



# Half Year Report 2011

JPMorgan Brazil  
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st October 2011

# Features

## Contents

### About the Company

- 1 Half Year Performance
- 2 Chairman's Statement
- 4 Investment Managers' Report

### Investment Review

- 6 List of Investments
- 7 Sector Analysis

### Accounts

- 8 Income Statement
- 9 Reconciliation of Movements in Shareholders' Funds
- 10 Balance Sheet
- 11 Cash Flow Statement
- 12 Notes to the Accounts

### Shareholder Information

- 14 Interim Management Report
- 15 Details of Subscription Shares
- 16 Glossary of Terms and Definitions
- 17 Information about the Company

## Objective

To provide shareholders with long term total returns, predominantly comprising capital growth but with the potential for income by investing primarily in Brazilian focused companies.

## Investment Policies

- To invest primarily in Brazilian companies and those incorporated or listed outside Brazil whose Brazilian operations constitute a material part of their business. Up to 10% of assets may be invested in companies focused on other Latin American countries.
- There will be no limit placed on the market capitalisation or sector of any investee companies. However, the Company may reduce its equity holdings to a minimum of 60% of its gross assets if it is considered to be beneficial to performance.
- The Company may invest in listed or unlisted securities or equity-linked securities, in addition to fixed income bonds. Unlisted securities will not exceed 10% of gross assets at the time of investment.
- To invest no more than 15% of gross assets in any one company or group at the time of investment.
- To invest no more than 10% of gross assets in other UK listed investment companies (including investment trusts).

## Benchmark

The Company's benchmark is the MSCI Brazil 10/40 Index (in sterling terms), with net dividends reinvested. This index limits any individual stock constituent to a maximum of 10% and the weighting in any particular sector is capped at 40%.

## Capital Structure

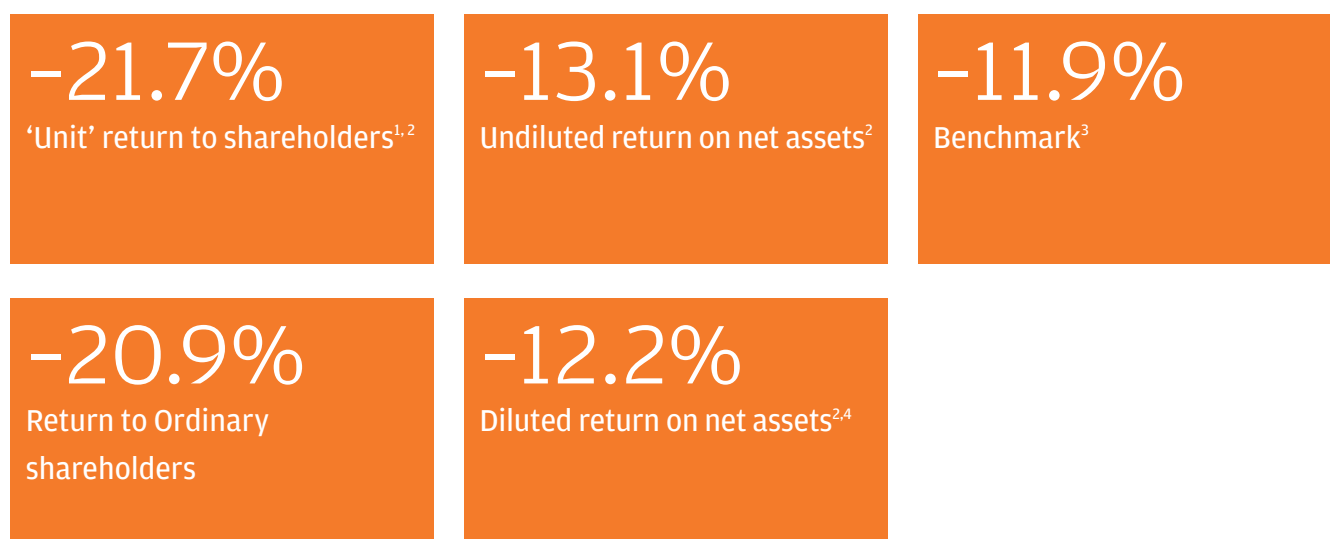
At 31st October 2011, the Company's share capital comprised 61,722,698 Ordinary shares of 1p each and 8,216,924 Subscription shares of 1p each.

