JPMorgan American Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2017

J.P.Morgan
Asset Management

Features

Objective

To achieve capital growth from North American investments by outperformance of the Company's benchmark.

Investment Policies

- To invest in North American quoted companies including, when appropriate, exposure to smaller capitalisation companies.
- To emphasise capital growth rather than income.

Gearing and Hedging Policies

- To use short and long term gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Manager is accountable for tactically managing the gearing, within a +/-2.0% range around a 'normal' gearing level. The normal gearing level, which is set by the Board and kept under review, is currently 10%.
- To hedge the currency risk only in respect of the Company's sterling debenture.

Benchmark Index

The S&P 500 Index expressed in sterling total return terms.

Capital Structure

As at 30th June 2017, the Company's share capital comprised 281,633,910 ordinary shares of 5p each, including 45,467,035 shares held in Treasury.

The Company has a £50 million debenture in issue, carrying a fixed interest rate of 6.875%, per annum, repayable in June 2018. The Company currently also has two floating rate debt facilities totalling £65 million. When utilised, both facilities are drawn in US dollars.

Management and Performance Fees

The management fee is charged at a rate of 0.5% per annum, paid quarterly in arrears, on the Company's total assets less current liabilities. With effect from 1st October 2017, the management fee will be charged on a tiered basis as follows:

- 0.35% on the first £500 million of net assets;
- 0.30% on net assets above £500 million and up to £1 billion; and
- 0.25% on any net assets above £1 billion.

The performance fee is calculated at the rate of 10% of the difference between the net asset value total return and the total return of the S&P 500 Index. The performance fee is capped in any one year at 0.25% of the cum-income debt at par net asset value at the previous 31st December, and any negative fee resulting from underperformance is deducted from any unpaid fees brought forward from prior years with any remaining amount carried forward until paid in full.

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') which further delegates the management to JPMorgan Asset Management, Inc. All of these entities are wholly owned subsidiaries of J.P. Morgan Chase & Co.

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.

AIC

The Company is a member of the Association of Investment Companies.

Website

The Company's website, which can be found at www.jpmamerican.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 30TH JUNE 2017

+3.6%
Return to shareholders[1]
per share

+5.8%
Return on net assets[2]
per share

+3.9%
Benchmark index[1,3]

2.25p
Interim Dividend (2016: 2.25p)
per share

Financial Data

	30th June 2017	31st December 2016	% change
Shareholders' funds (£'000)	945,419	985,216	-4.0
Number of shares in issue[4]	236,166,875	258,573,403	-8.7
Net asset value per share with debt at par value	400.3p	381.0p	+5.1[6]
Net asset value per share with debt at fair value[5]	399.1p	379.3p	+5.2[6]
Share price	379.8p	369.2p	+2.9[7]
Share price discount to net asset value per share with debt at fair value	4.8%	2.7%	
Gearing	9.0%	8.5%	
Ongoing charges	0.60%	0.62%	
Ongoing charges inclusive of any performance fee payable	0.60%	0.62%	
Exchange rate	£1 = $1.2989	£1 = $1.2356	

1 Source: Morningstar.

2 Source: Morningstar/J.P. Morgan using net asset value per share, cum income, with debt at par value.

3 The Company's benchmark is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.

4 Excluding 45,467,035 (31st December 2016: 23,060,507) shares held in Treasury.

5 The fair value of the £50m debenture issued by the Company has been calculated using discounted cash flow techniques, using the yield from a similar dated gilt plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

6 % change, excluding dividends paid. Including dividends the returns would be +5.8% and +6.0%.

7 % change, excluding dividends paid. Including dividends the returns would be +3.6%

A glossary of terms and alternative performance measures is provided on page 20.

CHAIR'S STATEMENT

Performance

In my first statement as the Chair of your Company, I am pleased to report that the Company has outperformed its benchmark in the first half of the current financial year. In the six months to 30th June 2017, the total return on net assets per share and in sterling terms was +5.8%, which compares favourably with the total return from the Company's benchmark, the S&P 500 Index in sterling terms, of +3.9%. Following the significant boost that currency provided last year to returns as the dollar strengthened against sterling by 16.6%, this year sterling has strengthened by 5.3% against the dollar and reduced market returns accordingly.

As shown in the performance attribution later in the Report, it is pleasing to see positive contributions to performance relative to benchmark coming from both large and small capitalisation elements of the portfolio. The return to Ordinary shareholders per share and in sterling terms was +3.6%, reflecting a small widening of the Company's discount to net asset value per share ('NAV') at which it traded at the end of the period.

