
JPMorgan Asian Investment Trust plc

Half Year Report & Accounts for the six months ended 31st March 2016



Features

Objective

Capital growth, primarily from investing in equities quoted on the stock markets of Asia, excluding Japan.

Investment Policies

- To have a diversified portfolio of Asian stocks.
- To have a portfolio comprising around 50 to 80 investments.
- To use borrowings to gear the portfolio within a range of 10% net cash to 20% geared in normal market conditions.

Benchmark

MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

Capital Structure

At 31st March 2016, the Company's issued share capital comprised 95,046,993 shares of 25p each.

Discount Management

In normal market circumstances the Company will use its buyback powers in order to ensure that, as far as possible, its ordinary shares trade at a discount no wider than 8% to 10% relative to their diluted cum-income Net Asset Value ('NAV') per share.

Continuation Resolution

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2017 and every third year thereafter.

Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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Half Year Performance

TOTAL RETURNS TO 31ST MARCH 2016 (INCLUDES DIVIDENDS REINVESTED)

+8.3%

Return to shareholders¹

+9.0%

Return on net assets²

+11.4%

Benchmark return³

For further details and analysis please refer to the performance attribution on page 6.

¹ Source: Morningstar.

² Source: J.P. Morgan.

³ Source: MSCI. The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

Financial Data

	31st March 2016	30th September 2015	% change
Total net assets (£'000)	235,517	218,456	+7.8
Number of shares in issue	95,046,993	95,046,993	0.0
Net asset value per share	247.8p	229.8p	+7.8 ¹
Share price	217.0p	202.9p	+7.0 ¹
Share price discount to net asset value per share	12.4%	11.7%	
Gearing	4.0%	0.5%	
Ongoing charges	0.86%	0.82%	

¹ % change, excluding dividends paid.

A glossary of terms and definitions is provided on page 18.

About the Company

CHAIRMAN'S STATEMENT



Over the six months ended 31st March 2016, the Company's return on net assets was 9.0% and the return to Ordinary shareholders 8.3%, reflecting a widening of the Company's discount over the period. The Company underperformed its benchmark, the MSCI Asia ex Japan Index, which returned 11.4%.

Having started the first three months of the reporting period strongly, early 2016 proved to be difficult for the Company and although the returns generated are satisfactory, it is disappointing to report an underperformance against the benchmark at the half year stage. Performance has now stabilised, but will need to improve over the second half of the Company's financial year. The market review, commentary on performance and portfolio positioning, together with their outlook can be found in the accompanying Investment Managers' report.

Investment Management Team

The Company was recently informed by JPMorgan that one of the Company's portfolio managers, Sonia Yu, has left JPMAM to pursue other interests. The Board has approved the appointment of Ayaz Ebrahim, a managing director and portfolio manager at JPMAM, as her replacement. Mr Ebrahim, who is based in Hong Kong, chairs the Asia Pacific Asset Allocation Committee within the Emerging Markets and Asia Pacific (EMAP) equities team. The Board is satisfied that Mr Ebrahim has the necessary experience to fulfil the role as an investment manager for your Trust. Richard Titherington, the current CIO of JPMAM's EMAP team will continue to manage the Company's portfolio alongside Mr Ebrahim, with both receiving the additional support of JPMAM's EMAP equities team.

Discount Management

The Board monitors the level of discount at which the Company's shares trade relative to their NAV and believes that the Company's buyback powers can be effective in stabilising the discount. The Board has undertaken to buy back shares in normal market conditions in order to ensure that, as far as possible, its shares trade at no wider than discounts of between 8% and 10%. As I have reported in previous statements, continued volatility in Asian markets has meant that the Company has refrained from automatically implementing share buybacks when the discount has widened beyond 10%, as there was no certainty that such actions would assist in stabilising the discount.

Gearing

The Company has a £30 million three year multi currency loan facility with Scotiabank in place which will expire in December 2016. The investment managers draw down from this facility to gear the portfolio in periods when they believe this leverage will enhance shareholder returns. As at 31st March 2016 your Company's gearing was 4.0%.

