

JPMorgan Asian Investment Trust plc

Half Year Report & Financial Statements for the six months ended 31st March 2018



Features

Objective

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

Investment Policies

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

Dividend Policy

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

Benchmark

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

Capital Structure

At 31st March 2018, the Company's issued share capital comprised 94,081,493 shares of 25p each, excluding shares held in Treasury.

Discount Management

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

Continuation Resolution

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2020 and every third year thereafter.

Management Company

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

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

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

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

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Half Year Performance

TOTAL RETURNS TO 31ST MARCH 2018 (INCLUDES DIVIDENDS REINVESTED)

+6.2%

Return on net assets¹

+4.1%

Return to shareholders²

+4.2%

Benchmark return³

7.9p

Ordinary dividend⁴

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

¹ Source: J.P. Morgan/Morningstar, using cum income net asset value per share.

² Source: Morningstar.

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

⁴ Dividends declared pursuant to the Company's new dividend distribution policy.

Financial Data

	31st March 2018	30th September 2017	% change
Net assets (£'000)	367,747	353,167	+4.1 ¹
Number of shares in issue (excluding shares held in Treasury)	94,081,493	94,081,493	0.0
Net asset value per share	390.9p	375.4p	+4.1 ²
Share price	352.0p	345.5p	+1.9
Share price discount to net asset value per share	10.0%	8.0%	
Net cash	0.9%	1.2%	
Ongoing charges	0.75%	0.73%	

^{1,2} % change excluding dividends paid.

A glossary of terms and alternative performance measures is provided on pages 19 and 20.

About the Company

CHAIRMAN'S STATEMENT



I am pleased to report that in the six months to 31st March 2018 the Company's return on net assets was +6.2%, representing an outperformance of 2.0 percentage points over the benchmark, the MSCI All Countries Asia ex Japan Index, which returned +4.2% in sterling terms. The return to shareholders was +4.1%, reflecting a widening of the Company's discount from 8.0% to 10.0%.

The principal reason for the Company's outperformance against the benchmark was the portfolio's stock selection across China and key positions in Korea. Performance was also buoyed by the Company's allocation in Vietnam, an off-benchmark position achieved through investing into a JPMorgan Vietnam unit trust. The Investment Managers' Report reviews the Company's performance in more detail, along with a market review and outlook.

Dividend Policy and Discount Management

The Company's revised dividend policy has now been in place for over a year. As a reminder the dividend policy aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of revenues and capital reserves. For the year ended 30th September 2017 dividends paid totalled 13.9 pence. In respect of the quarters to 31st December 2017 and to 31st March 2018 dividends of 4.0 pence and 3.9 pence respectively were paid. Two further dividends will be declared on the first business day after 30th June and 30th September 2018.

It is pleasing that the Company's average discount over the six months to 31st March 2018 was 8.9%, which compares favourably to the same six month period in 2017, which recorded an average of 12.8%. The Board is working with the Manager to increase the profile of the Company, and it is hoped that this additional promotion, together with the prudent use of share repurchases, will see the discount come in to single figures. It was not deemed necessary to complete any share repurchases over the reporting period.

Gearing

The Company has a £40 million three year multi currency loan facility with Scotiabank, with the option of further increasing the facility to £60 million. The investment managers use this facility to gear the portfolio in periods when they believe this leverage will enhance shareholder returns. The Company did not employ any gearing over the period.

Fees

In the summer of 2017 the Financial Conduct Authority published the findings of its asset management market study. The findings raised, amongst other issues, concerns about price competition and investor value for money within the asset management industry. In this context, the Board is pleased to note that the Company's 'Ongoing Charges' (representing the Company's management fee and all other operating expenses) are amongst the lowest within its comparable peer group of actively managed investment vehicles, within both the open and closed end fund universe.

