

---

# JPMorgan Asian Investment Trust plc

---

Half Year Report & Accounts for the six months ended 31st March 2017



# 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.

## Dividend Policy

With effect from the 1st October 2016, the Company has implemented a new dividend policy under which it aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's cum-income net asset value ('NAV') on the last business day of each financial quarter, being the end of December, March, June and September. This dividend will be paid from a combination of the revenue and capital reserves. There is no change to the investment policies of the Company following the change in dividend policy.

## Benchmark

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

## Capital Structure

At 31st March 2017, the Company's issued share capital comprised 95,046,993 shares of 25p each, including 805,500 shares held in Treasury.

## 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 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 2020 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.

# Contents

---

## HALF YEAR PERFORMANCE

### ABOUT THE COMPANY

- 3 Chairman's Statement
- 5 Investment Managers' Report

### INVESTMENT REVIEW

- 8 Ten Largest Investments
- 9 Portfolio Analyses

## FINANCIAL STATEMENTS

- 10 Statement of Comprehensive Income
- 11 Statement of Changes in Equity
- 12 Statement of Financial Position
- 13 Statement of Cash Flows
- 14 Notes to the Financial Statements

## 17 INTERIM MANAGEMENT REPORT

### SHAREHOLDER INFORMATION

- 18 Glossary of Terms and Definitions
- 19 Rollover Apportionments
- 20 Where to buy J.P. Morgan Investment Trusts
- 21 Information about the Company

# Half Year Performance

## TOTAL RETURNS TO 31ST MARCH 2017 (INCLUDES DIVIDENDS REINVESTED)

**+12.8%**

Return to shareholders<sup>1</sup>

**+9.1%**

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

**+10.4%**

Benchmark return<sup>3</sup>

**6.5P**

Ordinary dividend<sup>4</sup>

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

<sup>1</sup> Source: Morningstar.

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

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

<sup>4</sup> Dividends declared pursuant to the Company's new dividend distribution policy.

### Financial Data

	31st March 2017	30th September 2016	% change
Total net assets (£'000)	324,174	305,313	+6.2
Number of shares in issue (excluding shares held in Treasury)	94,241,493	95,046,993	-0.8
Net asset value per share	344.0p	321.2p	+7.1 <sup>1</sup>
Share price	307.0p	278.0p	+10.4 <sup>1</sup>
Share price discount to net asset value per share	10.8%	13.4%	
Gearing	(0.5)%	4.5%	
Ongoing charges	0.80%	0.83%	

<sup>1</sup> % change, excluding dividends paid. Including dividends the returns would be +9.1% and +12.8% respectively.

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

# About the Company

---

## CHAIRMAN'S STATEMENT



In what is my first statement as Chairman of your Company, I can report that the Company's return on net assets was 9.1%, and pleasingly, the return to Ordinary shareholders was 12.8%, reflecting a narrowing of the Company's discount over the period. The Company marginally underperformed its benchmark, the MSCI Asia ex Japan Index, which returned 10.4%.

The narrowing in our discount is welcome as the Board has been dissatisfied with the Company's discount level over a number of years. It reflects an improved investment performance since Richard Titherington and Ayaz Ebrahim took over as Investment Managers, with the Company's three and five year NAV total return performance now outperforming the benchmark index by 7.8 and 8.1 percentage points respectively. The change in our dividend policy, alongside the more traditional use of buybacks has further assisted with the narrowing of the discount. Shareholders at the Company's Annual General Meeting held on 2nd February 2017 approved the new dividend policy; we hope this change will assist in reducing the discount on a sustainable basis in the future.

I can also report that, at the same meeting, shareholders voted in favour of the Company's continuation as an investment trust for a further three year period. Your Board is aware that shareholders need to be rewarded for their ongoing support and we will continue to monitor closely the Manager's performance and the level of the Company's discount.

The market review, an appraisal of performance and portfolio positioning, together with their outlook can be found in the accompanying Investment Managers' report.

