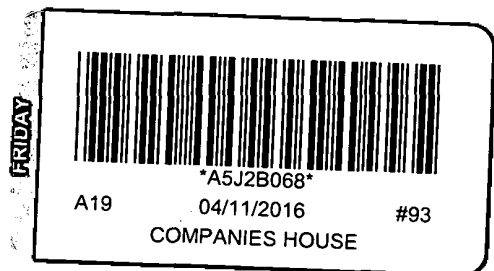


COMPANY NUMBER: 04056870

Jupiter European Opportunities Trust PLC

for the year ended 31 May 2016



JUPITER

The logo features a stylized planet Jupiter with its characteristic bands, positioned above the word 'JUPITER' in a bold, serif font.

Contents

<input type="checkbox"/> Investment Objective, Investment Policy and Benchmark Index	2
<input type="checkbox"/> Strategic Report	
Financial Highlights	3
Chairman's Statement	4
Investment Adviser's Review	5
Investment Portfolio	6
Cross Holdings in other Investment Companies	7
Classification of Investments	8
Strategic Review	9
<input type="checkbox"/> Report of the Directors & Governance	
Directors	12
Report of the Directors	13
Corporate Governance	18
Report of the Audit Committee	20
Directors' Remuneration Report and Policy	22
Statement of Directors' Responsibilities in Relation to the Financial Statements	25
Independent Auditor's Report	26
<input type="checkbox"/> Accounts	
Statement of Comprehensive Income	29
Statement of Financial Position	30
Statement of Changes in Equity	31
Cash Flow Statement	32
Notes to the Accounts	33
<input type="checkbox"/> Investor Information	50
<input type="checkbox"/> Important Risk Warnings	51
<input type="checkbox"/> Company Information	52
<input type="checkbox"/> Annual General Meeting	
Notice of Annual General Meeting	54
Notes for Annual General Meeting	55
Form of Proxy – For use at the Annual General Meeting by registered shareholders	

■ Investment Objective, Investment Policy and Benchmark Index

Objective of the Company

The objective of the Company is to invest in securities of European companies and in sectors or geographical areas which are considered by the Investment Adviser to offer good prospects for capital growth, taking into account economic trends and business development.

Investment Policy

The Investment Adviser adopts a stock picking approach in the belief that a thorough analysis and understanding of a company is the best way to identify long-term superior growth prospects. This understanding begins with identifying those companies where the ownership structure and incumbent management are conducive to the realisation of the aim of achieving superior long-term earnings growth. The Investment Adviser will seek to identify companies which enjoy certain key business characteristics including some or all of the following:

- a strong management record and team, and the confidence that the Investment Adviser has in that management's ability to explain and account for its actions;
- proprietary technology and other factors which indicate a sustainable competitive advantage;
- a reasonable expectation that demand for their products or services will enjoy long-term growth; and
- an understanding that structural changes are likely to benefit rather than negatively impact that company's prospects.

There may be sectors which do not enjoy the business characteristics described above and in such circumstances the Investment Adviser will seek to identify companies that are expected to generate superior earnings growth within that sector.

In analysing potential investments, the Investment Adviser will employ differing valuation techniques depending on their relevance to the business characteristics of a particular company. However, the underlying feature will be the sustainability and growth of free cashflow in the long-term.

Any material change in the investment policy of the Company described above may only be made with the approval of Shareholders by an ordinary resolution.

Investment Restrictions

The Company will at all times invest and manage its assets, mindful of spreading risk and in accordance with its published investment policy. In order to comply with the current Listing Rules the Company will not invest in other listed closed-ended investment funds.

Benchmark Index

FTSE World Europe ex UK Total Return Index
(Bloomberg Indication Code FTRSERXU)

Annual Report & Accounts 2016

Strategic Report

Financial Highlights for the year ended 31 May 2016

Capital Performance

	31 May 2016	31 May 2015	% change
Total assets less current liabilities (£'000)	613,922	558,389	+9.9

Ordinary Share Performance

	31 May 2016	31 May 2015	% change
Net asset value (pence)	550.23	546.27	+0.7
Net asset value total return (pence)	554.03	549.77	+0.8
Middle market price (pence)	530.00	551.00	-3.8
FTSE World Europe ex UK Total Return Index*	977.23	1,014.49	-3.7
(Discount)/premium to net asset value (%)	(3.7)	0.9	-
Ongoing charges figure (%)	1.08	1.20	-

Performance Since Launch

Year ended 31 May	Total Assets less Current Liabilities £'000	Net Asset Value per Ordinary Share p	Year- on-year change in Net Asset Value per Ordinary Share %	Year- on-year change in Benchmark Index %
20 November 2000 (launch)	93,969	94.66	-	-
2001	83,600	89.29	-5.7	-8.0
2002	91,028	91.12	+2.0	-10.7
2003	84,592	83.82	-8.0	-19.0
2004	97,915	109.25	+30.3	+15.7
2005 (restated)**	117,679	133.54	+22.2	+19.3
2006	154,927	167.47	+25.4	+26.2
2007	182,278	224.58	+34.1	+30.0
2008	188,519	230.56	+2.7	-0.1
2009	131,457	162.35	-29.6	-25.3
2010	185,504	232.40	+43.1	+14.4
2011	252,813	316.73	+36.3	+24.2
2012	231,584	291.05	-8.1	-24.2
2013	340,801	403.58	+38.7	+43.3
2014	409,191	451.26	+11.8	+13.4
2015	558,389	546.27	+21.1	+4.7
2016	613,922	550.23	+0.7	-3.7

* This document contains information based on the FTSE World Europe ex UK Total Return Index. 'FTSE' is a trade mark jointly owned by the London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited ('FTSE') under licence. The FTSE World Europe ex UK Total Return Index is calculated by FTSE. FTSE does not sponsor, endorse or promote the product referred to in this document and is not in any way connected to it and does not accept any liability in relation to its issue, operation and trading. All copyright and database rights in the index values and constituent list vest in FTSE.

** Prior to 2005, financial information was prepared under UK GAAP. From 2006 all information is prepared under IFRS.

Strategic Report continued

Chairman's Statement

It is with pleasure that I present the Annual Report for the Jupiter European Opportunities Trust PLC for the financial year to 31 May 2016.

The total return on the net asset value per share of your Company was 0.8 per cent. during the twelve months under review, which compares with a fall of 3.7 per cent. in the Company's benchmark, the FTSE World Europe ex UK Index during the same period. Meanwhile the market price of your Company's shares fell by 3.8 per cent.

Since the financial year end the total return on the net asset value per share of your Company was 10.0 per cent. up to 8 September 2016, which compares with a total return of 12.8 per cent. from the Company's benchmark, the FTSE World Europe ex UK Index during the same period. The market price of your Company's shares rose by 7.8 per cent.

The background to the performance of your Company over the course of the financial year is discussed in detail by your portfolio manager, Alexander Darwall in his Investment Adviser's report overleaf and I will not seek to cover the same ground here. However, it seems pertinent to note that while trading conditions in the second half of the financial year were more challenging than in the first half, the value of your Company's assets remained resilient in volatile markets, outperforming the wider market and the Company's benchmark.

Growing Your Company

During the financial year under review a total of 9,357,650 new shares were issued at a premium to their Net Asset Value under the Company's block-listing authority, raising a total of £50,660,513 for your Company and achieving an uplift in net assets of £1,083,232 for existing Shareholders through the premium price at which these shares were issued. The premium to NAV at which new shares were issued varied from 1 per cent. to 9 per cent.

Dividend

It is not our investment policy to pay dividends. However, as was the case last year, in order to retain our status as an investment trust under Section 1158 of the Corporation Tax Act 2010 we are not permitted to retain more than 15 per cent. of eligible investment income arising during any given financial year. Accordingly a resolution to declare a final dividend of 5.5p per share will be proposed at the Company's AGM on 2 November 2016, payable on 9 December 2016 to shareholders on the Register of Members on 11 November 2016.

This dividend is being declared for the sole reason that the Company has no choice under Section 1158 of the Corporation Tax Act 2010 other than to make this payment in relation to the financial year under review. The declaration of the dividend as a final dividend will also provide shareholders with an opportunity to express their approval on the matter, in line with corporate governance guidelines. In the unlikely event that Shareholders were to vote against the resolution at the AGM to pay a final dividend then the Directors would pay an equivalent interim dividend, as otherwise the Company would be likely to lose investment trust status, with potentially disastrous tax consequences for a large number of its shareholders.

Gearing

In March 2016 your Company renewed its flexible loan agreement with Scotiabank Europe PLC which will again be extended for the current financial year in September in a maximum drawable amount of £125 million.

One of the advantages of being an investment trust is that we can take advantage of lower share prices by gearing. At the end of the period the gearing level remained modest, at 14 per cent. of net assets as at

31 May 2016. In the past, the Company has tended to increase gearing at times of low valuations while decreasing gearing in strong markets. This approach has added value over the course of your Company's history. During the period under review, your Company's gearing increased from a historically low level of 3 per cent. of net assets to a level of 14 per cent. of net assets at financial year end. The increase reflected the fund manager's confidence in the prospects of a number of specific investment opportunities rather than in the general investment environment.

Board composition

Two of your directors, John Wallinger and I, have now served on your board for in excess of nine years. We do not believe that this length of service, of itself, has any bearing on our independence or our ability to fulfil our fiduciary duties towards our shareholders. However, we recognise the need to refresh the composition of the Board from time to time and I have previously indicated that I plan to retire as your Chairman and as a director of the Company at the Annual General Meeting in 2017. The Board anticipates that Andrew Sutch will take over from me as Chairman upon my retirement.

Alexander Darwall resigned from the Board in February 2016 and I should also like to take this opportunity to thank him for his contribution to the Board during his 15 year term of office. Alexander continues to act as your Company's portfolio manager on behalf of Jupiter Asset Management Limited.

All of your current directors are putting themselves forward for re-election at the forthcoming Annual General Meeting and we would welcome your support for our resolutions.

Annual General Meeting

The Company's AGM will be held on 2 November 2016 at 11.30 am at the new offices of Jupiter Asset Management Limited at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ. Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out on page 54. Your attention is also drawn to the Report of the Directors on page 13 onwards where various Resolutions relating to special business are explained.

In addition to the formal business, the Investment Manager will provide a short presentation to shareholders on the performance of the Company over the past year as well as an outlook for the future. The Board would welcome your attendance at the AGM as it provides shareholders with an opportunity to ask questions of the Board and Investment Adviser.

Outlook

Given the events which took place in the UK over the summer, it seems safe to assume that few investors need reminding that the world never fails to throw up political and economic surprises. As the new financial year begins, investors in equity markets must, as ever, contend with a variety of risks. Given the uncertain world we must inhabit, it is in my view worth reiterating the enviable long term track record of your Company, which has generated consistent relative and absolute returns for its owners over many years. As you will read elsewhere in this Report, your Manager's investment approach has not altered amid the recent volatility in markets. He remains focused on seeking out world-leading companies which in his view are able to exploit structural growth trends, and whose business models enable them to deliver attractive returns across the business cycle.

Hugh Priestley
Chairman
19 September 2016

Strategic Report continued

Investment Adviser's Review

The Net Asset Value of the Company's Ordinary shares increased by 0.8% during the twelve months to 31 May 2016. This compares with a 3.7% decline, in sterling, of the FTSE World Europe ex UK Index. The level of the Company's borrowings at the year-end was £97m (2015: £36m), representing 14% of net assets at year end. The average rate of interest charged on our borrowings over the course of the year was low at 1.1%, unchanged from the previous year. The FTSE World (total return) Index was up 0.6% in sterling. The MSCI Latin America Index retreated 11.6% (having been sharply lower in the previous year also); the Asian markets (excluding Japan) were all markedly lower; the S&P500 Index returned 7.0% in sterling.

Interest rates are at record lows. The ECB's main refinancing rate was 0%; and 3 month Euribor was -0.26% at the end of May 2016. Further growth stimulus should also come from lower oil prices: the US dollar price of oil fell 18.6% over the period under review (having fallen by 41.3% in the previous twelve months). Yet growth in Europe remains chronically below the global growth rate. The IMF reported growth of 1.6% for Europe in 2015 and recently forecast 1.5% for 2016 and 1.6% for 2017. These figures compare with 3.1%, 3.2% and 3.5% respectively for world growth rates. The lack of supply side reform continues to hamper the willingness of corporates to invest and thereby dampens economic growth. In 2000, the European Union devised the Lisbon Strategy, a plan to make the EU "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion", by 2010. It is not too soon to say that it has failed.

The relatively low portfolio turnover (14% over the last financial year, the same figure as in the previous year) is often an indication that our investments performed satisfactorily. The list of our best performing stocks is an eclectic one reflecting our aim to find 'special' companies across a range of activities. Grenke, the German leasing company, continued to grow strongly as the mainstream banks retreated from what for them are non-core areas of their lending businesses. Grenke, with its clear, consistent and focussed strategy has clearly been a beneficiary of the significant challenges faced by the European banks. The other standout performer was Marine Harvest, the world's largest salmon farming company. Its success is explained by increasing demand for salmon, especially in Europe, which has driven prices higher. Other notable contributors to performance were RELX and Fresenius. RELX (formerly Reed Elsevier, the publisher and information provider) grows as it builds on its strong technology platform and customers' need for better information. Fresenius (healthcare including dialysis) continues to flourish especially in North America where pricing for its drugs remain very good. Two other contributors to performance illustrate an interesting macro point. The continuing success of Ryanair reflects not only a strong business model, but, along with other airlines, the benefits of lower oil prices. It is consumer spending rather than investment spending that is growing currently. The corollary of this is the poor performance of the banking sector. Your Company has no direct exposure to the mainstream banks, a sector that has significantly underperformed. The lack of corporate lending growth combined with the ECB's ultra low (or negative) interest rate policy has exposed the flaws in many of the banks across Europe. The German banking system, with its many subscale lenders, is in urgent need of reform.

On the negative side, the biggest single detractor to performance was Leonteq, the Swiss based provider of structured products and pensions solutions. Management problems together with slower revenue growth than expected have highlighted the challenges of this business. We have retained this position in the expectation that news flow, specifically new partnership agreements, will improve. Inmarsat was another significant negative performer. It is the leading mobile satellite operator in the world.

The weakness of the maritime market, its core business, partly explains slightly slower earnings growth. However, the bigger factor weighing on the share price is the concern that Inmarsat will fail to win a good share of new aviation contracts. We retain confidence in the company and its strategy for winning aviation business. Syngenta's shares performed poorly during the year however there was a significant improvement in the share price after the Company's year-end, following the clearance of an agreed bid from ChemChina by the US committee which reviews national security implications of foreign investments in the US.

Outright sales included the position in DNB. This has been a longstanding holding. In the aftermath of the 2008/9 financial crisis DNB, Norway's leading bank, should have thrived with its strong balance sheet and robust business model. However, a stream of new regulations has largely nullified their advantages. Our sale follows a belated realisation of this and the understanding that the bank's prospects are overly dependent on the oil price. The holding in Johnson Matthey was sold. The company is a world leader in the manufacture of catalysts for the automotive and truck industry with world leading technology. However, other parts of their business have stalled, making them more dependent than before on the prospects for their core catalysis business. The other sale of note was that of Zodiac, a French company that manufactures aeronautical equipment including passenger seats and cabin systems. We sold when it became apparent that management had failed satisfactorily to tackle significant organisational and manufacturing problems.