CHAIRMAN'S STATEMENT *CONTINUED*

Board of Directors

As I reported in my annual statement within the Company's 2015 Annual Report, I will be retiring as a Director and Chairman at the conclusion of the Company's 2017 annual general meeting. The process of recruiting a new Director is underway and shareholders will be informed once an appointment has been made. My replacement as Chairman will also be notified to shareholders. I very much hope to be able to report positive absolute and relative returns to shareholders in my final Chairman's Statement.

James M Long
Chairman

9th June 2016

INVESTMENT MANAGERS' REPORT



Richard Titherington



Ayaz Ebrahim

During the period under review, Asian stock markets delivered satisfactory gains for investors. Your Company delivered a total return on net assets of 9.0%, underperforming the Benchmark's total return of 11.4%. In this report, we will discuss the major events during the period under review, the portfolio's current structure and the outlook for the remainder of 2016.

Review

After faring poorly throughout most of 2015, the market finally saw some respite for Asian equities towards the end of the year. As widely anticipated, the US Federal Open Markets Committee (FOMC or 'the Fed') initiated an interest rate rise of 0.25% at its December meeting; the first increase in US interest rates since 2006. Having been initially discounted by the markets, it then contributed to considerable equity volatility at the start of 2016, adding to heightened concerns over Chinese currency devaluation and policy direction.

This rise in global volatility in early 2016 reduced the market's expectations of future rate rises by the Fed, to the extent that, by early February, markets were pricing in the probability of less than one further US rate rise in 2016. This contributed to an easing of the US dollar's strength and, as a result, the best performing markets were emerging ASEAN countries such as Indonesia and Malaysia whose performance is closely linked to their local currency exchange rates against the dollar. As we moved to the end of the period under review, markets recovered in response to the stabilisation of China's macroeconomic data and the expectation of a more muted pace of increase in US interest rates. As developments in China remained centre-stage for the region, economic data from the region's largest economy proved mildly positive, suggesting a stabilisation or modest acceleration in key parts of the economy, such as retail sales, service-sector activity and property transactions in 'tier-one' cities. The People's Bank of China added to the benign newsflow by announcing additional easing measures including cuts in interest rates and reserve requirement ratios.

However, the critical confidence builder for global markets as much as for China was a series of explicit public commitments to basic Renminbi stability by senior Chinese policymakers beginning in early February and reinforced by stronger 'fixings' in the exchange rate markets. Improving investor perception of China's macro risks were further bolstered by March's annual session of China's National People's Congress (NPC), at which the leadership reinforced its commitment to a raft of market-friendly structural reforms.

Portfolio

The Company underperformed during the period under review, with both country allocation and stock selection detracting from performance. In terms of asset allocation, our overweight positions in China and India were notable detractors as these proved to be the two worst performing equity markets in the region over the past six months. We held a neutral weight, relative to our benchmark, in Malaysia which rose strongly over the period as the currency rebounded in response to stabilising oil prices and improving macroeconomic conditions. Another detractor at the country level was our minor underweight position in Indonesia; the top performing market during the period with a rise of over 40%.

INVESTMENT MANAGERS' REPORT *CONTINUED*

At the stock level, the key contributor to performance was stock selection in Taiwan and Thailand. We were correctly overweight semiconductor stocks in Taiwan, such as Taiwan Semiconductor Manufacturing and Silicon Motion Technology, both of which produced strong performance on the back of supportive fundamentals. In Thailand, our large overweight in Airports of Thailand was a notable contributor to performance as a result of strong levels of inbound tourism into Thailand, particularly from China. Owing Thailand's PTT Public was also beneficial as the stock benefited from resilient refining margins and expected demand growth in refined products.

In contrast, Chinese financials were notable detractors from performance. Our significant overweight positions in China Taiping Insurance and China Merchants Bank, underperformed during the period as they fell in response to concerns over their earnings sensitivity to the domestic equity market and to the wider economy. Wind power generator, China Longyuan Power, also corrected sharply over the period due to unfavourable tariff cuts. After having generated strong performance, several of our Chinese healthcare names such as Phoenix Healthcare and Sino Biopharmaceutical also fell over the period for stock specific reasons. We continue to believe in the long-term structural growth prospects of these companies.