Investment Process and Management Fees

My predecessor, Sarah Bates, highlighted in her final statement published in March 2017, and at the Company's Annual General Meeting in May, that the Board was resolved to produce an investment offering and fee structure for the Company which is attractive and sustainable for shareholders. Over the past years the Board has taken the initiative, establishing a more robust gearing approach and latterly working with our investment manager, Garrett Fish, to look at improvements to the investment process, which are now being incorporated into the management of the portfolio. For full details of the Board's review of the investment process and its findings please refer to the Chair's statement within the Company's 2016 Annual Report.

The Board and the Company's Manager, JPMorgan Funds Limited ('JPMF') have subsequently worked together constructively to structure an investment management fee arrangement that takes into account a range of factors. This has focused on the Board's obligation to the Company's shareholders to ensure that they receive good value investment management, but also the short and longer term implications of the Company's positioning in the investment market place.

The Board was pleased to announce on 26th June 2017 a significant reduction in the Company's fee structure. With effect from 1st October 2017, the annual management fee, currently 0.50% of total assets less current liabilities, with no tiering, will be charged at an annual rate as detailed below:

- 0.35% on the first £500 million of net assets;
- 0.30% on net assets above £500 million and up to £1 billion; and
- 0.25% on any net assets above £1 billion.

There is no change to the Company's performance fee arrangements. Both the Board and JPMF believe that this new fee structure will allow the Company to retain its competitive position against both Exchange Traded Funds ('ETFs') and other quant and smart beta products, while continuing to pursue a core active management strategy with an improved investment process. These changes were agreed shortly in advance of the publication of the Financial Conduct Authority's report into the asset management industry, and I am pleased they are consistent with that report.

CHAIR'S STATEMENT *CONTINUED*

Share Price and Discount Management

The Company's shares have traded at a discount to the NAV throughout the period under review and the Company has continued to buy back its shares in significant volumes. The Company bought into Treasury a total of 22.4 million shares (17.7 million shares in the whole of the 2016 year), or 8.7% of the Company's issued share capital at the beginning of 2017. These shares were purchased at an average discount to NAV of 4.1%, producing an accretion to the NAV for continuing shareholders. Such action reaffirms the Board's commitment to its shareholders to buy shares back when they stand at anything more than a small discount to NAV.

Dividend

Revenue generation for the full year ending 31st December 2017 is estimated to be somewhat lower than 2016. However, the buyback of a significant number of shares is likely to result in an increase in the earnings per share for the full year, notwithstanding the revenue decline. The Company is declaring an unchanged dividend of 2.25 pence per share for the first six months of this year, which will be payable on 5th October 2017 to shareholders on the register on 1st September 2017. The Board will consider the rate of the final dividend when the revenue for the full year is confirmed.

Gearing

Gearing at the period end was 9%, and has remained within the Board's strategic gearing level of 10%, plus or minus 2% throughout the period. Our fund manager has the ability to hold cash of up to 5% of net assets if he believes there is a real risk of capital loss and we have indicated that our highest level of gearing would be 20%. The Company has bank facilities totalling £65 million, together with a £50 million debenture. Since the debenture matures in June 2018, the Board is currently considering replacement options.

Board of Directors

Following 12 years of service to the Company, Sarah Bates retired as a Director on 26th July 2017, having previously stepped down as Chair at the Company's Annual General Meeting held in May 2017.

The Board and the Company have benefitted greatly over the years from Sarah's counsel, her determination to pursue shareholder returns, and her unrelenting diligence to protect shareholders' interests. On a personal note I have been grateful to Sarah for her gracious assistance in the handover of the Chair role since the Annual General Meeting.

Mr Robert Talbut was appointed to the Board with effect from 1st June 2017. Mr Talbut was, until 2014, the Chief Investment Officer of Royal London Asset Management and has over 30 years of financial services experience. He has represented the asset management industry through the chairmanship of both the ABI Investment Committee and the Asset Management Committee of the Investment Association. He has also been a member of the Audit & Assurance Council of the Financial Reporting Council and the Financial Conduct Authority's Listing Authority Advisory Panel. Robert is already making a significant contribution to the Board's deliberations.

Outlook

It is indisputable that the current economic cycle in the US is mature, certainly by comparisons with history. The Federal Reserve has begun to raise short term interest rates and is making an attempt to restore some kind of normality to monetary policy after the many years of unorthodox Quantitative Easing. Even so, Fed Chair Janet Yellen has indicated that prospective interest rate rises will likely be modest as the cycle proceeds.

Company profits will be under some pressure but expectations are that no major decline will occur. Equity valuations are high but not extreme by historic standards. Investors have to digest this environment against a background of the political and policy uncertainty that characterises the present White House. Taken together there must be an expectation that equity prices could be quite volatile from time to time over the forthcoming period.
The investment process followed by our manager, Garrett Fish, is based on picking individual stocks and assembling them into a portfolio which has attractive characteristics compared to the overall market. While shareholders are inevitably exposed to the overall movements of the general equity market, the Board has confidence that over time the investment process pursued by the Manager will outperform our benchmark, the S&P 500 Index.