### Dividend Policy and Discount Management

Following the necessary approval from shareholders, the Company has now implemented its revised dividend policy. The new dividend policy aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. These dividends will be paid from a combination of revenues and capital reserves. However, this change in dividend policy is not accompanied by a change in the investment policy of the Company, which is to deliver capital growth to shareholders. In respect of the quarters to 31st December 2016 and to 31st March 2017 dividends of 3.1p and 3.4p respectively were declared.

Over the reporting period the Company has conducted a number of share buybacks, repurchasing a total of 805,500 shares when the discount has widened beyond acceptable levels. It appears that to some extent, a combination of these two mechanisms has assisted in the narrowing of the Company's discount at a time when the discount widened for the majority of our peers.

For full details of the rationale behind both the change of distribution policy and the increase in the use of the buyback powers, shareholders should refer to my predecessor's statement within the Company's financial statements for the year ended 31st December 2016.

## CHAIRMAN'S STATEMENT *CONTINUED*

### Gearing

In December 2016, the Company put in place a new £40 million three year multi currency loan facility with Scotiabank, with the option of further increasing the facility to £60 million. The investment managers use this facility to gear the portfolio in periods when they believe this leverage will enhance shareholder returns. The Company was not geared at the end of the reporting period.

### Board of Directors

Following many years of service to the Company, James Long retired as a Director and Chairman at the conclusion of the Annual General Meeting held in February this year. James Strachan also made the decision to retire at this juncture. The Board gives thanks to Messrs. Long and Strachan from their service over the years and wishes them well. I was appointed Chairman at the conclusion of the Annual General Meeting and the Board as it currently stands comprises four Directors with an appropriate balance of tenure and experience.

### Outlook

The Company's performance since the end of March 2017 has been strong and the Company is now outperforming its benchmark over its financial year to date. Our Investment Management Team continues to remain positive on the outlook for Asian equities going forward, and whilst there remains a broad mix of economic and political threats to consider, valuations look appealing when compared with both the US and Europe.

**Bronwyn Curtis OBE**

Chairman

26th May 2017

---

## INVESTMENT MANAGERS' REPORT



Ayaz Ebrahim



Richard Titherington

During the period under review, Asian stock markets delivered strong gains for investors. Your Company delivered a total return on net assets of 9.1%, underperforming the benchmark's total return of 10.4%. 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 2017.

### Review

The last quarter of 2016 saw Asian equities decline, underperforming global equities as a whole. Economic momentum over this period stabilised, and we saw the beginning of a recovery in earnings and a rally in commodity prices such as coal and crude oil. This was a catalyst for the rotation from quality growth to value cyclical stocks, with sectors such as healthcare, consumer staples and telecommunication services underperforming materials, finance and energy as we advanced into the quarter.

The election of Donald Trump further exacerbated this trend and led to a rise in bond yields, the US dollar and inflation expectations in response to aggressive rhetoric surrounding increasing fiscal stimulus. After a short hiatus, the 0.25% rise in US rates announced by the Fed in December drove the continued strengthening of the dollar through to the end of the year.

Within the region, the Indian government announced its intention to regulate the informal economy through replacing its high-value bank notes. The market fell in response as several parts of the economy were expected to suffer in the near term. Crude oil continued to strengthen on the back of a successful deal fostered by Saudi Arabia to manage production levels of the commodity, while coal prices started to weaken as the Chinese government eased supply restrictions imposed earlier in the year.

As we entered 2017, Asian equities rallied strongly and registered one of the strongest starts in many years. Global economic indicators, such as the purchasing managers' index (PMI) and manufacturing numbers, continued to show an upward trend. Companies within Asia continued to see improving earnings expectations alongside an encouraging round of earnings releases. The technology and real estate sectors provided some particularly notable positive surprises.

A major factor in the equity market rally was the strong inflows into emerging markets, which amounted to around USD 13.1 billion and were the highest first-quarter equity inflows since 2013. India rallied as the incumbent government (BJP) won two state elections with a clear majority (one of those being the most populous states in India, Uttar Pradesh) and formed a government in four of the five states. The cabinet also approved four draft laws on the Goods and Services Tax needed to implement these business-friendly tax reforms from July 2017.