PERFORMANCE ATTRIBUTION FOR THE SIX MONTHS TO 31ST MARCH 2016

	%	%
Contributions to total returns		
Benchmark total return		+11.4
Stock selection	-1.2	
Currency effect	-0.8	
Gearing/cash	+0.1	
Investment Manager contribution		-1.9
Dividend/residual*	-0.1	
Portfolio return		+9.4
Management fees/other expenses	-0.4	
Return on net assets		+9.0
Effect of movement in discount over the period	-0.7	
Return to ordinary shareholders		+8.3

Source: FactSet, JPMAM and Morningstar.

All figures are on a total return basis.

* The Dividend/residual arises principally from timing differences in the treatment of income flows.

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

A glossary of terms and definitions is provided on page 18.

Outlook

Looking ahead, we are hopeful that Asian equity markets will produce positive returns as markets anticipate a pickup in US growth in the second half of the year, underpinning the global economic and equity markets. In addition, while China's aggregate economic growth is unquestionably slowing in the medium term, driven by structural and cyclical factors, the broader picture is more reassuring.

The stabilisation of China's real estate market, resilient middle-class consumption and the rise of the service sector contribute to a positive outlook. These positive themes are to some extent offset by Beijing's planned rationalisation of over-supplied heavy industries and a more aggressive curtailment of subsidy lending that will likely drive an increase in state-owned enterprise redundancies. However, while such structural reforms may further dampen near-term growth, they help reduce longer-term systemic vulnerabilities.

Our investment philosophy is to own high quality growth companies in undervalued countries. Against that backdrop, our three key positions in the portfolio include overweight allocations to the information technology sector, the insurance sector, particularly in China, and selected private sector banks in India.

The overweight positioning in information technology comprises semiconductors, components and also exposure to the internet. We look for companies that over time have the ability to innovate, increase penetration and benefit from general upgrade demand. This includes component companies in the Apple i-Phone supply chain as well as leading edge technology companies such as Taiwan Semiconductor and Samsung Electronics. In addition, we are also well-positioned in companies in the e-commerce segment which are seeing strong growth, particularly in China. Our overweight positioning in the insurance sector aims to benefit from an underlying structural growth story in Asia of rising incomes and rising urbanisation, which should benefit selected regional insurance stocks. In the case of China, we also believe that there are fewer solvency issues in the insurance sector compared to some of the other financial stocks and believe that the sector was unfairly sold down during the correction early in 2016. We continue to be very selective in the banking sector, preferring domestically-oriented private-sector banks to state-owned ones. This explains our position in private sector banks in India, which are well managed with a focus on asset quality, geared to the upside of consumer lending and well-positioned for continued growth in the penetration of full banking service.

Richard Titherington

Ayaz Ebrahim

Investment Managers

9th June 2016

Investment Review

TEN LARGEST INVESTMENTS AT 31ST MARCH 2016

For a full list of the Company's investments please refer to the Company's website at www.jpmasian.co.uk, where the portfolio is available a month in arrears.

Company	Country	Sector	Valuation £000	% ¹
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	17,058	7.0
Samsung Electronics	Korea	Information Technology	16,423	6.7
Tencent	China	Information Technology	16,002	6.6
AIA	Hong Kong	Financials	11,897	4.9
China Construction Bank	China	Financials	8,562	3.5
HDFC Bank	India	Financials	8,364	3.4
Ping An Insurance	China	Financials	7,685	3.2
Korea Electric Power	Korea	Utilities	5,682	2.3
CK Hutchison	Hong Kong	Industrials	5,555	2.3
JPMorgan Vietnam Opportunities	Vietnam	Investment Fund	5,084	2.1
Total			102,312	42.0

¹ Based on total investments of £243.5m.

