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# JPMorgan Emerging Markets Investment Trust plc

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



# Features

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## Objective

To maximise total return from emerging markets worldwide through a diversified portfolio of underlying investments.

## Investment Policies

- To invest in a diversified portfolio, concentrating on countries and shares with the most attractive prospects. To have no more than 50% of the Company's assets invested in any one region.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

## Benchmark

The MSCI Emerging Markets Index with net dividends reinvested, in sterling terms.

## Share Capital

At 31st December 2016, the Company's issued share capital comprised 132,363,525 ordinary shares of 25p each, including 6,739,224 shares held in Treasury.

## Continuation Vote

At the Annual General Meeting held on 14th November 2014 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2017.

## Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. 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 the shares issued by the Company 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.

## Association of Investment Companies ("AIC")

The Company is a member of the AIC.

## Website

The Company's website, which can be found at [www.jpmemergingmarkets.co.uk](http://www.jpmemergingmarkets.co.uk), includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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# Half Year Performance

## TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) TO 31ST DECEMBER 2016

**+10.2%**

Return to shareholders<sup>1</sup>

**+7.4%**

Return on net assets<sup>2</sup>

**+13.0%**

Benchmark return<sup>3</sup>

### Financial Data

	31st December 2016	30th June 2016	% change
Shareholders' funds (£'000)	989,010	934,642	+5.8
Net asset value per share	787.3p	740.8p	+6.3
Share price	691.0p	635.0p	+8.8
Share price discount to net asset value per share <sup>4</sup>	11.7%	13.2%	
Number of shares in issue (excluding shares held in Treasury)	125,624,301	126,174,703	-0.4
Gearing/(net cash)	(0.6)%	(3.6)%	
Ongoing charges	1.10%	1.16%	

<sup>1</sup> Change in share price with dividends reinvested. Source: Morningstar.

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

<sup>3</sup> Source: MSCI. The Company's benchmark is the MSCI Emerging Market Index with net dividends reinvested, in sterling terms.

<sup>4</sup> Capital only. Source: Bloomberg.

Glossary of terms and definitions is provided on page 17.

# About the Company

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## CHAIRMAN'S STATEMENT



### Performance

The first half of the Company's financial year was a positive period for emerging markets investors. Over the six months to 31st December 2016 the Company's benchmark index, the MSCI Emerging Markets Index (in sterling terms), rose 13.0%.

For the same period, the Company produced a total return on net assets of +7.4%. Whilst this is a significant underperformance against our benchmark, it follows a period of exceptional outperformance. Our Investment Manager continues to focus on quality growth stocks and the portfolio is underweight in the more cyclical stocks in energy and resources. Therefore, in a period where these cyclical stocks performed well, the portfolio lagged behind the benchmark. Such periods of underperformance are to be expected from time to time but I would emphasise that the Investment Manager's impressive long term performance record remains intact, the Company having outperformed the benchmark index over two, three, five and ten years to 31st December 2016.

The return to shareholders over the first half of the financial year was higher, at +10.2%. This reflects a narrowing of the discount at which the Company's shares trade, from 13.2% as at 30th June 2016 to 11.7% at the half year end. A review of the Company's performance for the first six months and the outlook for the remainder of the year is provided in the Investment Manager's Report which follows.

### Discount

During the first six months of this financial year, the discount on the Company's shares to their net asset value ranged between 9.6% and 14.0%, averaging 12.1%. At the period end, the discount was 11.7%.

The Board's policy on discount management remains unchanged – it is prepared to take action to try to ensure that the discount does not exceed 10.0% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. During the six months the Company repurchased a total of 550,402 shares into Treasury at an average discount of 12.1% and a total cost of £3.8 million, though that was insufficient to move the discount down to levels the Board feels appropriate.

### The Board

Nigel Kenny retired at the conclusion of the AGM held in November 2016. Richard Laing has succeeded him as chairman of the Audit Committee and Anatole Kaletsky has become the Senior Independent Director.

Ruary Neill was appointed a Director of the Company with effect from 1st January 2017. He worked in investment banking for 28 years where he most recently managed the multi asset sales business at UBS Investment Bank. Prior to that he spent a number of years working in the Asian Equity Markets for UBS Investment Bank and Schroder Securities. He is Chairman of The Investment Committee, Great Ormond Street Children's Charity and a member of The Advisory Council, The SOAS China Institute, London University.