## Management Company

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

# Half Year Performance

Total returns (includes dividends reinvested)



The above returns have been calculated on the assumption that any dividends received during the period have been immediately reinvested. Further details on these calculations are given in the Glossary of Terms and Definitions on page 16.

<sup>1</sup>A Unit comprises 5 Ordinary shares and 1 Subscription share.

<sup>2</sup>Source: J.P. Morgan.

<sup>3</sup>Source: Datastream. The Company's benchmark is the MSCI Brazil 10/40 Index (in sterling terms), with net dividends reinvested.

<sup>4</sup>Return on net assets calculated using the diluted net asset value, which assumes that all outstanding dilutive Subscription shares were converted into Ordinary shares at the period end.

## Financial Data

	31st October 2011	30th April 2011	% change
Net assets (£'000)	<b>58,476</b>	67,543	-13.4
Number of Ordinary shares in issue	<b>61,722,698</b>	61,700,214	0.0
Number of Subscription shares in issue	<b>8,216,924</b>	8,239,408	-0.3
Undiluted net asset value per Ordinary share	<b>94.7p</b>	109.5p	-13.5 <sup>1</sup>
Diluted net asset value per Ordinary share <sup>2</sup>	<b>94.7p</b>	108.4p	-12.6 <sup>1</sup>
Ordinary share price	<b>87.8p</b>	111.5p	-21.3 <sup>1</sup>
Subscription share price	<b>18.9p</b>	30.0p	-37.0
Ordinary share price (discount)/premium to diluted net asset value per Ordinary share	<b>(7.3)%</b>	2.9%	

<sup>1</sup>These are capital returns only and exclude the benefit of the dividend received in the period.

<sup>2</sup>There are no dilutive Subscription shares in issue at 31st October 2011, as the Ordinary share price was below the Subscription share conversion price at that date.

# Chairman's Statement



## Introduction and Performance

Following the Company's strong results in the previous financial year, the Company recorded a total return on net assets of -13.1%, slightly behind the total return of the benchmark, the MSCI Brazil 10/40 Index (in Sterling terms) which returned -11.9% for the six months to 31st October 2011. The share price total return to Ordinary shareholders was -20.9% and -21.7% to a 'unit' holder (comprising 5 Ordinary shares and 1 Subscription share). The Company's Ordinary share price decreased from 111.5p at 30th April 2011 to 87.8p at 31st October 2011, and the Subscription share price decreased from 30.0p at 30th April 2011 to 18.9p at 31st October 2011.

Although, in absolute terms, this is a disappointing result to report, it is important to note the exceptional environment in which the Company has had to operate. During the reporting period, the environment for global equities turned hostile with significant falls across world equity markets, of the kind last witnessed during the credit crisis in 2008. The continuing sovereign debt crisis in the eurozone and the downgrade of the USA's sovereign credit rating dominated the news as investors reduced their exposure to risk assets. This factor, and a widespread slowdown in the Brazilian economy together with the correction of the Brazil Real, had an adverse effect on the Brazilian equity market generally. Furthermore, the Company's commitment to its long term investment strategy has resulted in some short term loss of relative performance during this difficult period as a result of underperformance of small cap and mid cap stocks held in the Company's portfolio against large cap stocks. However, the Board believes this reflects the current opportunity to position the portfolio for long term sustained performance. This is consistent with the Company's investment policy as set out in the Company's prospectus at launch, which stated that the portfolio would not be managed towards achieving outperformance against the benchmark in the short term/medium term and was likely to diverge substantially from the constituents of the benchmark in order to achieve superior long term total returns.

Performance since the period end has remained volatile. As at 9th December 2011 the net asset value per share was 92.78p, the Ordinary share price 87.00p and the discount 6.23%. The Subscription share price was 16.88p at that date.

The Investment Managers provide a detailed commentary covering market developments and your Company's portfolio in their report.

## Share Issuance and Repurchase

In the six months to 31st October 2011, 22,484 Ordinary shares have been issued upon conversion of Subscription shares.

Since the period end, the Company started to use the authority given by shareholders to repurchase its shares in the market to help maintain an orderly market for the Company's shares, thereby reducing the volatility of the discount. The Board considered this to be in the interests of the Company and its shareholders. The Company repurchased a total of 506,982 Ordinary shares for holding in Treasury for a total consideration of £434,000 representing 0.82% of the issued share capital at the beginning of the year. The shares were repurchased at a weighted average discount of 5.35%.