PORTFOLIO ANALYSES

Geographical

	31st March 2016		30th September 2015	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
China	32.1	28.1	32.2	27.7
South Korea	17.6	18.3	16.5	18.3
Taiwan	15.4	14.5	13.9	14.8
India	10.9	9.5	15.0	10.5
Hong Kong	10.4	12.7	11.6	12.7
Thailand	4.7	2.6	4.4	2.7
Indonesia	3.1	3.2	1.9	2.5
Singapore	2.8	5.3	2.7	5.3
Vietnam	2.1	–	–	–
Philippines	0.9	1.7	1.8	1.8
Malaysia	–	4.1	–	3.7
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £243.5m (2015: £218.7m).

Sector

	31st March 2016		30th September 2015	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials ²	38.7	30.6	47.5	34.2
Information Technology	30.6	24.0	25.6	21.1
Industrials ²	7.2	9.0	5.4	8.1
Utilities	5.5	4.2	4.5	4.4
Consumer Discretionary	4.6	8.8	3.6	8.2
Health Care	4.0	2.6	5.2	2.7
Materials	2.3	4.6	3.2	4.5
Investment Fund	2.1	–	–	–
Consumer Staples	2.1	5.6	1.7	5.7
Energy	1.6	4.2	2.3	4.2
Telecommunication Services	1.3	6.4	1.0	6.9
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £243.5m (2015: £218.7m).

² CK Hutchison has been reclassified to Industrials as at 31st March 2016 from Financials.

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31ST MARCH 2016

	(Unaudited) Six months ended 31st March 2016			(Unaudited) Six months ended 31st March 2015			(Audited) Year ended 30th September 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss									
Net foreign currency (losses)/gains	–	19,577	19,577	–	39,671	39,671	–	(9,603)	(9,603)
Income from investments	–	(189)	(189)	–	402	402	–	328	328
Interest receivable and similar income	1,159	–	1,159	1,293	–	1,293	5,609	–	5,609
	4	–	4	–	–	–	1	–	1
Gross return/(loss)	1,163	19,388	20,551	1,293	40,073	41,366	5,610	(9,275)	(3,665)
Management fee	(600)	–	(600)	(648)	–	(648)	(1,317)	–	(1,317)
Other administrative expenses	(373)	–	(373)	(360)	–	(360)	(707)	–	(707)
Net return/(loss) on ordinary activities before finance costs and taxation	190	19,388	19,578	285	40,073	40,358	3,586	(9,275)	(5,689)
Finance costs	(152)	–	(152)	(106)	–	(106)	(229)	–	(229)
Net return/(loss) on ordinary activities before taxation	38	19,388	19,426	179	40,073	40,252	3,357	(9,275)	(5,918)
Taxation credit/(charges)	11	–	11	(176)	–	(176)	(513)	–	(513)
Net return/(loss) on ordinary activities after taxation	49	19,388	19,437	3	40,073	40,076	2,844	(9,275)	(6,431)
Return/(loss) per share (note 4)	0.05p	20.40p	20.45p	–	42.16p	42.16p	2.99p	(9.76)p	(6.77)p

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.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST MARCH 2016

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st March 2016 (Unaudited)							
At 30th September 2015	23,762	31,646	977	25,121	132,198	4,752	218,456
Net return on ordinary activities	–	–	–	–	19,388	49	19,437
Dividend paid in the period	–	–	–	–	–	(2,376)	(2,376)
At 31st March 2016	23,762	31,646	977	25,121	151,586	2,425	235,517
Six months ended 31st March 2015 (Unaudited)							
At 30th September 2014	23,887	31,646	977	24,996	142,540	3,999	228,045
Repurchase and cancellation of the Company's own shares	(125)	–	–	125	(1,067)	–	(1,067)
Net return on ordinary activities	–	–	–	–	40,073	3	40,076
Dividend paid in the period	–	–	–	–	–	(2,091)	(2,091)
At 31st March 2015	23,762	31,646	977	25,121	181,546	1,911	264,963
Year ended 30th September 2015 (Audited)							
At 30th September 2014	23,887	31,646	977	24,996	142,540	3,999	228,045
Repurchase and cancellation of the Company's own shares	(125)	–	–	125	(1,067)	–	(1,067)
Net (loss)/return on ordinary activities	–	–	–	–	(9,275)	2,844	(6,431)
Dividend paid in the year	–	–	–	–	–	(2,091)	(2,091)
At 30th September 2015	23,762	31,646	977	25,121	132,198	4,752	218,456