Amongst the new purchases, two – Essilor and Lonza – are companies in which we have previously been invested. Essilor continues to succeed as a world leader in the manufacture of ophthalmic lenses where the trend to more sophisticated products is good for the company. Lonza is a leading supplier to the pharmaceutical industry. It manufactures active ingredients and as the regulatory demands and technical complexity increase so customers need their services more. Another new purchase was that of ALK-Abello, a Danish immunotherapy company producing allergy vaccinations. Their clinically proven products treat allergies such as hay fever and the associated condition asthma. The other new investment of note was that of Continental, the German automotive supplier and tyre maker. This company is well placed to benefit from the disruption to the car manufacturing industry as electric power increases at the expenses of petrol and diesel engines.

Outlook

Change and disruption – necessary ingredients for our investment strategy to work – abound. Political turmoil, technology developments, changes in regulation and shifting consumer habits and behaviour can certainly present significant challenges. Favourable industry characteristics and a differentiated product or service are important defensive factors. But in virtually every case where there is disruption there is a 'silver lining', a company that can profit from others' discomfort. For example many alternative finance companies are growing just as the mainstream banks suffer; digital or online services present new opportunities even as high street retailers, for example, are in retreat; and consumer tastes are constantly evolving so that some companies can still grow irrespective of the general economic conditions. We seek to find the exception to the rule, the 'special' company that benefits from change and disruption. Given the scale of change and disruption the outlook for our investment strategy is favourable.

Alexander Darwall
Fund Manager
Jupiter Asset Management Limited
Investment Adviser
19 September 2016

Annual Report & Accounts 2016

Strategic Report continued

Investment Portfolio as at 31 May 2016

Company	Country of Listing	Market Value £'000	31 May 2016 Percentage of Portfolio	Market Value £'000	31 May 2015 Percentage of Portfolio
Novo Nordisk	Denmark	62,788	8.9	47,334	7.9
Syngenta	Switzerland	54,524	7.7	42,387	7.1
RELX	Netherlands	48,733	6.9	35,104	5.8
Provident Financial	UK	48,015	6.8	47,839	8.0
Wirecard	Germany	46,812	6.6	40,075	6.7
Novozymes	Denmark	45,999	6.6	31,463	5.2
Inmarsat	UK	33,427	4.7	33,140	5.5
Fresenius	Germany	33,418	4.7	28,830	4.8
Deutsche Börse	Germany	31,779	4.5	14,144	2.4
Grenke	Germany	31,659	4.5	17,476	2.9
Amadeus	Spain	31,316	4.4	24,787	4.1
Experian	UK	30,355	4.3	28,524	4.7
Ingenico	France	21,703	3.1	20,842	3.5
Coloplast	Denmark	18,953	2.7	16,272	2.7
Grifols	Spain	16,658	2.4	4,601	0.8
Ryanair	Ireland	16,732	2.4	10,807	1.8
Marine Harvest	Norway	14,305	2.0	5,725	0.9
Luxottica Group	Italy	10,957	1.5	11,841	2.0
Royal Caribbean Cruises	Liberia	9,944	1.4	2,489	0.4
Leonteq	Switzerland	9,852	1.4	27,974	4.7
Saga	UK	8,740	1.2	6,806	1.1
Dassault Systèmes	France	8,511	1.2	4,090	0.7
Worldpay Group	UK	8,063	1.1	-	-
ALK-Abello	Denmark	7,666	1.1	-	-
BioMerieux	France	6,729	0.9	-	-
Carnival	UK	6,028	0.9	-	-
Intrum Justitia	Sweden	6,015	0.8	4,492	0.7
ARM	UK	4,934	0.7	-	-
KWS Saat	Germany	4,494	0.6	2,889	0.5
Essilor International	France	4,486	0.6	-	-
Continental	Germany	4,418	0.6	-	-
Elementis	UK	4,003	0.6	3,667	0.6
Lonza Group	Switzerland	2,963	0.4	-	-
Umicore	Belgium	2,598	0.4	-	-
Intertrust	Netherlands	2,586	0.4	-	-
Gemalto	Netherlands	2,310	0.3	-	-

Annual Report & Accounts 2016

Strategic Report continued

Investment Portfolio as at 31 May 2016 continued

Company	Country of Listing	Market Value £'000	31 May 2016 Percentage of Portfolio	Market Value £'000	31 May 2015 Percentage of Portfolio
Ossur	Denmark	1,836	0.3	1,614	0.3
Autoliv	Sweden	1,423	0.2	-	-
Arrow Global Group	UK	1,398	0.2	-	-
SES	France	272	0.0	-	-
Total		707,402	100.0		

Cross Holdings in other Investment Companies

As at 31 May 2016 none of the Company's assets were invested in the securities of other listed closed-ended investment companies. It is the Company's stated policy that it will not invest in other closed-ended investment companies.

Annual Report & Accounts 2016

Strategic Report continued

Classification of Investments as at 31 May 2016

2015 %	2016 %	Equities	Denmark %	France %	Germany %	Netherlands %	Spain %	Switzerland %	UK %	Other %
0.2	–	Oil & Gas								
0.2	–	Oil Equipment, Services & Distribution	–	–	–	–	–	–	–	–
13.2	8.7	Basic Materials								
12.4	8.7	Chemicals	–	–	–	–	–	7.7	0.6	0.4
0.8	–	Forest Products & Paper	–	–	–	–	–	–	–	–
23.9	20.9	Industrials								
1.6	–	Aerospace & Defence	–	–	–	–	–	–	–	–
1.3	–	Electronic & Electrical Equipment	–	–	–	–	–	–	–	–
21.0	20.9	Support Services	–	–	11.1	–	4.4	–	5.4	–
3.4	4.9	Consumer Goods								
–	0.8	Automobiles & Parts	–	–	0.6	–	–	–	–	0.2
1.4	2.6	Food Producers	–	–	0.6	–	–	–	–	2.0
2.0	1.5	Personal Goods	–	–	–	–	–	–	–	1.5
21.7	28.6	Health Care								
7.8	9.2	Health Care Equipment & Services	3.0	1.5	4.7	–	–	–	–	–
13.9	19.4	Pharmaceuticals & Biotechnology	16.6	–	–	–	2.4	0.4	–	–
9.9	12.8	Consumer Services								
1.1	1.2	General Retailers	–	–	–	–	–	–	1.2	–
5.8	6.9	Media	–	–	–	6.9	–	–	–	–
3.0	4.7	Travel & Leisure	–	–	–	–	–	–	0.9	3.8
5.5	4.7	Telecommunications								
5.5	4.7	Mobile Telecommunications	–	–	–	–	–	–	4.7	–
18.0	14.1	Financials								
2.2	–	Banks	–	–	–	–	–	–	–	–
15.8	14.1	Financial Services	–	–	4.5	0.4	–	1.4	7.0	0.8
4.2	5.3	Information Technology								
0.7	2.2	Software & Computer Services	–	1.2	–	0.3	–	–	0.7	–
3.5	3.1	Information Technology Hardware	–	3.1	–	–	–	–	–	–
100.0	100.0	Totals	19.6	5.8	21.5	7.6	6.8	9.5	20.5	8.7

Strategic Report continued

Strategic Review

The Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Strategic Report seeks to provide shareholders with the relevant information to enable them to assess the performance of the Directors and the Company during the period under review.

Business and Status

During the year the Company carried on business as an investment trust with its principal activity being portfolio investment. The Company has been approved by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the eligibility conditions of sections 1158 and 1159 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies as detailed in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011. In the opinion of the Directors, the Company has conducted its affairs in the appropriate manner to retain its status as an investment trust.

The Company is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010 and has no employees.

The Company was incorporated in England & Wales on 28 September 1999 and started trading on 20 November 2000, immediately following the Company's launch.

Reviews of the Company's activities are included in the Chairman's Statement and Investment Adviser's Review on pages 4 and 5.

There has been no significant change in the activities of the Company during the year to 31 May 2016 and the Directors anticipate that the Company will continue to operate in the same manner during the current financial year.

Planned Life of the Company

The Articles of Association of the Company provide that at every third Annual General Meeting ('AGM') an ordinary resolution shall be proposed that the Company shall continue in existence as an investment trust. If any such resolution is not passed at any of those meetings, the Directors shall, within 90 days of the date of the resolution, put forward to shareholders proposals (which may include proposals to wind up or reconstruct the Company) whereby shareholders are entitled to receive cash in respect of their shares equal as near as practicable to that to which they would be entitled on a liquidation of the Company at that time (and whether or not shareholders are offered other options under the proposals).

As a resolution to that effect was passed at the 2014 AGM, the next scheduled continuation vote will be at the 2017 AGM.

Shareholders should note that the valuations used to produce the financial statements on a going concern basis might not be appropriate if the Company were to be liquidated.

Investment Strategy

In order to achieve the objective of investing in securities of European companies and geographical sectors or areas which offer good prospects for capital growth, the Investment Adviser adopts a stock picking approach, in the belief that a thorough analysis and understanding of a company is the best way to identify long-term superior growth prospects.

Investment Policy

The investment policy of the Company is set out in full on page 2 of this document.

Benchmark Index

The Company's benchmark index is the FTSE World Europe ex UK Total Return Index.

Dividend Policy

The Directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income. It is therefore not expected that the Company will pay a regular annual dividend. However, in order to qualify for approval by HM Revenue and Customs as an investment trust, no more than 15 per cent. of the income which the Company derives from ordinary shares or securities can be retained in respect of each accounting period. As such, the Company may declare a dividend from time to time.

Management

The Company has no employees and most of its day-to-day responsibilities are delegated to Jupiter Asset Management Limited, who act as the Company's Investment Adviser and Company Secretary. Further details of the Company's arrangements with Jupiter Asset Management Limited and the Alternative Investment Fund Manager (AIFM), Jupiter Unit Trust Managers Limited can be found in Note 23 to the accounts on page 49.

J.P. Morgan Europe Limited acts as the Company's Depositary and the Company has entered into an outsourcing arrangement with J.P. Morgan Chase Bank N.A. for the provision of accounting and administration services.

Although Jupiter Asset Management Limited is named as the Company Secretary, J.P. Morgan Europe Limited provides administrative support to the Company Secretary as part of its formal mandate to provide broader fund administration services to the Company.

Internal Controls and Risk Management Systems

The Board has established an ongoing process for identifying, evaluation and managing significant risks faced by the Company. This is described in more detail on pages 14 and 15.

Viability Statement

In accordance with provision C.2.2. of the UK Corporate Governance Code as issued by the Financial Reporting Council in September 2014, the Board has assessed the prospects of the Company over the next three years. The Company's investment objective is to achieve long-term capital growth and the Board regards the Company as a long-term investment. As part of its assessment, the Board has noted that shareholders will be required to vote on the continuation of the Company at the 2017 AGM. The Board is of the opinion that this is an appropriate timeframe as it will provide shareholders with assurances on the viability of the Company post the date of the continuation vote. Three years is also considered to be a reasonable period of time for investment in equities and is appropriate for the composition of the Company's portfolio. As part of its assessment, the Board has considered the Company's business model including its investment objective and investment policy as well as the principal risks and uncertainties that may affect the Company as detailed below.

The Board has noted that:

- The Company holds a liquid portfolio invested predominantly in listed equities; and
- No significant increase to ongoing charges or operational expenses is anticipated.

The Board has also considered the Company's prospects over the next three years, its principal risks, its level of gearing, the predicted demand for the Company's shares as well as market outlook, both for equity shares and investment trusts.

Strategic Report continued

Strategic Review continued

The Board has therefore concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Gearing

Gearing is defined as the ratio of a Company's total loan liability, expressed as a percentage of total assets less cash held. The effect of gearing is that in rising markets a geared share class tends to benefit from any outperformance of the relevant company's investment portfolio above the cost of payment of the prior ranking entitlements of any lenders and other creditors. Conversely, in falling markets the value of the geared share class suffers more if the Company's investment portfolio underperforms the cost of those prior entitlements.

In order to improve the potential for capital returns to shareholders the Company had access to a flexible loan facility with Scotiabank Europe PLC for amounts up to £100 million. During the accounting year, the existing facility of £75 million was increased to £85 million on 29 September 2015; and was further increased to £100 million on 29 March 2016. Further details of the Scotiabank Europe PLC's loan facility can be found in Note 13 to the accounts on page 39.

On 27 September 2016 the Company's existing £100 million multi currency revolving loan facility was due to expire. Accordingly, on 12 September 2016 the Board agreed to renew the facility at an increased size of £125 million.

The Directors consider it a priority that the Company's level of gearing should be maintained at appropriate levels with sufficient flexibility to enable the Company to adapt at short notice to changes in market conditions.

The Board has not set any additional limits or restrictions on the Company's £125 million loan facility with Scotiabank Europe PLC. The Board regularly reviews the Company's level of gearing.

Key Performance Indicators

At the quarterly board meetings the Directors consider a number of performance indicators to help assess the Company's success in achieving its objectives. The key performance indicators used to measure the performance of the Company over time are as follows:

- Net Asset Value changes over time
- Ordinary share price movement
- A comparison of the absolute and relative performance of the Ordinary share price to Net Asset Value and the Company's Benchmark Index
- Discount over varying periods
- Peer Group comparative performance
- Funds in/outflows of the retail investment wrapper products managed by the Investment Adviser.*

A history of the Net Asset Value and benchmark is shown on page 3 under the heading 'Performance Since Launch' and in the monthly factsheets which can be viewed on the Company's section of the Investment Adviser's website www.jupiteram.com/JEO and which are available on request from the Company Secretary.

Peer Group Performance

There were 8 investment trusts in the Europe sector as at 31 May 2016. The Board monitors the Company's performance in relation to both the sector as a whole and the companies within the sector which the Board considers to be its peer group.

As at 31 May 2016, of those companies within the Europe sector, the Company was ranked 3rd over one year, 1st over three and 1st over

five years respectively by NAV performance. The Company was ranked 2nd in the peer group in terms of discount to NAV as at 31 May 2016 (source: JP Morgan Cazenove).

Capital Gains Tax Information

The closing middle market price of Ordinary shares on the first date of dealing (20 November 2000) for Capital Gains Tax purposes was 101.5p.

Premium/Discount to Net Asset Value

The Directors review the level of the discount or premium between the middle market price of the Company's Ordinary shares and their Net Asset Value on a regular basis and take the opportunity to issue shares when there is sufficient demand at not less than NAV.

The Directors have powers granted to them at the last annual general meeting to purchase Ordinary shares and hold them in treasury or for cancellation as a method of controlling the discount to Net Asset Value and enhancing shareholder value.

No Ordinary shares were bought back during the year.

Under the Listing Rules, the maximum price that may currently be paid by the Company on the repurchase of any Ordinary shares is 105 per cent. of the average of the middle market quotations for the Ordinary shares for the five business days immediately preceding the date of repurchase. The minimum price will be the nominal value of the Ordinary shares.

The Board is proposing that its authority to repurchase up to approximately 14.99 per cent. of its issued share capital should be renewed at the Annual General Meeting. The new authority to repurchase will last until the conclusion of the Annual General Meeting of the Company in 2017 (unless renewed earlier). Any repurchase made will be at the discretion of the Board in light of prevailing market conditions and within guidelines set from time to time by the Board, the Companies Act, the Listing Rules and Model Code.

Treasury Shares

In accordance with the relevant provisions of the Companies Act 2006 any Ordinary shares repurchased, pursuant to the above authority, may be held in treasury. These Ordinary shares may subsequently be cancelled or sold for cash. This would give the Company the ability to reissue shares quickly and cost effectively and provide the Company with additional flexibility in the management of its capital. The Company may hold in treasury any of its Ordinary shares that it purchases pursuant to the share buy back authority granted by shareholders. At present there are no shares held in treasury.