Dr Kevin Carter
Chair 3rd August 2017

INVESTMENT MANAGER'S REPORT

Market Review

US equity markets experienced the strongest start to the year since 2013 in dollar terms, with the S&P 500 Index reaching its 26th new all-time high of 2017 on 19th June. The first six months of the year could be characterised by low levels of volatility and a reversal of market leadership from 2016. The energy, telecom services and financials sectors, which had been 2016's top performers became this year's laggards. Equities recovered in the final week of the first quarter as President Trump immediately shifted his focus to tax reform.

With enthusiasm diminishing over President Trump's ability to implement his aggressive agenda, investor focus returned to fundamentals. The reacceleration of global economic growth, which has been in place since the second half of last year, has been reflected in this year's earnings. First quarter S&P 500 earnings represent a 3.3% increase from the prior quarter and a 20.2% increase from the first quarter of 2016. First quarter earnings season marked the third consecutive quarter of year-over-year earnings growth after experiencing seven straight quarterly declines dating back to the fourth quarter of 2014.

Below average levels of volatility continued as the CBOE Volatility Index®, otherwise known as the VIX, fell to its lowest level since 1993 closing at 9.77 on 8th May. This is the fifth lowest reading of the volatility measure going back to its inception.

While volatility for the equity markets remained subdued in June, crude oil prices fell to their lowest level since August of last year and interest rates spiked in the quarter's final days. Despite attempts by OPEC and non-OPEC countries, including Russia, to limit production, increased US crude oil production placed pressure on prices. As crude oil prices recovered from their early 2016 low of USD26.21/bbl., US crude oil production has increased significantly. For the four weeks ending 23rd June, US production stood at 9.31 million barrels per day, an increase of 7.2% from a year ago.

As expected, the Federal Open Market Committee (FOMC) of the Federal Reserve (Fed) decided to raise interest rates by 0.25% to a range of 1.00% to 1.25%. The Fed expects to raise rates one more time this year and three times in 2018. Additionally, the FOMC for the first time released plans to reduce the size of its balance sheet which according to the June FOMC statement will begin 'this year'. Investors took the developments coming from the June FOMC meeting in their stride. However, investors perceived comments made by European Central Bank (ECB) President, Mario Draghi, and Bank of England (BoE) President, Mark Carney as 'hawkish', prompting a spike in bond yields. Draghi, in an optimistic speech, suggested that policy could be adjusted, while Carney stated that some removal of monetary stimulus may be warranted. As a result, sovereign bond yields rose across the globe. The yield on the US 10-year US Treasury bond rose from 2.14% to 2.31% in June's final week.

Performance

The Company's net asset value rose by 5.8% in total return terms over the first six months of 2017. The return was above the benchmark, the S&P 500 Index, which rose 3.9% in sterling terms. All three components of the portfolio contributed positively to performance during the first half of the year. The large cap portion of the portfolio benefitted from overweight positions in the technology and healthcare sectors whilst also benefitting from an underweight position in the energy sector. The small cap growth portion of the portfolio had a very strong rebound after a bout of underperformance in the year earlier period. This was driven by very robust earnings reports and an overweight position in the technology sector. Gearing also contributed positively as the increase in value of the portfolio over the first six months of the year was greater than the cost of the debt.

The portfolio benefitted from strong stock selection in the consumer discretionary sector. Within that sector, our overweight positions in both Restaurant Brands and McDonalds added value. McDonalds reported better-than-expected sales results and has benefitted from the wealth gains achieved among the low-end consumer. Restaurant Brands performed very well in the first half due to strong cost controls and better than expected year on year comparisons. It also announced the acquisition of Popeye's restaurant chain that was well received by the market place.

PERFORMANCE ATTRIBUTION FOR THE SIX MONTHS ENDED 30TH JUNE 2017

	%	%
Contributions to total returns		
Net asset value total return (in sterling terms)		5.8
Benchmark total return (in US dollar terms)	9.2	
Impact of currency movement on benchmark return	-5.3	
Benchmark total return (in sterling terms)		3.9
Excess return		1.9
Contributions to total returns		
Allocation effect	0.7	
Selection effect	0.0	
Large cap portfolio		0.7
Allocation effect	0.7	
Selection effect	0.0	
Small cap portfolio		0.7
Cash		–0.1
Gearing		0.6
Cost of debt		–0.2
Currency hedge		0.2
Share issuance/buyback		0.3
Management fee/expenses		–0.3
Total		1.9

Source: JPMAM and Morningstar.

All figures are on a total return basis.

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

A glossary of terms and alternative performance measures is provided on page 20.