In Korea, politics and decreasing concerns regarding anti-free trade policies from the new US administration drove the won's appreciation. Equities rallied, reflecting strong performance from information technology stocks on the back of upgrades and new product cycles from both Samsung and Apple. This positive economic news allowed investors to look beyond political concerns arising from the impeachment of President Park and the announcement that elections will take place in early May. Geopolitical tensions between China and Korea remained strained. Chinese equities performed in line with the region on the back of strong economic momentum, a stable yuan and strong flows into Hong Kong-listed H-shares.

### 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, Vietnam and Indonesia were notable detractors as they underperformed the broader regional equity markets. The biggest detractor was in fact the underweight position in Singapore, which was one of the best performing markets over the period.

## INVESTMENT MANAGERS' REPORT *CONTINUED*

At the stock level, the key contributor to performance was stock selection in the Information Technology and Consumer sectors. We were correctly overweight Samsung Electronics, which rallied on strong results and an announcement of intentions to improve shareholder returns and despite the large write down taken by the company in recalling the Galaxy Note 7 range of smartphones. Our holdings in those Taiwanese and other firms in the region exposed to Apple performed well ahead of the release of the new phone in the third quarter. These include AAC Technologies (China - acoustics) and Largan Precision (Taiwan - camera lens).

Our holding in IndusInd Bank in India continued to rally as it reported strong results ahead of expectations, driven by higher revenues, indicating that the bank like others in the sector appear to have withstood the negative impact of demonetisation. Across the portfolio, the financial sector remains our largest single sector exposure and our largest overweight position relative to the benchmark with our continued exposure to insurers, particularly in China, being augmented by increased positions in HDFC (India) and TMB (Thailand) banks. Chinese e-commerce stocks were also strong performers over the period.

In contrast, some of stock picks in North Asia were detractors from performance. In Korea, our holding in Korea Electric Power (Kepeco) fell as crude oil prices rose over the period which affects earnings and speculation that both the ruling and opposition party in Korea, are looking to pass legislation that would adversely impact the company's fuel mix. Hyundai Glovis,

### PERFORMANCE ATTRIBUTION FOR THE SIX MONTHS TO 31ST MARCH 2017

	%	%
<b>Contributions to total returns</b>		
<b>Benchmark total return</b>		<b>10.4</b>
Stock selection	-0.8	
Currency effect	0.2	
Gearing/cash	-0.3	
<b>Investment Manager contribution</b>		<b>-0.9</b>
Dividend/residual <sup>1</sup>	-0.1	
<b>Portfolio return</b>		<b>9.4</b>
Management fees/other expenses	-0.4	
Share buybacks	0.1	
<b>Return on net assets</b>		<b>9.1</b>
<b>Return to ordinary shareholders</b>		<b>12.8</b>

Source: FactSet, JPMAM and Morningstar.

All figures are on a total return basis.

<sup>1</sup> 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.

---

the Korea logistics firm, underperformed in response to concerns over further tightening policies and the challenges that may arise from a broader restructuring of the Hyundai Group.

AIA fell towards the end of the period on the announcement that the current CEO will be stepping down to take on the Chairman's position at HSBC and on concerns over capital outflow restrictions. Éclat in Taiwan and Regina Miracle in Hong Kong, both sports/leisure wear apparel underperformed as they continued to see weak sales from key retail clients. CR Phoenix Healthcare in China underperformed, because of short-term policy uncertainty given that the Beijing government is looking to fully implement the zero mark-up policy on drug sales in public hospitals in 2017.

## Outlook

We continue to remain positive on the outlook for Asian equities, whilst nominal economic momentum has yet to be reflected in hard data such as real GDP growth. The continued improvement in economic sentiment has also led to upward revisions in consensus estimates for earnings. Policy risk has been the biggest concern among would-be investors in equity markets since the US election, and the lack of action on the trade or currency front so far is encouraging.

The pickup in intra-regional trades supports our positive view on markets and companies that can benefit from increasing activity in this area, such as technology in Korea, Taiwan and China. We are also positive towards Indian equities given numerous structural growth opportunities, but valuations are near the higher end of the historical range. Indonesia should also benefit from recovering commodity prices, which, along with political stability, should be sufficient to get the private sector started and drive an earnings recovery.

