



Half Year Report **2013/14**

JPMorgan Emerging Markets
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st December 2013

Features

Contents

About the Company

- 1 Half Year Performance
- 2 Chairman's Statement
- 4 Investment Manager's Report

Investment Review

- 5 List of Investments
- 7 Portfolio Analyses

Accounts

- 8 Income Statement
- 9 Reconciliation of Movements in Shareholders' Funds
- 10 Balance Sheet
- 11 Cash Flow Statement
- 12 Notes to the Accounts

Shareholder Information

- 14 Interim Management Report
- 15 Subscription Shares
- 16 Glossary of Terms and Definitions
- 17 Information about the Company

Objective

Capital growth from emerging markets worldwide.

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 2013, the Company's issued share capital comprised 122,205,251 Ordinary shares of 25p each, including 2,946,122 shares held in Treasury, and 10,158,274 Subscription shares of 1p each.

Continuation Vote

At the Annual General Meeting held on 14th November 2011 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2014 and at three yearly intervals thereafter.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

Half Year Performance

Total returns (includes dividends reinvested)

-5.7%

Portfolio return net of fees and expenses^{1,2}

-1.4%

Benchmark³

-5.3%

Fully diluted return on net assets^{1,4}

-2.9%

Return to Ordinary shareholders⁵

Financial Data

	31st December 2013	30th June 2013	% change
Shareholders' funds (£'000)	734,202	785,778	-6.6
Ordinary shares in issue (excluding shares held in Treasury)	119,259,129	119,353,816	-0.1
Ordinary share price	545.5p	567.0p	-3.8
Ordinary share price discount to fully diluted net asset value per Ordinary share	10.3%	11.8%	
Subscription share price	42.5p	76.5p	-44.4
Subscription shares in issue	10,158,274	10,170,292	

A glossary of terms and definitions is provided on page 16.

¹Source: J.P. Morgan.

²Return on net assets, net of management and performance fees and administration expenses, but excluding both the effect of Subscription shares which have been converted during the period and the dilutive impact of Subscription shares in issue at the period end.

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

⁴Return on net assets calculated using the diluted net asset value, which assumes that all outstanding Subscription shares were converted into Ordinary shares at the period end.

⁵Source: Morningstar. The return to Ordinary Shareholders assumes that the dividend paid by the Company was reinvested, at the prevailing share price, on the ex-dividend date.

Chairman's Statement



Performance

Following the strong positive returns enjoyed in the previous financial year to 30th June 2013, the first half of the Company's financial year was a difficult period for emerging markets and your Company underperformed its benchmark index. In the six months to 31st December 2013, the portfolio return net of fees and expenses was - 5.7%, as compared to the total return from our benchmark index, the MSCI Emerging Markets Index (in sterling terms) of -1.4%. The fully diluted total return on net assets, which assumes that all of the Company's Subscription shares were exercised at the price of 543 pence per share, was -5.3%. Over the same period, the return to Ordinary shareholders was -2.9%. Whilst this is disappointing, the Company's long term record remains very strong. 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.

Discount

During the first six months of this financial year, the discount on the Company's Ordinary shares to their fully diluted net asset value ('NAV') ranged between 8.1% and 11.6%, averaging 9.8%. At the period end, the discount was 10.3%. As I have explained in previous reports, the Board is prepared to take action to ensure that the fully diluted discount does not exceed 10% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. We are prepared to buy shares in at discounts wider than 8% in order to achieve this, subject to those caveats, and have done so during the period. During the six months the Company repurchased a total of 106,705 Ordinary shares into Treasury at an average 10.3% discount to NAV. Shares will only be reissued from Treasury at a premium to net asset value.

Subscription shares

During the six months to 31st December 2013 and up to the date of this report, the Company has issued a total of 12,348 Ordinary shares following the exercise of Subscription shares, amounting to proceeds of £67,050. Further details of the Subscription shares can be found on page 15 of this half year report and on the Company's website at www.jpmemergingmarkets.co.uk but I would remind Subscription shareholders that the final opportunity to convert their Subscription shares into Ordinary shares at a price of 543p per share is on 31st July 2014, after which they will expire.