CHAIRMAN'S STATEMENT *CONTINUED*

Outlook

The Company's performance since the end of March 2018 has continued to be strong. Our investment team believes that the investment case for Asian equities remains positive. However, this view is tempered to some extent by an increase in volatility and slightly more demanding valuation levels.

Bronwyn Curtis OBE

Chairman

15th May 2018

INVESTMENT MANAGERS' REPORT



Ayaz Ebrahim



Richard Titherington

Summary

During the six month period under review, the Company's return on net assets was +6.2%, outperforming Asian stock markets, as measured by the MSCI All Countries Asia ex Japan Index, which delivered a +4.2% return in sterling terms. In this report, we discuss the market backdrop, examine the drivers of the Company's performance, and then consider the outlook for Asian stock markets for the rest of 2018.

Market Review

Asian equities finished the fourth quarter of 2017 on a strong note with the regional index hitting an all-time high, supported by the ongoing synchronised global reflationary story and a rebound in exports. Policy reforms also surprised on the upside, with the Indian government announcing a USD 32 billion recapitalisation plan for the country's state-owned banks, the Chinese government committing to reforms and deleveraging, and the US Senate passing the tax reform bill. The US dollar resumed its devaluation trend, while the Federal Reserve raised benchmark interest rates by 25bps under the new governor Powell. Base metals prices rallied on the back of a weakening US dollar and healthy economic backdrop, while oil prices further strengthened on the back of improving demand, as well as supply discipline from oil-producing countries.

The first quarter of 2018 saw a return of market volatility, mainly driven by rising inflation expectations and an escalation of trade tensions between the US and China. The region started the quarter sustaining the strong momentum from last year, only to see a sharp correction in February, as rising inflation expectations triggered concerns whether the US Federal Reserve would taper its quantitative easing program more aggressively. Volatility also spiked from its all-time low in January amid the correction, and stayed elevated as the US and Chinese administrations began announcing import tariffs against each other. Since then, Asian equities have remained range-bound, driven by a relatively mixed set of fourth quarter 2017 earnings and a further correction in global equities. The US dollar further devalued in January but remained range-bound since then, while oil prices continued to climb.

Thailand, Malaysia and Singapore were the top-performing markets over the review period. Currency was a strong tailwind for these markets, while economic sentiment also remained positive with exports continuing to post year-on-year growth.

Korea, Taiwan and China modestly outperformed the broad region. The Korean economy has been improving, driven particularly by technology-led exports, and the central bank raising rates in December 2017, the first hike since 2011. Taiwan had a volatile period, particularly in the technology sector, which saw a sharp sell off in the fourth quarter of 2017 followed by a strong recovery in the first quarter. Despite escalating trade tensions with the US, China proved to be resilient. The first session of the 13th National People's Congress was held in early March, and the government announced a series of reform actions, including the restructuring of various government bodies such as the integration of the two major financial regulators (Chinese Banking Regulatory Commission and Chinese Insurance Regulatory Commission), some breakthroughs in land reform that will allow various provinces to trade their land quota, and a 400 billion Renminbi tax reduction program across various sectors - confirming the government's ongoing commitment to reform.

In contrast, India continued to lag over the review period. The announcement of the recapitalisation plans in the fourth quarter boosted Indian equities as it removed an overhang among investors regarding the PSU banks' lending capability. However, the market corrected in the first quarter as investors were concerned about scandals within the banking sector alongside an introduction of a long-term capital gains tax in the latest budget.

INVESTMENT MANAGERS' REPORT *CONTINUED*

The Philippines and Indonesia were the worst performing markets. Philippine equities suffered from concerns over rising inflation and foreign selling pressure, while the Peso also depreciated. Indonesia's equity market was impacted by the telecom sector, as company results in this sector confirmed intensifying competition and cost pressures.

Performance

Over the six months ended 31st March 2018, the portfolio outperformed its benchmark index. Positive relative performance was primarily driven by stock selection, with positions in China being the standout contributors.