Risks and Uncertainties

The principal risk factors that may affect the Company and its business can be divided into the following areas:

Investment Strategy and Share Price Movements – The Company is exposed to the effect of variations in the price of its investments. A fall in the value of its portfolio will have an adverse effect on shareholders' funds. The aim of the Board is to favour capital growth wherever possible, but it is inevitable that from time to time losses may be incurred. The Board reviews the Company's investment strategy and the risk of adverse share price movements at its quarterly board meetings taking into account the economic climate, market conditions and other factors that may have an effect on the sectors in which the Company invests.

Foreign Currency Movements – The Company has exposure to foreign currency through its investments. The Board considers carefully factors which may affect the foreign currency in which the Company has an exposure at its quarterly board meetings taking into account the economic and political climate of various regions and the prospects for sterling.

* The Jupiter ISA/Savings scheme closed on 30 November 2015.

■ Strategic Report continued

■ Strategic Review continued

Interest Rates – The Company has exposure to cash which generates interest through interest bearing accounts. The Board is mindful of interest rates when setting limits on the Company's exposure to cash.

Liquidity Risk – This risk can be viewed both as the liquidity of the securities in which the Company invests and the liquidity of the Company's shares. The Company may invest in securities that have a very limited market which will affect the ability of the Company's Investment Adviser to dispose of securities when he no longer feels they offer the potential for future returns. Likewise the Company's shares may experience liquidity problems when shareholders are unable to realise their investment in the Company because there is a lack of demand for the Company's shares. The Board is mindful of the liquidity in the Company's shares. In addition, the Board seeks the advice of the Company's brokers, Cenkos, who give advice on ways in which the Board can influence the liquidity in the Company's shares. The Company monitors performance to ensure it is able to meet the financial objectives of the loan repayment.

Gearing Risk – The Company's gearing can impact the Company's performance by accelerating the decline in value of the Company's net assets at a time when the Company's portfolio is declining. Conversely gearing can have the effect of accelerating the increase in the value of the Company's net assets at a time when the Company's portfolio is rising. The Company's level of gearing is under constant review by the Board who take into account the economic environment and market conditions when reviewing the level.

Discount to Net Asset Value – A discount in the price at which the Company's shares trade to Net Asset Value would mean that shareholders would be unable to realise the true underlying value of their investment. As a means of controlling the discount to Net Asset Value the Board has established a discount control policy which is under constant review as market conditions change. Further details of the buy back programme can be found on page 10 under the heading 'Premium/Discount to Net Asset Value'.

Regulatory Risk – The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of section 1158 of the Corporation Tax Act 2010 could result in the Company being subject to capital gains on portfolio movements. Breaches of other regulations, such as the UKLA Listing Rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers could also lead to reputational damage or loss. The Board relies on the services of its Company Secretary, Jupiter Asset Management Limited, and its professional advisers to ensure compliance with, amongst other regulations, the Companies Act 2006, the UKLA Listing Rules and the Alternative Investment Fund Managers Directive.

Loss of Key Personnel – The day-to-day management of the Company has been delegated to the Investment Adviser. Loss of the Investment Adviser's key staff members could affect investment return. The Board is aware that Jupiter Asset Management Limited recognises the importance of its employees to the success of its business. Its remuneration policy is designed to be market competitive in order to motivate and retain staff and succession planning is regularly reviewed. The Board also believes that suitable alternative experienced personnel could be employed to manage the Company's portfolio in the event of an emergency.

Operational – Failure of the Investment Adviser's core accounting systems, or a disastrous disruption to its business, could lead to an inability to provide accurate reporting and monitoring. The Investment Adviser is contractually obliged to ensure that its conduct of business conforms to applicable laws and regulations. Details of how the Board monitors the services provided by Jupiter Asset Management Limited

and its associates are included within the Internal Control section of the Corporate Governance review on pages 18 and 19.

Custody – The Board receives quarterly reports from the Depositary confirming safe custody of the Company's assets and cash and holdings are reconciled to the Custodian's records. The Depositary's internal controls reports are reviewed by the Investment Adviser and the Company's Directors and concerns are discussed as and when they may occur.

The Depositary is specifically liable for loss of any of the Company's securities or cash held in custody.

Financial – Inadequate financial controls could result in misappropriation of assets, loss of income and debtor receipts and inaccurate reporting of Net Asset Value per share. The Board annually reviews the Investment Adviser's statements on its internal controls and procedures.

Derivatives – The Company invests in derivatives from time to time. Derivatives may be a riskier investment than equities as they can exaggerate the return that can be achieved compared to investing directly in equities. The Board has set limits on the amount of exposure the Company has to derivatives and it reviews these limits at its quarterly board meetings. The Company did not invest in derivatives during the year.

In accordance with the AIC and the UK Corporate Governance Code, the Directors have carried out a review of the effectiveness of the system of internal control as it has operated over the year and up to the date of approval of the report and accounts.

Social and Environmental Matters

The Investment Adviser considers various factors when evaluating potential investments. While an investee company's policy towards the environment and social responsibility, including with regard to human rights, is considered as part of the overall assessment of risk and suitability for the portfolio, the Investment Adviser does not necessarily decide to, or not to, make an investment on environmental and social grounds alone.

Global Greenhouse Gas Emissions

All of the Company's activities are outsourced to professional third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

The Company has no greenhouse gas emissions to report from its operations as its day-to-day management and administration functions have been outsourced to third parties and it neither owns physical assets, property nor has employees of its own. It therefore does not have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Board Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable each Director to contribute individually, and as part of the Board team, to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's policy to give careful consideration to issues of overall Board balance and diversity in appointing new directors.

The Board currently comprises 5 male directors.

For and on behalf of the Board

H M Priestley

Chairman

19 September 2016

Report of the Directors & Governance

Directors

Hugh Michael Priestley†

A Director since: 3 October 2000
Last re-elected to the Board: 2015

(Chairman), is a former deputy chairman of the Association of Investment Companies. He was a director of Henderson Administration from 1972-1993 and the managing director of the Witan Investment Company from 1980-1992. He is an Honourable Fellow of University College London, having been its Treasurer from 1981-1998, is a Governor of Reed's School and member of its investment committee, and is a member of the Investment Committee of the charity, Independent Age.

Philip Edward Fraser Best*

A Director since: 12 May 2009
Last re-elected to the Board: 2015

(Chairman of the Audit Committee), is an investment manager based in Geneva, where he co-founded Quaero Capital and is the fund manager of The Argonaut Fund – a Luxembourg-listed UCITS created in 2003. Prior to that he worked in broking at Jefferies & Co and Enskilda Securities, after starting out as a fund manager at Mercury Asset Management in the 1980s.

The Rt Hon Lord Lamont of Lerwick*

A Director since: 24 June 2015
Elected to the Board: 2015

was Chancellor of the Exchequer from November 1990 to May 1993 and has been a member of the House of Lords since 1998. He is a director or advisor to a number of companies in the financial sector including Stanhope Capital, BC Partners and the Small Companies Dividend Trust PLC and was previously a director of NM Rothschild, Rothschild Asset Management, Phorm PLC and Jupiter Second Split Trust PLC.

Andrew Lang Sutch*

A Director since: 10 October 2011
Last re-elected to the Board: 2015

is a solicitor and was until recently the senior partner of Stephenson Harwood. He is a corporate lawyer and has for much of his career advised investment trusts and other investment funds. He is the Chairman of J.P. Morgan Claverhouse Investment Trust plc and a member of the council of the Royal Academy of Dramatic Art.

John David Arnold Wallinger†

A Director since: 3 October 2000
Last re-elected to the Board: 2015

(Chairman of the Remuneration Committee), is currently Non-Executive Chairman of Kingsbridge Capital Advisers Limited, an unlisted European Private Equity company. He has over forty years' experience in investment management and financial services, most recently having been Chairman of Zebedee Focus Fund, Zebedee Growth Fund and Zebedee Trading Fund, all European hedge funds. Prior to that he was a director of Euroland Plus (Smaller Companies) PLC, Non-Executive Chairman of Hardt Group Capital Limited, an Austrian Fund Management group, and Vice Chairman of S. G. Warburg International, where he started their European Equity business, under the aegis of Warburg Securities, and was then an executive director of UBS A.G. Mr Wallinger was a member of the Association of Institutional Investment Management & Research.

**Members of the Audit, Remuneration, Nomination and Conflicts of Interest Committees.*

†Members of the Remuneration, Nomination and Conflicts of Interest Committees.

■ **Report of the Directors & Governance** continued

■ **Report of the Directors**

The Directors present the Annual Report and Accounts of the Company for the year ended 31 May 2016.

Results and Dividends

Results and reserve movements for the year are set out in the Statement of Comprehensive Income and Statement of Financial Position on pages 29 and 30 and the Notes to the Accounts on pages 33 to 49.

Capital Structure

All of the Company's shares are fully paid and carry one vote per share. The Ordinary shares carry no additional obligations or special rights. The Ordinary shares are listed on the premium segment of the official list of the UK Listing Authority and are traded on the London Stock Exchange.

As at 31 May 2016 the Company's issued share capital and voting rights totalled 111,575,331.

Amendment to the Articles of Association and powers to issue or buy back the Company's shares require a special resolution to be passed by shareholders at a General Meeting. The rules governing the directors'

powers to buy back shares or reissue shares are detailed on page 16 under the heading 'Resolution 13: Authority to buy back shares'.

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 affect its control following a takeover bid; and no agreements between the Company and its directors concerning compensation for loss of office.

As the Company does not have any employees it also does not have an employee share scheme.

Notifiable Interests in the Company's Voting Rights

In accordance with the FCA's Disclosure and Transparency Rules, the Company has been notified of the following substantial interests in the Ordinary shares. The Directors are not aware of any other material interests amounting to 3 per cent. or more of the share capital of the Company.

Ordinary shares

	31 May 2016	
	Number of shares	% of total voting rights
Rathbone Nominees Limited	9,007,807	8.07
Investec Wealth & Investment Limited	4,757,982	4.26
Reliance Mutual Insurance Society Ltd	4,453,247	3.99
	18,219,036	16.32

Directors

A list of the Directors of the Company and their biographies can be found on page 12. All Directors held office throughout the year under review with the exception of The Rt Hon Lord Lamont of Lerwick, who was appointed as a Director on 24 June 2015. Alexander Darwall retired as a Director on 4 February 2016.

Directors' Remuneration and Interests

The Directors' Remuneration Report and Policy on pages 22 to 24 provides information on the remuneration and shareholdings of the Directors.

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where he has or might have a direct or indirect interest which conflicts or might conflict with the interests of the Company, unless, in terms of the Articles of Association, the relevant conflict or potential conflict has been authorised by the Board. The Directors have declared all potential conflicts of interest with the Company. The Register of potential conflicts of interests is kept at the Registered Office of the Company. It is reviewed regularly by the Board and all Directors will advise the Company Secretary as soon as they become aware of any potential conflicts of interest. Directors who have potential conflicts of interest will not take part in any discussions which relate to any of their potential conflicts.

Directors' and Officers' Liability Insurance and Indemnification

During the year under review the Company purchased and maintained liability insurance for its Directors and officers as permitted by Section 233 of the Companies Act 2006.

The Company has indemnified each of its Directors to cover any liabilities that may arise to a third party, as defined by Section 234 of the Companies Act 2006.

Ongoing Appointment of Investment Adviser, Alternative Investment Fund Manager and Depositary

The Company has entered into an Investment Management Agreement with Jupiter Unit Trust Managers Limited ('JUTM'), who became the Alternative Investment Manager ('AIFM') to the Company with effect from 22 July 2014, pursuant to the requirements of the AIFMD. Under these arrangements, certain investment management functions have been delegated from JUTM to Jupiter Asset Management Limited ('JAM'). The Company also appointed J.P. Morgan Europe Limited ('JPM Europe') as its depositary for cash monitoring, safekeeping of financial instruments and other assets and oversight with effect from 22 July 2014. The Global Custody agreement with J.P. Morgan Chase Bank N.A. ('JPMCB') will remain in place; JPM Europe has entered into an internal delegation agreement with JPMCB to delegate the custody functions to it.

Report of the Directors & Governance continued

Report of the Directors continued

The Directors have reviewed the performance and terms of appointment of JAM as the Company's Investment Adviser. A summary of the terms of the appointment including the notice of termination period, annual fee and any performance fee payment is set out in Note 23 of the accounts on page 49. The Directors believe that it is in the best interests of all shareholders for the Company to continue the appointment of the Alternative Investment Fund Manager and the associated appointment of the Investment Adviser on their existing terms of appointment having reviewed the company secretarial, accounting, fund management and other services provided by both entities and having regard to the Company's performance against its Benchmark Index during the year under review. The Directors are of the view that the portfolio should remain under the Alternative Investment Fund Manager's stewardship.

AIFMD Remuneration Disclosure

Under the requirements of the Alternative Investment Fund Managers Directive ('AIFMD'), Jupiter Unit Trust Managers Limited ('JUTM') (part of the Jupiter Group, which comprises Jupiter Fund Management plc and all of its subsidiaries ('Jupiter')) is required to comply with certain disclosure and reporting obligations for funds that are considered to be Alternative Investment Funds. This includes Jupiter European Opportunities Trust PLC (the 'Company').

Jupiter operates a Group-wide remuneration policy, which applies to all employees across the Group. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success. Details of the remuneration policy, including the applicable financial and non-financial criteria, are set out in the detailed remuneration policy disclosures available via the following link: <http://www.jupiteram.com/en/~media/Files/Shareholder/Pillar%203%20remuneration.pdf>.

Remuneration decisions are governed by Jupiter's Remuneration Committee (the 'Committee'), which meets on a regular basis to consider remuneration matters across the Group. In order to avoid conflicts of interest, the Committee comprises independent nonexecutive directors and the Company Chairman, and no individual is involved in any decisions regarding their own remuneration.

JUTM does not directly employ any individuals and therefore the total amount of remuneration paid by it is nil. All staff are employed and paid by other entities of Jupiter. In the interests of transparency, Jupiter has apportioned the total employee remuneration paid to all 433 Jupiter staff in respect of JUTM's AIFMD duties performed for the AIFs on a 'number of funds' basis. It has estimated that the total amount of employee remuneration paid in respect of duties for the Company is £975,664, of which £367,418 is fixed remuneration and £608,246 is variable remuneration.

The aggregate total remuneration paid to AIFMD Identified Staff that is attributable to duties for the Company is £877,807 of which £98,149 is paid to Senior Management and £779,658 is paid to other staff. It should be noted that the aforementioned Identified Staff also provide services to other companies within Jupiter and its clients. They are included because their professional activities are considered to have a material impact on the risk profile of the Company.

Leverage

In accordance with the requirements under AIFMD, the leverage employed by the Company as at 31 May 2016 was 1:30 as determined using the Gross method, and 1:30 as determined using the Commitment method.

Average leverage on a gross exposure basis is calculated by taking the sum of the notional values of the derivatives used by the Company, without netting, and is expressed as a ratio of the Company's net asset value. Average leverage on a commitment basis is calculated by netting the sum of the notional values of the derivatives and expressing it as a ratio of the Company's net asset value.

Disclosed in the table below is the level of leverage employed by the Company.