As previously advised, I will stand down from the Board at the conclusion of the 2017 AGM, having been a Director of your Company for fifteen years. The Board has agreed that Sarah Arkle will succeed me as Chairman and I am sure she will prove to be an excellent choice.

## CHAIRMAN'S STATEMENT *CONTINUED*

### **Outlook**

The start of the new calendar year has seen further progress by emerging markets, supported by some signs of economic progress as well as recovery in commodity markets. I need hardly add that uncertainties have increased in the post-Trump world, especially with regard to international trade so we must expect some volatility in the months ahead. Nevertheless, valuations are reasonable and the long term case for emerging markets remains solid.

**Alan Saunders**  
Chairman

22nd February 2017

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## INVESTMENT MANAGER'S REPORT



In last year's half year report, I addressed a period in which the Company's net asset value per share had decreased, yet done better than our benchmark index. This time, the opposite has happened; while your Company's NAV per share has increased by 7.4%, we have failed to keep up with the index, which rose by 13% over the last half year.

Such an outcome, while not welcome from our point of view, will inevitably happen from time to time, as I sought to explain in the Company's last annual report. I had hoped that my comments would not prove so immediately prophetic. We know, however, and will continue to affirm, that an outcome which differs from the benchmark is necessary if we are to add value to the Company in the long term; this means that sometimes the Company's portfolio will do worse. Shareholders should always expect that I will try to learn from individual mistakes which have affected performance, but not that I will significantly alter the investment approach that we have followed for more than twenty years, when such periods occur.

Why has this been a challenging time? Obviously part of the answer lies in the tumultuous political events of 2016, which have brought great uncertainty for investors in terms of trade and other aspects of economic policy. We do not really know what the new regimes will bring. Higher inflation, which was not widely expected a year ago, has implications for commodity prices, for the US dollar, for interest rates and for all kinds of macro-economic factors which affect the valuation of equities in emerging markets and elsewhere. Similarly, big changes in trade policy and tariffs can have consequences for exporters everywhere. One particular event which bears brief comment is the startling decision taken last November in India to cancel a significant part of the money in circulation in the country, in an attempt to demonetise the economy - in other words, to force the large informal cash economy to move into the formal financial system. This is likely to be very good for the Indian economy in the long term, reducing graft, increasing tax and helping productivity; but the abruptness with which it was announced produced a short term economic squeeze which did affect share prices and had a visible impact on our investment results; I believe this will prove to be only a temporary effect. But I do not want to use politics as an excuse; in recent months your Company's portfolio has, not unusually, lagged somewhat in a period when share prices have risen and cyclical sectors have been among the best performing areas. As well as our investments in India, some of the leading contributors to underperformance have been stable businesses in sectors like consumer staples, whose share prices have not moved much; conversely, sectors like energy and materials, which we do not find appealing on a long term view and where the portfolio has little exposure, have rallied sharply as investors have begun to think about the prospect of rising inflation ahead.

In general, however, I should emphasise that I put much more store by the achievements and results of the businesses that are owned in the portfolio than I do in trying to second guess macroeconomic trends. I believe that we have a collection of strong, and in many cases outstanding, businesses in the portfolio; in general they have continued to deliver good results in the last six months and I think they can continue to do so in the future. Unless their share prices are at very elevated levels, which I do not believe to be the case, I am happy to continue to own them on your behalf.

**Austin Forey**  
Investment Manager

22nd February 2017

# Investment Review

## LIST OF INVESTMENTS AT 31ST DECEMBER 2016

Company	Sector	Valuation £'000
<b>India</b>		
Housing Development Finance	Financials	49,002
Indusind Bank	Financials	37,149
Tata Consultancy Services	Information Technology	29,824
ITC	Consumer Staples	20,425
Infosys, ADR	Information Technology	19,764
Supreme Industries	Materials	15,953
United Breweries	Consumer Staples	14,405
Lupin	Health Care	11,632
Infosys	Information Technology	7,935
Mahindra & Mahindra Financial Services	Financials	6,272
ACC	Materials	3,742
Ambuja Cements	Materials	3,129
		<b>219,232</b>