INVESTMENT MANAGER'S REPORT *CONTINUED*

Within health care, overweight allocations to Humana and Aetna were among the largest contributors to performance. Shares in Humana outperformed during the period after the company released strong quarterly earnings results, driven largely by the outperformance of its retail segment. Additionally, better-than-expected Medical Loss Ratio trends also bolstered shares. Shares of Aetna increased during the period, as investors reacted favourably to the company's quarterly earnings as encouraging Medical Loss Ratio trends were supported by improved performance in its commercial segment and allowed the company to increase investment in its growth initiatives. The company also raised its FY17 guidance as it expects Medical Loss Ratios to continue to improve.

Our underweight position in the energy sector was helped by not owning shares of either Exxon Mobil or Chevron, the two largest companies in the sector. The fall in the oil price during the time period dragged down most of the companies in the sector. Two of our holdings, Apache and TechnipFMC, were not immune to this impact and they negatively impacted performance. We still have a favourable view on Apache as it ramps up production in its newest fields in West Texas. Even though the early signs of the merger between Technip and FMC are positive the fall in the oil price caused industry conditions to deteriorate and the share price also declined.

The portfolio benefitted from not holding any shares in General Electric as the shares have fallen due to disappointing financial returns from their individual business units. We find more attractively valued securities within the industrials sector and remain underweight the shares.

Within consumer staples, overweight positions in Walgreens Boots and Molson Coors Brewing were among the largest detractors in the sector. Shares of Walgreens Boots dropped during the period after the announcement of the proposed Amazon/Whole Foods Markets merger due to fears that Amazon may enter the pharmacy market, which would be a big headwind for the company. Shares of Molson Coors Brewing sold off following disappointing EBITDA guidance at the company's investor meeting. The company's valuation is very attractive and we continue to believe in upside to cost savings targets and better North America share trends.

Our lack of exposure to Facebook and Amazon detracted. While these are fine companies we believe that investors are paying a very dear price for the growth prospects of these companies. On the other hand, we believe the shares of Apple remain very attractive here even after a very strong start to the year. The shares of Apple performed well due to surprisingly positive results for its largest revenue generating product – the iPhone. Most investors expected a deceleration of orders due to the upcoming launch of the 10th anniversary iPhone in the second half of this year. This upgrade cycle is expected to be the largest yet.

Our overweight position in Qualcomm was the largest detractor to the portfolio. Qualcomm reported better than expected results for Q4 2016, but its guidance was slightly below investors' expectations. Additionally, the company addressed the recent Apple and FTC lawsuits, stating that Qualcomm does not expect any disruption to royalty payments from Apple's contract manufacturers despite the arbitration. In the meantime the shares underperformed due to this new round of legal uncertainty. While not pleasant news, the company has dealt successfully with similar lawsuits in the past.

With regards to our portfolio positioning, the Company is most overweight in health care, consumer staples and information technology sectors and has small overweight allocations in utilities and consumer discretionary. The health care sector is the largest overweight position, since there are several areas that are attractive right now due to the distraction of the health care related news from Washington and the underperformance over the last two years. The large cap biotechnology area continues to see new product introductions and the worries of price reductions has kept the share prices muted even though there is decent earnings growth. Also the managed care area, where two separate mergers were denied by the government, continues to refine their programs for the rapidly changing health care landscape. We view these companies as part of the solution to the health care issues in the US, not part of the problem. Furthermore the Company has its biggest underweights in real estate, industrials and materials. Within financials, our exposure is now in line with the benchmark.

As mentioned in the most recent Annual Report we undertook an analysis beginning last year to look at the impact of the purchases and sales as well as position sizes on the overall portfolio. The conclusion, as mentioned in the Annual Report, was that we would be reducing the number of securities in the large cap portion of the Company and this would lead to a subsequent increase in the Active Share. At the end of the calendar year there were 77 securities in the large cap portion of the Company and we ended June 2017 with 66 securities. The Active Share component has risen from 67.2 to 71.5 during the same time period. We now consider the implementation of these findings from this thorough analysis to be largely complete and are encouraged by the early results.

Finally, a comment on the level of gearing. The Company's level of gearing was 9% as of 30th June 2017 and thereby remains at the similar levels as it was six months ago. As always, we will look to add or trim our gearing on an opportunistic basis around the Board's strategic gearing level. If there is a compelling reason to do so, a decision to move outside the strategic gearing level of 10% with a 2% buffer on either side will be taken in consultation with the Board.

