

JPMorgan Emerging Markets Investment Trust plc

Half Year Report & Financial Statements for the six months ended 31st December 2017



Features

Objective

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

Investment Policies

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

Benchmark

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

Share Capital

At 31st December 2017, the Company's issued share capital comprised 132,363,525 ordinary shares of 25p each, including 8,748,179 shares held in Treasury.

Continuation Vote

At the Annual General Meeting held on 24th November 2017 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2020.

Management Company and Company Secretary

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

FCA regulation of 'non-mainstream pooled investments and MiFID II 'complex instruments'

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. The Company's shares are not classified as 'complex instruments' under the FCA's revised 'appropriateness' criteria adopted in the implementation of MiFID II.

Association of Investment Companies ("AIC")

The Company is a member of the AIC.

Website

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

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Half Year Performance

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) TO 31ST DECEMBER 2017

+12.0%

Return to shareholders¹

+11.2%

Return on net assets²

+11.3%

Benchmark return³

Financial Data

	31st December 2017	30th June 2017	% change
Shareholders' funds (£'000)	1,229,738	1,120,982	+9.7
Net asset value per share	994.8p	904.7p	+10.0 ⁴
Share price	882.5p	798.5p	+10.5 ⁵
Share price discount to capital-only net asset value per share	10.9%	10.5%	
Share price discount to cum-income net asset value per share	11.3%	11.7%	
Shares in issue (excluding shares held in Treasury)	123,615,346	123,907,844	-0.2
Gearing/(net cash)	(0.2)%	(1.0)%	
Ongoing charges	1.01%	1.07%	

¹ Source: Morningstar. Change in share price with dividends reinvested.

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

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

⁴ This return excludes dividends reinvested, the return of +11.2% above includes dividends reinvested.

⁵ This return excludes dividends reinvested, the return of +12.0% above includes dividends reinvested.

Glossary of terms and alternative performance measures is provided on page 16.

About the Company

CHAIRMAN'S STATEMENT



“...the Company’s net asset value and share price have outperformed the benchmark index over one, three, five and ten years to 31st December 2017.”

Performance

I am very pleased to present my first half year statement as Chairman of your Company, having succeeded Alan Saunders in November 2017. The Investment Manager’s focus on finding and investing in long-term winners across the emerging markets’ spectrum, backed by the strong and experienced analytical resource of JPMorgan, has enabled the Company to continue to outperform its benchmark consistently over the longer term.

The first half of the Company’s financial year was another positive six months for emerging markets investors, with the Company’s benchmark index, the MSCI Emerging Markets Index (in sterling terms), increasing by 11.3%. In the same period, the Company’s performance was in line with the benchmark, producing a return on net assets of +11.2%. Return to shareholders over the first half of the financial year was higher, at +12.0%. This reflects a slight narrowing of the discount at which the Company’s shares trade. This builds on the Investment Manager’s very strong long term track record and the Company’s net asset value and share price have outperformed the benchmark index over one, three, five and ten years to 31st December 2017.

A review of the Company’s performance for the first six months and the outlook for the remainder of the year is provided in the Investment Manager’s report which follows.

Discount

During the first six months of this financial year, the discount on the Company’s shares (calculated using the capital-only net asset value, on which the Board’s share buyback programme is operated) ranged between 9.6% and 13.2%, averaging 11.4%. At the period end, the discount was 10.9%.

The Board’s policy on discount management remains unchanged: it is prepared to take action to try to ensure that the discount does not exceed 10.0% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. During the six months the Company repurchased a total of 292,498 shares into Treasury at an average discount of 11.5% and a total cost of £2.47 million.

The Board

Alan Saunders retired at the conclusion of the Annual General Meeting (‘AGM’) held in November 2017, having served as a Director since 2002 and as Chairman for the last eight years. On behalf of the Board, I would like to thank him for his service to the Company and its shareholders.

Having been a Director since 2003, Anatole Kaletsky, the Company’s Senior Independent Director, will stand down from the Board at the conclusion of the 2018 AGM. It is the Board’s intention to recruit a new Director in the second half of 2018 to succeed him.

Outlook

The interest rate cycle in major economies is now beginning to turn which may cause some dislocation in developed equity markets in 2018. However, in many emerging economies the cycle is behind that of developed economies with profits at a fairly early stage of their recovery and valuations not yet showing signs of being overextended. As the Manager notes at the end of his commentary, there are plenty of structural features across emerging markets, such as strong entrepreneurial spirit in China and other emerging economies, which suggest that they will remain fertile territory for equity investment. I believe that shareholders can continue to look forward to the opportunities that lie ahead.