	Gross exposure		Commitment exposure	
	Average leverage employed during the period for the year ended 31 May 2016	Maximum Limit	Average leverage employed during the period for the year ended 31 May 2016	Maximum limit
	2:1	1:30	2:1	1:30

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the Company's investment objective, risk management policies and capital management policies, the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments and the ability of the Company to meet all of its liabilities and ongoing expenses. The Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

ISA Qualification

The Company currently manages its affairs so as to be a qualifying investment trust under the Individual Savings Account (ISA) rules. As a result, under current UK legislation, the Ordinary shares qualify for investment via the stocks and shares component of an ISA up to the full annual subscription limit, currently £15,240, in each tax year. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA products.

Bribery Prevention Policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board takes its responsibility to prevent bribery by Jupiter on its behalf very seriously. To aid the prevention of bribery being committed for the benefit of the Company, Jupiter Asset Management Limited has adopted a Bribery Prevention Policy.

Internal Controls

The Board is responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. There is an ongoing process which accords with the Turnbull guidance on internal controls for identifying, evaluating and managing risks significant to the Company. The Board has reviewed the effectiveness of the Company's internal control systems including the

Report of the Directors & Governance continued

Report of the Directors continued

financial, operational and compliance controls and risk management. These systems have been in place for the period under review and to the date of signing the accounts.

The Company receives services from Jupiter Asset Management Limited and J.P. Morgan Chase Bank N.A. relating to its investment management, global custody and certain accounting and administration services. J.P. Morgan have reported to the Board on their internal control objectives and the relevant procedures to meet these. Documented contractual arrangements are in place with Jupiter and J.P. Morgan which define the areas where the Company has delegated authority to them. The Directors have considered the report on the internal control objectives and procedures of Jupiter together with the opinion of the service auditor for that report. That report details the measures and the testing of the measures which are in place to ensure the proper recording, valuation, physical security and protection from theft of the Company's investments and assets and the controls which have been established to ensure compliance with all regulatory, statutory and fiscal obligations of the Company.

The Directors have also had regard to the procedures for safeguarding the integrity of the computer systems operated by the Investment Adviser and the key business disaster recovery plans. By way of the procedures described above the Board reviews the procedures in place to manage the risks to the Company on an annual basis.

The Company does not have an internal audit function. The Audit Committee considers whether there is a need for an internal audit function periodically. As most of the Company's functions are delegated to third parties the Board does not consider it necessary for the Company to establish its own internal audit function.

UK Stewardship Code and the Exercise of Voting Powers

The Company's Investment Adviser is responsible for voting the shares it holds on the Company's behalf. The Investment Adviser supports the FRC's UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of monitoring and engaging with investee companies.

The Investment Adviser's UK voting policies are consistent with the UK Stewardship Code.

The Investment Adviser's Corporate Governance & Voting Policy can be found at www.jupiteram.com.

The Board and the Investment Adviser believe that shareholders have a vital role in encouraging a higher level of corporate performance and therefore adopt a positive approach to corporate governance. The Investment Adviser aims to act in the best interests of all its stakeholders by engaging with companies that it invests in, and by exercising its voting rights with care. Not only is this commensurate with good market practice, it goes hand in hand with ensuring the responsible investment of its clients' funds. Equally, companies are asked to present their plans for maintaining social and environmental sustainability within their businesses.

The Board and the Investment Adviser believe that institutional investors should exercise their corporate governance rights including voting at general meetings.

In order to assist in the assessment of corporate governance and sustainability issues and contribute to a balanced view, the

Investment Adviser subscribes to external corporate governance and sustainability research providers but does not routinely follow their voting recommendations. Contentious issues are identified and, where necessary (and where timescales permit), are discussed with corporate governance and/or sustainability analysts and portfolio managers, and with the companies themselves. The Investment Adviser ensures that its policy is voted in practice and timely voting decisions made.

From time to time resolutions will be brought to Annual General Meetings by third parties encouraging companies to address specific environmental and/or social concerns. In such instances, Jupiter's corporate governance and sustainability analysts will discuss their views with the fund manager and the investee company if appropriate. The Investment Adviser will then vote for what it considers to be in the best financial interests of shareholders, whilst having regard for any specific sustainability concerns unless otherwise directed.

Global Greenhouse Gas Emissions

Details on the Company's greenhouse gas emissions can be found on page 11 of this report.

Shareholder Relations

All shareholders have the opportunity to attend and vote at the AGM during which the Directors and Investment Adviser will be available to answer questions regarding the Company. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Directors' Report or Notes accompanying the Notice. Separate resolutions are proposed for each substantive issue. Information about proxy votes is available to shareholders attending the AGM and published thereafter on the Investment Adviser's website.

The Company reports to shareholders twice a year by way of the Half-Yearly Financial Report and Annual Report & Accounts. In addition, Net Asset Values are published on a daily basis and factsheets are published monthly on the Investment Adviser's website www.jupiteram.com.

The Board has developed the following procedure for ensuring that each Director develops an understanding of the views of shareholders. Regular contact with major shareholders is undertaken by the Company's corporate brokers and by the corporate finance executive of the Investment Adviser. Any issues raised by major shareholders are then reported to the Board. The Board also receives details of all material correspondence with shareholders and the Chairman and individual Directors are willing to meet shareholders to discuss any particular items of concern regarding the performance of the Company. The Chairman, Directors and representatives of the Investment Adviser are also available to answer any questions which may be raised by a shareholder at the Company's AGM.

Statement in Respect of the Annual Report & Accounts

Having taken all available information into consideration, the Board has concluded that the Annual Report & Accounts for the year ended 31 May 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 25.

Report of the Directors & Governance continued

Report of the Directors continued

Annual General Meeting

This year's AGM will be held at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ at 11.30 am on 2 November 2016.

Resolutions relating to the following special business will be proposed:

Resolution 11: Authority to Allot Shares

The Directors may only allot shares for cash if they are authorised to do so by shareholders in a general meeting. At the Annual General Meeting of the Company held on 5 November 2015, the Directors were authorised to allot up to 35,825,110 Ordinary shares with an aggregate nominal value of £358,251. This authority will expire at the conclusion of the next Annual General Meeting. Since the authority was granted 28,250 shares have been issued.

The Directors are now seeking to renew their authority to allot up to 37,191,776 Ordinary shares with an aggregate nominal value of £371,917.76. This authority will lapse at the conclusion of the Annual General Meeting to be held in 2017. The sum of £371,917.76 is approximately one third of the current issued share capital.

The Directors believe that it would be beneficial to the Company for them to allot shares whenever they consider that it would be in the best interests of the Company's existing shareholders to do so. The shares will only be issued at a premium to Net Asset Value at the time of issue.

Resolution 12: Authority to disapply pre-emption rights

The Directors may only allot shares for cash or sell shares held in treasury other than by way of offer to all existing shareholders pro rata to their shareholdings if they are authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot Ordinary shares for cash or sell Ordinary shares held in treasury up to a nominal amount of £111,575.33 without first offering them to existing shareholders. This sum represents 11,157,533 Ordinary shares of 1p each being 10 per cent. of the current issued share capital. The Directors will only use this authority where it believes that it is in the best interest of the Company to issue Ordinary shares for cash or sell Ordinary shares held in treasury. Shares will only be issued at a premium to Net Asset Value at the time of the issue.

In order to be able to satisfy any future additional demand for shares and having regard to the benefits of enlarging the Company, the Directors are seeking a larger Shareholder authority to issue further Shares on a non-pre-emptive basis should conditions warrant such allotments.

Notwithstanding recent issues, the shares have predominantly traded at a premium to their NAV. As at the close of business on 8 September 2016 the Ordinary shares were trading at a discount of 4.2 per cent. to NAV. If both resolutions are passed in this regard, the Directors will be authorised to issue up to a maximum of 11,157,533 Ordinary Shares (representing 10 per cent. of the Company's issued share capital as at the date of the Notice of Meeting) for cash on a non-pre-emptive basis. The Directors intend to use this authority when they consider that it is the best interests of Shareholders to do so and to satisfy continuing demand for the Shares. As with the shares issued to date the new Ordinary shares will be issued (or sold if held in Treasury) only at prices greater than the prevailing NAV and therefore will be accretive to the NAV per share.

Resolution 13: Authority to buy back shares

Resolution 13 seeks shareholder approval for the Company to renew the power to purchase its own Ordinary shares. The Board believes that the ability of the Company to purchase its own Ordinary shares in the market will potentially benefit all shareholders of the Company. The purchase of Ordinary shares at a discount to the underlying Net Asset Value would enhance the Net Asset Value on the remaining Ordinary shares if they were cancelled on repurchase or reissued (as treasury shares) at a lesser discount than that on which they were first repurchased.

The Company is seeking shareholder approval to repurchase up to 16,725,142 Ordinary shares, representing 14.99 per cent. of the Company's issued share capital (the maximum permitted under the Listing Rules) at a price that is not less than 1p per Ordinary share (the nominal value of each Ordinary share) and not more than 5 per cent. above the average of the middle market quotations for the five business days preceding the day of purchase. The authority being sought will expire at the conclusion of the Annual General Meeting to be held in 2017. The decision as to whether to repurchase any Ordinary shares will be at the absolute discretion of the Board. Ordinary shares repurchased under this authority may either be held by the Company in treasury for resale or cancelled. The Company will fund any purchases by utilising existing cash resources or loan facilities.

The Board has determined the following policies in respect of the Investment Adviser's discretion in the use of treasury shares. In the event that treasury shares are not reissued to the market within six months of their date of purchase they will automatically be cancelled. Treasury shares will only be reissued at a premium to Net Asset Value. Any treasury shares will only be reissued at a price not less than the market bid price at the time of purchase.

Resolution 14: Notice of General Meetings

The Board believes that it is in the best interests of shareholders of the Company to have the ability to call meetings on 14 days' clear notice should a matter require urgency. The Board will therefore, as last year, propose a resolution at the Annual General Meeting to approve the reduction in the minimum notice period from 21 clear days to 14 clear days for all general meetings other than annual general meetings. The Directors do not intend to use the authority unless immediate action is required. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a General Meeting on 14 clear days' notice.

Regulatory Disclosures – Information to be disclosed in accordance with Listing Rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4(1) The Company has not capitalised any interest in the period under review.

9.8.4(2) During the year under review, the Company published an updated prospectus which contained unaudited financial information in connection with a placing programme. The prospectus was duly approved by the FCA.

■ **Report of the Directors & Governance** continued

■ **Report of the Directors** continued

9.8.4(3) This provision has been deleted.

9.8.4(4) The Company has no incentive schemes in operation.

9.8.4(5) and (6) No director of the Company has waived or agreed to waive any current or future emoluments from the Company.

9.8.4(7), (8) and (9) During the period under review, the Company issued a total of 9,357,650 ordinary shares with a nominal value of £93,576.50 and an average price of 546.40 pence per share for a total consideration of £50,881,615 before the deduction of issue costs. Details of the allottees are set out in Note 14 of this report. The Company is a stand-alone entity therefore Listing Rules 9.8.4(8) and 9.8.4(9) are not applicable.

9.8.4(10) During the period under review, there were no contracts of significance subsisting to which the Company is a party and in which a Director of the Company is or was materially interested: or between the Company and a controlling shareholder.

9.8.4(11) This provision is not applicable to the Company.

9.8.4(12) and (13) During the period under review, there were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

9.8.4(14) This provision is not applicable to the Company.

Recommendation

The Board considers that the passing of the resolutions being put to the AGM would be in the best interests of the Company and its Shareholders as a whole. They therefore recommend that Shareholders vote in favour of Resolutions 1 to 14, as set out in the Notice of Meeting.

By Order of the Board

Jupiter Asset Management Limited
Company Secretary
19 September 2016

Report of the Directors & Governance continued

Corporate Governance

Corporate Governance Compliance Statement

This statement, together with the Statement of Directors' Responsibilities on page 25 and the statement of Internal Controls on pages 14 and 15, indicates how the principles of the UK Corporate Governance Code (the 'Code') issued by the Financial Reporting Council (the 'FRC') in September 2012 and the AIC's Code of Corporate Governance (the 'AIC Code') issued by the Association of Investment Companies in February 2013, have been applied to the affairs of the Company. The Financial Reporting Council ('FRC') has confirmed that investment companies which report against the AIC Code and which follow the AIC Guide on Corporate Governance will meet their obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the Listing Rules.

The Board considers that the Company has complied with the provisions of the Code throughout the accounting period under review, in so far as they are relevant to the business of an investment trust.

The Board is committed to continued compliance with the AIC Code following the publication of an update to the Code which will apply to accounting periods beginning on or after 1 October 2014.

A description of the main features of the Company's internal control and risk management functions can be found on pages 14 and 15 of this report.

By means of the procedures set out in that report, and in accordance with the AIC and the UK Corporate Governance Code, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The Board has reviewed the effectiveness of the Company's risk management and internal control systems within the last twelve months.

The Board

Role of the Board

The Board receives monthly reports and meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review. At these meetings the Board monitors the investment performance of the Company. The Directors also review the Company's activities every quarter to ensure that it adheres to its investment policy or, if appropriate, to make any changes to that policy.

Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board has adopted a schedule of items specifically reserved for its decision.

A procedure has been adopted for the Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Composition

As at 31 May 2016 the Board of Directors comprised five non-executive Directors, all of whom are independent of the Investment Adviser. Hugh Priestley is the Chairman. The Company has no executive Directors and no employees. The structure of the Board is such that it is considered unnecessary to identify a senior independent Director other than the Chairman. The Director's biographies can be found on page 12.

Diversity

The Company's policy on diversity can be found on page 11 under the heading 'Board Diversity'.

Appointment of Directors

Appointments to the Board are made on merit with due regard for the benefits of diversity, including gender. The priority in appointing new directors is to identify the candidate with the best range of skills and experience to complement the existing Directors.

During the year under review, The Rt. Hon Lord Lamont of Lerwick was appointed to the Board with effect from 24 June 2015 and his biography can be found on page 12 of this report.

Tenure

The Board does not consider it appropriate that Directors should be appointed for a specific term.

Re-election of Directors

Directors are subject to election by shareholders at the Annual General Meeting ('AGM') following their appointment and thereafter at least every third subsequent AGM.

In addition, provision B.7.1 of the Code states that any non-executive Directors having served longer than nine years will also be subject to annual re-election. Both Hugh Priestley and John Wallinger having served longer than nine years are also subject to re-election.

Although the Company is not a member of the FTSE 350, in accordance with best practice and the recommendations of the AIC Code, the Board is recommending that all Directors be re-elected at the forthcoming AGM.

Directors' training

Although no formal training in Corporate Governance is given to Directors, the Directors are kept up-to-date on Corporate Governance issues through bulletins and training materials provided from time to time by the Company Secretary. The Board may obtain training in Corporate Governance on an individual basis.

Directors' Performance Evaluation

The Board has not established a formal interview process for the evaluation of its own performance and that of the individual Directors as it does not consider this to be appropriate having regard to the non-executive role of the Directors and the significant outsourcing of services to external providers. The Independent Directors undertake on an annual basis an appraisal in relation to their oversight and monitoring of the performance of the Investment Adviser and other key service providers. In addition the Directors undertake, on an annual basis, an oral assessment of the effectiveness of the Board as a whole.

Board Committees

Audit Committee

The Board established an Audit Committee which consists of the entire Board other than Hugh Priestley and John Wallinger. Philip Best is Chairman of the Audit Committee. Mr Best is considered to have recent and relevant financial and investment experience as a result of his employment in the financial services sector. The Report of the Audit Committee can be found on pages 20 and 21.