The Alternative Investment Fund Managers Directive ('AIFMD')

As I reported at the last year end, the AIFMD represents new regulation for investment trust companies and your Company must comply by 22nd July 2014. Your Board is taking independent legal advice on this matter, but has agreed to appoint JPMorgan as its AIFM and Bank of New York ('BoNY') as its depositary under the new regime. JPMorgan has submitted its application to be authorised as an AIFM which it expects to be confirmed in the coming weeks, at which time the Company will enter into a new management agreement with JPMorgan Funds Limited and a depositary agreement with BoNY. Whilst compliance with the new regime will entail some additional disclosure, it is not expected to change materially the manner in which your Company is managed and will not impact the independence of your Board.

Management Fee

The Company's management fee is currently charged at the rate of 1.0% per annum of total assets less current liabilities. The Board has agreed with JPMAM that, with effect from 1st July 2014, a sliding scale will apply to the management fee such that the charge will be reduced to 0.75% on assets above £800 million.

Outlook

The difficulties experienced by emerging markets in recent months may continue in the short term, but lower valuations offer opportunities and we are confident in our Manager's ability to identify and exploit those opportunities to generate outperformance and continue the Company's strong long term record.

Alan Saunders
Chairman

24th February 2014

Investment Manager's Report



It has been a challenging six months for emerging markets and for your manager. Although markets declined only modestly (-1.4%), we failed to keep pace with the benchmark and the fully diluted net asset value per share of your portfolio fell by 5.3% over the same period; this effectively cancelled out the outperformance of the first six months of 2013. The principal causes of this disappointing outcome were currency weakness during the late summer, especially in India, where we had a large exposure and some individual effects in stock selection. As we head in to 2014, market conditions are not recovering and currency weakness in emerging markets has again moved to centre stage.

After two already dull years for emerging markets, this is not cheery news for us to report; but it should not hugely surprise us that as developed economies recover, the flow of money seeking returns should change direction. At such a time, it is especially important to be careful about balance sheets and to think carefully about how well placed businesses are to take advantage of more challenging conditions. The non-financial investments in your portfolio conform very much to this line of thinking. Financial self-reliance may prove very important in an era in which the cost of money is rising.

Looking forward, we see continuing headwinds from the recovery of the developed world and the likely eventual increase in interest rates; but it is encouraging that exchange rates are already acting as an adjustment mechanism. Not only is this much less damaging than a system which puts all the stress on adjustment of internal prices in an economy (as was seen in the Asian crisis in 1998, and in Eurozone countries like Greece after the financial crisis); but it also means that stocks are getting cheaper. Low valuations must mitigate a lot of the current pessimism about emerging markets and one thing we know from the past is that the world does not end when gloom and pessimism are widespread; instead, it offers better value; and currencies will revert to the mean, in real terms, in the long run. While it may be too early to call a definitive upturn in the asset class, we are seeing increasing numbers of interesting opportunities at the stock level, which has always been our principal focus as investors.

Austin Forey
Investment Manager

24th February 2014

List of Investments

at 31st December 2013

Company	Country of Listing	Valuation £'000	%
Housing Development Finance	India	24,227	3.30
Magnit	Russia	23,008	3.10
Taiwan Semiconductor Manufacturing ¹	Taiwan	21,845	3.00
Tata Consultancy Services	India	20,538	2.80
Hyundai Motor	South Korea	19,915	2.70
AIA	Hong Kong	19,072	2.60
International Personal Finance	UK	18,902	2.60
Ultrapar Participações	Brazil	17,088	2.30
Infosys Technologies ¹	India	16,613	2.30
Grupo Financiero Banorte	Mexico	15,928	2.20
Mahindra & Mahindra Financial Service	India	15,759	2.10
WEG	Brazil	15,298	2.10
China Mobile	Hong Kong	14,982	2.00
Ambev ¹	Brazil	14,383	2.00
Tsingtao Brewery	China	13,963	1.90
Compartamos	Mexico	13,802	1.90
Vale ¹	Brazil	13,521	1.80
Yes Bank	India	13,346	1.80
Jardine Matheson	Hong Kong	12,841	1.70
Delta Electronics	Taiwan	12,757	1.70
Cielo	Brazil	12,605	1.70
China Merchants Bank	China	12,500	1.70
Capitec Bank	South Africa	12,214	1.70
Wumart Stores	China	11,250	1.50
MTN	South Africa	11,221	1.50
ITC	India	10,908	1.50
United Breweries	India	10,715	1.50
Bidvest Group	South Africa	10,577	1.40
Petroleo Brasileiro ¹	Brazil	10,449	1.40
Wal-Mart De Mexico	Mexico	10,384	1.40
Tenaris ¹	Argentina	10,296	1.40
Discovery	South Africa	9,986	1.40
Itau Unibanco	Brazil	9,928	1.40
Sberbank	Russia	9,661	1.30
Clicks	South Africa	9,524	1.30
Ping An Insurance	China	9,329	1.30
President Chain Store	Taiwan	9,156	1.20
Astra International	Indonesia	8,932	1.20