Sarah Arkle
Chairman

28th February 2018

INVESTMENT MANAGER'S REPORT



The six months to 31st December 2017 were an unusually calm period for emerging market equities; in fact 2017 as a whole was the first calendar year in twenty in which the asset class did not suffer a decline of more than 10% at some point in the year. Instead, smooth upwards movement was the order of the day and although the factors pushing markets higher shifted as the months went by, overall, returns were notably positive. Such an environment might normally present us with some challenges, since the kind of companies we tend to like most for the long term are not usually the most cyclical and sometimes look dull by comparison with strongly rising markets. In the event, however, the portfolio performed in line with the benchmark during the six months, both rising by a little over 11% over the period: in the context of the absolute and relative performance of the Company's portfolio over the last few years, I am not too disappointed by this result; and I hope that shareholders will see the last six months in the same way.

Why have markets been so strong? The first point to make is that the gains seen in emerging markets since early 2016 came after several years in which corporate profits declined and share prices fell; so of course there is an element of cyclical recovery at work and that recovery began from low valuation levels. In 2016, valuations rose while underlying profits did not move much; but throughout 2017, we began to see a significantly better outcome, with reported profits growing healthily. Some of this was down to big structural shifts taking place in the corporate world in emerging markets, where many of the same patterns that we see in our own country can be observed; the most obvious is the continuing impact of digital technology on all sorts of industries, including commerce and advertising, in which online models are rapidly displacing more traditional formats. But in the last six months, alongside such structural trends, we have seen a broader upturn in corporate profits which points to an improving underlying economic situation. Although it is hard to generalise about a very diverse group of countries, many emerging markets are experiencing rising economic growth rates, while inflationary pressures are still abating. That has been a good environment for equity prices.

Can it continue? Usually when people put this question to me, I respond by muttering that I just invest in companies and that I try to pick long term winners rather than worrying about making market forecasts. And I say it because it is true: we do try to take long term views and we do try to identify businesses with enduring competitive advantages that can be translated into financial returns over many years. When we have successfully done this, it is also the case that macroeconomic issues seem largely unimportant in retrospect. Because stock selection is what we really concentrate on, then, I will limit myself to a few simple observations about the general outlook. First, valuations in emerging markets today are normal rather than extreme. Second, we are really only in the second year of profit recovery; third, currencies do not look horribly over-priced to us. If there are big risks ahead, I suspect they will have more to do with the direction of US interest rates and investor complacency than with most other causes.

But overall, I still see a lot of opportunity; there are always new companies to look at, all the more so now that China's huge and liquid domestic stock market is accessible to us through the Hong Kong-Shanghai Connect scheme. Emerging markets continue to offer many things that investors of capital should be looking for: growing economies, better demographics in most if not all cases than the developed world and still great scope to improve productivity. There is plenty of entrepreneurial activity in most countries and plenty of stocks competing for a place in the portfolio. So if, from all that, we can assemble a portfolio of companies with lasting competitive advantages, then it is hard to look into the future without a degree of optimism about our chances of compounding the value of your portfolio in the years ahead, as we have done in the past.

Austin Forey
Investment Manager

28th February 2018

Investment Review

LIST OF INVESTMENTS AT 31ST DECEMBER 2017

Company	Valuation £'000	Company	Valuation £'000
China and Hong Kong		Brazil	
Tencent	83,201	Itaú Unibanco Preference	22,368
Alibaba ¹	53,515	WEG	22,120
AIA	46,929	Ultrapar Participações	21,982
Ping An Insurance	43,084	Lojas Renner	21,363
Baidu ¹	22,332	Ambev ¹	16,948
Jardine Matheson	20,005	Cielo	14,160
JD.com ¹	17,810	Vale ¹	13,434
Greentown Service	11,982	Raia Drogasil	7,465
Cafe de Coral	10,848		139,840
Tsingtao Brewery	10,152		
51job ¹	8,411	Taiwan	
	328,269	Taiwan Semiconductor Manufacturing ¹	66,650
		President Chain Store	16,953
India		Delta Electronics	13,043
Housing Development Finance	64,574	Chaillease	8,941
IndusInd Bank	51,789		105,587
Tata Consultancy Services	30,858	Indonesia	
Supreme Industries	22,282	Bank Rakyat Indonesia Persero	22,041
ITC	21,688	Unilever Indonesia	13,694
Infosys ¹	19,733	Astra International	13,112
United Breweries	19,424	Bank Central Asia	12,555
Lupin	6,767		61,402
	237,115	Mexico	
		Grupo Aeroportuario del Sureste ¹	15,863
South Africa		Grupo Financiero Banorte	12,924
Clicks	31,168	Wal-Mart de Mexico	11,995
Discovery	24,582	Genera	5,389
Bid	21,799	Fomento Economico Mexicano ¹	2,506
Capitec Bank	19,007		48,677
RMB	17,508	Russia	
Sanlam	10,498	Sberbank of Russia	24,669
Tiger Brands	10,406	Magnit	12,093
Shoprite	10,228		36,762
Bidvest	9,862		
Mr Price	7,460		
Aspen Pharmacare	6,854		
	169,372		

