



Half Year Report 09

JPMorgan European
Investment Trust plc

Half Year Report & Accounts for the Six Months Ended 30th September 2009

J.P.Morgan
Asset Management

Half Year Performance

Total Returns (capital plus income)

Growth Portfolio

+53.5%

Return to shareholders¹

+45.0%

Return on net assets²

+41.4%

Benchmark return³

Long Term Performance¹

	Return to shareholders	Return on net assets	Benchmark return
3 Year Performance (1st Oct 2006 - 30th Sept 2009)	0.6%	1.7%	11.0%
5 Year Performance (1st Oct 2004 - 30th Sept 2009)	69.9%	58.7%	70.6%
10 Year Performance (1st Oct 1999 - 30th Sept 2009)	92.0%	85.0%	59.7%

Financial Data

	30th September 2009	31st March 2009	% change
Shareholders' funds (£'000)	246,077	180,176	+36.6
Number of shares in issue ⁴	123,423,561	126,799,002	
Net asset value per share	199.4p	142.1p	+40.3
Share price	174.8p	116.5p	+50.0
Share price discount to net asset value	12.3%	18.0%	

A glossary of terms and definitions is provided on page 29.

¹Source: Morningstar.

²Source: J.P.Morgan.

³Source: FTSE. The Growth portfolio's benchmark is the FTSE All World Developed Europe (ex-UK) Index in sterling terms (total return).

⁴There are no shares held in Treasury (31st March 2009: nil).

Half Year Performance

Total Returns (capital plus income)

Income Portfolio

+55.7%
Return to shareholders¹

+49.4%
Return on net assets²

+38.0%
Benchmark return³

Long Term Performance¹

	Return to shareholders	Return on net assets	Benchmark return
2 Year Performance (1st Oct 2007 - 30th Sept 2009)	-6.2%	-5.4%	-10.6%
3 Year Performance (1st Oct 2006 - 30th Sept 2009)	5.0%	7.9%	4.5%
Since inception (2nd Aug 2006 - 30th Sept 2009)	8.0%	12.9%	9.7%

Financial Data

	30th September 2009	31st March 2009	% change
Shareholders' funds (£'000)	57,931	41,045	+41.1
Number of shares in issue ⁴	57,068,631	58,502,745	
Net asset value per share	101.5p	70.2p	+44.6
Share price	91.3p	60.3p	+51.4
Share price discount to net asset value	10.0%	14.1%	

A glossary of terms and definitions is provided on page 29.

¹Source: Morningstar.

²Source: J.P.Morgan.

³Source: FTSE. The Income portfolio's benchmark is the MSCI Europe Index in sterling terms (total return).

⁴There are no shares held in Treasury (31st March 2009: nil).

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Income Shares

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Objectives

Growth

Capital growth from Continental European investments, by consistent outperformance 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

To provide a growing income together with the potential for long-term capital growth from a diversified portfolio of investments in pan-European stockmarkets.

Investment Policies

Growth

- To invest in a diversified portfolio of investments in the stockmarkets of Continental Europe.
- To emphasise capital growth rather than income, with the likely result that the dividend will fluctuate.
- To use borrowings to increase potential returns to shareholders.
- To invest no more than 15% of the assets attributable to the Growth shares in other UK listed investment companies (including investment trusts).

Income

- To invest in a diversified portfolio of investments in pan-European stockmarkets.
- To provide a growing income together with the potential for long-term capital growth.
- To manage liquidity and borrowings to increase returns to shareholders.
- To invest no more than 15% of the assets attributable to the Income shares in other UK listed investment companies (including investment trusts).

Benchmarks

Growth

The FTSE All World Developed Europe (ex UK) Index in sterling terms (total return).

Income

The MSCI Europe Index in sterling terms (total return).

Capital Structure

The Company has an authorised share capital of 354,328,617 Growth shares of 5p each and 114,142,765 Income shares of 2.5p each.

At the period end there were 123,423,561 Growth shares and 57,068,631 Income shares in issue.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

Chairman's Statement



Performance

After the somewhat querulous comments in my recent annual statement I am delighted to report that your Company has recorded its best-ever interim period performance in the six months to 30th September 2009. Over the six months since the year end on 31st March 2009, the Company's Growth portfolio produced a total return (capital plus net income reinvested) of +45.0% against a total return on the benchmark index, the FTSE All World Developed Europe (ex-UK) Index, of +41.4% (both in sterling terms). The Growth share price rose by 50.0% over the six months and, with net dividends re-invested, the total return to Growth shareholders was +53.5%.

In the same period, the Income portfolio produced a total return of +49.4%, compared with the total return on the benchmark index, the MSCI Europe Index, of +38.0%. With net dividends re-invested, the total return to shareholders was +55.7% over the period.

These gratifying returns to shareholders partially reflect the narrowing of the discount to net asset value on each share class to levels close to the Board's stated target of 10%. But by far the greatest contribution to performance in both portfolios has been the effect of judicious gearing on good stock selection.