The Terms of Reference of the Audit Committee are available on the Company's website www.jupiteram.com/JEO.

Report of the Directors & Governance continued

Corporate Governance continued

Other Committees

Nomination Committee

Appointments to the Board of Directors are considered by the Nomination Committee which comprises the entire Board. The Chairman is Hugh Priestley. The Terms of Reference of the Committee are disclosed on the Company's website and further copies are available on request from the Company Secretary. The function of this Committee is to evaluate the appointment of additional or replacement Directors against the requirements of the Company's business and the need to have a balanced Board. The Nomination Committee considers job specifications and assesses whether candidates have the necessary skills and time available to devote to the Company's business. All newly appointed directors receive any necessary training and induction. New directors will be subject to election by shareholders at the Annual General Meeting following their appointment and thereafter at least at every third subsequent Annual General Meeting.

Remuneration Committee

The remuneration of the Board is considered by the Remuneration Committee, whose Chairman is John Wallinger. The Terms of Reference of the Committee are disclosed on the Company's section of the Investment Adviser's website and further copies are available on request from the Company Secretary. The function of this committee is to determine the remuneration of the Board and in doing so the committee takes into consideration the remuneration of similar Boards of other investment companies of a similar size to that of the Company.

Conflicts of Interest Committee

The Articles of Association permit the Board to consider and, if thought fit, to authorise situations where a director has a conflict, or potential conflict, of interest in relation to the Company. The Board has established a Conflicts of Interest Committee, made up of all independent directors who themselves are not party to any conflict under review whose purpose is to authorise, if thought fit, and formally approve any director's conflict of interest. The members of the Committee are required to act in the way they consider would be most likely to promote the success of the Company. The Committee members may impose limits or conditions when giving authorisation or subsequently if they think this appropriate. In addition, Board members are given the opportunity at each board meeting to inform the Board of any conflict of interest that may have arisen since the Board last met. The Committee comprises the entire Board other than those members of the Board that are subject to the conflict of interest. The Chairman of the Committee is Hugh Priestley. The Terms of Reference of the Committee are disclosed on the Company's website and further copies are available on request from the Company Secretary. The Committee did not identify any new potential conflict of interest during the year under review.

Directors' Attendance at Meetings

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
H M Priestley [†]	4/4	1/1	1/1	1/1	1/1
P E F Best	4/4	1/1	1/1	1/1	1/1
A F C Darwall*	3/3	n/a	n/a	n/a	1/1
The Rt Hon Lord Lamont of Lerwick**	3/3	0/0	0/0	0/0	1/1
A L Sutch	4/4	1/1	1/1	1/1	1/1
J D A Wallinger [†]	4/4	1/1	1/1	1/1	1/1

* Retired as a Director of the Company on 4 February 2016.

** Appointed as a Director of the Company on 24 June 2015.

† Retired as a Member of the Audit Committee on 3 November 2015.

For and on behalf of the Board

H M Priestley
Chairman
19 September 2016

Report of the Directors & Governance continued

Report of the Audit Committee

Role of the Audit Committee

The Audit Committee meets at least annually to consider the financial reporting by the Company, internal controls and relations with the Company's external auditors. In addition, it reviews the independence and objectivity of the auditors and the effectiveness of the audit process, the quality of the audit engagement partner and the audit team, making a recommendation to the Board with respect to the reappointment of the auditor. It will also provide an opinion as to whether the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

During the course of the year, representatives of the AIFM, Investment Adviser and other third party service providers may be invited to attend meetings of the Audit Committee to report on issues as required.

The Company does not have an internal audit function as most of its day to day operations are delegated to professional third parties.

The Audit Committee also reviews the Company's compliance with the FRC UK Corporate Governance Code and the AIC Code of Corporate Governance.

Composition

The Audit Committee consists of the entire Board excluding Hugh Priestley and John Wallinger. Philip Best is Chairman of the Audit Committee.

Hugh Priestley and John Wallinger retired as members of the Committee on 3 November 2015.

Auditors and Audit Tenure

The Company's current auditors, Ernst & Young LLP, have acted in this role since the launch of the Company on 16 August 2000. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Audit Committee considers the length of tenure of the audit firm, its fees and independence from the AIFM and the Investment Adviser along with any matters raised during each audit. The fees paid to Ernst & Young LLP in respect of audit services and non-audit services are disclosed in Note 4 of the notes to the financial statements.

The Company's year ended 31 May 2016 is the current Audit Partner's first of a five year maximum term.

Audit Tender and Handover

The Auditors of the Company, Ernst & Young LLP have acted in this role since the launch of the Company on 16 August 2000. Under new regulations a tender will need to be undertaken ahead of the year ending 31 May 2023 in which Ernst & Young LLP will not be invited to participate.

Significant Accounting Matters

During its review of the Company's accounts for the year ended 31 May 2016, the Audit Committee considered the following significant issues, including the consideration of principal risks and uncertainties in light of the Company's activities and issues communicated by the Auditors during their review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
• Valuation of the investment portfolio	• Review of reports from the Investment Adviser and Custodian
• Compliance with section 1158 of the Corporation Tax Act 2010	• Review of portfolio holdings reports and revenue forecasts to ensure compliance criteria is met
• Calculation of performance and management fees	• Consideration of methodology used to calculate fees, matched against the criteria set out in the Investment Management Agreement
• Statement of going concern	• Review of the investment portfolio, risks and uncertainties, projected cash flow and forecast revenue

Auditor Effectiveness & Independence

Auditor effectiveness is assessed by means of the auditors' direct engagement with the board at Audit Committee meetings and also by reference to feedback from the AIFM, Investment Adviser and their employees who have direct dealings with the auditor during the annual audit of the Company.

The Board concluded, on the recommendation of the Audit Committee, that the auditors continue to be independent of the Company, the AIFM and the Investment Adviser and that their reappointment be proposed at the Annual General Meeting.

Disclosure of Information to the Auditor

The Directors are not aware of any relevant audit information of which the Company's auditors are unaware. The Directors also confirm that they have taken all the steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Non-Audit Services

The Audit Committee has adopted a policy on the engagement of the Company's Auditor to supply non-audit services to the Company. During the year, a total of £24,000 (including VAT) was paid to the Company's auditor by the Company for services relating to the preparation and filing of French withholding tax claims (2015: £nil).

The Committee ensures that auditor objectivity and independence are safeguarded by requiring pre-approval by the Committee for all non-audit services provided to the Company, which takes into consideration:

- confirmation from the Auditor that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject;
- the fees to be incurred, relative to the audit fees;
- the nature of the non-audit services; and
- whether the Auditor's skills and experience make it the most suitable supplier of such services and whether they are in a position to provide them.

■ **Report of the Directors & Governance** continued

■ **Report of the Audit Committee** continued

Statement in Respect of the Annual Report & Accounts

The completion of the audit of the Company's Annual Report and Financial Statements is a lengthy process which requires high levels of review and verification with significant input from numerous different parties. The Committee, when considering the draft Annual Report and Financial Statements for the year ended 31 May 2016, reviewed the Company's financial statements and approved the Company's accounting policies. The members of the Committee applied their recent and relevant financial experience and concluded that the Annual Report and Financial Statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model, position, and strategy. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable knowledge of the investment trust industry in general and of investments trusts in particular.

The Committee has reported its findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities on page 25.

For and on behalf of the Audit Committee

P E F Best
Chairman of the Audit Committee
19 September 2016

Report of the Directors & Governance continued

Directors' Remuneration Report and Policy

Introduction

The Board is pleased to present the Company's annual remuneration report for the year ended 31 May 2016 in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

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 26 to 28.

Statement by the Chairman of the Remuneration Committee

The Board's policy on remuneration is set out below. It must be noted that it is essential that fees payable to Directors should reflect the time spent on the Company's affairs, and should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience.

The Directors of the Company are non-executive and by way of remuneration receive only an annual fee, which in the case of the Chairman is £30,000, and in the case of each of the other Directors is £22,000. Philip Best receives an additional £3,000 as Chairman of the Audit Committee. The fee is payable quarterly. The Company does not award any other remuneration or benefits to the Chairman or Directors. There are no bonus schemes, pension schemes, share option or long-term incentive schemes in place for the Directors.

The remuneration policy of the Company was approved by shareholders at the AGM held on 5 November 2014. The following table sets out the votes received:

Votes cast for*		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
26,640,598	99.98	4,044	0.02	26,645,042	1,395

*includes discretionary votes.

The remuneration policy as set out below will apply until 5 November 2017 (being three years from the date of shareholder approval of the policy) unless renewed, varied or revoked by shareholders at a general meeting.

Directors' Remuneration Policy

The Company's remuneration policy is that fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The Company's Articles of Association states the maximum aggregate amount of fees that can be paid to Directors in any one year. This is currently set at £200,000 per annum and shareholder approval is required for any changes to this.

Each director is entitled to a base fee, The Chairman of the Board is paid a higher fee than the other Directors, to reflect the additional work required to be carried out in this role.

The following table provides a summary of the remuneration package for non-executive directors:

Element	Purpose	Operation
Fees	To compensate the Directors for their time commitment, and the levels of responsibility assumed.	Reviewed annually and subject to an annual cap in accordance with the Articles of Association of the Company.

Policy for Directors' Fees

The Board has established a Remuneration Committee and any review of the Directors' fees is undertaken by the Board as whole and has regard to the level of fees paid to non-executive Directors of other investment companies of equivalent size.

The Directors' fees were last increased on 1 June 2013. The Remuneration Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference. The Remuneration Committee did not seek external advice during the year under review.

Directors' Service Contracts

No Director has a contract of service with the Company. Accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees.

The Board does not consider it appropriate that Directors should be appointed for a specific term. However, directors who have served longer than nine years, are subject to annual re-election under the FRC Code. Any new Director appointed would be subject to election by shareholders at the next AGM following their appointment.

Annual Report on Remuneration

A single figure for the total remuneration of each Director is set out in the table below for the year ended 31 May 2016 and 31 May 2015 respectively:

Directors' emoluments for the period (audited)

	Total fees for the year ended 31 May 2016 £	Total fees for the year ended 31 May 2015 £
P E F Best**	25,000	25,000
A F C Darwall***	14,989	22,000
The Rt Hon Lord Lamont of Lerwick****	20,610	n/a
H M Priestley*	30,000	30,000
A L Sutch	22,000	22,000
J D A Wallinger	22,000	22,000
Total	134,599	121,000

* Chairman of the Board.

** Chairman of the Audit Committee.

*** Fees paid to Jupiter Asset Management Limited. Retired as a Director on 4 February 2016.

**** Appointed as a Director on 24 June 2015.

Report of the Directors & Governance continued

Directors' Remuneration Report and Policy continued

Expenditure by the Company on Directors' Remuneration compared with Distributions to Shareholders

The table below compares the remuneration paid to Directors to distributions made to shareholders during the year under review and the prior financial year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth.

	Year ended		Change %
	31 May 2016	31 May 2015	
	£'000	£'000	
Remuneration paid to Directors	135	121	11.57
Distributions to shareholders – dividends	4,133	3,175	30.17

Statement of voting at the last AGM

The following sets out the votes received at the last AGM of the shareholders of the Company, held on 3 November 2015, in respect of the approval of the Directors' Remuneration Report:

Votes cast for*		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
37,152,351	99.59	151,998	0.41	37,304,349	32,685

*includes discretionary votes.

Directors' interest in Ordinary shares (audited)

	31 May 2016	31 May 2015
P E F Best	43,750	43,750
The Rt Hon Lord Lamont of Lerwick	12,680	n/a
H M Priestley	30,500	30,500
A L Sutch	8,316	7,804
J D A Wallinger	256,000	246,000

Shareholder approval and effective date

The current Directors' Remuneration Policy, which was approved at the 2014 AGM, shall be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

Implementation of the remuneration policy for the year to 31 May 2017

No significant changes are expected in the Company's approach to Director remuneration. Remuneration in accordance with the Company's policy and the overall remuneration of each Director will continue to be monitored by the Remuneration Committee on an annual basis. The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes.

Directors' fees were reviewed by the Remuneration Committee in June 2016, and it was agreed that these continued to be at an appropriate level and will be subject to review again during the course of 2017.

The terms and conditions of Directors' appointments are set out in formal letters of appointment.

Directors' Interests

The Directors who held office at the end of the year covered by these accounts and their beneficial interests in the Ordinary shares at 31 May 2016 are shown below.

The Directors' interests in contractual arrangements with the Company are as detailed in Note 23 to the Accounts on page 49. Subject to these exceptions, no Director was a party to or had any interest in any contract or arrangement with the Company at any time during the year or subsequently.

There are no requirements for the Directors of the Company to own shares in the Company.

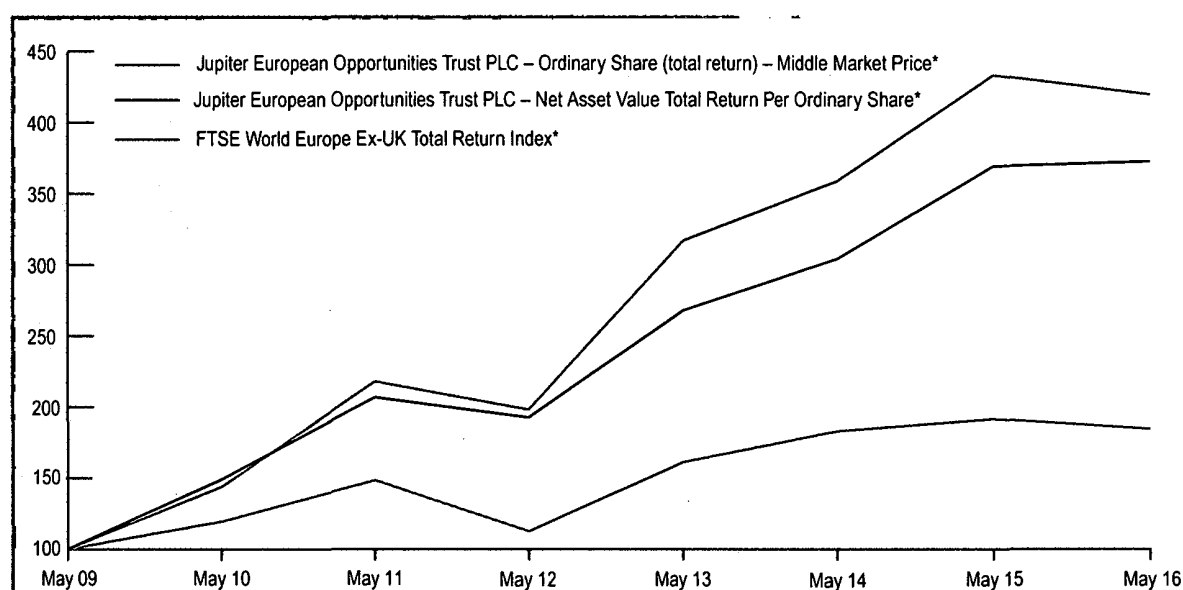
Report of the Directors & Governance continued

Directors' Remuneration Report and Policy continued

Performance from 31 May 2009 to 31 May 2016

The graph below provides details of the Company's performance by reference to the Ordinary shares price compared against the FTSE World Europe ex UK Total Return Index. The FTSE World Europe ex UK Total Return Index has been chosen as the most suitable benchmark against which to measure the performance of the Company.

In accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as amended in August 2013, the graph tracks performance from 31 May 2009 and will gradually increase year-on-year until a rolling ten-year performance will be presented.