LIST OF INVESTMENTS AT 31ST DECEMBER 2017 CONTINUED

Company	Valuation £'000
Belarus	
EPAM Systems	35,324
	35,324
Argentina	
Globant	14,849
	14,849
Peru	
Credicorp	14,705
	14,705
South Korea	
Hyundai Motor	12,538
	12,538
Chile	
Banco Santander Chile ¹	11,145
	11,145
Turkey	
KOC	6,341
	6,341
Philippines	
Jollibee Foods	5,177
	5,177
Pakistan	
BRR Guardian Modaraba	102
	102
Total Investments	1,227,205

¹ Includes investments in American Depositary Receipts ('ADRs').

PORTFOLIO ANALYSES

Geographical

	31st December 2017			30th June 2017		
	Portfolio % ¹	Benchmark %	Over/(Under) weight %	Portfolio % ¹	Benchmark %	Over/(Under) weight %
China and Hong Kong	26.8	29.7	(2.9)	23.4	27.9	(4.5)
India	19.3	8.8	10.5	21.4	8.8	12.6
South Africa	13.8	7.1	6.7	12.1	6.5	5.6
Brazil	11.4	6.8	4.6	11.2	6.6	4.6
Taiwan	8.6	11.3	(2.7)	9.2	12.5	(3.3)
Indonesia	5.0	2.2	2.8	5.5	2.5	3.0
Mexico	4.0	2.9	1.1	5.1	3.7	1.4
Russia	3.0	3.3	(0.3)	2.6	3.2	(0.6)
Belarus	2.9	–	2.9	2.6	–	2.6
Argentina	1.2	–	1.2	1.3	–	1.3
Peru	1.2	0.4	0.8	1.2	0.4	0.8
South Korea	1.0	15.4	(14.4)	1.4	15.6	(14.2)
Chile	0.9	1.3	(0.4)	0.9	1.1	(0.2)
Turkey	0.5	1.1	(0.6)	0.6	1.2	(0.6)
Philippines	0.4	1.1	(0.7)	0.4	1.2	(0.8)
United Kingdom	–	–	–	0.4	–	0.4
Ukraine	–	–	–	0.7	–	0.7
Malaysia	–	2.4	(2.4)	–	2.4	(2.4)
Thailand	–	2.3	(2.3)	–	2.2	(2.2)
Poland	–	1.3	(1.3)	–	1.3	(1.3)
United Arab Emirates	–	0.6	(0.6)	–	0.7	(0.7)
Qatar	–	0.6	(0.6)	–	0.7	(0.7)
Colombia	–	0.4	(0.4)	–	0.4	(0.4)
Greece	–	0.3	(0.3)	–	0.4	(0.4)
Hungary	–	0.3	(0.3)	–	0.3	(0.3)
Czech Republic	–	0.2	(0.2)	–	0.2	(0.2)
Egypt	–	0.1	(0.1)	–	0.1	(0.1)
Pakistan	–	0.1	(0.1)	–	0.1	(0.1)
Total	100.0	100.0		100.0	100.0	

¹ Based on total portfolio of £1,227.2m (30th June 2017: £1,109.3m).