List of Investments continued

at 31st December 2013

Company	Country of Listing	Valuation £'000	%
Companhia de Concessões Rodoviárias	Brazil	8,479	1.20
Hyundai Mobis	South Korea	8,395	1.10
Bank Rakyat Indonesia	Indonesia	8,361	1.10
RMB	South Africa	8,180	1.10
Cafe De Coral	Hong Kong	8,120	1.10
Grupo Aeroportuario del Sureste ¹	Mexico	8,091	1.10
Sun Art Retail Group	Hong Kong	8,002	1.10
Baidu ¹	China	7,768	1.10
Lojas Renner	Brazil	7,003	1.00
Tingyi	China	6,861	0.90
TOTVS	Brazil	6,813	0.90
Shoprite Holdings	South Africa	6,658	0.90
Banco Santander-Chile ¹	Chile	6,260	0.90
Turkiye Garanti Bankasi	Turkey	6,068	0.80
Marcopolo	Brazil	5,525	0.80
Tiger Brands	South Africa	5,352	0.70
Unilever Indonesia	Indonesia	5,324	0.70
Top Glove	Malaysia	5,320	0.70
Hang Lung Properties	Hong Kong	5,281	0.70
Mr Price	South Africa	5,267	0.70
KOC	Turkey	5,042	0.70
British American Tobacco Malaysia	Malaysia	5,026	0.70
ACC	India	5,001	0.70
Convenience Retail Asia	Hong Kong	4,881	0.70
Massmart	South Africa	4,459	0.60
Supreme Industries	India	4,175	0.60
Shinsegae Food	South Korea	3,400	0.50
H.K. Aircraft Engineering	Hong Kong	3,285	0.50
Ambuja Cements	India	2,746	0.40
Holcim	Indonesia	2,389	0.30
TCS ¹	Cyprus	2,287	0.30
BRR Guardian Modaraba	Pakistan	63	—
JPMorgan US Dollar Liquidity Fund ²	JPM Liquidity Stock	14,445	2.00
Net current assets		12,452	1.70
Total assets less current liabilities		734,202	100.00

¹Includes ADRs/GDRs/ADSSs/BDRs.

²Managed by JPMorgan Asset Management.

Portfolio Analyses

Geographical Analysis

	31st December 2013		30th June 2013	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
East Asia	29.0	49.8	27.8	47.5
Latin America	25.5	19.1	25.2	20.3
South Asia	21.7	13.2	21.6	15.0
Europe/Middle East/Africa	20.1	17.9	21.6	17.2
Total equities	96.3	100.0	96.2	100.0
Liquidity fund	2.0	–	3.6	–
Net current assets	1.7	–	0.2	–
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £734.2m (30th June 2013: £785.8m).

Sector Analysis

	31st December 2013		30th June 2013	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financials	30.1	26.6	32.0	27.6
Consumer Staples	21.1	8.6	21.8	9.4
Information Technology	13.5	16.0	10.9	14.7
Industrials	9.4	6.5	10.0	6.3
Consumer Discretionary	9.0	8.9	8.6	8.3
Energy	5.1	11.3	5.2	11.4
Materials	3.8	9.7	3.3	9.5
Telecommunication Services	3.6	7.4	3.5	7.9
Health Care	0.7	1.7	0.9	1.5
Utilities	–	3.3	–	3.4
Total equities	96.3	100.0	96.2	100.0
Liquidity fund	2.0	–	3.6	–
Net current assets	1.7	–	0.2	–
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £734.2m (30th June 2013: £785.8m).