The significant contribution of stock selection to relative out-performance has been particularly pleasing as it tends to vindicate the long-term integrity of the investment process. As the market returned this year to rewarding economic expectations, rather than merely responding to panic, so the Company's disciplined investment process biased the portfolio towards the optimum mix of growth and undervalued shares, as it is designed to do.

In my statement in the last annual report, I explained that your Board was keeping the Manager's investment process under very close scrutiny and commented in detail on the various factors that had led to the Company's underperformance in 2007/8 and in 2008/9. The Board will continue to scrutinise the process and, with this in mind, is extending the data it regularly analyses in order to monitor more closely the success of the process in selecting out-performing shares. It is therefore particularly pleasing to report so soon after last year's debacle not only a positive performance in absolute terms for the first half of this financial year - equity markets having rallied strongly since the lows experienced in mid March - but more particularly their strong out-performance against their respective benchmarks.

However, as I have made clear previously, the Company does not specifically seek or expect to out-perform over short-term period; it seeks to out-perform over rolling three year periods, and most definitely over five years and longer. It is therefore gratifying that, after its shaky start, the Income portfolio is now showing three year out-performance at its first opportunity, as shown on page three. The relative five and three year performance on the Growth portfolio is still disappointing, as shown on page 2, but I expect it to return to both three and five year out-performance before very long.

Revenue and Dividends

Earnings per share on the Growth portfolio for the six months to 30th September 2009 (calculated by reference to the average number of shares in issue over the

Chairman's Statement continued

period) amounted to 3.66 pence per share (2008: 6.21 pence). A first interim dividend of 3.75 pence per Growth share was paid on 5th October 2009 (2008: 5.00 pence).

Earnings per share on the Income portfolio for the first half (again, calculated by reference to the average number of shares in issue over the period) amounted to 2.67 pence per share (2008: 3.29 pence). A first interim dividend of 2.30 pence per Income share was paid on 5th October 2009 (2008: 3.00 pence).

The lower level of dividend payments, compared with the corresponding dividends paid in 2008, reflect lower levels of income received from the investments in each portfolio than at the same stage in 2008. This is in some part due to many companies having cut their dividends; also, the Board's policy is to pay dividends in line with revenues received on the underlying portfolios, in order to ensure that income is distributed in line with shareholdings ahead of each conversion opportunity (in September and March each year). However, since the Manager's stock selection process for the Income portfolio focuses on excluding companies whose dividend is at risk, the Board hopes to be able to maintain the dividend on the Income shares at 4.00 pence for the full year.

Share Repurchases

The Board has a proactive and structured approach to the use of its share repurchase powers. As explained in the last annual report, it remains of the view that it is important to seek to address imbalances in the supply of and demand for the Company's shares and to minimise thereby the volatility and absolute level of the discount to net asset value at which the Company's shares trade. Whilst it remains the long term aim of the Company to maintain the discount on both share classes at or below 5% (with debt at fair value), in current market conditions it has been deemed prudent, for the time being, to allow for slightly greater discounts. Nonetheless, your Board would not wish to see the discounts widen beyond 10% on an ongoing basis. The precise level and timing of any repurchases carried out pursuant to the policy will depend upon prevailing market conditions at the relevant time. The Board will continue to monitor this policy in light of market conditions.

During the six months ended 30th September 2009, the Company repurchased a total of 3,602,000 Growth shares and 981,250 Income shares for cancellation. These repurchases were made at discounts between approximately 9.4% and 17.0% and 7.7% and 16.9% respectively (with debt valued at par). Since the period end, the Company has repurchased a further 391,680 Growth shares for cancellation. There are no shares currently held in Treasury.

For and on behalf of the Board
Andrew Murison
Chairman

26th November 2009

Investment Managers' Report



Stephen Macklow-Smith



Alexander Fitzalan Howard

Since the end of our last financial year, the Growth portfolio has seen its net asset value ('NAV') rise by 45.0% on a total return basis, against a FTSE All World Developed Europe ex-UK benchmark which has risen by 41.4%. The return to shareholders in the Growth portfolio was +53.5%. For the Income portfolio, which aims to out-perform Europe including the UK on a total return basis while providing an above average yield, the NAV has risen by 49.4% against a benchmark which has risen by 38.0%. The return to shareholders was +55.7%.

These performance figures are satisfactory, especially in the Income portfolio, which has now been in existence for three years: at an NAV level it has out-performed the market over that period, and it has generated positive returns for shareholders since launch, as well as delivering an attractive level of income. In the Growth portfolio, the out-performance in the first half of the year has recovered some of the ground that we lost in 2008, but we have more work to do to restore our longer-term track record.