The Board will continue to manage the volatility and the absolute level of discount at which the share price trades relative to NAV, if it should become necessary, by means of further repurchases of the Company's shares in the market. Since 1st May 2011, the share price discount/premium to NAV has ranged between a premium of 4.0% and a discount of 9.2% at the time of writing this report, 9th December 2011.

### **Outlook**

While a further slowdown in global growth and adverse developments in the eurozone remain of concern for the Brazilian market in the short term, it is important to focus on the various factors identified at the time of the Company's launch which remain in place and support Brazil's compelling long term prospects. Furthermore, following the steep correction in the value of the Brazil Real recently, our previous concerns, regarding the over-valuation of the currency and its effect on commodity exports, have reduced considerably.

The Board continues to support the Investment Managers in their high conviction approach of selecting stocks based on their balance sheet strength and growth potential. This strategy is critically dependent upon the skills of the Investment Managers to select stocks with attractive valuations which are well placed to trade through a period of challenging circumstances and to benefit when markets improve.

**Howard Myles**  
Chairman

13th December 2011

# Investment Managers' Report



Luis Carrillo



Sebastian Luparia

## Results

The combination of growth and interest rate concerns in Brazil together with global worries about Greek sovereign default, disappointing economic data and a lack of confidence about the ability and willingness of policy-makers to support markets, weighed heavily on equity market sentiment over recent months. As investors continued to reduce risk, commodity prices declined and the Brazilian Real (BRL) depreciated sharply, the MSCI Brazil moving down 11.9% in the review period. By comparison, the net asset value per share moved down by 13.1% during this volatile and challenging environment.

Further details on performance are shown in the table on page 5, which shows that stock selection contributed positively, but there was a small negative impact from asset allocation. Worthy of note in particular was the contribution from the consumer sector. Consumer linked stocks proved defensive during the period given record low unemployment and real wage growth in Brazil. In the energy sector, we benefitted from an underweight in Petrobras as the stock fell back to levels last seen at the end of 2010. With regard to asset allocation, the industrials sector suffered as monetary and administrative tightening began to hit demand and the strong Brazilian Real damaged margins. As a result, our overweight position in this sector detracted from performance.

## Investment activity

In the portfolio we maintain a strong bias towards domestic stocks where we believe growth will be largely independent of the turbulent macroeconomic outlook. Domestic consumption has proved resilient and we expect this to continue to be the case. More generally, this positioning reflects our philosophy of finding long term growth opportunities to build our portfolios. It also reflects our belief that domestic sectors are structurally more attractive than the commodity and cyclical sectors, as they benefit from ongoing economic reforms and rising investment.

Within domestic sectors we are overweight industrials and consumer stocks and we have significantly decreased our historic underweight position in financials. We have not subscribed to the theory of a credit bubble in Brazil but rather believed, as we have done since the launch of the Trust, that bank valuations looked expensive against a background of high interest rates and rising non-performing loans. We see this as a normal credit cycle and are encouraged by more reasonable current valuations. Consequently, we have added to financials across the board, almost closing our underweight position.

Our largest active position is our underweight in the materials sector. We remain confident about this given the drag on growth from Europe and the US and the likely impact of slowing demand from China. We do not currently own Vale in the trust as we believe there are company-specific challenges, including falling returns on its new investments into fertilisers and depressed markets outside Brazil.

## Performance attribution for the six months ended 31st October 2011

	%	%
<b>Contributions to total returns</b>		
<b>Benchmark</b>		<b>-11.9</b>
Asset allocation	-0.3	
Stock selection	0.4	
Gearing/cash	-0.6	
<b>Investment Manager contribution</b>		<b>-0.5</b>
<b>Portfolio return</b>		<b>-12.4</b>
Management fee/ other expenses	-0.7	
Performance fee	0.1	
Brazilian taxes	-0.1	
<b>Undiluted return on net assets</b>		<b>-13.1</b>
Dilution effect of potential exercise of remaining Subscription shares	0.9	
<b>Diluted return on net assets</b>		<b>-12.2</b>
<b>Impact of change in discount</b>		<b>-8.7</b>
<b>Return to Ordinary shareholders</b>		<b>-20.9</b>

Source: Xamin/Datastream/Morningstar. All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.

A glossary of terms and definitions is provided on page 16.

## What's next for Brazil?

Overriding concerns over Europe will continue to drive the Brazilian market in the short term and keep volatility elevated. As we had anticipated, the market has already started revising down earnings growth expectations, and there is the possibility that further downgrades may add pressure on valuations in the coming months.