¹ This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2016

	(Unaudited) 31st March 2016 £'000	(Unaudited) 31st March 2015 £'000	(Audited) 30th September 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	243,513	261,124	218,740
Current assets			
Debtors	1,500	4,863	897
Cash and cash equivalents ¹	3,128	15,833	9,017
	4,628	20,696	9,914
Creditors: amounts falling due within one year	(12,622)	(1,857)	(197)
Derivative financial liabilities	(2)	–	(1)
Net current (liabilities)/assets	(7,996)	18,839	9,716
Total assets less current liabilities	235,517	279,963	228,456
Creditors: amounts falling due after more than one year	–	(15,000)	(10,000)
Net assets	235,517	264,963	218,456
Capital and reserves			
Called up share capital	23,762	23,762	23,762
Share premium	31,646	31,646	31,646
Exercised warrant reserve	977	977	977
Capital redemption reserve	25,121	25,121	25,121
Capital reserves	151,586	181,546	132,198
Revenue reserve	2,425	1,911	4,752
Total equity shareholders' funds	235,517	264,963	218,456
Net asset value per share (note 5)	247.8p	278.8p	229.8p

¹ This line item combines the two lines of 'Investments in liquidity funds held at fair value through profit or loss' and 'Cash and short term deposits' in the prior period/year into one.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31ST MARCH 2016

	(Unaudited) Six months ended 31st March 2016 £'000	(Unaudited) Six months ended 31st March 2015 £'000	(Audited) Year ended 30th September 2015 £'000
Net cash outflow from operations before dividends and interest (note 6)	(851)	(79)	(1,331)
Dividends received	431	515	4,854
Interest received	4	7	18
Interest paid	(165)	(135)	(252)
Overseas tax recovered	156	15	71
Net cash (outflow)/inflow from operating activities	(425)	323	3,360
Purchases of investments	(51,795)	(93,607)	(174,075)
Sales of investments	46,601	106,875	182,602
Settlement of foreign currency contracts	115	(45)	(154)
Net cash (outflow)/inflow from investing activities	(5,079)	13,223	8,373
Dividends paid	(2,376)	(2,091)	(2,091)
Repayment of bank loans	(10,000)	–	(10,000)
Drawdown of bank loans	11,970	–	5,000
Repurchase and cancellation of the Company's own shares	–	(1,067)	(1,067)
Net cash outflow from financing activities	(406)	(3,158)	(8,158)
(Decrease)/increase in cash and cash equivalents	(5,910)	10,388	3,575
Cash and cash equivalents at the start of the period/year	9,017	5,438	5,438
Exchange movements	21	7	4
Cash and cash equivalents at end of period/year	3,128	15,833	9,017
(Decrease)/increase in cash and cash equivalents	(5,910)	10,388	3,575
Cash and cash equivalents consist of:			
Cash and short term deposits	3,128	3,708	963
Cash held in JPMorgan USD Liquidity Fund	–	12,125	8,054
	3,128	15,833	9,017

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST MARCH 2016

1. Financial statements

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

The figures and financial information for the year ended 30th September 2015 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in November 2014.

FRS 104, 'Interim Financial Reporting', issued by the FRC in March 2015 has been applied in preparing this condensed set of financial statements for the period ended 31st March 2016.

In March 2016, the FRC published amendments to FRS 102 concerning fair value hierarchy disclosures. These amendments are effective for accounting periods beginning on or after 1st January 2017. The Company has elected to early adopt these amendments in these interim financial statements. Full disclosure is given in note 7.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative numbers and presentational formats have been restated where required.