Market Outlook

Our fundamental outlook for continued US economic expansion and associated growth in corporate earnings remains intact. However, we would be remiss not to address the risks currently facing US equity markets. Higher equity valuations in the US, particularly for low volatility stocks, present some cause for concern. Rich valuations for low volatility and low beta equities have yet to be corrected. These high prices continue to pose risks for investors searching for yield in a still-low interest rate environment. In China, financial sector leverage has risen steadily in the past few years, although the debt burden is not as great as it has been in past cycles. Also of particular interest to investors is the impact of the Fed's interest rate hikes on the pace of economic growth. Other risks are whether any of the recommended policies from the new Presidential administration will be fully enacted. While there are risks the economy continues to grow at a very modest rate, inflation remains very low by historical standards and wage rates remain muted even with a very low unemployment rate.

Although the US economy is entering late cycle, we see a low risk of a recession in the near term, expecting earnings growth to remain on an upward trajectory. As prudent investors, we must be vigilant in identifying all potential sources of volatility. Central banks around the globe are beginning to signal the deceleration of their balance sheet expansion. The consequences for equity investors are somewhat unclear. We are encouraged by historically attractive equity valuations relative to the bond markets, but we also are wary of the unintended shocks and consequences from the ending of what is, after all, an unprecedented monetary experiment. Headlines coming out of Washington can create additional uncertainty as well. However, it is the confidence in our forecast for continued earnings growth that supports our view that equity markets can continue their upward trend.

Garrett Fish
Investment Manager

3rd August 2017

TEN LARGEST EQUITY INVESTMENTS

Company	Sub sector	30th June 2017 Valuation £'000	%[1]	31st December 2016 Valuation £'000	%[1]
Apple	Information Technology	60,110	5.9	62,694	5.9
Microsoft	Information Technology	47,102	4.6	57,412	5.4
Citigroup	Financials	41,243	4.0	35,622	3.3
Walgreens Boots Alliance[2]	Consumer Staples	25,043	2.4	16,333	1.5
Humana[2]	Health Care	24,720	2.4	17,070	1.6
Bank of America[3]	Financials	24,014	2.3	–	–
Amgen	Health Care	22,871	2.2	20,627	1.9
Gilead Sciences	Health Care	21,657	2.1	25,289	2.4
Wal-Mart Stores	Consumer Staples	21,397	2.1	20,767	2.0
American International Group	Financials	20,791	2.0	20,558	1.9
Total		**308,948**	**30.0**		

[1] Based on total investments of £1,030.4m (2016: £1,068.8m).

[2] Not included in the ten largest equity investments at 31st December 2016.

[3] Not Included in the total investments at 31st December 2016.

At 31st December 2016 the value of the ten largest equity investments amounted to £324.7 million representing 30.4% of total investments.

For a full list of investments please refer to the Company's website at www.jpmamerican.co.uk, where the portfolio is uploaded on a monthly basis a month in arrears.

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE 2017

	(Unaudited) Six months ended 30th June 2017			(Unaudited) Six months ended 30th June 2016 (Restated)			(Audited) Year ended 31st December 2016 (Restated)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	44,125	44,125	–	82,731	82,731	–	239,839	239,839
Net foreign currency gains/(losses)[1]	–	4,479	4,479	–	(6,876)	(6,876)	–	(12,859)	(12,859)
Income from investments	9,923	–	9,923	9,852	–	9,852	20,533	–	20,533
Interest receivable	66	–	66	43	–	43	77	–	77
Gross return	9,989	48,604	58,593	9,895	75,855	85,750	20,610	226,980	247,590
Management fee	(516)	(2,062)	(2,578)	(425)	(1,701)	(2,126)	(909)	(3,636)	(4,545)
Other administrative expenses	(354)	–	(354)	(360)	–	(360)	(802)	–	(802)
Net return on ordinary activities before finance costs and taxation	9,119	46,542	55,661	9,110	74,154	83,264	18,899	223,344	242,243
Finance costs	(430)	(1,719)	(2,149)	(388)	(1,549)	(1,937)	(803)	(3,213)	(4,016)
Net return on ordinary activities before taxation	8,689	44,823	53,512	8,722	72,605	81,327	18,096	220,131	238,227
Taxation	(1,382)	–	(1,382)	(1,363)	–	(1,363)	(2,909)	–	(2,909)
Net return on ordinary activities after taxation	7,307	44,823	52,130	7,359	72,605	79,964	15,187	220,131	235,318
Return per share (note 4)	2.94p	18.04p	20.98p	2.72p	26.83p	29.55p	5.70p	82.65p	88.35p

[1] Includes gains and losses on forward foreign currency contracts which are used to hedge the currency risk in respect of some of the geared portion of the portfolio. Details of the hedging contracts can be found in note 5.

As disclosed in note 9, certain comparatives have been restated.

The interim dividend declared in respect of the six months ended 30th June 2017 amounts to 2.25p (2016: 2.25p) per share, costing £5,314,000.

All revenue and capital items in the above statement derive from continuing operations. The return per share represents the profit per share for the period and also the total comprehensive income per share.