From a macroeconomic perspective, there has been a more widespread slowdown of Brazilian economic activity. The weakness was initially restricted to manufacturing and industry, which are both suffering from low external demand and a strong Brazilian Real. However, more recently retail sales and labour market data together with credit indicators are showing these external factors may be having a broader impact on the domestic economy. The big question is whether this is just a temporary pause, while consumers take a breath after a long period of robust demand expansion, or whether it is a more structural downward shift.

We are in the more optimistic camp, believing that the weakness is temporary. For us, the key variable to monitor is the labour market. Although unemployment started to increase modestly in September, job creation remains positive. This indicates that firms could well be postponing expansion plans, but are not yet reversing investments they have already made.

In our view, there is no doubt that countercyclical policies and further monetary stimulus will help offset these negative trends. Consequently the outlook for investment remains positive, particularly for large-scale infrastructure projects over the coming years. The main challenge is to increase private sector financing of these projects through better regulation, fiscal consolidation, and higher (as well as longer duration) private savings.

The other key point to note during the period was the correction in the currency. Brazilian domestic interest rates peaked at 12.5% in August of this year. Since September, three successive 0.5% cuts have brought the benchmark SELIC rate down to 11%. This downward move in interest rates coincided with a small depreciation of the Brazilian Real. This has reduced one of the key risks that has concerned us over the last year; the impact of the overvalued currency on commodity exporters. The economic boost we expect from this move has left us more, rather than less positive on future returns in sterling, even considering the potential feedback into inflation.

Although markets are likely to be driven by macroeconomic news flow in the near-term, the current global slowdown will bring some relief for Brazil in its effort to curb inflation. Valuations are attractive, approaching 2008 lows and are back to a discount to emerging market peers – levels that have historically delivered positive returns over the medium term.

**Luis Carrillo**  
**Sebastian Luparia**  
Investment Managers

13th December 2011

# List of Investments

at 31st October 2011

Company	Sector	Valuation £'000	% <sup>1</sup>
OGX Petróleo e Gas Participações	Energy	3,197	5.5
Companhia de Bebidas das Américas ADR	Consumer Staples	2,686	4.6
Souza Cruz	Consumer Staples	2,280	3.9
Itaú Unibanco	Financials	2,261	3.9
BRF Brasil Foods ADR	Consumer Staples	2,134	3.6
PDG Realty	Consumer Discretionary	1,924	3.3
MRV Engenharia	Consumer Discretionary	1,723	2.9
Localiza Rent a Car	Industrials	1,579	2.7
OdontoPrev	Health Care	1,537	2.6
Valid Soluções e Serviços de Segurança em Meios de Pagamento e Identificação	Consumer Discretionary	1,534	2.6
Aes Tietê	Utilities	1,529	2.6
Banco ABC Brasil	Financials	1,493	2.6
EcoRodovias Infraestrutura e Logística	Industrials	1,493	2.5
BR Malls Participações	Financials	1,467	2.5
Eternit	Materials	1,414	2.4
Banco do Estado do Rio Grande do Sul	Financials	1,349	2.3
Mills Estruturas e Serviços	Industrials	1,330	2.3
Lojas Renner	Consumer Discretionary	1,283	2.2
Eucatex Industria e Comercio	Industrials	1,280	2.2
Marisa Lojas	Consumer Discretionary	1,258	2.2
Drogasil	Consumer Staples	1,248	2.1
BM&F Bovespa Sa Bolsa de Valores	Financials	1,244	2.1
Wilson Sons	Industrials	1,228	2.1
Brasil Brokers Participações	Financials	1,220	2.1
Credicorp	Financials	1,192	2.0
Brasil Insurance Participações	Financials	1,177	2.0
Iguatemi Empresa de Shopping	Financials	1,146	2.0
OSX Brasil	Energy	1,057	1.8
Randon Implementos E Participações	Industrials	1,050	1.8
Petrol Brasileiros	Energy	984	1.7
Companhia de Transmissao de Energia Eléctrica Paulista	Utilities	958	1.6
Banco Santander (Brazil)	Financials	888	1.5
Duratex	Industrials	749	1.3
TOTVS	Information Technology	742	1.3
lochpe-Maxion	Industrials	697	1.2
Banco Bradesco	Financials	582	1.0
Banco do Brasil	Financials	566	1.0
Cia.Hering	Consumer Discretionary	560	1.0
Multiplus	Industrials	515	0.9
NII Holdings	Telecommunication Services	487	0.8
Estacio Participações	Consumer Discretionary	477	0.8
Marisol Indústria do Vestuario	Consumer Discretionary	460	0.8
Fras-Le	Consumer Discretionary	325	0.5
All América Latina Logística	Industrials	226	0.4
JPM US Dollar Liquidity Fund	Liquidity Fund	1,502	2.6
Net current assets		2,445	4.2
<b>Total</b>		<b>58,476</b>	<b>100.0</b>

<sup>1</sup>Based on total assets less current liabilities of £58.5m.