In China, contributions to the Company's returns were broad-based. Ping An Insurance, a leading personal financial group with businesses in insurance, banking and investment, outperformed because of strong earnings coupled with rising onshore yields. Sino Biopharmaceutical's price rose as the market started to factor in a strong pipeline for 2018 with two key drugs, Tenovir (hepatitis B) and Anlotinib (a rare type of tissue cancer). Shenzhou International Group, a vertically integrated knitwear manufacturer, aided performance as the growth outlook, especially from its Vietnam plant, improved. Within the technology sector, our long-standing zero exposure to Baidu and overweight in Tencent contributed.

PERFORMANCE ATTRIBUTION FOR THE SIX MONTHS TO 31ST MARCH 2018

	%	%
Contributions to total returns		
Benchmark return		+4.2
Stock selection	2.6	
Currency effect	-0.2	
Gearing/(net cash)	-0.1	
Investment Manager contribution		+2.3
Dividend/residual ¹	0.0	
Portfolio return		+6.6
Management fees/other expenses	-0.4	
Return on net assets		+6.2
Return to ordinary shareholders		+4.1

Source: FactSet, JPMAM and Morningstar.

All figures are on a total return basis.

¹ The Dividend/residual arises principally from timing differences in the treatment of income flows.

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

A glossary of terms and alternative performance measures is provided on pages 19 and 20.

Other notable contributors include our positions in two Korean cyclical industrials. Samsung Engineering's price rose following a new contract announcement from an existing Middle East client, while Daewoo Shipbuilding benefitted from improving sentiment following new LNG tanker order wins and new build prices starting to rebound. Elsewhere in Korea, Hyundai Glovis and Mobis announced a restructuring program where Glovis's business structure is expanded from logistics to module and after-sale parts, thereby our overweight position in the stock benefitted returns. Outside North Asia, DBS in Singapore performed well as the bank announced a special dividend with a progressive dividend payout policy, verifying our investment thesis, while CP All in Thailand outperformed on the back of continued improvement in same stores sales at 7-11.

From the asset allocation perspective, our off-benchmark exposure to Vietnam through the JPMorgan Vietnam Fund aided performance.

In terms of detractors from performance, stock selection was disappointing in Taiwan. Largan Precision and Himax Technologies suffered from weak smartphone demand and poor sales of Apple, and in the case of the former, increasing competition and execution issues also weighed on the share price. Astra International in Indonesia underperformed due to continued auto (Toyota/Daihatsu) share losses to Mitsubishi Motors. However, we believe this is temporary and Astra will resume stronger growth later in the year. Not owning Cellitron in Korea also detracted, since the stock return was very strong leading up to its KOSPI200 inclusion in March with many investors gaming the situation ahead of passive money buying.

Outlook

Volatility has returned to equity markets, due in large part to rising trade tensions, concerns about the pace of rate hikes in the US, and, in some cases, company-specific headlines that have undermined the leadership of the large-cap new economy stocks. However, most of this risk is rather exogenous in nature and the investment case for Asian equities remains intact, supported by a favourable macroeconomic environment, robust earnings growth and attractive valuation relative to the major peers. Last but not least, incremental flows should also benefit Asian equities from an allocation perspective.

While inflation finally started to show signs of picking up in selected countries in Asia, economic momentum is still positive, underlined by growing regional exports, robust manufacturing activity and improving consumer sentiment. These factors all pointed towards a healthy backdrop for Asian economic growth ahead, even if headline indicators have softened slightly as we enter the second year of a growth recovery trend. With low-teens earnings growth expectations and valuations trading at just above the 10-year average (as measured by 12-month forward price to earnings), one could argue that Asia's late arrival to the global recovery indicates the possibility of a catch-up in trade, given the strong relative growth story that used to favour the US and is now increasingly shifting towards Asia.