The six months under review were dominated by a powerful rally in world stock markets. We spoke in our annual report about the attractiveness of valuations after the sell-off that followed the Lehman collapse and this coupled with almost unparalleled monetary and fiscal stimulus combined to push equity prices substantially higher over the period. Investors had reacted to the Lehman debacle by flooding into defensive stocks and eschewing cyclicals and many had reduced their exposure to financials to zero. It is an immutable law of stock-market investing that once an asset is institutionally under-owned, any marginal buying has a disproportionate impact on the price (the same applies the other way round, as we saw with technology stocks in 2000). The official response to the liquidity crisis over the turn of the year was to pass massive stimulus packages, and at the same time to try to ensure that global financial systems were adequately capitalised to preclude any further bank failures, and to restore confidence, thereby resuscitating the credit markets. As evidence emerged that the measures taken had stemmed the panic, so equities ceased to be priced for default and rose strongly.

At the same time, the corporate response to the credit crunch was dynamic and draconian. Companies reacted extremely quickly to the evaporation of credit in the fourth quarter of 2008 by cutting inventories very swiftly and by taking advantage of labour flexibility to mothball plant, shed excess labour and bear down on wage costs. The effects of this were seen in second quarter earnings, which showed little positive news at the sales line, but plenty of positive revisions to profits, since the cost-cutting had protected margins. Figures from Redburn¹ show that the decline in margins in this downturn has been far less pronounced than in previous recessions. More surprisingly, if consensus is correct, margins in non-financial companies will hit a new all time high in Europe and the US in 2011. This does not mean, however, that we are out of the woods yet. The damage wrought by the credit crisis has been severe and it has taken unprecedented amounts of official intervention to stabilise the situation. At some stage this stimulus will have to be withdrawn. This will be immensely tricky, since the authorities will have to gauge very exactly whether the financial system has become self-sustaining and if they get the timing wrong we could see yet another flight from risk and into cash. On the other hand, if they maintain the stimulus for too long, they risk triggering another bubble in risk assets.

¹ Redburn is a research-based UK stockbroker

Investment Managers' Report continued

In the longer term, one grave concern is that the conditions for excessively easy credit over the last ten years stemmed from the extremely competitive Chinese exchange rate, which led to large trade and savings surpluses in Asia, which were then recycled into US Treasuries, pushing down their interest rates and sowing the seeds of a consumer borrowing binge. In all of the debate about the crisis and its aftermath, there has been almost no reference to this anomaly from senior politicians and the Renmimbi remains hyper-competitive.

In the Company's portfolios, performance was driven both by stock selection and by a positive contribution from gearing. Our investment approach means that we always have a positive exposure to Value stocks and to Growth stocks² and in 2008 both fell sharply out of favour. In 2009, however, the market returned to something more like normality and Value stocks performed particularly well in the rally. Having been wrongly geared into the fall in markets after Lehman, we did not cut and run and our gearing worked in our favour in the recovery. As of September, our gearing has been reduced because we view the market as being somewhat overbought in the short term, but we would add on weakness as we feel that the rally will have a further leg up into the New Year.

Stephen Macklow-Smith
Alexander Fitzalan Howard
Investment Managers

26th November 2009

² We define Growth stocks as those exhibiting good price momentum relative to the market supported by positive profit developments.

Ten Largest Equity Investments¹

at 30th September 2009

Company	Country	Sector	Value £'000	% ²
Banco Santander	Spain	Financials	9,226	3.4
Total	France	Oil & Gas	8,606	3.2
Sanofi-Aventis	France	Healthcare	6,942	2.6
Telefonica	Spain	Telecommunications	6,890	2.5
Credit Suisse	Switzerland	Financials	6,364	2.4
Banco Bilbao Vizcaya Argentaria	Spain	Financials	5,493	2.0
Roche	Switzerland	Healthcare	5,335	2.0
BASF	Germany	Basic Materials	5,260	1.9
JPMorgan European Fledgeling Investment Trust	UK	Financials	4,996	1.8
E.ON	Germany	Utilities	4,556	1.7
Total³			63,668	23.5

¹Excludes investments in liquidity funds and bonds.

²Based on total investments of £270.8m, which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current assets.

³As at 31st March 2009, the value of the ten largest investments amounted to £55.0m representing 28.9% of total investments of £190.5m.

Portfolio Analyses

Geographic

	30th September 2009		31st March 2009	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Germany	19.1	17.1	15.5	17.5
France	17.7	25.1	22.5	24.6
Switzerland	12.4	15.5	15.0	17.1
Spain	12.0	11.0	11.0	10.5
Netherlands	10.1	5.3	6.3	5.7
Italy	8.4	8.5	7.3	8.0
European Funds	4.4	–	4.2	–
Sweden	3.7	5.3	5.0	4.9
Finland	2.5	2.4	2.6	2.5
Denmark	2.0	2.2	2.9	2.0
Portugal	2.0	1.0	1.2	0.9
Belgium	1.8	2.0	2.9	2.0
Greece	1.5	1.3	1.5	1.1
Norway	1.0	1.7	1.0	1.7
Austria	0.9	0.8	0.9	0.7
Luxembourg	0.3	–	0.2	–
Ireland	0.2	0.8	–	0.8
Total Portfolio¹	100.0	100.0	100.0	100.0

¹Based on total investments of £270.8m (31st March 2009: £190.5m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current assets.