<b>China</b>		
Tencent Holdings	Information Technology	42,911
AIA Group	Financials	34,028
Alibaba Group Holding, ADR	Information Technology	27,824
Jardine Matheson Holdings	Industrials	19,917
Baidu, ADR	Information Technology	17,173
Cafe de Coral Holdings	Consumer Discretionary	14,040
Sun Art Retail Group	Consumer Staples	11,369
Tsingtao Brewery 'H'	Consumer Staples	8,195
51job, ADR	Industrials	5,110
Tingyi Cayman Islands Holding	Consumer Staples	4,232
		<b>184,799</b>

Company	Sector	Valuation £'000
<b>South Africa</b>		
Clicks Group	Consumer Staples	19,695
Bid	Consumer Staples	17,701
Discovery	Financials	14,988
RMB Holdings	Financials	14,546
Capitec Bank Holdings	Financials	11,905
Tiger Brands	Consumer Staples	8,960
Bidvest Group	Industrials	8,133
Shoprite Holdings	Consumer Staples	7,879
Sanlam	Financials	7,531
Aspen Pharmacare Holdings	Health Care	6,938
Mr Price Group	Consumer Discretionary	5,777
MTN Group	Telecommunication Service	5,141
		<b>129,194</b>

<b>Brazil</b>		
Ultrapar Participacoes	Energy	22,425
Itau Unibanco Holding Preference	Financials	19,845
WEG	Industrials	17,621
Cielo	Information Technology	15,613
Lojas Renner	Consumer Discretionary	14,193
Ambev, ADR	Consumer Staples	14,124
Vale, ADR Preference	Materials	8,869
CCR	Industrials	8,177
Marcopolo Preference	Industrials	2,585
Marcopolo	Industrials	481
		<b>123,933</b>

<b>Taiwan</b>		
Taiwan Semiconductor Manufacturing, ADR	Information Technology	52,893
Delta Electronics	Information Technology	17,099
President Chain Store	Consumer Staples	13,909
Chailease Holding	Financials	5,747
		<b>89,648</b>

Company	Sector	Valuation £'000
<b>Indonesia</b>		
Bank Rakyat Indonesia Persero	Financials	17,977
Astra International	Consumer Discretionary	14,369
Unilever Indonesia	Consumer Staples	10,536
Bank Central Asia	Financials	9,785
		<b>52,667</b>
<b>Mexico</b>		
Grupo Aeroportuario del Sureste, ADR	Industrials	13,710
Grupo Financiero Banorte 'O'	Financials	12,717
Genera	Financials	11,433
Wal-Mart de Mexico	Consumer Staples	9,613
		<b>47,473</b>
<b>Russia</b>		
Magnit	Consumer Staples	21,601
Sberbank of Russia	Financials	13,034
		<b>34,635</b>
<b>United States</b>		
EPAM Systems	Information Technology	23,150
Luxoft Holding	Information Technology	7,615
		<b>30,765</b>
<b>South Korea</b>		
Hyundai Motor	Consumer Discretionary	14,191
		<b>14,191</b>
<b>Peru</b>		
Credicorp	Financials	12,250
		<b>12,250</b>
<b>Argentina</b>		
Globant	Information Technology	11,674
		<b>11,674</b>

Company	Sector	Valuation £'000
<b>Turkey</b>		
KOC Holding	Industrials	5,490
Turkiye Garanti Bankasi	Financials	3,953
		<b>9,443</b>
<b>Chile</b>		
Banco Santander Chile, ADR	Financials	8,534
		<b>8,534</b>
<b>United Kingdom</b>		
International Personal Finance	Financials	6,008
		<b>6,008</b>
<b>Philippines</b>		
Jollibee Foods	Consumer Discretionary	4,378
		<b>4,378</b>
<b>Hong Kong</b>		
Convenience Retail Asia	Consumer Staples	4,362
		<b>4,362</b>
<b>Pakistan</b>		
BRR Guardian Modaraba	Financials	125
		<b>125</b>
<b>Total investments</b>		<b>983,311</b>

