JPMorgan Emerging Markets Investment Trust plc

Half Year Report & Accounts for the six months ended 31st December 2015

J.P.Morgan
Asset Management

Features

Objective

Total Return 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 2015, the Company's issued share capital comprised 132,363,525 ordinary shares of 25p each, including 4,115,149 shares held in Treasury.

Continuation Vote

At the Annual General Meeting held on 14th November 2014 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2017.

Management Company

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'

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

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

AIC

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

Website

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

Contents

Half Year Performance to 31st December 2015

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

–6.2%
Return to shareholders[1]

–6.8%
Return on net assets[2]

–11.8%
Benchmark return[3]

Financial Data

	31st December 2015	30th June 2015	% change
Shareholders' funds (£'000)	785,761	852,689	–7.8
Net asset value per share	612.7p	663.8p	–7.7
Share price	544.5p	587.0p	–7.2
Share price discount to net asset value per share[4]	11.0%	10.7%	
Number of shares in issue (excluding shares held in Treasury)	128,248,376	128,448,376	–0.2
Gearing/(net cash)	(4.1)%	(3.8)%	
Ongoing charges	1.17%	1.14%	

Glossary of terms and definitions is provided on page 19.

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

[2] Source: J.P. Morgan.

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

[4] Capital only. Source: Bloomberg.

CHAIRMAN'S STATEMENT

Performance

The first half of the Company's financial year proved to be a difficult period for emerging markets. Over the six months to 31st December 2015 the Company's benchmark index, the MSCI Emerging Markets Index (in sterling terms), fell 11.8%. Whilst it is disappointing to report a fall in the Company's net asset value, it is of some comfort that the Company has outperformed the benchmark, with the Manager's investment approach delivering relative value to shareholders. For the six months, the Company produced a total return on net assets of -6.8%. Over the same period, the return to shareholders was -6.2%. The discount on the Company's shares widened from 10.7% to 11.0%. 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 shares to their net asset value ranged between 8.5% and 12.8%, averaging 10.7%. At the period end, the discount was 11.0%. As I have explained previously, the Board is prepared to take action to ensure that the 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 200,000 shares into Treasury. However, as volatility picked up and sentiment deteriorated, markets were far from orderly and we stepped back from further purchases. Since the turn of the year, the discount has widened out some way further in volatile markets. So that we do not drift too far away from our targeted discount range, the Board intend to increase the amount of buy backs so as to bring the discount back towards the higher end of that range, ie 10%. This is a tactical move and the longer term strategy to manage the discount remains unchanged.

Allocation of Expenses

Historically, the Company has allocated 100% of its management fees and finance costs to the Company's revenue account. The Board has recently reconsidered this policy in the light of the investment returns from the Company's portfolio and the expected split of returns between capital and income in the coming years. As a result, it has decided to charge 70% of the Company's management fees and finance expenses to capital with effect from 1st July 2015 and therefore the accounts within this half year report have been drawn up on that basis. This will result in a revenue return per share of 2.95 pence for this half year. Had the revised allocation been in place during the comparative periods presented in these financial statements, the revenue returns would have been 4.61 pence for the period ended 31st December 2014, and 11.26 pence for the year ended 30th June 2015. This will increase the potential for dividend increases over time but of course dividends may still fluctuate in line with underlying earnings.

CHAIRMAN'S STATEMENT *CONTINUED*

Investment policy

The Board has always emphasised capital growth as its investment objective. Given that the benchmark we aim to beat is a total return benchmark (ie capital gains and income reinvested), it is time we restated that policy to a total return objective. The change in accounting for expenses increases the potential for dividend growth and makes a total return objective more appropriate. Accordingly, the restated investment policy is to invest in emerging markets with the aim of maximising total returns against our chosen benchmark. We should emphasise that this will not mean any change in the way the portfolio is managed.

Outlook

At the time of writing early in 2016, the market environment for emerging markets remains challenging. There can be little doubt that this volatility could continue for some time. At some stage, however, the selling pressure will abate and markets begin to recover. While valuations may not have reached capitulation levels, there is no doubt that markets look relatively cheap against developed markets. Assuming the long term bull case for emerging markets remains intact, as the Board believes it does, then the companies we invest in look good value in the long run.

Alan Saunders
Chairman

10th March 2016

INVESTMENT MANAGER'S REPORT

The second half of 2015 has not been an easy time for stock markets in the developing world: share prices in the asset class fell by 11.8% in sterling terms during this six month period. Our consistent focus on investing your Company's portfolio in profitable, conservatively financed businesses protected it from the worst of the market declines; but the Company's net asset value per share still decreased by 6.8% in the same period. This relative outperformance is encouraging for us as managers, but may not be much consolation for shareholders seeing a diminution in the value of their investments.