# Sector Analysis

at 31st October 2011

	31st October 2011		30th April 2011	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Financials	25.0	27.5	15.6	27.1
Industrials	17.4	4.5	21.3	4.7
Consumer Discretionary	16.3	6.4	14.2	6.7
Consumer Staples	14.2	12.5	15.9	12.8
Energy	9.0	13.7	7.7	13.2
Utilities	4.2	7.8	5.6	8.0
Health Care	2.6	1.2	2.2	1.3
Materials	2.4	17.9	9.0	19.5
Information Technology	1.3	3.6	1.5	2.8
Telecommunication Services	0.8	4.9	1.2	3.9
Liquidity Fund	2.6	–	–	–
Net current assets	4.2	–	5.8	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	100.0	100.0

<sup>1</sup>Based on total assets less current liabilities of £58.5m (30th April 2011: £67.5m).

# Income Statement

for the six months ended 31st October 2011

	(Unaudited) Six months ended 31st October 2011			(Unaudited) Period ended 31st October 2010			(Audited) Period ended 30th April 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>(Losses)/gains on investments held at fair value through profit or loss</b>	–	<b>(9,429)</b>	<b>(9,429)</b>	–	9,341	9,341	–	6,565	6,565
Net foreign currency gains/(losses)	–	<b>120</b>	<b>120</b>	–	(998)	(998)	–	(1,047)	(1,047)
Income from investments	<b>1,074</b>	–	<b>1,074</b>	436	–	436	1,328	–	1,328
Other interest receivable and similar income	<b>2</b>	–	<b>2</b>	6	–	6	8	–	8
<b>Gross return/(loss)</b>	<b>1,076</b>	<b>(9,309)</b>	<b>(8,233)</b>	442	8,343	8,785	1,336	5,518	6,854
Management fee	<b>(317)</b>	–	<b>(317)</b>	(253)	–	(253)	(581)	–	(581)
Performance fee	–	–	–	–	(527)	(527)	–	(403)	(403)
Other administrative expenses	<b>(172)</b>	–	<b>(172)</b>	(142)	–	(142)	(271)	–	(271)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>587</b>	<b>(9,309)</b>	<b>(8,722)</b>	47	7,816	7,863	484	5,115	5,599
Taxation	<b>(58)</b>	–	<b>(58)</b>	–	–	–	(40)	–	(40)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>529</b>	<b>(9,309)</b>	<b>(8,780)</b>	47	7,816	7,863	444	5,115	5,559
<b>Return/(loss) per Ordinary share</b> (note 4)									
Undiluted	<b>0.86p</b>	<b>(15.08)p</b>	<b>(14.22)p</b>	0.09p	15.47p	15.56p	0.80p	9.25p	10.05p
Diluted	<b>0.86p</b>	<b>(15.21)p</b>	<b>(14.35)p</b>	0.09p	15.32p	15.41p	0.79p	9.15p	9.94p

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

# Reconciliation of Movements in Shareholders' Funds

Six months ended 31st October 2011 (Unaudited)	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 30th April 2011</b>	699	13	16,039	45,246	5,102	444	<b>67,543</b>
Share issue expenses	–	–	(1)	–	–	–	<b>(1)</b>
Issue of Ordinary shares on exercise of Subscription shares	–	–	22	–	–	–	<b>22</b>
Net (loss)/return on ordinary activities	–	–	–	–	(9,309)	529	<b>(8,780)</b>
Dividend appropriated in the period	–	–	–	–	–	(308)	<b>(308)</b>
<b>At 31st October 2011</b>	699	13	16,060	45,246	(4,207)	665	<b>58,476</b>