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 30TH JUNE 2017

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
Six months ended 30th June 2017 (Unaudited)						
At 31st December 2016 (Restated)	14,082	151,850	8,151	788,012	23,121	985,216
Repurchase of shares into Treasury	–	–	–	(85,126)	–	(85,126)
Net return on ordinary activities	–	–	–	44,823	7,307	52,130
Dividends paid in the period	–	–	–	–	(6,801)	(6,801)
At 30th June 2017	14,082	151,850	8,151	747,709	23,627	945,419
Six months ended 30th June 2016 (Unaudited)						
At 31st December 2015	14,082	151,850	8,151	622,025	20,592	816,700
Repurchase of shares into Treasury	–	–	–	(26,867)	–	(26,867)
Net return on ordinary activities	–	–	–	72,605	7,359	79,964
Dividends paid in the period	–	–	–	–	(6,729)	(6,729)
At 30th June 2016 (Restated)	14,082	151,850	8,151	667,763	21,222	863,068
Year ended 31st December 2016 (Audited)						
At 31st December 2015	14,082	151,850	8,151	622,025	20,592	816,700
Repurchase of shares into Treasury	–	–	–	(54,144)	–	(54,144)
Net return on ordinary activities	–	–	–	220,131	15,187	235,318
Dividends paid in the period	–	–	–	–	(12,658)	(12,658)
At 31st December 2016 (Restated)	14,082	151,850	8,151	788,012	23,121	985,216

[1] These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments.

As disclosed in note 9, certain comparatives have been restated.

STATEMENT OF FINANCIAL POSITION AT 30TH JUNE 2017

	(Unaudited) 30th June 2017 £'000	(Unaudited) 30th June 2016 (Restated) £'000	(Audited) 31st December 2016 (Restated) £'000
Fixed assets			
Investments held at fair value through profit or loss	1,030,369	931,390	1,068,848
Current assets			
Derivative financial assets (note 5)	695	–	358
Debtors	1,046	24,008	921
Cash and cash equivalents	13,955	14,901	10,114
	15,696	**38,909**	**11,393**
Current liabilities			
Creditors: Amounts falling due within one year	(50,606)	(54,051)	(558)
Derivative financial liabilities (note 5)	–	(3,238)	–
Net current (liabilities)/assets	**(34,910)**	**(18,380)**	**10,835**
Total assets less current liabilities	**995,459**	**913,010**	**1,079,683**
Creditors: Amounts falling due after more than one year	(50,040)	(49,942)	(94,467)
Net assets	**945,419**	**863,068**	**985,216**
Capital and reserves			
Called up share capital	14,082	14,082	14,082
Share premium	151,850	151,850	151,850
Capital redemption reserve	8,151	8,151	8,151
Capital reserves	747,709	667,763	788,012
Revenue reserve	23,627	21,222	23,121
Shareholders' funds	**945,419**	**863,068**	**985,216**
Net asset value per share (note 6)	**400.3p**	**323.6p**	**381.0p**

As disclosed in note 9, certain comparatives have been restated.

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30TH JUNE 2017

	(Unaudited) Six months ended 30th June 2017 £'000	(Unaudited) Six months ended 30th June 2016 (Restated) £'000	(Audited) Year ended 31st December 2016 (Restated) £'000
Net cash outflow from operations before dividends and interest (note 7)	(3,561)	(1,176)	(3,241)
Dividends received	8,756	8,418	17,580
Interest received	73	43	70
Overseas tax recovered	31	65	64
Interest paid	(2,243)	(1,984)	(4,020)
Net cash inflow from operating activities	**3,056**	**5,366**	**10,453**
Purchases of investments	(215,725)	(166,661)	(313,586)
Sales of investments	298,045	201,796	370,087
Settlement of forward currency contracts	2,073	(3,861)	(11,753)
Net cash inflow from investing activities	**84,393**	**31,274**	**44,748**
Dividends paid	(6,801)	(6,729)	(12,658)
Repayment of bank loans	(3,858)	(7,633)	(41,283)
Drawdown of bank loans	12,081	971	44,627
Repurchase of shares into Treasury	(85,031)	(27,137)	(54,562)
Net cash outflow from financing activities	**(83,609)**	**(40,528)**	**(63,876)**
Increase/(decrease) in cash and cash equivalents	**3,840**	**(3,888)**	**(8,675)**
Cash and cash equivalents at start of period	10,114	18,789	18,789
Exchange movements	1	–	–
Cash and cash equivalents at end of period	13,955	14,901	10,114
Increase/(decrease) in cash and cash equivalents	**3,840**	**(3,888)**	**(8,675)**
Cash and cash equivalents consist of:			
Cash and short term deposits	33	22	10
Cash held in JPMorgan US Dollar Liquidity Fund	13,922	14,879	10,104
Total	**13,955**	**14,901**	**10,114**

As disclosed in note 9, certain comparatives have been restated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE 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 31st December 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, 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 have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in November 2014 and updated in January 2017.

