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	10,994	2.65%

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
Merrill Lynch	United States of America	6,757
Citigroup	United States of America	1,808
UBS	Switzerland	949
Goldman Sachs	United States of America	830
JP Morgan	United States of America	369
Credit Suisse Group	Switzerland	185
Societe Generale	France	82
Morgan Stanley	United States of America	15
Total		**10,994**

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 States of America Treasury	3,921
Federal Republic of Germany Government	3,648
Kingdom of Netherlands Government	1,672
French Republic Government	1,013
Republic of Austria Government	235
Kingdom of Belgium Government	73
Kingdom of Spain Government	40
United Kingdom Treasury	30
Republic of Finland Government	5
Total	**10,636**

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	EUR	6,686
Treasury Notes	Investment Grade	USD	3,282
Treasury Bonds	Investment Grade	USD	476
Treasury Bills	Investment Grade	USD	163
Sovereign Debt	Investment Grade	GBP	30
Total			**10,636**

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	–
1 week to 1 month	–
1 to 3 months	196
3 to 12 months	351
more than 1 year	10,089
Total	**10,636**

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. The Company currently reinvests cash collateral received in respect of securities lending transactions in the overnight cash market.

Safekeeping of collateral

All collateral received 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.

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.

Details about the share conversion can be found on the Company's web site: www.jpmeuropean.co.uk

Notice is hereby given that the ninety-second Annual General Meeting of JPMorgan European Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on 8th July 2021 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 2021.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st March 2021.
4. To reappoint Josephine Dixon a Director of the Company.
5. To reappoint Stephen Goldman a Director of the Company.
6. To reappoint Jutta af Rosenborg a Director of the Company.
7. To reappoint Rita Dhut a Director of the Company.
8. To appoint Guy Walker as a Director of the Company.
9. To appoint PricewaterhouseCoopers 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 £575,590, (being approximately 10% of the issued share capital of the Growth and Income share classes of the Company as at 1st June 2021), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 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 £575,590 (being approximately 10% of the total issued share capital of the Growth and Income share classes of the Company as at 1st June 2021) 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 10,820,621 or 12,871,113 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 8th January 2023 unless the authority is renewed at the Company's Annual General Meeting in 2022 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

3rd June 2021

Notes

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

1. At the date of posting of the AGM Notice, given the ongoing uncertainty about the course of Covid-19 and due to ongoing public health concerns, the Board intends to limit physical attendance at the AGM only to Directors or their proxies and representatives from J.P. Morgan. The Board will ensure that the minimum quorum is present to allow the formal business to proceed. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. Should the Government guidance change and the current restrictions on group gatherings be relaxed by the time of the Meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to secure the safety of those attending the Meeting and the orderly conduct of the Meeting.

2. Subject to the entry restrictions placed on this year's AGM as detailed in Note 1. above, 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.

3. Subject to the entry restrictions placed on this year's AGM as detailed in Note 1. above, 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.

4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.

5. 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.

6. 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.

7. Subject to compliance with Covid-19 pandemic legislation as detailed in Note 1. above, entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

8. Subject to the entry restrictions placed on this year's AGM as detailed in Note 1. above, 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. Subject to Covid-19 pandemic related entry restrictions 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.

15. 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.

16. As an alternative to completing a hard copy Form of Proxy, 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). 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.

17. As at 1st June 2021 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 72,185,599 Growth shares and 85,864,666 Income shares. Voting rights are calculated by reference to the share voting numbers which, as at 31st March 2021, were 3.792 (Growth) and 1.671 (Income). Therefore the total voting rights in the Company are 417,207,648.

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 shareholder, 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 2021	Year ended 31st March 2020	
Growth				
Opening share price (p)	17	215.0	265.0	(a)
Closing share price (p)	17	326.0	215.0	(b)
Total dividend adjustment factor[1]		1.015096	1.032015	(c)
Adjusted closing share price (d = b x c)		330.92	221.9	(d)
Total return to shareholders (e = d / a – 1)		**53.9%**	**–16.3%**	**(e)**
Income				
Opening share price (p)	26	99.8	144.0	(a)
Closing share price (p)	26	143.5	99.8	(b)
Total dividend adjustment factor[1]		1.054734	1.045575	(c)
Adjusted closing share price (d = b x c)		151.4	104.3	(d)
Total return to shareholders (e = d / a – 1)		**51.7%**	**–27.5%**	**(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.