Period ended 31st October 2010 (Unaudited)	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 1st February 2010</b>	–	–	–	–	–	–	<b>–</b>
Issue of Management shares	13	–	–	–	–	–	<b>13</b>
Issue of Ordinary shares	563	–	56,565	–	–	–	<b>57,128</b>
Issue of Subscription shares	93	–	(93)	–	–	–	<b>–</b>
Share issue expenses	–	–	(1,103)	–	–	–	<b>(1,103)</b>
Issue of Ordinary shares on exercise of Subscription shares	–	–	34	–	–	–	<b>34</b>
Redesignation of share premium account	–	–	(45,246)	45,246	–	–	<b>–</b>
Net return on ordinary activities	–	–	–	–	7,816	47	<b>7,863</b>
<b>At 31st October 2010</b>	669	–	10,157	45,246	7,816	47	<b>63,935</b>

Period ended 30th April 2011 (Audited)	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 1st February 2010</b>	–	–	–	–	–	–	<b>–</b>
Issue of Management shares	13	–	–	–	–	–	<b>13</b>
Repurchase and cancellation of Management shares	(13)	13	–	–	(13)	–	<b>(13)</b>
Issue of Ordinary shares	606	–	61,390	–	–	–	<b>61,996</b>
Issue of Subscription shares	93	–	(93)	–	–	–	<b>–</b>
Share issue expenses	–	–	(1,121)	–	–	–	<b>(1,121)</b>
Conversion of Subscription shares into Ordinary shares	(11)	–	11	–	–	–	<b>–</b>
Issue of Ordinary shares on exercise of Subscription shares	11	–	1,098	–	–	–	<b>1,109</b>
Redesignation of share premium account	–	–	(45,246)	45,246	–	–	<b>–</b>
Net return on ordinary activities	–	–	–	–	5,115	444	<b>5,559</b>
<b>At 30th April 2011</b>	699	13	16,039	45,246	5,102	444	<b>67,543</b>

# Balance Sheet

at 31st October 2011

	(Unaudited) 31st October 2011 £'000	(Unaudited) 31st October 2010 £'000	(Audited) 30th April 2011 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	54,529	61,752	63,649
Investment in liquidity fund held at fair value through profit or loss	1,502	–	–
	<b>56,031</b>	61,752	63,649
<b>Current assets</b>			
Debtors	137	350	271
Cash and short term deposits	2,956	2,956	4,877
	<b>3,093</b>	3,306	5,148
<b>Creditors:</b> amounts falling due within one year	<b>(648)</b>	(595)	(1,253)
Derivative financial instruments	–	(1)	(1)
<b>Net current assets</b>	<b>2,445</b>	2,710	3,894
<b>Total assets less current liabilities</b>	<b>58,476</b>	64,462	67,543
<b>Provisions for liabilities and charges</b>			
Performance fee	–	(527)	–
<b>Net assets</b>	<b>58,476</b>	63,935	67,543
<b>Capital and reserves</b>			
Called up share capital	699	669	699
Capital redemption reserve	13	–	13
Share premium	16,060	10,157	16,039
Other reserve	45,246	45,246	45,246
Capital reserves	<b>(4,207)</b>	7,816	5,102
Revenue reserve	665	47	444
<b>Total equity shareholders' funds</b>	<b>58,476</b>	63,935	67,543
<b>Net asset value per Ordinary share</b> (note 5)			
Undiluted	<b>94.7p</b>	113.5p	109.5p
Diluted	<b>94.7p</b>	111.6p	108.4p

Company registration number: 7141630

# Cash Flow Statement

for the six months ended 31st October 2011

	(Unaudited) Six months ended 31st October 2011 £'000	(Unaudited) Period ended 31st October 2010 £'000	(Audited) Period ended 30th April 2011 £'000
<b>Net cash inflow from operating activities</b> (note 6)	<b>199</b>	58	284
Net cash outflow from capital expenditure and financial investment	<b>(1,951)</b>	(52,173)	(56,345)
Dividend paid	<b>(308)</b>	–	–
Net cash inflow from financing	<b>20</b>	56,068	61,984
<b>(Decrease)/increase in cash in the period</b>	<b>(2,040)</b>	3,953	5,923
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net cash movement	<b>(2,040)</b>	3,953	5,923
Exchange movements	<b>119</b>	(997)	(1,046)
<b>Movement in net funds in the period</b>	<b>(1,921)</b>	2,956	4,877
<b>Net funds at the beginning of the period</b>	<b>4,877</b>	–	–
<b>Net funds at the end of the period</b>	<b>2,956</b>	2,956	4,877
<b>Represented by:</b>			
Cash and short term deposits	<b>2,956</b>	2,956	4,877

# Notes to the Accounts

for the six months ended 31st October 2011

## 1. Comparative accounting periods

The comparative interim and annual accounts cover the period from the date of incorporation of the Company on 1st February 2010, to 31st October 2010 and 30th April 2011 respectively. Dealings in the Company's shares began on 26th April 2010 and the Company began investing on that date.