Effect of £100 invested in the Company between the period 31 May 2009 to 31 May 2016.

*Source: Morningstar.

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the Directors' Remuneration Report and Policy summarises, for the year ended 31 May 2016, the review undertaken and the decisions made regarding the fees paid to the Board, and the future remuneration policy of the Company which is to be approved by shareholders.

By Order of the Board
J D A Wallinger
 Chairman of the Remuneration Committee
 19 September 2016

■ **Report of the Directors & Governance** continued

■ **Statement of Directors' Responsibilities in Relation to the Financial Statements**

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under Company Law the directors must not approve the financial statements unless they are satisfied that they present a fair, balanced and understandable report and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. In preparing the financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate 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 enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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 financial statements are published on www.jupiteram.com which is a website maintained by the Investment Adviser.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statements under the Disclosure and Transparency Rules

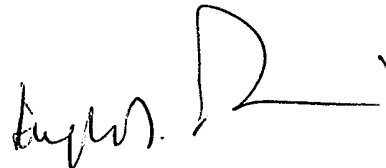
Each of the Directors who are listed on page 12 confirm to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- (b) the Strategic Report and the Report of the Directors include a fair review of the development and performance of the Company together with a description of the principal risks and uncertainties that the Company faces; and
- (c) that, in the opinion of the Board, the Annual Report and Accounts taken as a whole is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy.

So far as each Director is aware at the time the report is approved:

- (a) There is no relevant audit information of which the Company's auditors are unaware; and
- (b) The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By Order of the Board
H M Priestley
 Chairman
 19 September 2016



Report of the Directors & Governance continued

Independent Auditor's Report to the Members of Jupiter European Opportunities Trust PLC

Our opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 May 2016 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Jupiter European Opportunities Trust PLC's financial statements comprise:

- Statement of Comprehensive Income for the year ended 31 May 2016
- Statement of Financial Position as at 31 May 2016
- Statement of Changes in Equity for the year ended 31 May 2016
- Cash Flow Statement for the year ended 31 May 2016
- Related notes 1 to 25 to the financial statements

The financial reporting framework that has been applied in the preparation of the Company's financial statements is applicable law and International Financial Reporting Standards as adopted by the European Union.

Overview of our audit approach

Risks of material misstatement	<ul style="list-style-type: none"> • The performance fee payable by the Company for investment management services is not calculated in accordance with the methodology prescribed in the investment management agreement. • Incorrect valuation and existence of the investment portfolio.
Audit scope	<ul style="list-style-type: none"> • All audit work was performed directly by the audit engagement team.
Materiality	<ul style="list-style-type: none"> • Materiality of £6.1m which represents 1 per cent. of total equity (2015: £5.6m)

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those with the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
<p>The performance fee payable by the Company for investment management services is not calculated in accordance with the methodology prescribed in the investment management agreement (as described on page 20 of the Report of the Audit Committee).</p> <p>For the year ended 31 May 2016, the total performance fee amounted to £5.3m (2015: £12.6m).</p> <p>The performance fee payable by the Company for investment management services is a significant component of the Company's cost base and, therefore, impact the Company's total return. If the performance fee is not calculated in accordance with the methodology prescribed in the investment management agreement this could have a significant impact on both costs and returns.</p>	<p>We used the terms contained in the investment management agreement to recalculate the performance fee for the year and agreed the inputs for the calculation to source data.</p> <p>In line with the Company's stated policy, and consistent with the prior year, we checked that the performance fee has been charged 100 per cent. to the capital column of the Statement of Comprehensive Income.</p>	<p>We are satisfied that the terms of the investment management agreement have been correctly applied within the performance fee calculation.</p> <p>For all inputs, we noted no issues in agreeing the amounts to source data.</p> <p>We noted no issues in agreeing the allocation of the performance fee to capital.</p>
<p>Incorrect valuation and existence of the investment portfolio (as described on page 20 of the Report of the Audit Committee).</p> <p>The valuation of the portfolio at 31 May 2016 was £707.4m (2015: £600.9m), consisting of listed equities.</p> <p>The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.</p>	<p>For all investments in the portfolio, we agreed the prices to an independent source.</p> <p>For those investments priced in currencies other than Sterling, we have agreed the exchange rates to an independent source.</p> <p>We have independently obtained confirmations from the Company's custodian and depositary to confirm the existence of the assets held as at 31 May 2016.</p>	<p>For all investments, we noted no material differences in market value or exchange rates.</p> <p>We noted no differences between the custodian and depositary confirmations and the Company's underlying financial records.</p>
<p>There are no changes to the risks reported in the prior year.</p>		

Report of the Directors & Governance continued

Independent Auditor's Report to the Members of Jupiter European Opportunities Trust PLC continued

The scope of our audit

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 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.

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 planning materiality for the Company to be £6.1m (2015: £5.6m), which is 1 per cent. of total equity. We derived our materiality calculation from a proportion of total equity as we consider that to be the key measurement 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 judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75 per cent. of planning materiality, being £4.6m (2015: £4.2m). Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level. 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 the Company we also applied a separate testing threshold of £0.4m (2015: £0.3m) for the revenue column of the Income Statement, being 5 per cent. of the revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered to be clearly trivial.

We agreed with the audit committee that we would report all audit differences in excess of £0.3m (2015: £0.3m) 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 the light of other relevant qualitative considerations.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 25 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Opinion 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; and
- 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.

Report of the Directors & Governance continued

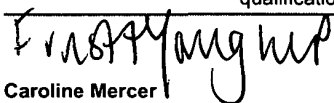
Independent Auditor's Report to the Members of Jupiter European Opportunities Trust PLC continued

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	<p>We are required to report to you if, in our opinion, financial and non-financial information in the annual report is:</p> <ul style="list-style-type: none"> • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. <p>In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.</p>	We have no exceptions to report.
Companies Act 2006 reporting	<p>We are required to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company 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. 	We have no exceptions to report.
Listing Rules review requirements	<p>We are required to review:</p> <ul style="list-style-type: none"> • the directors' statement in relation to going concern set out on page 14, and longer-term viability, set out on page 9; and • the 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 	We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	<p>We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to:</p> <ul style="list-style-type: none"> • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. 	We have nothing material to add or to draw attention to.
--	--	--


 Caroline Mercer
 (Senior statutory auditor)
 for and on behalf of Ernst & Young LLP, Statutory Auditor
 Edinburgh
 19 September 2016

Annual Report & Accounts 2016

Accounts

Statement of Comprehensive Income for the year ended 31 May 2016

	Note	Year ended 31 May 2016			Year ended 31 May 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on investments at fair value through profit or loss	10	–	9,701	9,701	–	98,318	98,318
Foreign exchange (loss)/gain on loan		–	(2,734)	(2,734)	–	4,780	4,780
Other exchange loss		–	(93)	(93)	–	(177)	(177)
Income		14,272	–	14,272	10,523	–	10,523
Total income	3	14,272	6,874	21,146	10,523	102,921	113,444
Investment management fee	4	(5,102)	–	(5,102)	(4,069)	–	(4,069)
Investment performance fee	4	–	(5,314)	(5,314)	–	(12,597)	(12,597)
Other expenses	5	(673)	–	(673)	(749)	(85)	(834)
Total expenses		(5,775)	(5,314)	(11,089)	(4,818)	(12,682)	(17,500)
Net return before finance costs and taxation		8,497	1,560	10,057	5,705	90,239	95,944
Finance costs	6	(594)	–	(594)	(452)	–	(452)
Return on ordinary activities before taxation		7,903	1,560	9,463	5,253	90,239	95,492
Taxation	7	(458)	–	(458)	(736)	–	(736)
Net return after taxation		7,445	1,560	9,005	4,517	90,239	94,756
Return per Ordinary share	9	6.84p	1.43p	8.27p	4.80p	95.93p	100.73p

The total column of this statement is the income statement of the Company, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance produced by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The Notes on pages 33 to 49 form part of these accounts.

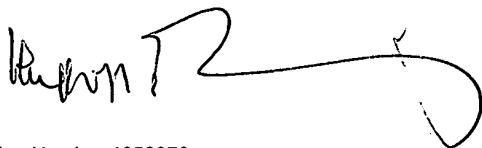
■ **Accounts** continued

■ **Statement of Financial Position** as at 31 May 2016

	Note	2016 £'000	2015 £'000
Non current assets			
Investments held at fair value through profit or loss	10	707,402	600,852
Current assets			
Other receivables	12	4,279	3,103
Cash and cash equivalents		6,091	5,669
		10,370	8,772
Total assets		717,772	609,624
Current liabilities			
Other payables	13	(103,850)	(51,235)
Total assets less current liabilities		613,922	558,389
Capital and reserves			
Called up share capital	15	1,116	1,022
Share premium	16	193,555	142,988
Special reserve	17	33,687	33,687
Capital redemption reserve	18	45	45
Retained earnings	19	385,519	380,647
Total equity shareholders' funds		613,922	558,389
Net Asset Value per Ordinary Share	20	550.23p	546.27p

Approved by the Board of Directors and authorised for issue on 19 September 2016 and signed on its behalf by:

H M Priestley
Chairman



Company Registration Number 4056870

The Notes on pages 33 to 49 form part of these accounts.

Annual Report & Accounts 2016

■ Accounts continued

■ Statement of Changes in Equity for the year ended 31 May 2016

For the year ended 31 May 2016	Note	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
1 June 2015		1,022	142,988	33,687	45	380,647	558,389
Net profit for the year		-	-	-	-	9,005	9,005
Ordinary share issue	15, 16	94	50,567	-	-	-	50,661
Dividends declared and paid*	8	-	-	-	-	(4,133)	(4,133)
Balance at 31 May 2016		1,116	193,555	33,687	45	385,519	613,922

*Dividends paid during the period were paid out of revenue reserves.

For the year ended 31 May 2015	Note	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
1 June 2014		907	85,486	33,687	45	289,066	409,191
Net profit for the year		-	-	-	-	94,756	94,756
Ordinary share issue	15, 16	115	57,502	-	-	-	57,617
Dividends declared and paid*	8	-	-	-	-	(3,175)	(3,175)
Balance at 31 May 2015		1,022	142,988	33,687	45	380,647	558,389

*Dividends paid during the period were paid out of revenue reserves.

Annual Report & Accounts 2016

Accounts continued

Cash Flow Statement for the year ended 31 May 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Investment income received (gross)		13,655	10,555
Investment management fee paid		(4,897)	(3,786)
Investment performance fee paid		(12,609)	-
Other cash expenses		(827)	(782)
Net cash (outflow)/inflow from operating activities before taxation and interest	21	(4,678)	5,987
Interest paid		(501)	(473)
Tax paid		(1,001)	(1,034)
Net cash (outflow)/inflow from operating activities		(6,180)	4,480
Cash flows from investing activities			
Purchases of investments		(175,142)	(116,673)
Sales of investments		77,033	63,896
Net cash outflow from investing activities		(98,109)	(52,777)
Cash flows from financing activities			
Ordinary shares issued		50,661	58,535
Equity dividends paid		(4,133)	(3,175)
Net drawdown/(repayment) of loan		58,276	(6,273)
Net cash inflow from financing activities		104,804	49,087
Increase in cash	22	515	790
Change in cash and cash equivalents			
Cash and cash equivalents at start of year		5,669	5,056
Realised loss on foreign currency		(93)	(177)
Cash and cash equivalents at end of year		6,091	5,669

The Notes on pages 33 to 49 form an integral part of these accounts.

Accounts continued

Notes to the Accounts for the year ended 31 May 2016

1. Accounting policies

The Accounts comprise the financial results of the Company for the year to 31 May 2016. The accounts are presented in pounds sterling, as this is the functional currency of the Company. The accounts were authorised for issue in accordance with a resolution of the directors on 19 September 2016. All values are rounded to the nearest thousand pounds (£'000) except where indicated.

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union (EU).

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for Investment Trusts issued by the Association of Investment Companies (AIC) in November 2014 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Company continues to adopt the going concern basis in the preparation of the financial statements.

(a) Income

Dividends from investments quoted ex-dividend on or before the date of the Statement of Financial Position.

Dividends receivable from equity shares are taken to the revenue return column of the Statement of Comprehensive Income.

Deposit and other interest receivable are accounted for on an accruals basis. These are classified within operating activities in the cash flow statement.

Special dividends are reviewed on a case by case basis to determine if the dividend is to be treated as revenue or capital.

(b) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the Association of Investment Companies (AIC), supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the statement. In accordance with the Company's Articles of Association, net capital returns may not be distributed by way of dividend.

An analysis of retained earnings broken down into revenue (distributable) items, and capital items (non-distributable) is given in Note 19. All other operational costs including administration expenses and finance costs (but with the exception of any investment performance fees which are charged to capital) are charged to revenue.

(c) Basis of valuation of investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at the fair value, being the consideration given.

All investments are classified as held at fair value through profit or loss. All investments are measured at fair value with changes

in their fair value recognised in the Statement of Comprehensive Income in the period in which they arise. The fair value of listed investments is based on their quoted bid price at the reporting date without any deduction for estimated future selling costs.

Foreign exchange gains and losses on fair value through profit or loss investments are included within the changes in the fair value of the investment.

For investments that are not actively traded and/or where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques. These techniques may draw, without limitation, on one or more of: the latest arm's length traded prices for the instrument concerned; financial modelling based on other observable market data; independent broker research; or the published accounts relating to the issuer of the investment concerned.

(d) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risks of changes in value.

(e) Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At the date of each Statement of Financial Position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year.

(f) Borrowing and finance costs

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred. All finance costs are directly charged to the revenue column of the Statement of Comprehensive Income.

(g) Expenses

Expenses are accounted for on an accruals basis. Management fees, administration and other expenses are charged fully to the revenue column of the Statement of Comprehensive Income. That part of any investment performance fee which is deemed by the Directors to relate to the capital outperformance of the Company's investments will be charged to capital and that part relating to revenue outperformance will be charged to revenue. Expenses which are incidental to the purchase or sale of an investment are charged to capital, along with any foreign exchange gains and losses.

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

1. Accounting policies continued

(h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation of capital gains.

(i) Ongoing Charges Figure

The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Company over the year. The OCF is made up of the Investment Management fee and other operating costs deducted from the Company during the year, except for those payments that are explicitly excluded (performance fees).

(j) Reserves

Share Capital

This reserve is the nominal value of the shares in issue.

Share Premium

The share premium may be used to pay up unissued shares to be allotted to members credited as fully paid.

Special Reserve

The special reserve may be used to finance the Company's share buy-back facility.

Capital Redemption

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve.

Retained Earnings

Capital reserve

The capital reserve is not available for the payments of dividends. The following are accounted for in this reserve:

- Gains and losses on the realisation of investments,
- Changes in fair value of investments held at the year-end,
- Performance fee relating to capital out-performance and transaction costs,
- Foreign currency difference.

Revenue Reserve

The revenue profit or loss for the year is taken to or from this reserve.

The revenue reserve may be used to fund the distribution of profits to investors via dividend payments.

(k) Accounting developments

The following standards, amendments and interpretations have been published by IASB but are not yet effective for year ended 31 May 2016:

International Accounting Standards (IAS/IFRS's)

IFRS 9 Financial Investments Classification and Measurement

Effective date: 1 January 2018

Amendments to IAS 7 Statement of Cashflows

Effective date: 1 January 2017

The Directors anticipate that the adoption of the above standards and interpretations in future periods will have no material impact on the financial statements of the Company. The Company intends to adopt the standards in the reporting period when they become effective.