Portfolio Analyses continued

Sector

Sector	30th September 2009		31st March 2009	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financials	39.6	27.4	24.1	21.3
Industrials	13.2	13.1	14.8	12.3
Consumer Goods	9.2	13.7	8.7	14.6
Healthcare	8.3	8.6	11.0	10.3
Oil & Gas	7.0	6.7	8.9	8.0
Utilities	5.7	8.0	8.8	8.7
Telecommunications	4.8	7.1	7.6	8.7
Basic Materials	4.5	6.7	5.7	6.4
Consumer Services	4.5	5.0	7.0	5.8
Technology	3.2	3.7	3.4	3.9
Total Portfolio¹	100.0	100.0	100.0	100.0

¹Based on total investments of £270.8m (31st March 2009: £190.5m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current assets.

Growth Portfolio Income Statement

for the six months ended 30th September 2009

	(Unaudited) Six months ended 30th September 2009			(Unaudited) Six months ended 30th September 2008			(Audited) Year ended 31st March 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	72,589	72,589	–	(75,969)	(75,969)	–	(130,622)	(130,622)
Net foreign currency (losses)/gains	–	(577)	(577)	–	596	596	–	(5,357)	(5,357)
Income from investments	6,744	–	6,744	11,995	–	11,995	14,954	–	14,954
Other interest receivable and similar income	150	–	150	1,048	–	1,048	2,904	–	2,904
Gross return/(loss)	6,894	72,012	78,906	13,043	(75,373)	(62,330)	17,858	(135,979)	(118,121)
Management fee	(186)	(436)	(622)	(266)	(621)	(887)	(449)	(1,048)	(1,497)
Performance fee	–	–	–	–	–	–	–	–	–
VAT recoverable	–	–	–	–	–	–	2,227	2,003	4,230
Other administrative expenses	(277)	–	(277)	(214)	–	(214)	(563)	–	(563)
Net return/(loss) on ordinary activities before finance costs and taxation	6,431	71,576	78,007	12,563	(75,994)	(63,431)	19,073	(135,024)	(115,951)
Finance costs	(305)	(712)	(1,017)	(801)	(1,869)	(2,670)	(1,522)	(3,552)	(5,074)
Net return/(loss) on ordinary activities before taxation	6,126	70,864	76,990	11,762	(77,863)	(66,101)	17,551	(138,576)	(121,025)
Taxation	(1,555)	820	(735)	(3,288)	1,716	(1,572)	(4,817)	3,021	(1,796)
Net return/(loss) on ordinary activities after taxation	4,571	71,684	76,255	8,474	(76,147)	(67,673)	12,734	(135,555)	(122,821)
Return/(loss) per Growth share	3.66p	57.34p	61.00p	6.21p	(55.81)p	(49.60)p	9.54p	(101.52)p	(91.98)p

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

The 'Total' column of this statement is the profit and loss account of the Growth pool of assets and the 'Revenue' and 'Capital' columns represent supplementary information.

Growth Portfolio Balance Sheet

as at 30th September 2009

	(Unaudited) 30th September 2009 £'000	(Unaudited) 30th September 2008 £'000	(Audited) 31st March 2009 £'000
Fixed assets			
Investments held at fair value through profit or loss	270,796	279,301	190,527
Investments in liquidity funds held at fair value through profit or loss	19,348	19,874	13,710
Total portfolio	290,144	299,175	204,237
Current assets			
Debtors	1,108	639	603
Cash and short term deposits	28,605	40,827	79,219
	29,713	41,466	79,822
Creditors: amounts falling due within one year	(145)	(784)	(11,753)
Net current assets	29,568	40,682	68,069
Total assets less current liabilities	319,712	339,857	272,306
Creditors: amounts falling due after more than one year			
Bank loans	(73,635)	(88,057)	(92,130)
Total net assets	246,077	251,800	180,176
Net asset value per Growth share	199.4p	187.4p	142.1p

Ten Largest Equity Investments¹

at 30th September

Company	Country	Sector	Value £'000	% ²
HSBC	UK	Financials	1,841	2.9
Royal Dutch Shell	UK	Energy	1,749	2.8
BP	UK	Energy	1,552	2.4
Banco Santander	Spain	Financials	1,261	2.0
Total	France	Energy	1,220	1.9
Telefonica	Spain	Telecommunications	1,147	1.8
Unilever	UK	Consumer Staples	832	1.3
Sanofi-Aventis	France	Healthcare	826	1.3
GlaxoSmithKline	UK	Healthcare	816	1.3
ENI	Italy	Energy	717	1.1
Total³			11,961	18.8

¹Excludes investments in liquidity funds.

²Based on total investments of £63.7m, which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current assets.

³At 31st March 2009, the value of the ten largest investments amounted to £10.3m representing 24.2% of total investments of £42.8m.