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 30th June 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 31st December 2016.

3. Dividends paid[1]

	(Unaudited) Six months ended 30th June 2017 £'000	(Unaudited) Six months ended 30th June 2016 £'000	(Audited) Year ended 31st December 2016 £'000
Unclaimed dividends refunded to the Company	–	–	(2)
Final dividend paid in respect of the year ended 31st December 2016 of 2.75p (2015: 2.5p)	6,801	6,729	6,728
Interim dividend paid in respect of the six months ended 30th June 2016 of 2.25p	–	–	5,932
Total dividends paid in the period/year	**6,801**	**6,729**	**12,658**

[1] All the dividends paid in the period have been funded from the Revenue Reserve.

An interim dividend of 2.25p has been declared in respect of the six months ended 30th June 2017, costing £5,314,000.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

4. Return per share

	(Unaudited) Six months ended 30th June 2017 £'000	(Unaudited) Six months ended 30th June 2016 (Restated) £'000	(Audited) Year ended 31st December 2016 (Restated) £'000
Return per share is based on the following:			
Revenue return	7,307	7,359	15,187
Capital return	44,823	72,605	220,131
Total return	**52,130**	**79,964**	**235,318**
Weighted average number of shares in issue	248,493,716	270,570,528	266,333,049
Revenue return per share	2.94p	2.72p	5.70p
Capital return per share	18.04p	26.83p	82.65p
Total return per share	**20.98p**	**29.55p**	**88.35p**

5. Derivative financial instruments

The Company has hedged against the currency risk arising from its £50 million debenture liability. The forward currency contracts settled on 19th July 2017 and are for the purpose of hedging the risk of fluctuation in the £/US$ exchange rate. These contracts continue to be rolled over on a quarterly basis.

6. Net asset value per share

	(Unaudited) 30th June 2017 £'000	(Unaudited) 30th June 2016 £'000	(Audited) 31st December 2016 £'000
Net assets	945,419	863,068	985,216
Number of shares in issue	236,166,875	266,693,992	258,573,403
Net asset value per share	**400.3p**	**323.6p**	**381.0p**

7. 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 30th June 2017 £'000	(Unaudited) Six months ended 30th June 2016 (Restated) £'000	(Audited) Year ended 31st December 2016 (Restated) £'000
Net return on ordinary activities before finance costs and taxation	55,661	83,264	242,243
Less capital return on ordinary activities before finance costs and taxation	(46,542)	(74,154)	(223,344)
Decrease/(increase) in accrued income and other debtors	252	(22)	(16)
Increase/(decrease) in accrued expenses	4	(25)	(25)
Management and performance fee charged to capital	(2,062)	(1,701)	(3,636)
Overseas withholding tax	(1,419)	(1,429)	(2,976)
Dividends received	(8,756)	(8,418)	(17,580)
Interest received	(73)	(43)	(70)
Realised gains/(losses) on foreign currency transactions	15	110	(53)
Realised (losses)/gains on liquidity fund and time deposits	(641)	1,242	2,216
Net cash outflow from operations before dividends and interest	**(3,561)**	**(1,176)**	**(3,241)**

8. Fair valuation of financial instruments

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

	(Unaudited) Six months ended 30th June 2017		(Unaudited) Six months ended 30th June 2016		(Audited) Year ended 31st December 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,028,991	–	930,051	–	1,067,400	–
Level 2[1]	695	–	–	(3,238)	358	–
Level 3[2]	1,378	–	1,339	–	1,448	–
Total value of investments	**1,031,064**	**–**	**931,390**	**(3,238)**	**1,069,206**	**–**

[1] Consisting of forward foreign currency contracts.

[2] Consisting of unquoted stock of Kane holdings.

	(Unaudited) Six months ended 30th June 2017 £'000	(Unaudited) Six months ended 30th June 2016 £'000	(Audited) Year ended 31st December 2016 £'000
Valuation techniques using non-observable data at fair value through profit or loss			
Opening balance	1,448	1,214	1,214
Change in fair value of unquoted investment during the year	(70)	125	234
Closing balance	**1,378**	**1,339**	**1,448**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

9. Restatements

The Company has restated its previously reported financial statements for the period ended 30th June 2016 and the year ended 31st December 2016 to correct the misposting of withholding tax on tender offers. The foreign exchange impact of the correction has been taken to the Statement of Comprehensive Income and Statement of Financial Position.

The following tables summarise the impact of the corrections on each of the affected financial statement line items for each period presented.