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

The accounting policies applied to these half-yearly financial statements are consistent with those applied in the financial statements for the year ended 30th September 2015.

3. Dividend paid

	(Unaudited) Six months ended 31st March 2016 £'000	(Unaudited) Six months ended 31st March 2015 £'000	(Audited) Year ended 30th September 2015 £'000
Final dividend paid in respect of the year ended 30th September 2015 of 2.5p (2015: 2.2p)	2,376	2,091	2,091

No interim dividend has been declared in respect of the six months ended 31st March 2016 (2015: nil).

All dividends paid in the period have been funded from the Revenue reserve.

4. Return/(loss) per share

	(Unaudited) Six months ended 31st March 2016 £'000	(Unaudited) Six months ended 31st March 2015 £'000	(Audited) Year ended 30th September 2015 £'000
Return/(loss) per share is based on the following:			
Revenue return	49	3	2,844
Capital return/(loss)	19,388	40,073	(9,275)
Total return/(loss)	19,437	40,076	(6,431)
Weighted average number of shares in issue	95,046,993	95,052,488	95,049,733
Revenue return per share	0.05p	–	2.99p
Capital return/(loss) per share	20.40p	42.16p	(9.76)p
Total return/(loss) per share	20.45p	42.16p	(6.77)p

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2016	(Unaudited) Six months ended 31st March 2015	(Audited) Year ended 30th September 2015
Net Assets (£'000)	235,517	264,963	218,456
Number of shares in issue	95,046,993	95,046,993	95,046,993
Net asset value per share	247.8p	278.8p	229.8p

6. Reconciliation of total return/(loss) on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	(Unaudited) Six months ended 31st March 2016 £'000	(Unaudited) Six months ended 31st March 2015 £'000	(Audited) Year ended 30th September 2015 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	19,578	40,358	(5,689)
(Less capital return)/add capital loss on ordinary activities before finance costs and taxation	(19,388)	(40,073)	9,275
Scrip dividends received as income	–	–	(113)
Increase in accrued income and other debtors	(620)	(635)	(83)
Decrease in accrued expenses	(79)	(112)	(33)
Overseas withholding tax	(136)	(157)	(533)
Dividends received	(431)	(515)	(4,854)
Interest received	(4)	(7)	(18)
Realised gain on foreign exchange transactions	156	447	479
Realised gain on liquidity funds and time deposits	73	615	238
Net cash outflow from operating activities	(851)	(79)	(1,331)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

7. Fair valuation of investments

The fair value hierarchy analysis for financial instruments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 31st March 2016		(Unaudited) Six months ended 31st March 2015		(Audited) Year ended 30th September 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices for identical instruments in active markets	238,429	–	261,124	–	218,740	–
Level 2: Prices of recent transactions for identical instruments	5,084 ¹	–	–	–	–	–
Total value of investments	243,513	–	261,124	–	218,740	–

¹ JPMorgan Vietnam Opportunities Fund, an Open Ended Investment Company (OEIC).

Shareholder Information

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 have not changed since the Company's year end and fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 30th September 2015.

Related Party Transactions

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

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, liquid nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly report. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st March 2016, as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; 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.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

and the Directors confirm that they have done so.

For and on behalf of the Board

James M Long
Director

9th June 2016

GLOSSARY OF TERMS AND DEFINITIONS

Return to shareholders

Total return to the Shareholder on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Return on net assets

Return on the 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 return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into 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 may be some divergence between the Company's performance and that of the benchmark.

Share price discount/premium to net asset value ('NAV') per Ordinary 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 a premium.

Active position

The active position shows the difference between the Company's holding of an individual stock, sector or country compared with that stock, sector or country's weighting in the Company's benchmark. A positive number indicates an active decision by the investment manager to own more of (i.e. be overweight) a particular stock, sector or country versus the benchmark and a negative number indicates a decision to hold less of (i.e. be underweight) a particular stock, sector or country versus the benchmark.

Performance attribution definitions:

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.

Currency effect

Measures the impact of currency exposure differences between the Company's portfolio and its benchmark.