Portfolio Analyses

Geographic

	30th September 2009		31st March 2009	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
UK	38.7	31.3	45.6	31.7
Germany	10.4	12.1	8.8	12.3
France	9.7	16.4	5.3	16.0
Spain	9.6	7.1	6.9	6.6
Netherlands	9.3	3.9	5.8	4.1
Italy	4.7	5.6	4.9	5.1
Finland	4.3	1.8	5.3	1.9
Switzerland	3.1	11.6	0.7	12.6
Sweden	2.4	3.8	3.9	3.5
Belgium	1.9	1.5	2.4	1.4
Greece	1.7	1.0	3.5	0.8
Portugal	1.5	0.5	0.9	0.6
Ireland	1.0	0.4	0.4	0.5
Norway	0.9	1.1	3.7	1.1
Austria	0.4	0.5	1.8	0.5
Luxembourg	0.2	–	–	–
Malta	0.2	–	–	–
Denmark	–	1.4	0.1	1.3
Total Portfolio¹	100.0	100.0	100.0	100.0

¹Based on total investments of £63.7m (31st March 2009: £42.8m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current assets/(liabilities).

Portfolio Analyses continued

Sector

	30th September 2009		31st March 2009	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financials	33.1	25.9	23.2	19.3
Industrials	14.7	9.5	15.9	9.4
Energy	10.1	10.9	13.8	12.8
Consumer Discretionary	9.6	7.3	9.6	7.8
Consumer Staples	8.4	11.4	3.2	12.7
Materials	5.5	8.3	6.1	7.4
Utilities	5.5	6.6	7.9	7.2
Telecommunication Services	4.9	7.1	13.1	8.3
Healthcare	4.6	10.0	4.6	11.9
Information Technology	3.6	3.0	2.6	3.2
Total Portfolio ¹	100.0	100.0	100.0	100.0

¹Based on total investments of £63.7m (31st March 2009: £42.8m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current assets/(liabilities).

Income Portfolio

Income Statement

for the six months ended 30th September 2009

	(Unaudited) Six months ended 30th September 2009			(Unaudited) Six months ended 30th September 2008			(Audited) Year ended 31st March 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	18,118	18,118	–	(12,040)	(12,040)	–	(21,988)	(21,988)
Net foreign currency (losses)/gains	–	(96)	(96)	–	78	78	–	(1,219)	(1,219)
Income from investments	2,013	–	2,013	2,928	–	2,928	3,832	–	3,832
Other interest receivable and similar income	27	–	27	221	–	221	550	–	550
Gross return/(loss)	2,040	18,022	20,062	3,149	(11,962)	(8,813)	4,382	(23,207)	(18,825)
Management fee	(98)	(147)	(245)	(125)	(187)	(312)	(220)	(329)	(549)
Performance fee	–	(229)	(229)	–	–	–	–	–	–
VAT recoverable	–	–	–	–	–	–	472	332	804
Other administrative expenses	(45)	–	(45)	(41)	–	(41)	(109)	–	(109)
Net return/(loss) on ordinary activities before finance costs and taxation	1,897	17,646	19,543	2,983	(12,149)	(9,166)	4,525	(23,204)	(18,679)
Finance costs	(88)	(134)	(222)	(210)	(315)	(525)	(387)	(581)	(968)
Net return/(loss) on ordinary activities before taxation	1,809	17,512	19,321	2,773	(12,464)	(9,691)	4,138	(23,785)	(19,647)
Taxation	(267)	134	(133)	(756)	510	(246)	(853)	553	(300)
Net return/(loss) on ordinary activities after taxation	1,542	17,646	19,188	2,017	(11,954)	(9,937)	3,285	(23,232)	(19,947)
Return/(loss) per Income share	2.67p	30.51p	33.18p	3.29p	(19.51)p	(16.22)p	5.48p	(38.78)p	(33.30)p

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

The 'Total' column of this statement is the profit and loss account of the Income pool of assets and the 'Revenue' and 'Capital' columns represent supplementary information.

Income Portfolio Balance Sheet

as at 30th September 2009

	(Unaudited) 30th September 2009 £'000	(Unaudited) 30th September 2008 £'000	(Audited) 31st March 2009 £'000
Fixed assets			
Investments held at fair value through profit or loss	63,668	56,998	42,804
Investments in liquidity funds held at fair value through profit or loss	4,571	4,153	3,146
Total portfolio	68,239	61,151	45,950
Current assets			
Debtors	635	632	321
Cash and short term deposits	6,694	9,697	16,089
	7,329	10,329	16,410
Creditors: amounts falling due within one year	(33)	(109)	(21,315)
Net current assets/(liabilities)	7,296	10,220	(4,905)
Total assets less current liabilities	75,535	71,371	41,045
Creditors: amounts falling due after more than one year			
Bank loans	(17,375)	(17,810)	–
Provisions for liabilities and charges	(229)	–	–
Total net assets	57,931	53,561	41,045
Net asset value per Income share	101.5p	89.6p	70.2p