## PORTFOLIO ANALYSES

### Geographical

	31st December 2016		30th June 2016	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
India	22.3	8.3	24.2	8.4
China and Hong Kong	19.2	26.5	15.4	25.8
South Africa	13.1	7.1	13.3	7.3
Brazil	12.6	7.7	12.8	7.2
Taiwan	9.1	12.2	8.8	12.1
Indonesia	5.4	2.6	5.2	2.7
Mexico	4.8	3.6	5.6	4.1
Russia	3.5	4.5	3.2	3.7
United States	3.1	–	–	–
South Korea	1.4	14.4	1.6	14.6
Peru	1.3	0.4	1.2	0.4
Argentina	1.2	–	1.4	–
Turkey	1.0	1.1	1.4	1.3
Chile	0.9	1.2	0.8	1.2
United Kingdom	0.6	–	1.1	–
Philippines	0.5	1.2	0.6	1.6
Belarus	–	–	2.4	–
Ukraine	–	–	0.7	–
Poland	–	1.1	0.3	1.1
Malaysia	–	2.5	–	2.9
Thailand	–	2.3	–	2.3
United Arab Emirates	–	0.9	–	0.9
Qatar	–	0.9	–	0.9
Colombia	–	0.5	–	0.5
Greece	–	0.4	–	0.3
Hungary	–	0.3	–	0.3
Czech Republic	–	0.2	–	0.2
Egypt	–	0.1	–	0.2
Pakistan	–	–	–	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total portfolio of £983.3 million (30th June 2016: £901.0 million).

Sector	31st December 2016		30th June 2016	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Financials	30.2	24.4	30.7	26.1
Information Technology	27.8	23.3	25.5	22.5
Consumer Staples	19.0	7.2	19.4	8.5
Industrials	8.3	5.8	8.5	6.2
Consumer Discretionary	6.8	10.3	7.1	10.5
Materials	3.2	6.9	3.5	6.3
Energy	2.3	8.3	2.4	7.4
Health Care	1.9	2.4	2.1	2.7
Telecommunication Services	0.5	5.9	0.8	6.6
Utilities	–	2.9	–	3.2
Real Estate	–	2.6	–	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total portfolio of £983.3 million (30th June 2016: £901.0 million).

# Financial Statements

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

	(Unaudited) Six months ended 31st December 2016			(Unaudited) Six months ended 31st December 2015			(Audited) Year ended 30th June 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Gains/(losses) on investments held at fair value through profit or loss</b>	–	66,201	66,201	–	(59,173)	(59,173)	–	91,226	91,226
Net foreign currency gains	–	1,139	1,139	–	59	59	–	4,723	4,723
Income from investments	8,373	–	8,373	6,054	–	6,054	16,978	–	16,978
Interest receivable and similar income	71	–	71	40	–	40	141	–	141
<b>Gross return/(loss)</b>	<b>8,444</b>	<b>67,340</b>	<b>75,784</b>	<b>6,094</b>	<b>(59,114)</b>	<b>(53,020)</b>	<b>17,119</b>	<b>95,949</b>	<b>113,068</b>
Management fee	(1,424)	(3,322)	(4,746)	(1,203)	(2,806)	(4,009)	(2,406)	(5,613)	(8,019)
Other administrative expenses	(793)	–	(793)	(664)	–	(664)	(1,326)	–	(1,326)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>6,227</b>	<b>64,018</b>	<b>70,245</b>	<b>4,227</b>	<b>(61,920)</b>	<b>(57,693)</b>	<b>13,387</b>	<b>90,336</b>	<b>103,723</b>
Finance costs	–	(1)	(1)	–	–	–	–	–	–
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>6,227</b>	<b>64,017</b>	<b>70,244</b>	<b>4,227</b>	<b>(61,920)</b>	<b>(57,693)</b>	<b>13,387</b>	<b>90,336</b>	<b>103,723</b>
Taxation	(715)	–	(715)	(439)	–	(439)	(1,251)	–	(1,251)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>5,512</b>	<b>64,017</b>	<b>69,529</b>	<b>3,788</b>	<b>(61,920)</b>	<b>(58,132)</b>	<b>12,136</b>	<b>90,336</b>	<b>102,472</b>
<b>Return/(loss) per share</b> (note 4)	<b>4.38p</b>	<b>50.86p</b>	<b>55.24p</b>	<b>2.95p</b>	<b>(48.21)p</b>	<b>(45.26)p</b>	<b>9.49p</b>	<b>70.63p</b>	<b>80.12p</b>

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by The Association of Investment Companies.