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 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 2021	Year ended 31st March 2020	
Growth				
Opening cum-income NAV per share (p)	17	274.3	324.0	
(–) the 2nd interim dividend declared but not paid pre year-end date	80	(4.0)	(4.0)	
Adjusted opening cum-income NAV per share (p)		270.3	320.0	(a)
Closing cum-income NAV per share (p)	17	379.2	274.3	
(–) the 2nd interim dividend declared but not paid pre year-end date	80	(3.2)	(4.0)	
Adjusted closing cum-income NAV per share (p)		376.0	270.3	(b)
Total dividend adjustment factor[1]		1.012552	1.026850	(c)
Adjusted closing cum–income NAV per share (d = b x c)		380.72	277.6	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**40.9%**	**–13.3%**	**(e)**

	Page	Year ended 31st March 2021	Year ended 31st March 2020	
Income				
Opening cum-income NAV per share (p)	26	126.5	172.0	
(–) the 4th interim dividend declared but not paid pre year-end date	80	(2.5)	(2.5)	
Adjusted opening cum-income NAV per share (p)		124.0	169.5	(a)
Closing cum-income NAV per share (p)	26	167.1	126.5	
(–) the 4th interim dividend declared but not paid pre year-end date	80	(2.5)	(2.5)	
Adjusted closing cum-income NAV per share (p)		164.6	124.0	(b)
Total dividend adjustment factor[1]		1.044983	1.039075	(c)
Adjusted closing cum-income NAV per share (d = b x c)		172.0	128.8	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**38.7%**	**–24.0%**	**(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 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 71) 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 92 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.

As at 31st March 2021, €31.9 million of the €50.0 million was allocated to the Growth pool with the remaining million allocated to the Income pool.

Total return calculation	Page	Year ended 31st March 2021	Year ended 31st March 2020	
Growth				
Opening cum-income NAV per share (p)	17	261.0	313.5	
(–) the 2nd interim dividend declared but not paid pre year-end date	80	(4.0)	(4.0)	
Adjusted opening cum-income NAV per share (p)		257.0	309.5	(a)
Closing cum-income NAV per share (p)	17	368.7	261.0	
(–) the 2nd interim dividend declared but not paid pre year-end date	80	(3.2)	(4.0)	
Adjusted closing cum-income NAV per share (p)		365.5	257.0	(b)
Total dividend adjustment factor[1]		1.013014	1.027883	(c)
Adjusted closing cum-income NAV per share (d = b x c)		370.3	264.2	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**44.1%**	**–14.6%**	**(e)**

	Page	Year ended 31st March 2021	Year ended 31st March 2020	
Income				
Opening cum-income NAV per share (p)	26	120.3	167.4	
(–) the 4th interim dividend declared but not paid pre year-end date	80	(2.5)	(2.5)	
Adjusted opening cum-income NAV per share (p)		117.8	164.9	(a)
Closing cum-income NAV per share (p)	26	161.3	120.3	
(–) the 4th interim dividend declared but not paid pre year-end date	80	(2.5)	(2.5)	
Adjusted closing cum-income NAV per share (p)		158.8	117.8	(b)
Total dividend adjustment factor[1]		1.047137	1.040629	(c)
Adjusted closing cum-income NAV per share (d = b x c)		166.3	122.6	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**41.2%**	**–25.7%**	**(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 cum-income NAV at the ex-dividend date.

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 17 on page 84 for detailed calculations.

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 2021 £'000	31st March 2020 £'000	
Growth				
Investments held at fair value through profit or loss	71	275,871	196,186	(a)
Net assets	71	275,858	203,703	(b)
Gearing/(net cash) (c = a / b – 1)		**0.0%**	**(3.7)%**	**(c)**
Income				
Investments held at fair value through profit or loss	71	153,087	121,013	(a)
Net assets	71	143,745	112,834	(b)
Gearing (c = a / b – 1)		**6.5%**	**7.2%**	**(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	Year ended 31st March 2021 £'000	Year ended 31st March 2020 £'000	
Growth				
Management Fee	24	1,920	1,905	
Other administrative expenses	24	373	439	
Total management fee and other administrative expenses		2,293	2,344	(a)
Average daily cum-income net assets		249,065	234,947	(b)
Ongoing charges (c = a / b)		**0.92%**	**1.00%**	**(c)**
Income				
Management Fee	34	1,078	1,497	
Other administrative expenses	34	202	283	
Total management fee and other administrative expenses		1,280	1,780	(a)
Average daily cum-income net assets		130,730	173,995	(b)
Ongoing charges (c = a / b)		**0.98**	**1.02%**	**(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 (page 6).

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.

You can invest in a J.P. Morgan investment trust through the following:

1. Via a third party provider

Third party providers include:

AJ Bell
Barclays Smart Investor
Charles Stanley Direct
Fidelity FundsNetwork
Halifax
Hargreaves Lansdown
Interactive Investor
Selftrade
The Share Centre

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

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies' ('AIC') website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

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 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

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 15 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

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Asset Management