Income Statement

for the six months ended 31st December 2013

	(Unaudited) Six months ended 31st December 2013			(Unaudited) Six months ended 31st December 2012			(Audited) Year ended 30th June 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains from investments held at fair value through profit or loss	–	(46,232)	(46,232)	–	75,370	75,370	–	76,287	76,287
Net foreign currency (losses)/gains	–	(1,129)	(1,129)	–	135	135	–	191	191
Income from investments	7,984	–	7,984	7,469	–	7,469	18,484	–	18,484
Other interest receivable and similar income	2	–	2	2	–	2	3	–	3
Gross return/(loss)	7,986	(47,361)	(39,375)	7,471	75,505	82,976	18,487	76,478	94,965
Management fee	(3,857)	–	(3,857)	(3,679)	–	(3,679)	(7,835)	–	(7,835)
Performance fee	–	–	–	–	–	–	–	(3,211)	(3,211)
Other administrative expenses	(581)	–	(581)	(546)	–	(546)	(1,140)	–	(1,140)
Net return/(loss) on ordinary activities before taxation	3,548	(47,361)	(43,813)	3,246	75,505	78,751	9,512	73,267	82,779
Taxation (note 3)	(662)	–	(662)	(578)	–	(578)	(1,375)	–	(1,375)
Net return/(loss) on ordinary activities after taxation	2,886	(47,361)	(44,475)	2,668	75,505	78,173	8,137	73,267	81,404
Return/(loss) per Ordinary share (note 4)									
Undiluted	2.42p	(39.69)p	(37.27)p	2.22p	62.74p	64.96p	6.77p	60.93p	67.70p
Diluted	2.42p	(39.69)p	(37.27)p	2.21p	62.65p	64.86p	6.73p	60.59p	67.32p

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 Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

Reconciliation of Movements in Shareholders' Funds

Six months ended 31st December 2013 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th June 2013	30,650	120,933	1,665	69,939	546,591	16,000	785,778
Exercise of Subscription shares into Ordinary shares	–	–	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	3	62	–	–	–	–	65
Repurchase of shares into Treasury	–	–	–	–	(605)	–	(605)
Net return on ordinary activities	–	–	–	–	(47,361)	2,886	(44,475)
Dividends appropriated in the period	–	–	–	–	–	(6,561)	(6,561)
At 31st December 2013	30,653	120,995	1,665	69,939	498,625	12,325	734,202

Six months ended 31st December 2012 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th June 2012	28,907	89,252	1,665	69,939	488,820	13,348	691,931
Repurchase of shares into Treasury	–	–	–	–	(9,678)	–	(9,678)
Exercise of Subscription shares into Ordinary shares	(72)	72	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	1,809	31,482	–	–	–	–	33,291
Net return on ordinary activities	–	–	–	–	75,505	2,668	78,173
Dividends appropriated in the period	–	–	–	–	–	(5,486)	(5,486)
At 31st December 2012	30,644	120,806	1,665	69,939	554,647	10,530	788,231

Year ended 30th June 2013 (Audited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th June 2012	28,907	89,252	1,665	69,939	488,820	13,348	691,931
Repurchase of shares into Treasury	–	–	–	–	(15,496)	–	(15,496)
Exercise of Subscription shares into Ordinary shares	(72)	72	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	1,815	31,609	–	–	–	–	33,424
Net return on ordinary activities	–	–	–	–	73,267	8,137	81,404
Dividends appropriated in the year	–	–	–	–	–	(5,485)	(5,485)
At 30th June 2013	30,650	120,933	1,665	69,939	546,591	16,000	785,778

Balance Sheet

at 31st December 2013

	(Unaudited) 31st December 2013 £'000	(Unaudited) 31st December 2012 £'000	(Audited) 30th June 2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	707,305	761,151	755,653
Investments in liquidity funds held at fair value through profit or loss	14,445	25,257	28,222
Total investments	721,750	786,408	783,875
Current assets			
Debtors	687	2,254	2,181
Cash and short term deposits	12,020	1,808	4,950
	12,707	4,062	7,131
Creditors: amounts falling due within one year	(255)	(453)	(5,228)
Net current assets	12,452	3,609	1,903
Total assets less current liabilities	734,202	790,017	785,778
Performance fees	–	(1,786)	–
Net assets	734,202	788,231	785,778
Capital and reserves			
Called up share capital	30,653	30,644	30,650
Share premium	120,995	120,806	120,933
Capital redemption reserve	1,665	1,665	1,665
Other reserve	69,939	69,939	69,939
Capital reserves	498,625	554,647	546,591
Revenue reserve	12,325	10,530	16,000
Total equity shareholders' funds	734,202	788,231	785,778
Net asset value per Ordinary share (note 5)			
Undiluted	615.6p	655.4p	658.4p
Diluted	609.9p	646.6p	649.3p