Our three key sector 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 have the ability to innovate, increase penetration and benefit from a rising functionality of consumer devices. These include component companies in the Apple i-Phone supply-chain as well as leading edge technology companies such as Taiwan Semiconductor and Samsung Electronics.

We are also well-positioned in companies in the e-commerce sector which are seeing strong growth, particularly in China. Our overweight positioning in the insurance sector aims to benefit from a long-term underlying structural growth story in Asia of rising incomes and rising urbanisation. 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 are well-positioned for continued growth in the demand for full banking services in the region.

**Ayaz Ebrahim**  
**Richard Titherington**  
Investment Managers

26th May 2017

# Investment Review

## TEN LARGEST INVESTMENTS AT 31ST MARCH 2017

Company	Country	2017 Valuation		2016 Valuation	
		£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
Tencent Holdings	China	22,812	7.1	23,391	7.3
Samsung Electronics <sup>3</sup>	Korea	21,310	6.6	21,483	6.7
AIA Group	Hong Kong	17,738	5.5	15,844	5.0
Alibaba Group Holding, ADR <sup>2</sup>	China	16,435	5.1	4,395	1.4
HDFC Bank	India	11,901	3.7	9,333	2.9
Ping An Insurance Group Co. of China 'H'	China	11,755	3.6	9,905	3.1
Korea Electric Power	Korea	8,546	2.6	7,526	2.4
Taiwan Semiconductor Manufacturing	Taiwan	8,000	2.5	16,583	5.2
CK Hutchison Holdings	Hong Kong	7,993	2.5	8,172	2.6
JPMorgan Vietnam Opportunities Fund	Vietnam	7,440	2.3	7,206	2.3
<b>Total</b>		<b>133,930</b>	<b>41.5</b>		

At 30 September 2016, the value of the ten largest equity investments amounted to £129.1m representing 40.5% of total investments.

<sup>1</sup> Based on total investments of £322.6m (2016: £319.2m).

<sup>2</sup> Not included in the ten largest investments at 30th September 2016.

<sup>3</sup> Includes preference shares.

## PORTFOLIO ANALYSES

### Geographical

	31st March 2017		30th September 2016	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
China	32.4	31.4	34.0	31.4
Korea	19.1	17.5	18.1	17.3
Taiwan	11.9	14.3	13.5	14.1
India	11.6	10.3	11.5	9.9
Hong Kong	11.5	12.2	11.0	12.3
Indonesia	4.5	2.9	4.6	3.2
Thailand	3.7	2.6	4.2	2.6
Vietnam	2.3	–	2.3	–
Singapore	1.9	4.6	–	4.5
Philippines	0.6	1.4	0.8	1.6
Malaysia	0.5	2.8	–	3.1
<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 investments of £322.6m (2016: £319.2m).

### Sector

	31st March 2017		30th September 2016	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Financials	34.5	23.5	26.9	23.5
Information Technology	29.8	28.4	29.8	27.6
Consumer Discretionary	10.1	9.6	11.0	9.5
Industrials	4.9	8.0	4.6	7.9
Utilities	4.6	3.4	4.9	3.7
Energy	4.5	4.4	5.5	4.0
Real Estate	2.8	6.0	3.1	6.1
Health Care	2.3	2.2	2.8	2.5
Investment Fund	2.3	–	2.3	–
Telecommunication Services	1.5	5.2	5.6	5.8
Consumer Staples	1.5	4.6	1.8	5.2
Materials	1.2	4.7	1.7	4.2
<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 investments of £322.6m (2016: £319.2m).