In terms of risk in the Asian economy, the market is more vulnerable to shocks such as an unexpected US dollar rally, potential spill-over from a further correction in US equities, or downside surprises in global economic indicators. The tariff measures announced by the US have been met with a response in kind from China, and the potential for escalation of trade frictions is real, with negative consequences for the global economy and equity valuations. We remain hopeful that such moves simply force the US and China to the bargaining table, and a negotiation resolution is most likely in our view. For Asia in particular, we continue to monitor China's transition to a service-oriented economy and the government's execution of supply side reforms, upcoming elections in India and ASEAN countries, inflation expectations and indications of further monetary tightening, as well as interest rate trajectories.

INVESTMENT MANAGERS' REPORT *CONTINUED*

The longer term story remains excellent, with economic growth supporting an expanding middle class of consumers and also the companies who sell to them. Increasingly in Asia we find franchises which are driven by the attractive internal dynamics in the region and which are not simply proxies for global economic activity. Further we find an ever-expanding cohort of Asian companies which are world leaders in their respective sectors. In aggregate we believe corporate governance is improving - albeit with the necessity for investors of remaining very selective. Despite these positive factors valuations are materially cheaper than those in much of the West.

Richard Titherington

Ayaz Ebrahim

Investment Managers

15th May 2018

Investment Review

TEN LARGEST INVESTMENTS AT 31ST MARCH 2018

Company	Country	2018		2017	
		Valuation £'000	% ¹	Valuation £'000	% ¹
Tencent	China	25,924	7.1	25,403	7.3
Samsung Electronics ²	South Korea	25,675	7.1	26,052	7.5
Taiwan Semiconductor Manufacturing ³	Taiwan	18,392	5.1	6,817	2.0
AIA	Hong Kong	16,060	4.4	19,187	5.5
Alibaba ⁵	China	13,728	3.8	19,697	5.6
China Construction Bank ^{3,6}	China	13,590	3.7	4,120	1.1
DBS	Singapore	9,252	2.5	9,572	2.7
Ping An Insurance ⁶	China	8,073	2.2	11,155	3.1
China Overseas Land & Investment ⁴	China	8,000	2.2	–	–
CK Hutchison	Hong Kong	7,936	2.2	9,247	2.7
Total		146,630	40.3		

¹ Based on total investments of £364.5m (2017: £349.1m).

² Includes preference shares.

³ Not included in the ten largest investments at 30th September 2017.

⁴ Not held in the portfolio at 30th September 2017

⁵ American Depository Receipts (ADRs).

⁶ Hong Kong 'H' Shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.

At 30 September 2017, the value of the ten largest equity investments amounted to £151.6m representing 43.4% of total investments.

PORTFOLIO ANALYSES

Geographical

	31st March 2018		30th September 2017	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
China	34.0	34.7	34.8	34.4
South Korea	17.6	17.5	20.2	17.4
Taiwan	13.6	13.7	9.4	13.4
Hong Kong	11.7	11.2	12.7	11.5
India	8.8	9.4	8.7	9.8
Indonesia	4.4	2.4	5.1	2.6
Singapore	4.0	4.2	3.2	4.2
Thailand	3.5	2.8	2.9	2.6
Vietnam	1.9	0.0	2.0	–
Malaysia	0.5	2.9	1.0	2.7
Philippines	–	1.1	–	1.3
Pakistan	–	0.1	–	0.1
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £364.5m (2017: £349.1m).