Gearing/cash

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

Ongoing Charges

The Ongoing Charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year and is calculated in accordance with guidance issued by the AIC. The figure as at 31st March 2016 is an estimated annualised figure.

Management fees/other expenses

The payment of fees and expenses reduces the level of total assets and therefore has a negative effect on relative performance.

Repurchase and cancellation of shares following a tender offer

Measures the enhancement to net asset value per share arising from the repurchase of shares, following a tender offer, at a price which is less than the Company's net asset value per share.

Share buybacks

Measures the enhancement to net asset value per share arising from buying back the Company shares for cancellation at a price which is less than the Company's net asset value per share.

ROLLOVER APPORTIONMENTS

For shareholders who rolled their investment in The Fleming Far Eastern Investment Trust plc into the Company, the Capital Gains Tax apportionments are shown below. The apportionment of the original base cost will depend upon which option under the Fleming Far Eastern reconstruction scheme was chosen.

Option 1	All share option	JPMorgan Asian Ordinary shares	0.95853
		JPMorgan Asian Warrants	0.04147
Option 2	Share and Japanese unit option	JPMorgan Asian Ordinary shares	0.64066
		JPMorgan Asian Warrants	0.02772
		S&P Japanese Units	0.33162
Option 3	Share and cash option	JPMorgan Asian Ordinary shares	0.25082
		JPMorgan Asian Warrants	0.01085
		S&P Cash Units	0.73833

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

Savings Plan

The Company participates in the J.P. Morgan Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call J.P. Morgan Asset Management free on 0800 02 40 20 or visit its website at am.jpmorgan.co.uk

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2016/17 tax year, from 6th April 2016 and ending 5th April 2017, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan Online or on the following: fund supermarkets:

AJ Bell	James Brearley
Alliance Trust Savings	James Hay
Barclays Stockbrokers	Stocktrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Tilney Bestinvest
Interactive Investor	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J.P. Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority adviser charging and commission rules, visit www.fca.org.uk.

Financial Conduct Authority

Beware of share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

- 1 Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- 2 Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- 3 Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
- 4 Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- 5 Use the firm's contact details listed on the Register if you want to call it back.
- 6 Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
- 7 Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
- 8 Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- 9 Think about getting independent financial and professional advice before you hand over any money.
- 10 **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Information about the Company

FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	November
Half year end	31st March
Half year results announced	May/June
Interim Management Statement announced	February and July
Dividend on ordinary shares paid	February
Annual General Meeting	January/February

History

The Company was launched in September 1997 as a rollover vehicle for shareholders in The Fleming Far Eastern Investment Trust plc. The Company adopted its present name following approval from shareholders at the Annual General Meeting in February 2006.

Directors

James M Long TD (Chairman)
Dean Buckley
Bronwyn Curtis OBE
Ronald Gould
James Strachan

Company Numbers

Company registration number: 3374850

Ordinary Shares

London Stock Exchange Sedol number: 0132077
ISIN: GB0001320778
Bloomberg ticker: JAI LN

Market Information

The Company's Ordinary shares are listed on the London Stock Exchange. The market price of the Ordinary shares is shown daily in the Financial Times, The Times, The Daily Telegraph and The Scotsman. The Share price of the Ordinary shares is on the JPMorgan internet site at www.jpmasian.co.uk where the prices are updated every fifteen minutes during trading hours.

Website

www.jpmasian.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 and J.P. Morgan ISA. These products are all available on the online service, at www.jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited.

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP
Telephone number: 020 7742 4000

For company secretarial and administrative matters, please contact Alison Vincent.

Depositary

BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

The Depositary employs JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
Reference 1357
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0371 384 2373

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1357.

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Brokers

Cenkos Securities plc
6, 7, 8 Tokenhouse Yard
London EC2R 7AS

Savings Product Administrators

For queries on the J.P. Morgan Investment Account and J.P. Morgan ISA, see contact details on the back cover of this report.

www.jpmasian.co.uk

J.P. Morgan Helpline

Freephone 0800 20 40 20 or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday, 9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.