# Financial Statements

## STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31ST MARCH 2017

	(Unaudited) Six months ended 31st March 2017			(Unaudited) Six months ended 31st March 2016			(Audited) Year ended 30th September 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Gains on investments held at fair value through profit or loss</b>									
Net foreign currency losses	–	27,424	27,424	–	19,577	19,577	–	87,626	87,626
Income from investments	–	(566)	(566)	–	(189)	(189)	–	(1,700)	(1,700)
Interest receivable and similar income	1,455	–	1,455	1,159	–	1,159	5,965	–	5,965
	1	–	1	4	–	4	4	–	4
<b>Gross return</b>	<b>1,456</b>	<b>26,858</b>	<b>28,314</b>	<b>1,163</b>	<b>19,388</b>	<b>20,551</b>	<b>5,969</b>	<b>85,926</b>	<b>91,895</b>
Management fee	(822)	–	(822)	(600)	–	(600)	(1,277)	–	(1,277)
Other administrative expenses	(419)	–	(419)	(373)	–	(373)	(737)	–	(737)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>215</b>	<b>26,858</b>	<b>27,073</b>	<b>190</b>	<b>19,388</b>	<b>19,578</b>	<b>3,955</b>	<b>85,926</b>	<b>89,881</b>
Finance costs	(83)	–	(83)	(152)	–	(152)	(292)	–	(292)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>132</b>	<b>26,858</b>	<b>26,990</b>	<b>38</b>	<b>19,388</b>	<b>19,426</b>	<b>3,663</b>	<b>85,926</b>	<b>89,589</b>
Taxation	61	–	61	11	–	11	(356)	–	(356)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>193</b>	<b>26,858</b>	<b>27,051</b>	<b>49</b>	<b>19,388</b>	<b>19,437</b>	<b>3,307</b>	<b>85,926</b>	<b>89,233</b>
<b>Return per share</b> (note 4)	<b>0.20p</b>	<b>28.30p</b>	<b>28.50p</b>	<b>0.05p</b>	<b>20.40p</b>	<b>20.45p</b>	<b>3.48p</b>	<b>90.40p</b>	<b>93.88p</b>

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.

Net return on ordinary activities after taxation represents the profit for the period and also the total comprehensive income.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE SIX MONTHS ENDED 31ST MARCH 2017

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves <sup>1</sup> £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>Six months ended 31st March 2017 (Unaudited)</b>							
<b>At 30th September 2016</b>	23,762	31,646	977	25,121	218,124	5,683	305,313
Repurchase of shares into Treasury	–	–	–	–	(2,392)	–	(2,392)
Net return on ordinary activities	–	–	–	–	26,858	193	27,051
Dividends paid in the period	–	–	–	–	–	(5,798)	(5,798)
<b>At 31st March 2017</b>	<b>23,762</b>	<b>31,646</b>	<b>977</b>	<b>25,121</b>	<b>242,590</b>	<b>78</b>	<b>324,174</b>
<b>Six months ended 31st March 2016 (Unaudited)</b>							
<b>At 30th September 2015</b>	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)
<b>At 31st March 2016</b>	<b>23,762</b>	<b>31,646</b>	<b>977</b>	<b>25,121</b>	<b>151,586</b>	<b>2,425</b>	<b>235,517</b>
<b>Year ended 30th September 2016 (Audited)</b>							
<b>At 30th September 2015</b>	23,762	31,646	977	25,121	132,198	4,752	218,456
Net return on ordinary activities	–	–	–	–	85,926	3,307	89,233
Dividend paid in the year	–	–	–	–	–	(2,376)	(2,376)
<b>At 30th September 2016</b>	<b>23,762</b>	<b>31,646</b>	<b>977</b>	<b>25,121</b>	<b>218,124</b>	<b>5,683</b>	<b>305,313</b>

<sup>1</sup> These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments.

**STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2017**

	(Unaudited) 31st March 2017 £'000	(Unaudited) 31st March 2016 £'000	(Audited) 30th September 2016 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	322,572	243,513	319,185
<b>Current assets</b>			
Derivative financial assets	1	–	1
Debtors	2,275	1,500	2,475
Cash and cash equivalents	715	3,128	1,065
	<b>2,991</b>	<b>4,628</b>	<b>3,541</b>
<b>Creditors:</b> amounts falling due within one year	(1,388)	(12,622)	(17,413)
Derivative financial liabilities	(1)	(2)	–
<b>Net current assets/(liabilities)</b>	<b>1,602</b>	<b>(7,996)</b>	<b>(13,872)</b>
<b>Total assets less current liabilities</b>	<b>324,174</b>	<b>235,517</b>	<b>305,313</b>
<b>Net assets</b>	<b>324,174</b>	<b>235,517</b>	<b>305,313</b>
<b>Capital and reserves</b>			
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	242,590	151,586	218,124
Revenue reserve	78	2,425	5,683
<b>Total shareholders' funds</b>	<b>324,174</b>	<b>235,517</b>	<b>305,313</b>
<b>Net asset value per share</b> (note 5)	<b>344.0p</b>	<b>247.8p</b>	<b>321.2p</b>