Impact on Statement of Comprehensive Income

	Six months ended 30th June 2016			Year Ended 31st December 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net foreign currency gains/(losses)	–	(7)	(7)	–	(7)	(7)
Net impact on Gross return	–	(7)	(7)	–	(7)	(7)
Taxation	7	–	7	7	–	7
Net impact on Net return on ordinary activities after taxation	**7**	**(7)**	**–**	**7**	**(7)**	**–**
Return per share	**–**	**(0.01)p**	**(0.01)p**	**–**	**(0.01)p**	**(0.01)p**

Impact on Statement of Financial Position

	30th June 2016 £'000	31st December 2016 £'000
Capital Reserves	(7)	(7)
Revenue Reserve	7	7
Net impact on Shareholders' funds	**–**	**–**

Impact on Statement of Cash Flows

	Six months ended 30th June 2016 £'000	Year ended 31st December 2016 £'000
Operating activities		
Net cash outflow from operations before dividends and interest	(7)	(7)
Dividends received	297	297
Overseas tax recovered	(290)	(290)
Net impact on cash flows	**–**	**–**

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 remain unchanged and fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational; financial; political and economic. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st December 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 operation 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 year 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 30th June 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
Dr Kevin Carter
Chair

3rd August 2017

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

Return to shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the Company at the time the shares were quoted ex-dividend (see page 2).

Return on Net Assets

Total on net asset value ('NAV') return per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested in 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 total return on net assets (see page 2).

Benchmark return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the shares were quoted ex-dividend (see page 2).

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 follow or 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

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 (see page 2).

Share price discount/premium to net asset value per share

If the share price of an investment trust is lower than the net asset value ('NAV') per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV. The opposite of a discount is a premium (see page 2).

Ongoing Charges

Estimated annualised management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the period. Ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The figures as at 30th June 2017 are estimated annualised figures based on the six months to 30th June 2017 (see page 2).

Performance Attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark (see page 6).

Performance Attribution Definitions:

Allocation Effect
Measures the effect of allocating assets to sectors or asset types differently to the weighting in the benchmark.

Selection Effect
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 excluded from the benchmark.

Gearing/(Net Cash)
Measures the impact of borrowings or cash balances on the Company's performance relative to its benchmark.

Currency Hedge
Measures the effect on the Company's performance of a gain or loss arising from the Company's hedging activities.

Management Fee/Expenses
The payment of fees and expenses reduces the level of total assets and therefore has a negative effect on the Company's relative performance.

Shares Issued
The issue of shares at a price in excess of the net asset value per share, has a positive effect on the Company's relative performance.

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

Stocks & Shares Individual Savings Accounts (ISA)
The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2017/18 tax year, from 6th April 2017 and ending 5th April 2018, the total ISA allowance is £20,000. 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

2. Via a third party provider

Third party providers include;

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

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

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

Information about the Company

FINANCIAL CALENDAR

Financial year end	31st December
Final results announced	March
Half year end	30th June
Half year results announced	July/August
Dividend	May/October
Annual General Meeting	April/May

History

The Company has its origins in the Alabama, New Orleans, Texas and Pacific Junction Railways Company Limited which was formed in 1881 to acquire interests in, and to undertake the completion of, three American railroads - the Vicksburg and Meridian, the Vicksburg, Shreveport and Pacific and the New Orleans and North Eastern. In 1917 the Company was reorganised, a proportion of the railroad interests were sold, and the investment powers were widened enabling its assets to be invested in several countries including the United Kingdom. To reflect the new objectives the name was changed to The Sterling Trust. The Company's investment policy reverted to North American securities in 1982 when the name was changed to The Fleming American Investment Trust plc. The name was changed to JPMorgan Fleming American Investment Trust plc in April 2002 and to its present form in 2006. JPMorgan has been the Company's manager and secretary since 1966.

Directors

Dr Kevin Carter (Chair)
Simon Bragg (Audit Committee Chair)
Sir Alan Collins (Risk Committee Chair and Senior Independent Director)
Nadia Manzoor
Robert Talbut

Company Numbers

Company registration number: 15543
London Stock Exchange Sedol code: BKZGVH6
ISIN: GB00BKZGVH64
Bloomberg code: JAM LN

Market Information

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 J.P. Morgan internet site at www.jpmamerican.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmamerican.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

Manager and Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP

Telephone: 020 7742 4000

For company secretarial and administrative matters please contact Alison Vincent.

Depositary

BNY Mellon Trust and Depositary (UK) Limited
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London EC4V 4LA

Custodian

JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Registrars

Equiniti
Reference 1077
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: 0371 384 2316

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more that 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 1077.

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

Independent Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditor
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Telephone number: 020 7621 0004

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

www.jpmamerican.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.

GB I101 07/17

J.P.Morgan
Asset Management