PORTFOLIO ANALYSES *CONTINUED*

Sector	31st December 2017			30th June 2017		
	Portfolio % ¹	Benchmark %	Over/(Under) weight %	Portfolio % ¹	Benchmark %	Over/(Under) weight %
Financials	33.7	23.4	10.3	32.3	23.6	8.7
Information Technology	28.8	27.7	1.1	28.7	26.6	2.1
Consumer Staples	16.8	6.6	10.2	17.3	6.8	10.5
Industrials	7.7	5.3	2.4	7.5	5.8	1.7
Consumer Discretionary	7.2	10.2	(3.0)	7.3	10.6	(3.3)
Materials	2.9	7.4	(4.5)	3.2	6.8	(3.6)
Energy	1.8	6.7	(4.9)	2.1	6.9	(4.8)
Health Care	1.1	2.7	(1.6)	1.4	2.3	(0.9)
Telecommunication						
Services	–	4.8	(4.8)	0.2	5.4	(5.2)
Real Estate	–	2.8	(2.8)	–	2.6	(2.6)
Utilities	–	2.4	(2.4)	–	2.6	(2.6)
Total	100.0	100.0		100.0	100.0	

¹ Based on total portfolio of £1,227.2m (30th June 2017: £1,109.3m).

Financial Statements

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

	(Unaudited) Six months ended 31st December 2017			(Unaudited) Six months ended 31st December 2016			(Audited) Year ended 30th June 2017		
	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	–	123,601	123,601	–	66,201	66,201	–	204,432	204,432
Net foreign currency (losses)/gains	–	(446)	(446)	–	1,139	1,139	–	939	939
Income from investments	8,359	–	8,359	8,373	–	8,373	21,816	–	21,816
Interest receivable and similar income	97	–	97	71	–	71	86	–	86
Gross return	8,456	123,155	131,611	8,444	67,340	75,784	21,902	205,371	227,273
Management fee	(1,610)	(3,758)	(5,368)	(1,424)	(3,322)	(4,746)	(2,915)	(6,801)	(9,716)
Other administrative expenses	(610)	–	(610)	(793)	–	(793)	(1,478)	–	(1,478)
Net return on ordinary activities before finance costs and taxation	6,236	119,397	125,633	6,227	64,018	70,245	17,509	198,570	216,079
Finance costs	–	–	–	–	(1)	(1)	–	–	–
Net return on ordinary activities before taxation	6,236	119,397	125,633	6,227	64,017	70,244	17,509	198,570	216,079
Taxation	(773)	–	(773)	(715)	–	(715)	(1,537)	–	(1,537)
Net return on ordinary activities after taxation	5,463	119,397	124,860	5,512	64,017	69,529	15,972	198,570	214,542
Return per share (note 3)	4.41p	96.47p	100.88p	4.38p	50.86p	55.24p	12.75p	158.45p	171.20p

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

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

The net return 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 DECEMBER 2017

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st December 2017 (Unaudited)							
At 30th June 2017	33,091	173,657	1,665	69,939	816,561	26,069	1,120,982
Repurchase of shares into Treasury	–	–	–	–	(2,488)	–	(2,488)
Net return on ordinary activities	–	–	–	–	119,397	5,463	124,860
Dividend paid in the period (note 4)	–	–	–	–	–	(13,616)	(13,616)
At 31st December 2017	33,091	173,657	1,665	69,939	933,470	17,916	1,229,738
Six months ended 31st December 2016 (Unaudited)							
At 30th June 2016	33,091	173,657	1,665	69,939	634,869	21,421	934,642
Repurchase of shares into Treasury	–	–	–	–	(3,837)	–	(3,837)
Net return on ordinary activities	–	–	–	–	64,017	5,512	69,529
Dividend paid in the period (note 4)	–	–	–	–	–	(11,324)	(11,324)
At 31st December 2016	33,091	173,657	1,665	69,939	695,049	15,609	989,010
Year ended 30th June 2017 (Audited)							
At 30th June 2016	33,091	173,657	1,665	69,939	634,869	21,421	934,642
Repurchase of shares into Treasury	–	–	–	–	(16,878)	–	(16,878)
Net return on ordinary activities	–	–	–	–	198,570	15,972	214,542
Dividend paid in the year (note 4)	–	–	–	–	–	(11,324)	(11,324)
At 30th June 2017	33,091	173,657	1,665	69,939	816,561	26,069	1,120,982

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

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2017

	(Unaudited) 31st December 2017 £'000	(Unaudited) 31st December 2016 £'000	(Audited) 30th June 2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	1,227,205	983,311	1,109,292
Current assets			
Debtors	1,024	1,176	3,285
Cash and cash equivalents	2,184	5,436	10,580
	3,208	6,612	13,865
Current liabilities			
Creditors: amounts falling due within one year	(675)	(913)	(2,173)
Derivative financial liabilities	–	–	(2)
Net current assets	2,533	5,699	11,690
Total assets less current liabilities	1,229,738	989,010	1,120,982
Net assets	1,229,738	989,010	1,120,982
Capital and reserves			
Called up share capital	33,091	33,091	33,091
Share premium	173,657	173,657	173,657
Capital redemption reserve	1,665	1,665	1,665
Other reserve	69,939	69,939	69,939
Capital reserves	933,470	695,049	816,561
Revenue reserve	17,916	15,609	26,069
Total equity shareholders' funds	1,229,738	989,010	1,120,982
Net asset value per share (note 5)	994.8p	787.3p	904.7p