Annual Report & Accounts 2016

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

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.

Management do not believe that any accounting judgements have been applied to this set of Financial Statements.

3. Income

	Year ended 31 May 2016 £'000	Year ended 31 May 2015 £'000
Income from investments		
Dividends from United Kingdom companies	4,425	3,188
Dividends from overseas companies	9,847	7,335
Total income	14,272	10,523

4. Investment management and performance fees

	Year ended 31 May 2016			Year ended 31 May 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	5,102	–	5,102	4,069	–	4,069
Investment performance fee	–	5,314	5,314	–	12,597	12,597
	5,102	5,314	10,416	4,069	12,597	16,666

Details of the investment management contract are given in Note 23.

5. Other administrative expenses

	Year ended 31 May 2016			Year ended 31 May 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	135	–	135	121	–	121
Auditors' remuneration including VAT – audit	34	–	34	32	–	32
Auditor's remuneration including VAT – non-audit	24	–	24	–	–	–
Administration fee	138	–	138	124	–	124
Jupiter savings scheme and ISA participation fees*	69	–	69	143	–	143
Bank and custody charges	56	–	56	38	–	38
Legal fees	15	–	15	35	–	35
Registrar fee	52	–	52	59	–	59
Other administrative expenses	150	–	150	197	85	282
	673	–	673	749	85	834

*The Jupiter ISA/Savings Scheme closed on 30 November 2015.

Annual Report & Accounts 2016

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

6. Finance Costs

	Year ended 31 May 2016			Year ended 31 May 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Short-term loan	594	–	594	452	–	452
	594	–	594	452	–	452

7. Taxation

(a) Analysis of charge in year:

	Year ended 31 May 2016			Year ended 31 May 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Tax on ordinary activities						
Foreign tax suffered	458	–	458	736	–	736

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for a company 20.00% (2015: 20.83%). The differences are explained below:

	Year ended 31 May 2016 £'000	Year ended 31 May 2015 £'000
Net return before taxation	9,466	95,406
Corporation tax at 20.00% (2015: 20.83%)	1,893	19,873
Effects of:		
Tax free capital gain in investments	(1,375)	(21,439)
Exempt dividend income	(2,855)	(2,174)
Foreign tax suffered	458	736
Excess expenses for the year	2,330	3,742
Expenses not deductible for tax purposes	7	(2)
Total tax charge for the year	458	736

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

There is an unrecognised deferred tax asset of £10,982,000 (at 18%) (2015: £9,872,000 at 20%) which relates to unutilised excess expenses. The deferred tax asset would only be recovered if the Company were to generate sufficient taxable profits to utilise these expenses. It is considered highly unlikely that this will occur and therefore, no deferred tax asset has been recognised.

Annual Report & Accounts 2016

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

8. Dividends

	Year ended 31 May 2016 £'000	Year ended 31 May 2015 £'000
Amounts recognised as distributions to equity holders in the year:		
2015 Final dividend 3.80p net paid on 108,750,331 shares (2014: 3.50p net paid on 90,726,474 shares)	4,133	3,175

Set out below is the total dividend payable in respect of the financial year under review, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered:

	2016 £'000	2015 £'000
Dividends on equity shares:		
2016 Final dividend 5.5p (2015: 3.80p)	6,137*	4,084*

*Based on the number of shares in issue as at 8 September 2016 (2015: 107,475,331 shares), the latest practicable date prior to the publication of the Annual Report and Accounts.

9. Earnings per Ordinary share

The earnings per Ordinary share figure is based on the net profit for the year of £9,005,000 (2015: Profit £94,756,000), and on 108,822,901 (2015: 94,068,185) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The return per Ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	Year ended 31 May 2016 £'000	Year ended 31 May 2015 £'000
Net revenue profit	7,445	4,517
Net capital profit	1,560	90,239
Net total profit	9,005	94,756
Weighted average number of Ordinary shares in issue during the year	108,822,901	94,068,185
Revenue return per Ordinary share	6.84p	4.80p
Capital return per Ordinary share	1.43p	95.93p
Total return per Ordinary share	8.27p	100.73p

Annual Report & Accounts 2016

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

10. Non current assets

	Year ended 31 May 2016 £'000	Year ended 31 May 2015 £'000
Market value of investments at beginning of year	600,852	448,497
Net unrealised gain at beginning of year	(283,198)	(197,638)
Cost of investments at beginning of year	317,654	250,859
Purchases at cost during the year	173,882	117,933
Sales at cost during year	(51,407)	(51,138)
Cost of investments at end of year	440,129	317,654
Net unrealised gain at end of year	267,273	283,198
Market value	707,402	600,852
Listed on the UK stock exchange	144,962	155,240
Listed on overseas stock exchanges	562,440	445,612
Market value of investments at end of year	707,402	600,852
	2016	2015
	£'000	£'000
Gains on investments		
Net gain on the sale of investments	25,626	12,758
Movement in unrealised gains	(15,925)	85,560
Gain on investments	9,701	98,318

11. Transaction costs

The following transaction costs were incurred during the year:

	Year ended 31 May 2016 £'000	Year ended 31 May 2015 £'000
Purchases	352	257
Sales	54	53
	406	310

12. Other receivables

	2016 £'000	2015 £'000
Dividends receivable	2,113	1,496
Prepayments and accrued interest	37	21
Foreign recoverable tax	2,129	1,586
	4,279	3,103

Annual Report & Accounts 2016

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

13. Other payables

	2016 £'000	2015 £'000
Interest payable	153	60
Other creditors and accruals	1,461	1,394
Short-term bank loans	96,934	35,924
Purchases awaiting settlement	–	1,260
Performance fee	5,302	12,597
	103,850	51,235

Bank Loan

The Company's revolving bank loan is with Scotiabank Europe PLC, with a loan facility available up to a maximum of £100 million.

Of the balances outstanding at the start of the year, €50.0 million was repaid on 2 July 2015.

During the year the Company used the loan facility as follows:

Date	Amount Borrowed	Date Repaid
2 April 2015	€50.0 million	2 July 2015
30 June 2015	£15.0 million	29 September 2015
2 July 2015	€50.0 million	29 September 2015
26 August 2015	€13.5 million	29 September 2015
29 September 2015	€63.5 million	29 December 2015
29 September 2015	£15.0 million	29 December 2015
29 December 2015	€63.5 million	29 March 2016
29 December 2015	£15.0 million	29 March 2016
21 January 2016	£10.0 million	29 March 2016
5 February 2016	£10.0 million	29 March 2016
10 March 2016	€4.4 million	29 March 2016
29 March 2016	£35.0 million	29 June 2016
29 March 2016	€67.9 million	29 June 2016
17 May 2016	£10.0 million	29 June 2016

As at 31 May 2016 the following loan amounts were outstanding: €67.9 million and £45.0 million and are repayable on 29 June 2016.

The €66.5 million outstanding euro loan was renewed on 29 June 2016 with an all interest rate of 0.57680% and is repayable on 27 September 2016.

The £45.0 million outstanding sterling loan was renewed on 29 June 2016 with an all interest rate of 1.13726% and is repayable on 27 September 2016.

Accounts continued**Notes to the Accounts for the year ended 31 May 2016 continued****14. Financial instruments****Background**

The Company's financial instruments comprise securities and other investments, cash balances and term loans, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income. The numerical disclosures below exclude short-term debtors and creditors which are denominated in Sterling and do not incur interest and therefore are not subject to foreign currency risk or interest rate risk.

The principal risks the Company faces in its portfolio management activities are:

- foreign currency risk
- market price risk i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement
- interest rate risk
- liquidity risk
- credit and counterparty risk

The Investment Adviser's policies for managing these risks are summarised in the following paragraph and have been applied throughout the year.

(a) Foreign currency risk

A portion of the financial assets of the Company are denominated in currencies other than sterling with the result that the Statement of Financial Position and Comprehensive Income can be significantly affected by currency movements.

The Company may hedge against foreign currency movements affecting the value of the investment portfolio where adverse movements are anticipated but otherwise takes account of this risk when making investment decisions.

Foreign currency sensitivity

The following tables illustrate the sensitivity of the profit after tax for the year and net assets to exchange rates for the £ against the Euro, Danish Krone, Swiss Franc, Norwegian Krone, US Dollar and Swedish Krona. It assumes a change in exchange rates of 10%.

This percentage has been determined based on market volatility in exchange rates over the previous twelve months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at the date of each Statement of Financial Position.

If sterling had weakened against the currencies below this would have the following effect on revenue, capital, total return and, accordingly, net assets:

	2016			2015		
	Impact on revenue return £'000	Impact on capital return £'000	Total £'000	Impact on revenue return £'000	Impact on capital return £'000	Total £'000
Euro	(206)	27,424	27,218	(175)	23,321	23,146
Danish Krone	(103)	13,724	13,621	(73)	9,668	9,595
Swiss Franc	(51)	6,734	6,683	(53)	7,036	6,983
Norwegian Krone	(11)	1,431	1,420	(23)	3,082	3,059
US Dollar	(7)	994	987	(2)	249	247
Swedish Krona	(6)	744	738	(9)	1,205	1,196
	(384)	51,051	50,667	(335)	44,561	44,226

Annual Report & Accounts 2016

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

14. Financial instruments continued

If sterling had strengthened against the currencies below this would have the following effect:

	2016			2015		
	Impact on revenue return £'000	Impact on capital return £'000	Total £'000	Impact on revenue return £'000	Impact on capital return £'000	Total £'000
Euro	206	(27,424)	(27,218)	175	(23,321)	(23,146)
Danish Krone	103	(13,724)	(13,621)	73	(9,668)	(9,595)
Swiss Franc	51	(6,734)	(6,683)	53	(7,036)	(6,983)
Norwegian Krone	11	(1,431)	(1,420)	23	(3,082)	(3,059)
US Dollar	7	(994)	(987)	2	(249)	(247)
Swedish Krona	6	(744)	(738)	9	(1,205)	(1,196)
	384	(51,051)	(50,667)	335	(44,561)	(44,226)

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently.

(b) Market price risk

By the very nature of its activities, the Company's investments are exposed to market price fluctuations. The Board reviews and agrees policies for managing this risk. The Investment Adviser assesses the exposure to market price 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. Further information on the investment portfolio and investment policy is set out in the Investment Adviser's Review.

Other price risk sensitivity

The following illustrates the sensitivity of the profit after taxation for the year and the total equity to an increase or decrease of 20% (2015: 20%) in the fair value of the Company's equities. This level of change is considered to be reasonably possible based on observation of market conditions during the year. The sensitivity analysis is based on the Company's equities at each Statement of Financial Position date, with all other variables held constant.

The impact of a 20% increase in the value of investments on the revenue return as at 31 May 2016 is a decrease of £265,000 (2015: Decrease £194,000) and on the capital return is an increase of £120,782,000 (2015: Increase £103,612,000).

The impact of a 20% fall in the value of investments on the revenue return as at 31 May 2016 is an increase of £265,000 (2015: Increase £202,000) and on the capital return is a decrease of £136,179,000 (2015: £107,574,000).

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

14. Financial instruments continued

(c) Interest rate risk

Interest rate movements may affect:

- the fair value of investments of any fixed interest securities
- the level of income receivable from any floating interest-bearing securities and cash at bank and on deposit, and
- the interest payable on the Company's fixed interest term loans.

The Board reviews regularly the values of the Company's fixed interest rate securities. The Board imposes limits on the Company's borrowing to ensure gearing levels are appropriate to market conditions, and these are monitored and reviewed on a regular basis. The Company's borrowings are conducted through a fixed rate facility, which allows the Investment Manager to finance opportunities at competitive rates.

The financial assets (excluding short-term debtors and creditors) consist of:

	2016		2015		Total £'000
	Floating rate £'000	Non- interest bearing £'000	Floating rate £'000	Non- interest bearing £'000	
Sterling	5,915	144,962	150,877	5,535	156,412
Euro	27	326,173	326,200	134	326,334
Danish Krone	–	137,241	137,241	–	137,241
Swedish Krona	–	7,438	7,438	–	7,438
Swiss Franc	–	67,339	67,339	–	67,339
Norwegian Krone	149	14,305	14,454	–	14,603
US Dollar	–	9,944	9,944	–	9,944
	6,091	707,402	713,493	5,669	719,154

The floating rate assets consist of cash deposits at call. Sterling cash deposits at call earn interest at floating rates based on daily Sterling Overnight Index Average (SONIA) rates.

The non-interest bearing assets represent the equity element of the investment portfolio at 31 May 2016. However, the amounts are not representative of the exposure to foreign currency risk during the year as levels of monetary foreign currency exposure change significantly throughout the year.

As interest rates for any short-term loans are fixed at the commencement of the loan, only cash deposits at call are subject to interest rate movement. All such deposits at call earn interest at a daily rate. Therefore, if a sensitivity analysis was performed by increasing or decreasing the interest rates applicable to the Company's cash balances held at each reporting date, with all other variables held constant, there would be no material change to the profit after taxation or net assets for the year.

(d) Liquidity risk

Liquidity risk is not considered significant. All liabilities are payable within three months.

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 short-term borrowings.

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

14. Financial instruments continued

(e) Credit and counterparty risk

Credit risk is the exposure to loss from the failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company manages credit risk by using brokers from a database of approved brokers who have undergone rigorous due diligence tests by the Manager's Risk Management Team and by dealing through Jupiter Asset Management Limited with banks approved by the Financial Conduct Authority. Any derivative positions are marked to market and exposure to counterparties is monitored on a daily basis by the Manager; the Board of Directors reviews it on a quarterly basis. The maximum exposure to credit risk at 31 May 2016 was £10,370,000 consisting of short term debtors and cash and cash equivalents (2015: £8,772,000). The calculation is based on the Company's credit exposure as at 31 May 2016 and may not be representative of the year as a whole.

(f) Fair value of financial assets and financial liabilities

The financial assets and financial liabilities are carried in the statement of financial position at their fair value or the statement amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals and cash at bank).

Financial liabilities

	2016		2015	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Sterling bank loans	45,000	45,000	–	–
Euro bank loans	51,934	51,934	35,924	35,924

Details of the short-term bank loans are disclosed in Note 13.

Fair value hierarchy

IFRS 13 'Financial Instruments: Disclosures' require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2016				2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	707,402	–	–	707,402	600,852	–	–	600,852

(g) Use of derivatives

In order to enhance returns, the Company may take short positions (using contracts for difference) in respect of a small number of larger capital securities. No positions were held during the year.

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

14. Financial instruments continued

(h) Capital management policies and procedures

The Board with the assistance of the Investment Adviser 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 Investment Adviser's view on the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the Net Asset Value per share and the share price (i.e. the level of share price discount or premium);
- the need for new issues of equity shares, including shares from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to several externally imposed capital requirements:

- The value of any short-term loans must be supported by a level of readily realisable assets.
- As a public company, the Company has a minimum share capital of £50,000.
- In order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

These requirements are unchanged since last year, and the Company has complied with them.