Company registration number: 2618994

Cash Flow Statement

for the six months ended 31st December 2013

	(Unaudited) Six months ended 31st December 2013 £'000	(Unaudited) Six months ended 31st December 2012 £'000	(Audited) Year ended 30th June 2013 £'000
Net cash (outflow)/inflow from operating activities (note 6)	(876)	2,890	6,774
Tax recovered	77	57	110
Net cash inflow/(outflow) from capital expenditure and financial investment	15,989	(21,893)	(17,060)
Dividend paid	(6,561)	(5,486)	(5,485)
Net cash inflow/(outflow) before financing	8,629	(24,432)	(15,661)
Net cash (outflow)/inflow from financing	(430)	23,613	17,928
Net increase/(decrease) in cash in the period	8,199	(819)	2,267
Reconciliation of net cash flow to movement in net funds			
Net cash movement	8,199	(819)	2,267
Exchange movements	(1,129)	135	191
Movement in net funds in the period	7,070	(684)	2,458
Net funds at the beginning of the period	4,950	2,492	2,492
Net funds at the end of the period	12,020	1,808	4,950
Represented by:			
Cash and short term deposits	12,020	1,808	4,950

Notes to the Accounts

for the six months ended 31st December 2013

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 2013 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included 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 accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

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

The accounting policies applied to these interim accounts are consistent with those applied in the accounts for the year ended 30th June 2013.

3. Taxation

The taxation charge of £662,000 (31st December 2012: £578,000 and 30th June 2013: £1,375,000) comprises irrecoverable overseas withholding tax.

4. Return/(loss) per Ordinary share

	(Unaudited) Six months ended 31st December 2013 £'000	(Unaudited) Six months ended 31st December 2012 £'000	(Audited) Year ended 30th June 2013 £'000
Return/(loss) per Ordinary share is based on the following:			
Revenue return	2,886	2,668	8,137
Capital (loss)/return	(47,361)	75,505	73,267
Total (loss)/return	(44,475)	78,173	81,404
Weighted average number of Ordinary shares in issue during the period used for the purpose of the undiluted calculation	119,314,805	120,344,237	120,244,581
Weighted average number of Ordinary shares in issue during the period used for the purpose of the diluted calculation	119,314,805	120,525,572	120,915,895
Undiluted			
Revenue return per share	2.42p	2.22p	6.77p
Capital (loss)/return per share	(39.69)p	62.74p	60.93p
Total (loss)/return per share	(37.27)p	64.96p	67.70p
Diluted¹			
Revenue return per share	2.42p	2.21p	6.73p
Capital (loss)/return per share	(39.69)p	62.65p	60.59p
Total (loss)/return per share	(37.27)p	64.86p	67.32p

¹The diluted (loss)/return per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the period end. The Company will only re-issue shares held in Treasury at a premium and therefore these shares have no dilutive potential.

4. Return/(loss) per Ordinary share continued

The diluted return/(loss) per Ordinary share represents the return/(loss) on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the period as adjusted in accordance with the requirements of Financial Reporting Standard 22 'Earnings per share'.

5. Net asset value per Ordinary share

	(Unaudited) 31st December 2013	(Unaudited) 31st December 2012	(Audited) 30th June 2013
Undiluted			
Ordinary shareholders' funds (£'000)	734,202	788,231	785,778
Number of Ordinary shares in issue (excluding shares held in Treasury)	119,259,129	120,275,887	119,353,816
Net asset value per Ordinary share (pence)	615.6	655.4	658.4
Diluted			
Ordinary shareholders' funds assuming exercise of Subscription shares (£'000)	789,361	843,588	841,003
Number of potential Ordinary shares in issue	129,417,403	130,470,596	129,524,108
Net asset value per Ordinary share (pence)	609.9	646.6	649.3

The diluted net asset value per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the period end. The Company will only re-issue shares held in Treasury at a premium and therefore, these shares have no dilutive potential.

6. Reconciliation of total (loss)/return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 31st December 2013 £'000	(Unaudited) Six months ended 31st December 2012 £'000	(Audited) Year ended 30th June 2013 £'000
Net (loss)/return on ordinary activities before finance costs and taxation	(43,813)	78,751	82,779
Less capital loss/(return) on ordinary activities before finance costs and taxation	47,361	(75,505)	(73,267)
Scrip dividends received as income	(94)	(385)	(583)
Decrease/(increase) in net debtors and accrued income	1,378	648	(624)
Overseas withholding tax	(711)	(619)	(1,531)
Performance fee paid	(4,997)	–	–
Net cash (outflow)/inflow from operating activities	(876)	2,890	6,774

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 and economic; loss of investment team or investment manager; discount; change of corporate control of the manager; 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 June 2013.