Why have market conditions been so tough? I think we can identify three main reasons. The first clear cause has been the continued fall in commodity prices, especially oil. Commodities are important for the economies of several emerging markets, not just in the Middle East, but also for countries like Russia, Mexico and Nigeria, all of which are significant producers. A fall in oil prices is bad news for these economies: their trade balances deteriorate, their currencies fall, inflationary pressures increase and their governments find themselves having to pay more to borrow money. None of that is good for equity markets. We have largely avoided direct exposure to commodity-producing companies in the portfolio, but have not dodged all of the second-order effects like currency weakness: this has been a big factor in places like South Africa and Brazil, where our investments have fallen sharply in value in sterling terms.

The second reason for weak markets is the continued strength of the US dollar, supported (at last) by the first rise in interest rates in America since the financial crisis. A strong dollar has always been a headwind for emerging markets and although most emerging currencies now float more or less freely, avoiding the worst imbalances, exchange rates nevertheless adjust downwards as economic pressures rise. Without the ability to use the currency as an adjustment mechanism, economic policy choices become more difficult; this has been the dilemma facing China.

The resultant uncertainty about the Chinese economy has therefore been the third factor depressing emerging markets, both because China is by far the largest country in the asset class, and because its economy has been such an important determinant of global demand for everything from iron ore to iPhones. I have long thought that China is facing a challenging but inevitable economic transition away from high rates of growth based on stupendous levels of fixed investment towards something more similar to the rest of the world. Simply put, it has become very difficult for the Chinese government to manage its economy for a high rate of growth while at the same time keeping its currency tracking an ever-stronger US dollar. In the last six months, the pressure has told and both measures appear to be giving way, as economic growth slows and the currency weakens; the lack of clear policy statements and priorities has not helped market confidence either.

But, no matter how trite this may sound, we should also remember that crisis brings opportunity. The majority of factors that have been depressing equity prices are cyclical and will pass eventually. In the meantime, weak markets may bring the prices of good businesses to appealing levels: we will strive to take advantage of this, pursuing the same investment approach as always. The most challenging conditions often sort the sheep from the goats in the corporate world and some of the businesses we invest in on your behalf are demonstrating this very effectively at the moment and prospering as a result; so regardless of the wider environment, there is always opportunity at the level of individual companies and our efforts will concentrate on capturing it for the benefit of the Company's portfolio.

Austin Forey
Investment Manager

10th March 2016

LIST OF INVESTMENTS AT 31ST DECEMBER 2015

Company	Country of Listing	Valuation £'000	%
Housing Development Finance	India	42,189	5.4
Taiwan Semiconductor Manufacturing[1]	Taiwan	35,074	4.5
AIA	China	30,398	3.9
Indusind Bank	India	27,933	3.6
Tata Consultancy Services	India	26,432	3.4
Infosys Technologies[1]	India	26,183	3.3
EPAM Systems	Belarus	23,708	3.0
Tencent Holdings	China	19,134	2.4
Baidu[1]	China	16,555	2.1
ITC	India	15,984	2.0
Magnit	Russia	15,452	2.0
United Breweries	India	15,110	1.9
Jardine Matheson	Singapore	14,725	1.9
Bank Rakyat Indonesia	Indonesia	14,383	1.8
Hyundai Motor	South Korea	13,927	1.8
Delta Electronics	Taiwan	13,711	1.8
Ultrapar Participações	Brazil	13,659	1.7
Discovery	South Africa	12,884	1.6
Lupin	India	12,392	1.6
Grupo Financiero Banorte	Mexico	11,766	1.5
WEG	Brazil	11,760	1.5
Cielo	Brazil	11,454	1.5
Gentera	Mexico	11,368	1.5
Wal-Mart de Mexico	Mexico	11,272	1.4
Grupo Aeroportuario del Sureste[1]	Mexico	11,236	1.4
Clicks	South Africa	11,230	1.4
Globant	Argentina	11,007	1.4
Bidvest Group	South Africa	10,927	1.4
Ambev[1]	Brazil	10,731	1.4
Cafe De Coral	China	10,651	1.4
Supreme Industries	India	10,336	1.3
Capitec Bank	South Africa	10,206	1.3
President Chain Store	Taiwan	10,200	1.3
International Personal Finance	United Kingdom	10,077	1.3
Itau Unibanco	Brazil	9,678	1.2
RMB	South Africa	9,017	1.2
Luxoft	Ukraine	8,758	1.1
Astra International	Indonesia	8,562	1.1
Tsingtao Brewery	China	8,224	1.1
Unilever Indonesia	Indonesia	8,210	1.0