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31ST DECEMBER 2017

	(Unaudited) Six months ended 31st December 2017 £'000	(Unaudited) Six months ended 31st December 2016 £'000	(Audited) Year ended 30th June 2017 £'000
Net cash outflow from operations before dividends and interest (note 6)	(6,374)	(4,437)	(10,218)
Dividends received	9,931	9,291	19,551
Interest received	90	68	86
Overseas tax recovered	(91)	(23)	229
Interest paid	–	(1)	–
Net cash inflow from operating activities	3,556	4,898	9,648
Purchases of investments	(32,859)	(40,097)	(80,427)
Sales of investments	38,877	24,004	76,582
Settlement of foreign currency contracts	(150)	39	110
Net cash inflow/(outflow) from investing activities	5,868	(16,054)	(3,735)
Dividends paid	(13,616)	(11,324)	(11,324)
Repurchase of shares into Treasury	(4,202)	(3,150)	(15,045)
Net cash outflow from financing activities	(17,818)	(14,474)	(26,369)
Decrease in cash and cash equivalents	(8,394)	(25,630)	(20,456)
Cash and cash equivalents at start of period	10,580	31,052	31,052
Exchange movements	(2)	14	(16)
Cash and cash equivalents at end of period	2,184	5,436	10,580
Decrease in cash and cash equivalents	(8,394)	(25,630)	(20,456)
Cash and cash equivalents consist of:			
Cash and short term deposits	326	1,354	3,871
Cash held in JPMorgan US Dollar Liquidity Fund	1,858	4,082	6,709
Total	2,184	5,436	10,580

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST DECEMBER 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 June 2017 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies and including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 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 31st December 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 June 2017.

3. Return per share

	(Unaudited) Six months ended 31st December 2017 £'000	(Unaudited) Six months ended 31st December 2016 £'000	(Audited) Year ended 30th June 2017 £'000
Return per share is based on the following:			
Revenue return	5,463	5,512	15,972
Capital return	119,397	64,017	198,570
Total return	124,860	69,529	214,542
Weighted average number of Ordinary shares in issue (excluding shares held in Treasury)	123,772,751	125,881,804	125,320,130
Revenue return per share	4.41p	4.38p	12.75p
Capital return per share	96.47p	50.86p	158.45p
Total return per share	100.88p	55.24p	171.20p

4. Dividends paid

	(Unaudited) Six months ended 31st December 2017 £'000	(Unaudited) Six months ended 31st December 2016 £'000	(Audited) Year ended 30th June 2017 £'000
2017 Final dividend of 11.0p (2016: 9.0p)	13,616	11,324	11,324
Total dividends paid in the period/year	13,616	11,324	11,324

All dividends paid and declared in the period have been funded from the revenue reserve.

NOTES TO THE FINANCIAL STATEMENTS

5. Net asset value per share

	(Unaudited) Six months ended 31st December 2017	(Unaudited) Six months ended 31st December 2016	(Audited) Year ended 30th June 2017
Net assets (£'000)	1,229,738	989,010	1,120,982
Number of shares in issue	123,615,346	125,624,301	123,907,844
Net asset value per share	994.8p	787.3p	904.7p

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 December 2017 £'000	(Unaudited) Six months ended 31st December 2016 £'000	(Audited) Year ended 30th June 2017 £'000
Net return on ordinary activities before finance costs and taxation	125,633	70,245	216,079
Less capital return on ordinary activities before finance costs and taxation	(119,397)	(64,018)	(198,570)
Decrease/(increase) in accrued income and other debtors	2,245	1,546	(507)
(Decrease)/increase in accrued expenses	(114)	27	144
Overseas withholding tax	(666)	(643)	(1,773)
Management fee charged to capital	(3,758)	(3,322)	(6,801)
Dividends received	(9,931)	(9,291)	(19,551)
Interest received	(90)	(68)	(86)
Realised gain/(loss) on foreign currency transactions	155	(602)	(633)
Realised (loss)/gain on liquidity fund	(451)	1,689	1,480
Net cash outflow from operations before dividends and interest	(6,374)	(4,437)	(10,218)

7. Fair valuation of investments

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

	(Unaudited) Six months ended 31st December 2017		(Unaudited) Six months ended 31st December 2016		(Audited) Year ended 30th June 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,227,205	–	983,311	–	1,109,292	–
Total value of investments	1,227,205	–	983,311	–	1,109,292	–

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 and fall into the following broad categories: investment underperformance; political, economic and governance; loss of investment team or investment manager; share price discount; change of corporate control of the manager; legal and regulatory; corporate governance and shareholder relations; operational and cyber crime; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Financial Statements for the year ended 30th June 2017.