Sector

	31st March 2018		30th September 2017	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials	32.6	23.5	34.7	22.8
Information Technology	30.9	32.1	30.5	32.0
Consumer Discretionary	10.5	8.9	8.3	9.4
Industrials	5.8	6.6	6.2	7.1
Real Estate	4.2	5.8	4.0	6.1
Telecommunication Services	3.4	3.9	3.0	4.5
Consumer Staples	3.0	4.6	1.0	4.3
Health Care	2.5	2.8	2.3	2.1
Materials	2.0	4.5	1.0	4.5
Investment Fund	1.9	0.0	2.0	–
Energy	1.8	4.4	3.7	4.2
Utilities	1.4	2.9	3.3	3.0
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £364.5m (2017: £349.1m).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31ST MARCH 2018

	(Unaudited) Six months ended 31st March 2018			(Unaudited) Six months ended 31st March 2017			(Audited) Year ended 30th September 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	–	22,124	22,124	–	27,424	27,424	–	60,256	60,256
Net foreign currency losses	–	(327)	(327)	–	(566)	(566)	–	(839)	(839)
Income from investments	1,843	–	1,843	1,455	–	1,455	6,509	–	6,509
Interest receivable and similar income	28	–	28	1	–	1	7	–	7
Gross return	1,871	21,797	23,668	1,456	26,858	28,314	6,516	59,417	65,933
Management fee	(1,001)	–	(1,001)	(822)	–	(822)	(1,639)	–	(1,639)
Other administrative expenses	(416)	–	(416)	(419)	–	(419)	(754)	–	(754)
Net return on ordinary activities before finance costs and taxation	454	21,797	22,251	215	26,858	27,073	4,123	59,417	63,540
Finance costs	(82)	–	(82)	(83)	–	(83)	(224)	–	(224)
Net return on ordinary activities before taxation	372	21,797	22,169	132	26,858	26,990	3,899	59,417	63,316
Taxation (charge)/credit	(41)	(210)	(251)	61	–	61	(181)	–	(181)
Net return on ordinary activities after taxation	331	21,587	21,918	193	26,858	27,051	3,718	59,417	63,135
Return per share (note 3)	0.35p	22.95p	23.30p	0.20p	28.30p	28.50p	3.93p	62.87p	66.80p

All revenue and capital items in the above statement derive from continuing operations.

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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST MARCH 2018

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st March 2018 (Unaudited)							
At 30th September 2017	23,762	31,646	977	25,121	271,661	–	353,167
Net return on ordinary activities	–	–	–	–	21,587	331	21,918
Dividends paid in the period (note 4)	–	–	–	–	(7,007)	(331)	(7,338)
At 31st March 2018	23,762	31,646	977	25,121	286,241	–	367,747
Six months ended 31st March 2017 (Unaudited)							
At 30th September 2016	23,762	31,646	977	25,121	218,124	5,683	305,313
Repurchase of shares into Treasury	–	–	–	–	(2,392)	–	(2,392)
Net return on ordinary activities	–	–	–	–	26,858	193	27,051
Dividends paid in the period (note 4)	–	–	–	–	–	(5,798)	(5,798)
At 31st March 2017	23,762	31,646	977	25,121	242,590	78	324,174
Year ended 30th September 2017 (Audited)							
At 30th September 2016	23,762	31,646	977	25,121	218,124	5,683	305,313
Repurchase of shares into Treasury	–	–	–	–	(2,892)	–	(2,892)
Net return on ordinary activities	–	–	–	–	59,417	3,718	63,135
Dividends paid in the year (note 4)	–	–	–	–	(2,988)	(9,401)	(12,389)
At 30th September 2017	23,762	31,646	977	25,121	271,661	–	353,167

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

STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2018

	(Unaudited) 31st March 2018 £'000	(Unaudited) 31st March 2017 £'000	(Audited) 30th September 2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	364,531	322,572	349,053
Current assets			
Derivative financial assets	1	1	–
Debtors	4,524	2,275	526
Cash and cash equivalents	2,927	715	4,687
	7,452	2,991	5,213
Creditors: amounts falling due within one year	(4,234)	(1,388)	(1,099)
Derivative financial liabilities	(2)	(1)	–
Net current assets	3,216	1,602	4,114
Total assets less current liabilities	367,747	324,174	353,167
Creditors: amounts falling due after more one year	–	–	–
Net assets	367,747	324,174	353,167
Capital and reserves			
Called up share capital	23,762	23,762	23,762
Share premium	31,646	31,646	31,646
Exercised warrant reserve	977	977	977
Capital redemption reserve	25,121	25,121	25,121
Capital reserves	286,241	242,590	271,661
Revenue reserve	–	78	–
Total shareholders' funds	367,747	324,174	353,167
Net asset value per share (note 5)	390.9p	344.0p	375.4p

STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 31ST MARCH 2018

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,850)	(1,385)	(2,721)
Dividends received	734	570	5,654
Interest received	14	1	5
Overseas tax recovered	–	271	473
Interest paid	(128)	(112)	(203)
Net cash (outflow)/inflow from operating activities	(1,230)	(655)	3,208
Purchases of investments	(120,004)	(81,262)	(161,805)
Sales of investments	126,834	105,253	193,140
Settlement of forward currency contracts	(22)	(24)	8
Net cash inflow from investing activities	6,808	23,967	31,343
Dividends paid	(7,338)	(5,798)	(12,389)
Repurchase of shares into Treasury	–	(2,261)	(2,892)
Repayment of bank loans	–	(15,602)	(15,602)
Net cash outflow from financing activities	(7,338)	(23,661)	(30,883)
(Decrease)/increase in cash and cash equivalents	(1,760)	(349)	3,668
Cash and cash equivalents at start of period/year	4,687	1,065	1,065
Exchange movements	–	(1)	(46)
Cash and cash equivalents at end of period/year	2,927	715	4,687
(Decrease)/increase in cash and cash equivalents	(1,760)	(349)	3,668
Cash and cash equivalents consist of:			
Cash and short term deposits	2,927	715	2,451
Cash held in JPMorgan US Dollar Liquidity Fund	–	–	2,236
	2,927	715	4,687

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST MARCH 2018

1. Financial statements

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

The figures and financial information for the year ended 30th September 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

Basis of accounting

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 'SORP') issued by the Association of Investment Companies in November 2014 and updated in February 2018.

FRS 104, 'Interim Financial Reporting', issued by the FRC in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st March 2018.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 30th September 2017.

3. Return per share

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
Return per share is based on the following:			
Revenue return	331	193	3,718
Capital return	21,587	26,858	59,417
Total return	21,918	27,051	63,135
Weighted average number of shares in issue	94,081,493	94,913,858	94,511,001
Revenue return per share	0.35p	0.20p	3.93p
Capital return per share	22.95p	28.30p	62.87p
Total return per share	23.30p	28.50p	66.80p

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
4. Dividends

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
Dividends paid			
2017 fourth quarterly dividend of 3.8p (2016: 3.0p)	3,575	2,851	2,851
2018 first quarterly dividend of 4.0p (2017: 3.1p)	3,763	2,947	2,947
2017 second quarterly dividend of 3.4p	–	–	3,204
2017 third quarterly dividend of 3.6p	–	–	3,387
Total dividends paid in the period/year	7,338	5,798	12,389

A second interim dividend of 3.9p has been declared for payment on 9th May 2018 for the financial year ending 30th September 2018.

Dividend payments in excess of the revenue amount will be paid out of the Company's distributable capital reserve.

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2018	(Unaudited) Six months ended 31st March 2017	(Audited) Year ended 30th September 2017
Net assets (£'000)	367,747	324,174	353,167
Number of shares in issue	94,081,493	94,241,493	94,081,493
Net asset value per share	390.9p	344.0p	375.4p

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

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
Net return on ordinary activities before finance costs and taxation	22,251	27,073	63,540
Less capital return on ordinary activities before finance costs and taxation	(21,797)	(26,858)	(59,417)
Scrip dividends received as income	–	–	(161)
Increase in accrued income and other debtors	(894)	(671)	(34)
(Decrease)/increase in accrued expenses	(107)	(8)	64
Overseas withholding tax	(251)	(208)	(652)
Dividends received	(734)	(570)	(5,654)
Interest received	(14)	(1)	(5)
Realised losses on foreign currency transactions	(166)	(132)	(395)
Exchange loss on Liquidity Fund	(138)	(10)	(7)
Net cash outflow from operating activities	(1,850)	(1,385)	(2,721)