## STATEMENT OF CASH FLOWS

### FOR THE SIX MONTHS ENDED 31ST MARCH 2017

	(Unaudited) Six months ended 31st March 2017 £'000	(Unaudited) Six months ended 31st March 2016 £'000	(Audited) Year ended 30th September 2016 £'000
<b>Net cash outflow from operations before dividends and interest</b> (note 6)	(1,385)	(851)	(1,935)
Dividends received	570	431	5,197
Interest received	1	4	4
Overseas tax recovered	271	156	164
Interest paid	(112)	(165)	(294)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(655)</b>	<b>(425)</b>	<b>3,136</b>
Purchases of investments	(81,262)	(51,795)	(124,394)
Sales of investments	105,253	46,601	112,291
Settlement of foreign currency contracts	(24)	115	113
<b>Net cash inflow/(outflow) from investing activities</b>	<b>23,967</b>	<b>(5,079)</b>	<b>(11,990)</b>
Dividends paid	(5,798)	(2,376)	(2,376)
Repurchase of shares into Treasury	(2,261)	–	–
Repayment of bank loans	(15,602)	(10,000)	(10,000)
Drawdown of bank loans	–	11,970	13,273
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(23,661)</b>	<b>(406)</b>	<b>897</b>
<b>Decrease in cash and cash equivalents</b>	<b>(349)</b>	<b>(5,910)</b>	<b>(7,957)</b>
Cash and cash equivalents at start of period/year	1,065	9,017	9,017
Exchange movements	(1)	21	5
Cash and cash equivalents at end of period/year	715	3,128	1,065
<b>Decrease in cash and cash equivalents</b>	<b>(349)</b>	<b>(5,910)</b>	<b>(7,957)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits	715	3,128	1,065
	<b>715</b>	<b>3,128</b>	<b>1,065</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST MARCH 2017

### 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 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

#### 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 six months ended 31st March 2017.

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 September 2016, except for the following addition:

#### Repurchase of shares to hold in Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs is charged to 'capital reserves' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of called up share capital and into capital redemption reserve.

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to share premium.

### 3. Dividends paid<sup>1</sup>

	(Unaudited) Six months ended 31st March 2017 £'000	(Unaudited) Six months ended 31st March 2016 £'000	(Audited) Year ended 30th September 2016 £'000
<b>Dividends paid</b>			
Final dividend paid in respect of the year ended 30th September 2016 of 3.0p (2015: 2.5p)	2,851	2,376	2,376
2017 first interim dividend of 3.1p (2016: nil) <sup>2</sup>	2,947	–	–
<b>Total dividends paid in the period</b>	<b>5,798</b>	<b>2,376</b>	<b>2,376</b>

<sup>1</sup> All dividends paid in the period have been funded from the revenue reserve.

<sup>2</sup> No interim dividends were paid in 2016, as the Company's new dividend policy was not in existence.

A second interim dividend of 3.4p has been declared for payment on 10th May 2017 for the financial year ending 30th September 2017.