Related Parties Transactions

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

Going Concern

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

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st December 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

Sarah Arkle
Chairman

28th February 2018

Shareholder Information

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMs')

Return to Shareholders (APM)

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.

Total return calculation	Page	Six months ended 31st December 2017	
Opening share price as at 30th June 2017	2	798.5p	
Closing share price as at 31st December 2017	2	882.5p	(a)
Reinvestment of dividend paid during the financial year			
Final dividend	10	11.0p	(b)
Share price on ex-dividend date 26th October 2017		830.0p	(c)
Total dividend adjustment factor (d = b / c +1)		1.013253	(d)
Adjusted closing share price (e = a x d)		894.2p	(e)
Total return to shareholder		12.0%	

Return on Net Assets (APM)

Total return on 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.

Total return calculation	Page	Six months ended 31st December 2017	
Opening cum-income NAV per share as at 30th June 2017	2	904.7p	
Closing cum-income NAV per share as at 31st December 2017	2	994.8p	(a)
Reinvestment of dividend paid during the financial year			
Final dividend	10	11.0p	(b)
Cum-income NAV per share on ex-dividend date 26th October 2017		940.5p	(c)
Total dividend adjustment factor (d = b / c +1)		1.011696	(d)
Adjusted closing cum-income NAV per share (e = a x d)		1,006.4p	(e)
Total return on net assets		11.2%	

Benchmark Return

Total return on the benchmark, on a closing-market value to closing-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.

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.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMS')

CONTINUED

Gearing/Net Cash (APM)

Gearing represents the excess amount above shareholder's 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.

Gearing calculation	Page	31st December 2017 £'000	30th June 2017 £'000	
Investments held at fair value through profit or loss	11	1,227,205	1,109,292	(a)
Net assets	11	1,229,738	1,120,982	(b)
Gearing/(net cash) (c = a / b - 1)		(0.2%)	(1.0%)	(c)

Ongoing Charges (APM)

The ongoing charges ratio represents the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

The figure as at 31st December 2017 is an estimated annualised figure based on the numbers for the six months ended 31st December 2017.

Ongoing charges calculation	Page	31st December 2017 £'000	30th June 2017 £'000	
Management Fee	9	10,736	9,716	
Other administrative expenses	9	1,220	1,478	
Total management fee and other administrative expenses		11,956	11,194	(a)
Average daily cum-income net assets		1,184,379	1,044,665	(b)
Ongoing Charges (c = a / b)		1.01%	1.07%	(c)

Share Price Discount/Premium to Net Asset Value ('NAV') per Share (APM)

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 trusts' shares to trade at a discount than at a premium (see page 2).

Net Asset Values

The capital-only net asset value excludes current year income received from investments.

The cum income net asset value includes current year income received from investments.

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	Hargreaves Lansdown
Alliance Trust Savings	Interactive Investor
Barclays Stockbrokers	James Brearley
Bestinvest	James Hay
Charles Stanley Direct	Selftrade
FundsNetwork	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

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. 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

Find out more at
www.fca.org.uk/scamsmart



Information about the Company

FINANCIAL CALENDAR

Financial year end	30th June
Final results announced	September
Half year end	31st December
Half year results announced	February
Final dividend paid	November
Annual General Meeting	November

History

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

Directors

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

Company Numbers

Company registration number: 2618994

Ordinary shares

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

Market Information

The Company's net asset value ('NAV') per share is published daily, via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman and on the Company's website at www.jpmemergingmarkets.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmemergingmarkets.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan Junior ISA. These products are all available on the online service at jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

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

Depository

BNY Mellon Trust and 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 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2320

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1081.

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

Independent Auditors

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

Brokers

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

Savings Product Administrators

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

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The Association of
Investment Companies

A member of the AIC

www.jpmemergingmarkets.co.uk

J.P. MORGAN HELPLINE

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

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