The Company

Income Statement

for the six months ended 30th September 2009

	(Unaudited) Six months ended 30th September 2009			(Unaudited) Six months ended 30th September 2008			(Audited) Year ended 31st March 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	90,707	90,707	–	(88,009)	(88,009)	–	(152,610)	(152,610)
Net foreign currency (losses)/gains	–	(673)	(673)	–	674	674	–	(6,576)	(6,576)
Income from investments	8,757	–	8,757	14,923	–	14,923	18,786	–	18,786
Other interest receivable and similar income	177	–	177	1,269	–	1,269	3,454	–	3,454
Gross return/(loss)	8,934	90,034	98,968	16,192	(87,335)	(71,143)	22,240	(159,186)	(136,946)
Management fee	(284)	(583)	(867)	(391)	(808)	(1,199)	(669)	(1,377)	(2,046)
Performance fee	–	(229)	(229)	–	–	–	–	–	–
VAT recoverable	–	–	–	–	–	–	2,699	2,335	5,034
Other administrative expenses	(322)	–	(322)	(255)	–	(255)	(672)	–	(672)
Net return/(loss) on ordinary activities before finance costs and taxation	8,328	89,222	97,550	15,546	(88,143)	(72,597)	23,598	(158,228)	(134,630)
Finance costs	(393)	(846)	(1,239)	(1,011)	(2,184)	(3,195)	(1,909)	(4,133)	(6,042)
Net return/(loss) on ordinary activities before taxation	7,935	88,376	96,311	14,535	(90,327)	(75,792)	21,689	(162,361)	(140,672)
Taxation	(1,822)	954	(868)	(4,044)	2,226	(1,818)	(5,670)	3,574	(2,096)
Net return/(loss) on ordinary activities after taxation	6,113	89,330	95,443	10,491	(88,101)	(77,610)	16,019	(158,787)	(142,768)
Return/(loss) per share (note 4):									
Growth share	3.66p	57.34p	61.00p	6.21p	(55.81)p	(49.60)p	9.54p	(101.52)p	(91.98)p
Income share	2.67p	30.51p	33.18p	3.29p	(19.51)p	(16.22)p	5.48p	(38.78)p	(33.30)p

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information.

The Company

Statement of Total Recognised Gains and Losses

for the six months ended 30th September 2009

	(Unaudited) 30th September 2009			(Unaudited) 30th September 2008			(Audited) 31st March 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Movement in value of cash flow hedge during the period	–	–	–	–	2,323	2,323	–	2,044	2,044
Total return/(loss) from ordinary activities	6,113	89,330	95,443	10,491	(88,101)	(77,610)	16,019	(158,787)	(142,768)
Total recognised gains/(losses) for the period	6,113	89,330	95,443	10,491	(85,778)	(75,287)	16,019	(156,743)	(140,724)

The Company

Reconciliation of Movements in Shareholders' Funds

Six months ended 30th September 2009 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2009	7,796	21,079	10,942	174,410	(724)	7,718	221,221
Repurchase and cancellation of the Company's own shares	(211)	–	211	(5,830)	–	–	(5,830)
Share conversions during the period	–	1,553	40	(1,593)	–	–	–
Net return on ordinary activities	–	–	–	89,330	–	6,113	95,443
Cash flow hedge allocated to finance costs during the period	–	–	–	–	172	–	172
Dividends appropriated in the period	–	–	–	–	–	(6,998)	(6,998)
At 30th September 2009	7,585	22,632	11,193	256,317	(552)	6,833	304,008
Six months ended 30th September 2008 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2008	9,421	16,854	9,193	360,983	(3,042)	6,802	400,211
Repurchase and cancellation of the Company's own shares	(320)	–	320	(12,993)	–	–	(12,993)
Share conversions during the period	–	2,685	66	(2,751)	–	–	–
Net (loss)/return on ordinary activities	–	–	–	(88,101)	–	10,491	(77,610)
Interest swap breakage costs	–	–	–	(719)	719	–	–
Revaluation of cash flow hedge	–	–	–	–	2,323	–	2,323
Dividends appropriated in the period	–	–	–	–	–	(6,570)	(6,570)
At 30th September 2008	9,101	19,539	9,579	256,419	–	10,723	305,361
Year ended 31st March 2009 (Audited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2008	9,421	16,854	9,193	360,983	(3,042)	6,802	400,211
Repurchase and cancellation of the Company's own shares	(724)	–	724	(23,437)	–	–	(23,437)
Cancellation of shares held in Treasury	(897)	–	897	–	–	–	–
Share conversions during the year	(4)	4,225	128	(4,349)	–	–	–
Net (loss)/return on ordinary activities	–	–	–	(158,787)	–	16,019	(142,768)
Cash flow hedge allocated to finance cost during the year	–	–	–	–	274	–	274
Revaluation of cash flow hedge	–	–	–	–	2,044	–	2,044
Dividends appropriated in the year	–	–	–	–	–	(15,103)	(15,103)
At 31st March 2009	7,796	21,079	10,942	174,410	(724)	7,718	221,221