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 during the period.

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. 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 the Accounting Standards Board's Statement 'Half Yearly Financial Reports' 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 2013, as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

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

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

and the Directors confirm that they have done so.

For and on behalf of the Board

Alan Saunders
Chairman

24th February 2014

Subscription Shares

On 11th June 2009 the Company issued Subscription shares as a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share on any business day during the period from 1st August 2009 to 31st July 2014, after which the rights on the Subscription shares will lapse.

During the period, shareholders exercised their right to convert 7,236,663 Subscription shares into Ordinary shares for a total consideration of £33.3 million. Since the period end and at the time of writing, shareholders have exercised their right to convert a further 2,408 Subscription shares into Ordinary shares for a total consideration of £13,100.

The Subscription shares are exercisable between 1st August 2012 and 31st July 2014 at a price of 543 pence.

Notice of the exercise of the Subscription rights may be given at any time until 31st July 2014 and the Ordinary shares arising on conversion will be issued within ten business days of the first business day of the calendar month following the month in which the relevant notices are received by the registrars.

For further details on how to exercise the Subscription share rights please refer to the Company's website at www.jpmemergingmarkets.co.uk or contact the Company Secretary on 020 7742 4000.

For the purposes of UK taxation, the issue of Subscription shares is treated as a reorganisation of the Company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, they do require shareholders to reallocate the base costs of their Ordinary shares between Ordinary shares and Subscription shares received.

At the close of business on 11th June 2009 the middle market prices of the Company's Ordinary shares and Subscription shares were as follows:

Ordinary shares:	392p
Subscription shares:	57p

Accordingly an individual investor who on 10th June 2009 held five Ordinary shares (or a multiple thereof) would have received a bonus issue of one Subscription share (or the relevant multiple thereof) and would apportion the base cost of such holding 97.17% to the five Ordinary shares and 2.83% to the Subscription share.

Glossary of Terms and Definitions

Portfolio return net of fees and expenses

Return on net assets, net of management and performance fees and administration expenses, but excluding both the effect of Subscription shares which have been converted during the period and the dilutive impact of Subscription shares in issue at the period end.

Return to Ordinary shareholders

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

Fully diluted net asset value ('NAV') per Ordinary share

The NAV per Ordinary share assuming that all Subscription shares in issue were converted into Ordinary shares at the period end at the current exercise price of 460 pence per share.

Fully diluted return on net assets

Return on the diluted net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

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

Benchmark return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Ordinary share price discount to fully diluted net asset value ('NAV') per Ordinary share

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Return per Ordinary share – Undiluted

The undiluted return per Ordinary share represents the return on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the period.

Return per Ordinary share – Diluted

The diluted return per Ordinary share represents the return on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the period as adjusted in accordance with the requirements of Financial Reporting Standard 22 'Earnings per share'.

Financial Conduct Authority

Beware of share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

- 1 Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- 2 Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- 3 Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
- 4 Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- 5 Use the firm's contact details listed on the Register if you want to call it back.
- 6 Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
- 7 Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
- 8 Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- 9 Think about getting independent financial and professional advice before you hand over any money.
- 10 **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000



Information about the Company

Financial Calendar

Financial year end	30th June
Final results announced	September
Half year end	December
Half year results announced	February
Interim Management Statements announced	May and November
Final dividend on Ordinary shares paid	November
Subscription share exercise dates	1st August 2009 to 31st July 2014
Annual General Meeting	November

History

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

Directors

Alan Saunders (Chairman)
Sarah Arkle
David Gamble
Anatole Kaletsky
Nigel Kenny
Percy Mistry

Company Numbers

Company registration number: 2618994

Ordinary shares

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

Subscription shares

London Stock Exchange number: B3V4X02
ISIN: GB00B3V4X029
Bloomberg code: JMGS LN

Market Information

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

The Company's Subscription share price is listed on the London Stock Exchange and quoted daily in the Financial Times and on the J.P. Morgan website at www.jpmemergingmarkets.co.uk, where the Subscription 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 SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone: 020 7742 4000

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

Custodian

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

Registrars

Equiniti Limited
Reference 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2320

Calls to this number cost 8p per minute from a BT landline. Other providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

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, J.P. Morgan ISA and J.P. Morgan SIPP, please see the contact details on the back cover of this report.

aic

The Association of
Investment Companies

A member of the AIC

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmemergingmarkets.co.uk