#### 4. Return per share

	(Unaudited) Six months ended 31st March 2017 £'000	(Unaudited) Six months ended 31st March 2016 £'000	(Audited) Year ended 30th September 2016 £'000
<b>Return per share is based on the following:</b>			
Revenue return	193	49	3,307
Capital return	26,858	19,388	85,926
<b>Total return</b>	<b>27,051</b>	<b>19,437</b>	<b>89,233</b>
Weighted average number of shares in issue	94,913,858	95,046,993	95,046,993
Revenue return per share	0.20p	0.05p	3.48p
Capital return per share	28.30p	20.40p	90.40p
<b>Total return per share</b>	<b>28.50p</b>	<b>20.45p</b>	<b>93.88p</b>

#### 5. Net asset value per share

	(Unaudited) Six months ended 31st March 2017	(Unaudited) Six months ended 31st March 2016	(Audited) Year ended 30th September 2016
Net assets (£'000)	324,174	235,517	305,313
Number of shares in issue	94,241,493	95,046,993	95,046,993
<b>Net asset value per share</b>	<b>344.0p</b>	<b>247.8p</b>	<b>321.2p</b>

#### 6. Reconciliation of net return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	(Unaudited) Six months ended 31st March 2017 £'000	(Unaudited) Six months ended 31st March 2016 £'000	(Audited) Year ended 30th September 2016 £'000
Net return on ordinary activities before finance costs and taxation	27,073	19,578	89,881
Less capital return on ordinary activities before finance costs and taxation	(26,858)	(19,388)	(85,926)
Scrip dividends received as income	—	—	(57)
Increase in accrued income and other debtors	(671)	(620)	(221)
Decrease in accrued expenses	(8)	(79)	(14)
Overseas withholding tax	(208)	(136)	(508)
Dividends received	(570)	(431)	(5,197)
Interest received	(1)	(4)	(4)
Realised (losses)/gains on foreign currency transactions	(132)	156	28
Exchange (loss)/gain on liquidity fund	(10)	73	83
<b>Net cash outflow from operating activities</b>	<b>(1,385)</b>	<b>(851)</b>	<b>(1,935)</b>

## NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

### 7. Fair valuation of investments

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

	(Unaudited) Six months ended 31st March 2017		(Unaudited) Six months ended 31st March 2016		(Audited) Year ended 30th September 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	315,132	–	238,429	–	311,979	–
Level 2 <sup>1</sup>	7,441	(1)	5,084	–	7,206	–
<b>Total</b>	<b>322,573</b>	<b>(1)</b>	<b>243,513</b>	<b>–</b>	<b>319,185</b>	<b>–</b>

<sup>1</sup> Includes investment in JPMorgan Vietnam Opportunities Fund, an Open Ended Investment Company (OEIC) and forward foreign currency contracts.

# 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 2016.

## 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 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 March 2017, 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

**Bronwyn Curtis OBE**  
Director

26th May 2017

# Shareholder Information

---

## GLOSSARY OF TERMS AND DEFINITIONS

### AIC

The AIC is the trade body for closed-ended investment companies.

### Return to shareholders

Total return to the shareholder 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.

### 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 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/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.

### Treasury shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares have no entitlement to dividends, have no voting rights and are excluded from the net asset value per share calculation.

### 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 2017 is an estimated annualised figure.

## 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.

### 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.

### 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.

<b>Option 1</b>	All share option	JPMorgan Asian Ordinary shares	0.95853
		JPMorgan Asian Warrants	0.04147
<b>Option 2</b>	Share and Japanese unit option	JPMorgan Asian Ordinary shares	0.64066
		JPMorgan Asian Warrants	0.02772
		S&P Japanese Units	0.33162
<b>Option 3</b>	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

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)

## Be ScamSmart

### Investment scams are designed to look like genuine investments

#### Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

### Avoid investment fraud

#### 1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

#### 2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

#### 3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

**Remember: if it sounds too good to be true, it probably is!**

### Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at [www.fca.org.uk/consumers/report-scam-unauthorised-firm](http://www.fca.org.uk/consumers/report-scam-unauthorised-firm). You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

**Find out more at**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



# 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
Dividend on ordinary shares paid	February/May/August/November
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

Bronwyn Curtis OBE (Chairman)  
Dean Buckley  
Ronald Gould  
Peter Moon

## 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](http://www.jpmasian.co.uk) where the prices are updated every fifteen minutes during trading hours.

## Website

[www.jpmasian.co.uk](http://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, 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 number: 020 7742 4000

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

## Depository

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

The Depository has appointed 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](http://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](http://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.