The Company Balance Sheet

as at 30th September 2009

	(Unaudited) 30th September 2009			(Unaudited) 30th September 2008	(Audited) 31st March 2009
	Growth £'000	Income £'000	Total £'000	Total £'000	Total £'000
Fixed assets					
Investments held at fair value through profit or loss	270,796	63,668	334,464	336,299	233,331
Investments in liquidity funds held at fair value through profit or loss	19,348	4,571	23,919	24,027	16,856
Total portfolio	290,144	68,239	358,383	360,326	250,187
Current assets					
Debtors	1,108	635	1,743	1,271	924
Cash and short term deposits	28,605	6,694	35,299	50,524	95,308
	29,713	7,329	37,042	51,795	96,232
Creditors: amounts falling due within one year	(145)	(33)	(178)	(893)	(33,068)
Net current assets	29,568	7,296	36,864	50,902	63,164
Total assets less current liabilities	319,712	75,535	395,247	411,228	313,351
Creditors: amounts falling due after more than one year					
Bank loans	(73,635)	(17,375)	(91,010)	(105,867)	(92,130)
Provisions for liabilities and charges	–	(229)	(229)	–	–
Total net assets	246,077	57,931	304,008	305,361	221,221
Capital and reserves					
Called up share capital	6,170	1,415	7,585	9,101	7,796
Share premium	7,202	15,430	22,632	19,539	21,079
Capital redemption reserve	10,313	880	11,193	9,579	10,942
Capital reserves	217,857	38,460	256,317	256,419	174,410
Other reserve	(453)	(99)	(552)	–	(724)
Revenue reserve	4,988	1,845	6,833	10,723	7,718
Shareholders' funds	246,077	57,931	304,008	305,361	221,221
Net asset values (note 5):					
Net asset value per Growth share			199.4p	187.4p	142.1p
Net asset value per Income share			101.5p	89.6p	70.2p

The Company

Cash Flow Statement

for the six months ended 30th September 2009

	(Unaudited) Six months ended 30th September 2009 £'000	(Unaudited) Six months ended 30th September 2008 £'000	(Audited) Year ended 31st March 2009 £'000
Net cash inflow from operating activities	6,050	12,784	22,084
Net cash outflow from returns on investments and servicing of finance	(1,098)	(3,860)	(6,764)
Taxation recovered	248	61	359
Net cash (outflow)/inflow from capital expenditure and financial investment	(17,453)	31,512	77,311
Dividends paid	(6,998)	(6,570)	(15,103)
Net cash outflow from financing	(36,481)	(13,493)	(23,992)
(Decrease)/increase in cash for the period	(55,732)	20,434	53,895
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash for the period	(55,732)	20,434	53,895
Repayment of loan	30,347	–	–
Exchange movements	(974)	666	(6,581)
Other movements	(109)	(94)	(208)
Changes in net debt arising from cash flows	(26,468)	21,006	47,106
Net debt at the beginning of the period	(29,243)	(76,349)	(76,349)
Net debt at the end of the period	(55,711)	(55,343)	(29,243)
Represented by:			
Cash and short term deposits	35,299	50,524	95,308
Foreign currency bank loans	(91,010)	(105,867)	(124,551)
Net debt	(55,711)	(55,343)	(29,243)

Notes to the Accounts

for the six months ended 30th September 2009

1. Financial statements

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

The figures and financial information for the year ended 31st March 2009 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

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

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 31st March 2009.

3. Dividends

	(Unaudited) Six months ended 30th September 2009 £'000	(Unaudited) Six months ended 30th September 2008 £'000	(Audited) Year ended 31st March 2009 £'000
Dividends paid			
Unclaimed dividends refunded to the Company	(9)	–	–
Growth 2009 final dividend of 2.0p (2008: 3.33p)	2,568	4,677	4,677
Growth 2009 special dividend of 2.5p (2008: nil)	3,210	–	–
Growth interim dividend of 5.0p	–	–	6,735
Income 2009 final dividend of 1.0p (2008: 3.0p)	572	1,893	1,893
Income 2009 special dividend of 1.15p (2008: nil)	657	–	–
Income interim dividend of 3.0p	–	–	1,798
Total dividends paid in the period	6,998	6,570	15,103
Dividends declared			
Growth 2009 interim dividend of 3.75p (2008: 5.0p)	4,647	6,720	–
Income interim dividend of 2.3p (2008: 3.0p)	1,324	1,797	–
Growth final dividend of 2.0p	–	–	2,568
Growth special dividend of 2.5p	–	–	3,210
Income final dividend of 1.0p	–	–	572
Income special dividend of 1.15p	–	–	657
Total dividends declared¹	5,971	8,517	7,007

¹In accordance with the accounting policy of the Company, these dividends will be reflected in the accounts in the following period.