The net return/(loss) on ordinary activities after taxation represents the profit/(loss) for the period and also the total comprehensive income.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE SIX MONTHS ENDED 31ST DECEMBER 2016

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>Six months ended 31st December 2016 (Unaudited)</b>							
<b>At 30th June 2016</b>	<b>33,091</b>	<b>173,657</b>	<b>1,665</b>	<b>69,939</b>	<b>634,869</b>	<b>21,421</b>	<b>934,642</b>
Repurchase of shares into Treasury	–	–	–	–	(3,837)	–	(3,837)
Net return on ordinary activities	–	–	–	–	64,017	5,512	69,529
Dividend paid in the period	–	–	–	–	–	(11,324)	(11,324)
<b>At 31st December 2016</b>	<b>33,091</b>	<b>173,657</b>	<b>1,665</b>	<b>69,939</b>	<b>695,049</b>	<b>15,609</b>	<b>989,010</b>
<b>Six months ended 31st December 2015 (Unaudited)</b>							
<b>At 30th June 2015</b>	<b>33,091</b>	<b>173,657</b>	<b>1,665</b>	<b>69,939</b>	<b>557,345</b>	<b>16,992</b>	<b>852,689</b>
Repurchase of shares into Treasury	–	–	–	–	(1,089)	–	(1,089)
Net (loss)/return on ordinary activities	–	–	–	–	(61,920)	3,788	(58,132)
Dividend paid in the period	–	–	–	–	–	(7,707)	(7,707)
<b>At 31st December 2015</b>	<b>33,091</b>	<b>173,657</b>	<b>1,665</b>	<b>69,939</b>	<b>494,336</b>	<b>13,073</b>	<b>785,761</b>
<b>Year ended 30th June 2016 (Audited)</b>							
<b>At 30th June 2015</b>	<b>33,091</b>	<b>173,657</b>	<b>1,665</b>	<b>69,939</b>	<b>557,345</b>	<b>16,992</b>	<b>852,689</b>
Repurchase of shares into Treasury	–	–	–	–	(12,812)	–	(12,812)
Net return on ordinary activities	–	–	–	–	90,336	12,136	102,472
Dividend paid in the year	–	–	–	–	–	(7,707)	(7,707)
<b>At 30th June 2016</b>	<b>33,091</b>	<b>173,657</b>	<b>1,665</b>	<b>69,939</b>	<b>634,869</b>	<b>21,421</b>	<b>934,642</b>

<sup>1</sup> 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 DECEMBER 2016**

	(Unaudited) 31st December 2016 £'000	(Unaudited) 31st December 2015 £'000	(Audited) 30th June 2016 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	983,311	750,872	901,025
<b>Current assets</b>			
Debtors	1,176	3,966	2,771
Cash and cash equivalents <sup>1</sup>	5,436	32,168	31,052
	<b>6,612</b>	<b>36,134</b>	<b>33,823</b>
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	(913)	(1,245)	(206)
<b>Net current assets</b>	<b>5,699</b>	<b>34,889</b>	<b>33,617</b>
<b>Total assets less current liabilities</b>	<b>989,010</b>	<b>785,761</b>	<b>934,642</b>
<b>Net assets</b>	<b>989,010</b>	<b>785,761</b>	<b>934,642</b>
<b>Capital and reserves</b>			
Called up share capital	33,091	33,091	33,091
Share premium	173,657	173,657	173,657
Capital redemption reserve	1,665	1,665	1,665
Other reserve	69,939	69,939	69,939
Capital reserves	695,049	494,336	634,869
Revenue reserve	15,609	13,073	21,421
<b>Total equity shareholders' funds</b>	<b>989,010</b>	<b>785,761</b>	<b>934,642</b>
<b>Net asset value per share</b> (note 5)	<b>787.3p</b>	<b>612.7p</b>	<b>740.8p</b>

<sup>1</sup> This line item combines the two lines of 'Investment in liquidity fund held at fair value through profit or loss' and 'Cash and short term deposits' in the financial statements for the half year ended 31st December 2015 into one. Under FRS 102, liquidity funds are considered cash equivalents as they are held for cash management purposes.

## STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31ST DECEMBER 2016

	(Unaudited) Six months ended 31st December 2016 £'000	(Unaudited) Six months ended 31st December 2015 £'000	(Audited) Year ended 30th June 2016 £'000
<b>Net cash outflow from operations before dividends and interest</b> (note 6)	(4,437)	(3,003)	(4,648)
Dividends received	9,291	7,744	15,694
Interest received	68	39	141
Overseas tax recovered	(23)	56	57
Interest paid	(1)	–	–
<b>Net cash inflow from operating activities</b>	<b>4,898</b>	<b>4,836</b>	<b>11,244</b>
Purchases of investments	(40,097)	(10,897)	(20,794)
Sales of investments	24,004	13,643	28,918
Settlement of foreign currency contracts	39	67	(37)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(16,054)</b>	<b>2,813</b>	<b>8,087</b>
Dividends paid	(11,324)	(7,707)	(7,707)
Repurchase of shares into Treasury	(3,150)	–	(12,812)
<b>Net cash outflow from financing activities</b>	<b>(14,474)</b>	<b>(7,707)</b>	<b>(20,519)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(25,630)</b>	<b>(58)</b>	<b>(1,188)</b>
Cash and cash equivalents at start of period	31,052	32,219	32,219
Exchange movements	14	7	21
Cash and cash equivalents at end of period	5,436	32,168	31,052
<b>Decrease in cash and cash equivalents</b>	<b>(25,630)</b>	<b>(58)</b>	<b>(1,188)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits	1,354	909	697
Cash held in JPMorgan US Dollar Liquidity Fund	4,082	31,259	30,355
<b>Total</b>	<b>5,436</b>	<b>32,168</b>	<b>31,052</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST DECEMBER 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 June 2016 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 and 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

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 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 Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st December 2016.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 30th June 2016.

### 3. Dividends paid

	(Unaudited) Six months ended 31st December 2016 £'000	(Unaudited) Six months ended 31st December 2015 £'000	(Audited) Year ended 30th June 2016 £'000
2016 Final dividend of 9.0p (2015: 6.0p)	11,324	7,707	7,707
<b>Total dividends paid in the period/year</b>	<b>11,324</b>	<b>7,707</b>	<b>7,707</b>

All dividends paid and declared in the period have been funded from the Revenue Reserve.

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

	(Unaudited) Six months ended 31st December 2016 £'000	(Unaudited) Six months ended 31st December 2015 £'000	(Audited) Year ended 30th June 2016 £'000
Return/(loss) per share is based on the following:			
Revenue return	5,512	3,788	12,136
Capital return/(loss)	64,017	(61,920)	90,336
<b>Total return/(loss)</b>	<b>69,529</b>	<b>(58,132)</b>	<b>102,472</b>
Weighted average number of Ordinary shares in issue (excluding shares held in Treasury)	125,881,804	128,447,289	127,893,440
Revenue return per share	4.38p	2.95p	9.49p
Capital return/(loss) per share	50.86p	(48.21)p	70.63p
<b>Total return/(loss) per share</b>	<b>55.24p</b>	<b>(45.26)p</b>	<b>80.12p</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Net asset value per share

	(Unaudited) Six months ended 31st December 2016	(Unaudited) Six months ended 31st December 2015	(Audited) Year ended 30th June 2016
Net assets (£'000)	989,010	785,761	934,642
Number of shares in issue	125,624,301	128,248,376	126,174,703
<b>Net asset value per share</b>	<b>787.3p</b>	<b>612.7p</b>	<b>740.8p</b>

### 6. Reconciliation of net 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 December 2016 £'000	(Unaudited) Six months ended 31st December 2015 £'000	(Audited) Year ended 30th June 2016 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	70,245	(57,693)	103,723
(Less capital return)/add capital loss on ordinary activities before finance costs and taxation	(64,018)	61,920	(90,336)
Decrease in accrued income and other debtors	1,546	2,198	20
Increase/(decrease) in accrued expenses	27	(116)	(60)
Overseas withholding tax	(643)	(480)	(1,286)
Management fee charged to capital	(3,322)	(2,806)	(5,613)
Dividends received	(9,291)	(7,744)	(15,694)
Interest received	(68)	(39)	(141)
Realised gain on liquidity transactions	1,689	1,772	4,655
Realised (loss)/gain on foreign exchange transactions	(602)	(15)	84
<b>Net cash outflow from operations before dividends and interest</b>	<b>(4,437)</b>	<b>(3,003)</b>	<b>(4,648)</b>

### 7. Fair valuation of investments

The fair value hierarchy disclosures required by FRS 102 are given below.