7. Fair valuation of investments

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

	(Unaudited) Six months ended 31st March 2018		(Unaudited) Six months ended 31st March 2017		(Audited) Year ended 30th September 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	357,770	–	315,132	–	342,239	–
Level 2 ¹	6,762	(2)	7,441	(1)	6,814	–
Total	364,532	(2)	322,573	(1)	349,053	–

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

Interim Management Report

The Company is required to make the following disclosures in its half year report.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company have not changed since the Company's year end and fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 30th September 2017.

Related Party Transactions

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

Going Concern

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

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st March 2018, as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

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

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

and the Directors confirm that they have done so.

For and on behalf of the Board

Bronwyn Curtis OBE
Director

15th May 2018

Shareholder Information

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APM's)

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 March 2018	
Opening share price as at 30th September 2017 (p)	2	345.5	
Closing share price as at 31st March 2018 (p)	2	352.0	(a)
Total dividend adjustment factor ¹		1.021261	(b)
Adjusted closing share price (c = a x b)		359.48	(c)
Total return to shareholder		4.1%	

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 March 2018	
Opening cum-income NAV per share as at 30th September 2017 (p)	2	375.4	
Closing cum-income NAV per share as at 31st March 2018 (p)	2	390.9	(a)
Total dividend adjustment factor ²		1.019504	(b)
Adjusted closing cum-income NAV per share (c = a x b)		398.52	(c)
Total return on net assets		6.2%	

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

² The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

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.

Gearing/Net Cash (APM)

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.

Gearing calculation	Page	31st March 2018 £'000	30th September 2017 £'000	
Investments held at fair value through profit or loss	13	364,531	349,053	(a)
Net assets	2	367,747	353,167	(b)
Gearing/(Net Cash) (c = a / b - 1)		(0.9%)	(1.2%)	(c)

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APM's) CONTINUED

Ongoing Charges (APM)

The ongoing charges 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 March 2018 is an estimated annualised figure based on the numbers for the six months ended 31st March 2018.

Ongoing charges calculation	Page	31st March 2018 £'000	30th September 2017 £'000	
Management Fee	11	2,002	1,639	
Other administrative expenses	11	832	754	
Total management fee and other administrative expenses		2,834	2,393	(a)
Average daily cum-income net assets		376,534	326,448	(b)
Ongoing Charges (c = a / b)		0.75%	0.73%	(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).

Treasury shares

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

Performance attribution

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

Performance Attribution Definitions:

Stock/Sector selection

Measures the effect of investing in securities/sectors to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

Currency effect

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

Gearing/Net Cash

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

Management fee/Other expenses

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

Share buybacks

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

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 2018/19 tax year, from 6th April 2018 and ending 5th April 2019, 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 September
Final results announced	December
Half year end	31st March
Half year results announced	May/June
Dividend on ordinary shares paid	February/May/August/November
Annual General Meeting	January/February

History

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

Directors

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

Company Numbers

Company registration number: 3374850
LEI: 5493006R74BNJSJKCB17

Ordinary Shares

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

Market Information

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

Website

www.jpmasian.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, 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 number: 020 7742 4000

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

Depository

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

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

Registrars

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

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

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

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

Independent Auditors

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

Brokers

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

Savings Product Administrators

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

Awards

Awarded best Asia Pacific Equities Investment Trust at the Citywire Investment Trust Performance Awards 2017.

The award recognises investment trusts and companies whose portfolios are calculated to have added the most value for investors over the past three years.



The Association of
Investment Companies

A member of the AIC

www.jpmasian.co.uk

J.P. MORGAN HELPLINE

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

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