## 2. Financial statements

The information contained within the Financial Statements in this interim report has not been audited or reviewed by the Company's auditors.

## 3. Accounting policies

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

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

The accounts have been prepared on a going concern basis.

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

	(Unaudited) Six months ended 31st October 2011 £'000	(Unaudited) Period ended 31st October 2010 £'000	(Audited) Period ended 30th April 2011 £'000
Revenue return	529	47	444
Capital (loss)/return	(9,309)	7,816	5,115
Total (loss)/return	(8,780)	7,863	5,559
Weighted average number of Ordinary shares in issue during the period used for the purpose of the undiluted calculation	61,716,157	50,511,308	55,283,397
Weighted average number of Ordinary shares in issue during the period used for the purpose of the diluted calculation	61,205,390	51,005,805	55,924,504
<b>Undiluted</b>			
Revenue return per share	0.86p	0.09p	0.80p
Capital (loss)/return per share	(15.08)p	15.47p	9.25p
Total (loss)/return per share	(14.22)p	15.56p	10.05p
<b>Diluted</b>			
Revenue return per share	0.86p	0.09p	0.79p
Capital (loss)/return per share	(15.21)p	15.32p	9.15p
Total (loss)/return per share	(14.35)p	15.41p	9.94p

The diluted return/(loss) per Ordinary share represents the return/(loss) on ordinary activities after taxation for the period divided by the weighted average number of Ordinary shares in issue during the period, as adjusted in accordance with the requirements of Financial Reporting Standard 22 'Earnings per share'.

## 5. Net asset value per Ordinary share

	(Unaudited) 31st October 2011	(Unaudited) 31st October 2010	(Audited) 30th April 2011
<b>Undiluted</b>			
Ordinary shareholders' funds (£'000)	58,476	63,935	67,543
Number of Ordinary shares in issue	61,722,698	56,351,072	61,700,214
Net asset value per Ordinary share (pence)	94.7	113.5	109.5
<b>Diluted</b>			
Ordinary shareholders' funds assuming exercise of dilutive Subscription Shares (£'000) <sup>1</sup>	58,476	73,249	75,783
Number Ordinary shares used for the purpose of the diluted calculation	61,722,698	65,664,622	69,939,622
Net asset value per Ordinary share (pence)	94.7	111.6	108.4

<sup>1</sup>There are no dilutive Subscription shares in issue at 31st October 2011, as the Ordinary share price was below the Subscription share conversion price at that date.

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

	(Unaudited) Six months ended 31st October 2011 £'000	(Unaudited) Period ended 31st October 2010 £'000	(Audited) Period ended 30th April 2011 £'000
Total (loss)/return on ordinary activities before taxation	(8,722)	7,863	5,599
Less: capital loss/(return) on ordinary activities before taxation	9,309	(7,816)	(5,115)
Decrease/(increase) in accrued income	121	(18)	(220)
Decrease/(increase) in other debtors	13	(28)	(51)
(Decrease)/increase in accrued expenses	(61)	57	111
Overseas withholding tax	(58)	–	(40)
Performance fee paid	(403)	–	–
Net cash inflow from operating activities	199	58	284

# Interim Management Report

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

## **Principal Risks and Uncertainties**

The principal risks and uncertainties faced by the Company fall into the following broad categories: market; investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Company's first Annual Report and Accounts for the period ended 30th April 2011. Information on risk factors facing the Company is given on pages 8 to 13 of the Prospectus prepared pursuant to the Placing and Offer for Subscription and issued on 1st March 2010.

## **Related Parties' Transactions**

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

## **Directors' Responsibilities**

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

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

For and on behalf of the Board

## **Howard Myles**

Chairman

13th December 2011



# Details of Subscription shares

On 26th April 2010, 9,348,270 Subscription shares were issued pursuant to a placing and offer for subscription, on the basis of one Subscription share for every five Ordinary shares subscribed for under the issue. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share at a price of 100p per share at any time until 30th June 2013 when the rights under the Subscription shares will lapse.

For the purposes of UK capital gains tax, shareholders' base costs of their shares will be apportioned between their Ordinary shares and Subscription shares by reference to the respective market values of Ordinary shares and Subscription shares on 26th April 2010, the day on which the shares were admitted to trading on the London Stock Exchange.