	(Unaudited) Six months ended 31st December 2016		(Unaudited) Six months ended 31st December 2015		(Audited) Year ended 30th June 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	983,311	–	750,872	–	901,025	–
<b>Total value of investments</b>	<b>983,311</b>	<b>–</b>	<b>750,872</b>	<b>–</b>	<b>901,025</b>	<b>–</b>

# Interim Management Report

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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 and fall into the following broad categories: investment underperformance; political, economic and governance; loss of investment team or investment manager; share price discount; change of corporate control of the manager; legal and regulatory; corporate governance and shareholder relations; operational and cyber crime; 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 June 2016.

## 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.

## Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, 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 year financial 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 December 2015, 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

**Alan Saunders**  
Chairman

22nd February 2017

# Shareholder Information

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## GLOSSARY OF TERMS AND DEFINITIONS

### Share Price Total Return

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

### Net Asset Value Total Return

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, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV when calculating the return on net assets.

### Benchmark Total Return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested 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 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 a premium.

### Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

### 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 daily net assets during the period. Ongoing charges are calculated in accordance with guidance issued by the AIC. The figure as at 31st December 2016 is an estimated annualised figure.

## WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

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

### 1. Directly from J.P. Morgan

#### Investment Account

The Company's shares are available in the J.P. Morgan Investment Account, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Investment Account should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at [am.jpmorgan.co.uk/investor](http://am.jpmorgan.co.uk/investor)

#### Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2016/17 tax year, from 6th April 2016 and ending 5th April 2017, the total ISA allowance is £15,240. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at [am.jpmorgan.co.uk/investor](http://am.jpmorgan.co.uk/investor)

### 2. Via a third party provider

Third party providers include;

AJ Bell	Interactive Investor
Alliance Trust Savings	James Brearley
Barclays Stockbrokers	James Hay
Bestinvest	Selftrade
Charles Stanley Direct	TD Direct
FundsNetwork	The Share Centre
Hargreaves Lansdown	

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

### 3. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at [unbiased.co.uk](http://unbiased.co.uk)

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

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit [fca.org.uk](http://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

- 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.
- Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- Check the Financial Services Register from [www.fca.org.uk](http://www.fca.org.uk) to see if the person and firm contacting you is authorised by the FCA.
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- Use the firm's contact details listed on the Register if you want to call it back.
- 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.
- Search the list of unauthorised firms to avoid at [www.fca.org.uk/scams](http://www.fca.org.uk/scams).
- 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.
- Think about getting independent financial and professional advice before you hand over any money.
- 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](http://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 June
Final results announced	September
Half year end	31st December
Half year results announced	February
Final dividend paid	November
Annual General Meeting	November

## History

The Company was launched in July 1991 with assets of £60 million. In March 1993 the Company raised a further £50 million by an issue of conversion shares. On 13th April 2006, an additional £76 million was raised by an issue of shares following the reconstruction of F&C Emerging Markets Investment Trust plc. The Company adopted its current name in November 2005.

## Directors

Alan Saunders (Chairman)  
Sarah Arkle  
Anatole Kaletsky  
Ruary Neill  
Richard Laing  
Andrew Page

## Company Numbers

Company registration number: 2618994

## Ordinary shares

London Stock Exchange number: 0341895  
ISIN: GB0003418950  
Bloomberg code: JMG LN

## Market Information

The Company's net asset value ('NAV') per share 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 and on the Company's website at [www.jpmemergingmarkets.co.uk](http://www.jpmemergingmarkets.co.uk), where the share price is updated every fifteen minutes during trading hours.

## Website

[www.jpmemergingmarkets.co.uk](http://www.jpmemergingmarkets.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 Junior ISA. These products are all available on the online service at [jpmorgan.co.uk/online](http://jpmorgan.co.uk/online)

## Manager and Company Secretary

JPMorgan Funds Limited

## Company's Registered Office

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

For company secretarial issues and administrative matters, please contact Jonathan Latter.

## Depositary

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

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

## Registrars

Equiniti Limited  
Reference 1081  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone number: 0371 384 2320

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 1081.

Registered shareholders can obtain further details on their holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk)

## Independent Auditors

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

## Brokers

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London EC4R 2GA  
Telephone number: 020 3100 0000

## 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.

**aic**

The Association of  
Investment Companies

A member of the AIC

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[www.jpmemergingmarkets.co.uk](http://www.jpmemergingmarkets.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.