Notes to the Accounts continued

4. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2009 £'000	(Unaudited) Six months ended 30th September 2008 £'000	(Audited) Year ended 31st March 2009 £'000
Growth share			
Return/(loss) per share is based on the following:			
Revenue return	4,571	8,474	12,734
Capital return/(loss)	71,684	(76,147)	(135,555)
Total return/(loss)	76,255	(67,673)	(122,821)
Weighted average number of shares in issue	125,013,624	136,430,852	133,519,490
Revenue return per share	3.66p	6.21p	9.54p
Capital return/(loss) per share	57.34p	(55.81)p	(101.52)p
Total return/(loss) per share	61.00p	(49.60)p	(91.98)p
Income share			
Return/(loss) per share is based on the following:			
Revenue return	1,542	2,017	3,285
Capital return/(loss)	17,646	(11,954)	(23,232)
Total return/(loss)	19,188	(9,937)	(19,947)
Weighted average number of shares in issue	57,841,309	61,272,976	59,896,747
Revenue return per share	2.67p	3.29p	5.48p
Capital return/(loss) per share	30.51p	(19.51)p	(38.78)p
Total return/(loss) per share	33.18p	(16.22)p	(33.30)p

5. Net asset values

Net asset value per Growth share is calculated by dividing Growth shareholders' funds of £246,077,000 (30th September 2008: £251,800,000 and 31st March 2009: £180,176,000) by the 123,423,561 Growth shares in issue at 30th September 2009 (30th September 2008: 134,393,773 shares excluding shares held in Treasury and 31st March 2009: 126,799,002 shares).

Net asset value per Income share is calculated by dividing Income shareholders' funds of £57,931,000 (30th September 2008: £53,561,000 and 31st March 2009: £41,045,000) by the 57,068,631 Income shares in issue at 30th September 2009 (30th September 2008: 59,763,162 shares excluding shares held in Treasury and 31st March 2009: 58,502,745 shares).

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

	(Unaudited) Six months ended 30th September 2009 £'000	(Unaudited) Six months ended 30th September 2008 £'000	(Audited) Year ended 31st March 2009 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	97,550	(72,597)	(134,630)
Less capital (return)/loss before finance costs and taxation	(89,222)	88,143	158,228
(Increase)/decrease in accrued income	(398)	294	377
Decrease in other debtors	4	14	3
Decrease in accrued expenses	(13)	(154)	(138)
Expenses charged to capital	(583)	(808)	(1,377)
Overseas withholding tax	(1,256)	(2,071)	(2,656)
Scrip dividends included in income	(32)	(37)	(58)
VAT recoverable included in capital	—	—	2,335
Net cash inflow from operating activities	6,050	12,784	22,084

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into five broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st March 2009.

Related Parties Transactions

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

Directors' Responsibilities

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

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

For and on behalf of the Board

Andrew Murison
Chairman

26th November 2009

Capital Structure and Conversion between Share Classes

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

Capital Structure

- **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 from a diversified portfolio of investments in pan-european stockmarkets.

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 classes without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes.

The conversion mechanism allows shareholders to alter their investment profile to match their changing investment needs in a tax-efficient manner.

Conversion dates arise every six months on 15th September and 15th March (if such a date is not a business day, then the conversion date will move to the next business day).

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 Share Plan/PEP/ISA or Pension Account must submit a conversion instruction form which can be found at www.jpmeuropean.com. 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 August for September conversions and in the month of February for March conversions.

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.

More details concerning conversion dates and conversion instruction forms can be found on the Company's web site: www.jpmeuropean.co.uk.

Glossary of Terms

Return to shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested in the relevant share class of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

Return on net assets

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 in the relevant share class of the Company at the NAV per share at the time the shares were quoted ex-dividend.

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 when calculating the total return on net assets

Benchmark Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested in the shares of the underlying companies at 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 investment universe. The Company's investment strategy does not track this index and consequently, there may be some divergence between the performance of the portfolio and that of the benchmark.

Share Price Discount/Premium to Net Asset Value

If the share price of an investment company 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. The opposite of a discount is a premium. It is more common for an investment company's shares to trade at a discount than at a premium.

Notes

Notes

Notes

Information about the Company

Financial Calendar

Financial year end	31st March
Final results announced	June
Half year end	September
Half year results announced	November
Interim Management Statements announced	July/January
Dividends payable – Growth and Income	April and October
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.

Directors

Andrew Murison (Chairman)
Robin Faber
Stephen Goldman
Stephen Russell
Ferdinand Verdonck

Company Numbers

Company registration number: 237958
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, The Independent and on the Company website at www.jpmeuropean.co.uk, where the share prices are updated every fifteen minutes during trading hours.

Website

www.jpmeuropean.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or through a professional adviser acting on an investor's behalf. They may also be purchased and held through the JPMorgan Investment Trust Share Plan, Individual Savings Account (ISA).

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone number: 0207 742 6000

Please contact Jonathan Latter for company secretarial and administrative matters.

Registrars

Equiniti
Reference 1080
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2319

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting reference 1080.

Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Savings Product Administrators

For queries on the JPMorgan ISA, Share Plan or Pension Account, see contact details on the back cover of this report.

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Brokers

Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
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Telephone 020 7621 0004

aic

The Association of
Investment Companies A member of the AIC

JPMorgan Helpline
Freephone 0800 40 30 30 or 020 7742 9999
8.30 am to 6.00 pm Monday to Friday

Your telephone call may be recorded for your security

www.jpmeuropean.co.uk