For further details on how to exercise the Subscription share rights, please refer to the Company's website at [www.jpmbrazil.co.uk](http://www.jpmbrazil.co.uk) or contact the Company Secretary on 020 7742 4000.

At the close of business on 26th April 2010 the middle market prices of the Company's Ordinary shares and Subscription shares were as follows:

Ordinary shares	106.75p
Subscription shares	32p

Accordingly an individual investor who on 26th April 2010 held five Ordinary shares (or a multiple thereof) would have received one Subscription share (or the relevant multiple thereof) and would apportion the base cost of such holding 94.34% to the Ordinary shares and 5.66% to the Subscription shares.

# Glossary of Terms and Definitions

## **Return to Ordinary shareholders/Unit holders**

Share price total return to the Ordinary shareholder, or Unit holder, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, into the Ordinary shares of the Company at the time the shares were quoted ex-dividend. A Unit comprises 5 Ordinary shares and 1 Subscription share.

## **Undiluted return on net assets**

Return on the undiluted net asset value ('NAV') per share on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

## **Diluted net asset value ('NAV') per Ordinary share**

The NAV per Ordinary share assuming that all outstanding dilutive Subscription shares were converted into Ordinary shares at the period end.

## **Diluted return on net assets**

Return on the diluted net asset value ('NAV') per share on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

## **Benchmark total return**

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there will be divergence between the Company's performance and that of the benchmark.

## **Share price (discount)/premium to net asset value ('NAV') per share**

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at premium.

## **Performance attribution definitions:**

### **Asset allocation**

Measures the impact of allocating assets differently to those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.

### **Stock selection**

Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

### **Gearing/cash**

Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

### **Management fee/other expenses**

The payment of fees and expenses reduces the Company's net assets and therefore has a negative effect on relative performance.

### **Performance fee**

The Company may be required to make provision for a performance fee payable under the terms of the performance fee agreement. This will reduce the Company's net assets and therefore have a negative effect on relative performance.

### **Brazilian taxes**

The payment of Brazilian taxes on the purchase of Brazilian currency has a negative effect on relative performance.

### **Subscription share dilution**

Measures the dilutive impact on the net asset value (NAV) per share arising from the potential exercise of all the outstanding Subscription shares into Ordinary shares at a price less than the NAV per share.

# Information about the Company

## Financial Calendar

Financial year end	30th April
Final results announced	July
Half year end	31st October
Half year results announced	December
Interim Management Statements announced	March and September
Annual General Meeting	September

### History

JPMorgan Brazil Investment Trust plc is an investment trust which was launched in April 2010 to provide investors with exposure to Brazilian invested equities through a closed-ended structure. The assets of the Company are managed by JPMorgan Asset Management (UK) Limited.

### Directors

Howard Myles (Chairman)  
Mark Bridgeman  
Victor Bulmer-Thomas

### Company Numbers

Company registration number: 7141630

### Ordinary Shares

London Stock Exchange ISIN code: GB00B602HS43  
Bloomberg code: JPB  
SEDOL B602HS4

### Subscription Shares

London Stock Exchange ISIN code: GB00B3NYCF82  
Bloomberg code: JPBS  
SEDOL B3NYCF8

### Market Information

The Company's unaudited net asset value ('NAV') is published daily, via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at [www.jpmbrazil.co.uk](http://www.jpmbrazil.co.uk), where the share price is updated every fifteen minutes during trading hours.

### Website

[www.jpmbrazil.co.uk](http://www.jpmbrazil.co.uk)

### Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at [www.jpmorganwealthmanagerplus.co.uk](http://www.jpmorganwealthmanagerplus.co.uk)

### Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

### Company's Registered Office

Finsbury Dials  
20 Finsbury Street  
London EC2Y 9AQ  
Telephone number: 0207 742 4000

For company secretarial and administrative matters please contact Divya Amin at the above address.

### Registrars

Equiniti Limited  
Reference 3533  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone number: 0871 384 2317

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 3533. Registered shareholders can obtain further details on their holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk).

### Independent Auditor

Ernst & Young LLP  
Chartered Accountants and Statutory Auditor  
1 More London Place  
London SE1 2AF

### Brokers

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London EC4M 7LT

### Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, call the JPMorgan Helpline on Freephone 0800 20 40 20 or +44 (0)20 7742 9995.



The Association of  
Investment Companies

A member of the AIC

J.P. Morgan Helpline  
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

[www.jpmbrazil.co.uk](http://www.jpmbrazil.co.uk)