As at 31 May 2016 the Company's total capital was £613,922,000 (2015: £558,389,000) made up of:

	2016 £'000	2015 £'000
Ordinary shares	1,116	1,022
Reserves	612,806	557,367
Total capital	613,922	558,389

15. Called-up share capital

As at 31 May 2016	Number	2016 £	Number	2015 £
Authorised				
Ordinary shares of 1p each	305,000,000	3,050,000	305,000,000	3,050,000
Issued, called-up and fully paid				
Ordinary shares of 1p each	111,575,331	1,115,753	102,217,681	1,022,177

Annual Report & Accounts 2016

■ Accounts continued

■ Notes to the Accounts for the year ended 31 May 2016 continued

15. Called-up share capital continued

During the year the Company issued 9,357,650 Ordinary shares as follows:

Date of Issue	Number	Issue price (pence)
2 June 2015	125,000	551.0
3 June 2015	100,000	554.0
8 June 2015	100,000	542.3
10 June 2015	100,000	538.0
11 June 2015	100,000	541.0
16 June 2015	75,000	524.0
19 June 2015	50,000	520.0
22 June 2015	225,000	530.0
23 June 2015	100,000	535.0
24 June 2015	50,000	532.0
30 June 2015	150,000	518.0
1 July 2015	1,627,650	511.4
10 July 2015	150,000	535.0
14 July 2015	250,000	538.0
15 July 2015	150,000	540.0
16 July 2015	75,000	548.0
21 July 2015	50,000	553.0
23 July 2015	50,000	546.0
29 July 2015	175,000	545.0
30 July 2015	275,000	548.0
31 July 2015	200,000	548.0
3 August 2015	50,000	552.0
4 August 2015	150,000	554.0
10 August 2015	150,000	551.0
13 August 2015	50,000	548.0
18 August 2015	75,000	547.0
25 August 2015	225,000	529.0
27 August 2015	180,000	534.0
28 August 2015	50,000	534.0
7 September 2015	75,000	530.0
8 September 2015	75,000	537.0
9 September 2015	125,000	548.0
10 September 2015	50,000	542.0
11 September 2015	150,000	539.0

Annual Report & Accounts 2016

Accounts continued

Notes to the Accounts for the year ended 31 May 2016 continued

15. Called-up share capital continued

Date of Issue	Number	Issue price (pence)
15 September 2015	50,000	535.0
16 September 2015	75,000	542.0
21 September 2015	50,000	534.0
23 September 2015	50,000	529.0
25 September 2015	50,000	536.0
1 October 2015	50,000	536.0
5 October 2015	50,000	550.0
8 October 2015	50,000	541.0
9 October 2015	50,000	545.0
19 October 2015	50,000	541.0
26 October 2015	50,000	561.0
28 October 2015	100,000	559.0
30 October 2015	50,000	560.0
2 November 2015	225,000	559.0
7 December 2015	550,000	575.5
9 December 2015	125,000	568.5
10 December 2015	150,000	565.0
18 December 2015	75,000	585.0
5 January 2016	175,000	582.0
8 January 2016	225,000	573.0
12 January 2016	100,000	581.0
18 January 2016	100,000	550.8
21 January 2016	400,000	547.0
22 January 2016	125,000	561.5
27 January 2016	275,000	564.0
29 January 2016	200,000	561.5
4 February 2016	250,000	558.0
22 February 2016	75,000	568.5
Total	9,357,650	

Annual Report & Accounts 2016

■ **Accounts** continued

■ **Notes to the Accounts** for the year ended 31 May 2016 continued

16. Share premium

	2016 £'000	2015 £'000
At 1 June 2015	142,988	85,486
Issue of Ordinary shares	50,567	57,502
At 31 May 2016	193,555	142,988

17. Special reserve

	2016 £'000	2015 £'000
At 1 June 2015	33,687	33,687
At 31 May 2016	33,687	33,687

On 23 January 2001, pursuant to a special resolution passed on 17 January 2001, court approval was granted for the reduction of the share premium account by 50%. The reduction was made to enable the Company to repurchase its own shares from the funds held in the special reserve created as a result of the reduction in the share premium account as and when deemed appropriate by the board of directors.

18. Capital redemption reserve

	2016 £'000	2015 £'000
At 1 June 2015	45	45
At 31 May 2016	45	45

19. Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items:

	Revenue return £'000	Capital return £'000	Total £'000
At 1 June 2015	9,281	371,366	380,647
Net return for the year	7,445	1,560	9,005
Dividends paid	(4,133)	-	(4,133)
At 31 May 2016	12,593	372,926	385,519

The capital reserve includes £267,273,000 of investment holding gains (2015: £283,198,000). The Company does not distribute or pay dividends out of capital reserves.

■ Accounts continued

■ Notes to the Accounts for the year ended 31 May 2016 continued

20. Net Asset Value per Ordinary share

The Net Asset Value per Ordinary share is based on the net assets attributable to the equity shareholders of £613,922,000 (2015: £558,389,000) and on 111,575,331 (2015: 102,217,681) Ordinary shares, being the number of Ordinary shares in issue at the year end.

21. Reconciliation of net return before finance costs and taxation to net cash (outflow)/inflow from operating activities

	2016 £'000	2015 £'000
Net return before finance costs and taxation	10,060	95,858
Gain on investments	(9,701)	(98,318)
Realised loss on foreign currency	93	177
Foreign exchange loss/(gain) on loans	2,734	(4,780)
(Increase)/decrease in prepayments and accrued income	(636)	111
Increase in other creditors and accruals	67	342
(Decrease)/increase in performance fees	(7,295)	12,597
Net cash (outflow)/inflow from operating activities before interest and taxation	(4,678)	5,987

22. Reconciliation of net cash flow to movement in net debt

	2016 £'000	2015 £'000
Net debt at beginning of year	(30,255)	(41,921)
Increase in cash for the year	515	790
(Increase)/decrease in debt	(58,276)	6,273
Foreign exchange movement	(2,827)	4,603
Net debt at the end of year	(90,843)	(30,255)

■ Accounts continued

■ Notes to the Accounts for the year ended 31 May 2016 continued

23. Related parties

Jupiter Unit Trust Managers Limited ('JUTM'), the Alternative Investment Fund Manager, is a company within the same group as Jupiter Asset Management Limited, the Investment Adviser. JUTM receives an investment management fee as set out below.

JUTM is contracted to provide investment management services to the Company (subject to termination by not less than twelve months' notice by either party) for an annual fee of 0.75 per cent. of the net assets of the Company after deduction of the value of any Jupiter managed investments, payable quarterly in arrears.

The Management fee payable to JUTM for the period 1 June 2015 to 31 May 2016 was £5,102,000 with £1,343,000 outstanding at year end.

JUTM is also entitled to an investment performance fee which is based on the out-performance of the Net Asset Value per Ordinary share over the total return on the Benchmark Index, the FTSE World Europe ex UK Total Return Index in an accounting period. Any performance fee payable will equal 15 per cent of the amount by which the increase in the Net Asset Value per Ordinary share (plus any dividends per Ordinary share paid or payable and any accrual for unpaid performance fees for the period) exceeds the higher of (a) the Net Asset Value per Ordinary share on the last business day of the previous accounting period; (b) the Net Asset Value per Ordinary share on the last day of a period in respect of which a performance fee was last paid; and (c) 100p. In each case the values of (a), (b) and (c) are increased by the percentage by which the total return of the Benchmark Index increases or decreases during the calculation period. The total amount of any performance fee payable in respect of one accounting period is limited to 4.99 per cent of the Total Assets of the Company. The performance fee payable for the year end 31 May 2016 was £5,314,000 (2015: £12,597,000).

The Company has invested from time to time in funds managed by Jupiter Investment Management Group Limited or its subsidiaries. There were no such holding as at 31 May 2016 (2015: nil).

Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on pages 22 to 24.

24. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments outstanding as at 31 May 2016 (2015: nil).

25. Post balance sheet event

Since the year end no additional Ordinary shares have been issued.

■ Investor Information

Performance Updates

The Company publishes a monthly factsheet which contains key information about its performance, investment portfolio and pricing. The factsheets, together with electronic copies of the most recent full and interim reports and accounts and Interim Management Statement, are available for download from www.jupiteram.com/JEO. Should you wish to be added to an email distribution list for future editions of the monthly factsheet, please send an email to investmentcompanies@jupiteram.com. For investors who do not have access to the internet, these documents are also available on request from Jupiter's Customer Services Team on 0844 620 7602.

■ Important Risk Warnings

Performance

The value of investment trust shares and the income from them may go down as well as up and you may not get back your original investment. Past performance is not a guide to future performance. Investment trust shares may trade at a discount or a premium to the value of the investment trust's assets.

Funds investing in overseas securities are exposed to and can hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to decrease or increase. Emerging markets tend to be more volatile than more established stock markets and therefore your money is at greater risk. Other risk factors such as political and economic conditions should also be considered. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile.

Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). If these investments fall in value, gearing will magnify the negative impact on performance. Particular share classes may also be structurally geared by other share classes that have earlier entitlements to the Company's assets up to a predetermined limit. If an investment trust incorporates a large amount of gearing its value may be subject to sudden and large falls in value and you could get back nothing at all.

Where investment trust companies are involved in corporate activity, this may change the risk profile of individual shares, as well as impacting on the portfolio strategy, capital structure and duration of the company. The value of current tax relief depends on individual circumstances. If you have doubts about your tax position you should seek professional advice. The level of yield may be subject to fluctuation and is not guaranteed. Whilst this increases the yield, it will restrict the potential for capital growth. Net Asset Value ('NAV') performance is not the same as share price performance and investors may not realise returns the same as NAV performance.

Where a fund holds a limited number of investments and one or more of those investments declines or is otherwise adversely affected, it may have a more profound effect on the Fund's value than if a larger number of investments were held. If you choose to reinvest dividends to buy more shares in the same investment trust that paid the dividend, you should be aware that this will increase your investment risk exposure to the investment performance of that company. Funds which specialise investing in a particular region or market sector are more risky than those which hold a very broad spread of investments.

ISAs were introduced on 6 April 1999 for an initial ten year period. ISAs are subject to government legislation and as such their tax treatment may be changed in the future.

Company Information

Directors	Hugh Priestley, Chairman Philip Best The Rt Hon Lord Lamont of Lerwick Andrew Sutch John Wallinger
Registered Office	The Zig Zag Building 70 Victoria Street London SW1E 6SQ
Alternative Investment Fund Manager	Jupiter Unit Trust Managers Limited The Zig Zag Building 70 Victoria Street London SW1E 6SQ
Telephone	020 3817 1000
Facsimile	020 3817 1820
Website	www.jupiteram.com/JEO
Email	investmentcompanies@jupiteram.com
	Authorised and regulated by the Financial Conduct Authority
Investment Adviser & Secretary	Jupiter Asset Management Limited The Zig Zag Building 70 Victoria Street London SW1E 6SQ
Telephone	020 3817 1000
Facsimile	020 3817 1820
	Authorised and regulated by the Financial Conduct Authority
Custodian	J.P. Morgan Chase Bank N.A. 25 Bank Street Canary Wharf London E14 5JP
	Authorised and regulated by the Financial Conduct Authority
Depositary	J.P. Morgan Europe Limited 25 Bank Street Canary Wharf London E14 5JP
	Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
Registrars	Capita Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
Telephone	0871 664 0300 (Lines are open from 9.00am to 5.30pm Monday to Friday. Calls cost 10 pence per minute plus network extras)
Telephone (international)	+44 (0)20 8639 3367
Website	www.capitaassetservices.com
Email	shareholderenquiries@capita.co.uk
Independent Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Broker	Cenkos Securities plc 6-8 Tokenhouse Yard London EC2R 7AS
	Authorised and regulated by the Financial Conduct Authority

■ Company Information continued

Company Registration Number 4056870
Registered in England & Wales
An investment company under s.833 of the Companies Act 2006.

Investor Codes

The Ordinary shares of the Company are traded on the London Stock Exchange and their price is published daily in the Financial Times under 'Investment Companies'.

Sedol Number

Ordinary shares 0019772

ISIN

Ordinary shares GB0000197722

Ticker

Ordinary shares JEO

THE COMPANY IS A MEMBER OF THE

aic
The Association of
Investment Companies



Annual General Meeting

Notice of Annual General Meeting

This Notice of Meeting is an important document. If you are in any doubt as to what action to take, you should consult an appropriate independent adviser.

Notice is hereby given that the Annual General Meeting of Jupiter European Opportunities Trust PLC will be held at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ on 2 November 2016 at 11.30 am.

Shareholders will be asked to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary resolutions, except for resolutions 11, 12, 13 and 14, which will be proposed as Special resolutions:

ORDINARY BUSINESS

1. That the Report of the Directors and the audited Accounts of the Company for the year ended 31 May 2016 be received.
2. That the Directors' Remuneration Report for the year ended 31 May 2016 be approved.
3. That a final dividend of 5.5p per Ordinary share be paid in respect of the financial year ended 31 May 2016.
4. That Mr H M Priestley be re-elected as a Director of the Company.
5. That Mr P E F Best be re-elected as a Director of the Company.
6. That The Rt Hon Lord Lamont of Lerwick be re-elected as a Director of the Company.
7. That Mr A L Sutch be re-elected as a Director of the Company.
8. That Mr J D A Wallinger be re-elected as a Director of the Company.
9. That Ernst & Young LLP be reappointed as Auditor of the Company.
10. That the Directors be authorised to agree the remuneration of the Auditor.

SPECIAL BUSINESS

11. That the Directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the 'Act'), in substitution for and to the exclusion of any outstanding authority previously conferred on the Directors under Section 551 of the Act, to allot shares in the capital of the Company ('shares') up to a maximum aggregate nominal amount of £371,917.76 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.
12. That the Directors of the Company be and are hereby granted power pursuant to Section 570 and/or Section 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash either pursuant to the authority conferred by Resolution 11 or by way of a sale of treasury shares, 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 up to an aggregate nominal amount of £111,575.33; and
- (b) in addition to the authority referred to in (a) above, in connection with an offer of equity securities by way of a rights issue or open offer to ordinary shareholders in proportion as nearly as may be practicable to their existing holdings subject to such limits

or restrictions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws or requirements of, any territory or the requirements of any regulatory body or stock exchange or any other matter,

provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.

13. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of Section 693 of the Act) of Ordinary shares provided that:
 - (a) the maximum number of shares that may be purchased is 16,725,142 Ordinary shares, being 14.99 per cent. of the issued number of Ordinary shares at the date of this document or, if lower, such number as is equal to 14.99 per cent. of the issued number of Ordinary shares at the date of passing the resolution;
 - (b) the minimum price which may be paid shall be one pence per Ordinary share;
 - (c) the maximum price (excluding the expenses of such purchase) which may be paid for each Ordinary share is the higher of:
 - (i) 105% of the average middle market quotations for such Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation EC 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003); and
 - (d) unless renewed, the authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2017 save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.
14. That a General Meeting other than the Annual General Meeting may be called on not less than 14 clear days' notice.

By Order of the Board
 Jupiter Asset Management Limited
 Company Secretary
 19 September 2016

The Zig Zag Building
 70 Victoria Street,
 London SW1E 6SQ

Annual General Meeting continued

Notes for Annual General Meeting

1. A Member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not less than forty-eight hours before the Meeting. To appoint more than one proxy you may photocopy this form. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the AGM (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 at close of business on 31 October 2016. If the meeting is adjourned then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
3. As at 8 September 2016 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 111,575,331 Ordinary shares, carrying one vote each. The Company holds no shares in Treasury. Therefore, the total voting rights in the Company as at 8 September 2016 were 111,575,331 votes.
4. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. The completion and return of this form will not preclude a Member from attending the meeting and voting in person.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 2 November 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (RA10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. If you have disposed of your holding in the Company the report should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
8. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. A copy of the Notice of Meeting and other information required by section 311A of the Companies Act 2006, can be found at www.jupiteram.com/JEO.