Company	Country of Listing	Valuation £'000	%
Sun Art Retail Group	China	8,187	1.0
Mahindra & Mahindra Financial Service	India	8,030	1.0
KOC	Turkey	7,800	1.0
Lojas Renner	Brazil	7,234	0.9
Bank Central Asia	Indonesia	6,935	0.9
Credicorp	Peru	6,326	0.8
Banco Santander-Chile[1]	Chile	5,764	0.7
MTN	South Africa	5,716	0.7
Turkiye Garanti Bankasi	Turkey	5,623	0.7
Aspen Pharmacare	South Africa	5,587	0.7
ACC	India	5,410	0.7
Mr Price	South Africa	5,359	0.7
Sberbank	Russia	5,355	0.7
Sanlam	South Africa	5,354	0.7
Tiger Brands	South Africa	5,272	0.7
Shoprite Holdings	South Africa	4,870	0.6
Chailease	Taiwan	4,865	0.6
Mail.Ru Group[1]	Russia	4,477	0.6
Companhia de Concessões Rodoviárias	Brazil	4,435	0.6
Jollibee Foods	Philippines	4,373	0.6
Tingyi	China	4,173	0.5
51Job[1]	China	3,741	0.5
Ambuja Cements	India	3,524	0.5
TOTVS	Brazil	3,520	0.5
Vale[1]	Brazil	3,031	0.4
Eurocash	Poland	3,010	0.4
Convenience Retail Asia	China	2,828	0.4
H.K. Aircraft Engineering	China	2,018	0.3
Marcopolo	Brazil	1,460	0.2
BRR Guardian Modaraba	Pakistan	92	0.0
JPMorgan US Dollar Liquidity Fund	n/a	31,259	4.0
Total		**782,131**	**100.0**

[1] Includes ADRs/GDRs/ADSs/BDRs.

PORTFOLIO ANALYSES

Geographical Analysis

	31st December 2015 Portfolio %[1]	31st December 2015 Benchmark %	30th June 2015 Portfolio %[1]	30th June 2015 Benchmark %
South Asia	30.2	16.0	26.9	14.5
East Asia	25.5	56.2	25.2	54.1
Europe/Middle East/Africa	21.8	15.9	23.6	17.2
Latin America	18.5	11.9	20.8	14.2
Total equities	96.0	100.0	96.5	100.0
Liquidity fund	4.0	–	3.5	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total portfolio of £782.1m (30th June 2015: £852.5m).

Sector

	31st December 2015 Portfolio %[1]	31st December 2015 Benchmark %	30th June 2015 Portfolio %[1]	30th June 2015 Benchmark %
Financials	30.4	28.0	29.4	29.7
Information Technology[3]	25.7	20.8	23.0	17.9
Consumer Staples[2]	17.1	8.3	17.6	8.1
Industrials[3]	8.8	6.9	9.0	6.9
Consumer Discretionary[2]	6.4	10.0	7.3	9.0
Materials	2.9	6.0	3.3	6.9
Health Care	2.3	2.9	2.4	2.5
Energy	1.7	7.1	2.1	8.4
Telecommunication Services	0.7	6.8	2.4	7.3
Utilities	–	3.2	–	3.3
Total equities	96.0	100.0	96.5	100.0
Liquidity fund	4.0	–	3.5	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total portfolio of £782.1m (30th June 2015: £852.5m).
[2] Convenience Retail Asia has been reclassified from Consumer Discretionary to Consumer Staples.
[3] 51Job has been reclassified from Information Technology to Industrials.

Independent Auditors' Review Report

TO JPMORGAN EMERGING MARKETS INVESTMENT TRUST PLC

Report on the financial statements

Our conclusion

We have reviewed JPMorgan Emerging Markets Investment Trust plc's financial statements (the 'interim financial statements') in the Half Year Report & Accounts of JPMorgan Emerging Markets Investment Trust plc for the six month period ended 31st December 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with FRS 104 'Interim Financial Reporting' issued by the Financial Reporting Council and the Disclosure and Transparency Rules ('DTRs') of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Statement of Financial Position as at 31st December 2015;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Cash Flows for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report & Accounts have been prepared in accordance with FRS 104 'Interim Financial Reporting' issued by the Financial Reporting Council and the DTRs.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Responsibilities for the interim financial statements and the Review

Our responsibilities and those of the Directors

The Half Year Report & Accounts, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Report & Accounts in accordance with the DTRs.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report & Accounts based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the DTRs and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report & Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
10th March 2016

(a) The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31ST DECEMBER 2015

	(Unaudited) Six months ended 31st December 2015			(Unaudited) Six months ended 31st December 2014			(Audited) Year ended 30th June 2015		
	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	–	(59,173)	(59,173)	–	41,880	41,880	–	50,378	50,378
Net foreign currency gains/ (losses)	–	59	59	–	133	133	–	(124)	(124)
Income from investments	6,093	–	6,093	8,361	–	8,361	19,801	–	19,801
Other interest receivable and similar income	1	–	1	1	–	1	4	–	4
Gross return/(loss)	6,094	(59,114)	(53,020)	8,362	42,013	50,375	19,805	50,254	70,059
Management fee[1]	(1,203)	(2,806)	(4,009)	(4,059)	–	(4,059)	(8,372)	–	(8,372)
Other administrative expenses	(664)	–	(664)	(667)	–	(667)	(1,368)	–	(1,368)
Net return/(loss) on ordinary activities before finance costs and taxation	4,227	(61,920)	(57,693)	3,636	42,013	45,649	10,065	50,254	60,319
Taxation (note 3)	(439)	–	(439)	(632)	–	(632)	(1,538)	–	(1,538)
Net return/(loss) on ordinary activities after taxation	3,788	(61,920)	(58,132)	3,004	42,013	45,017	8,527	50,254	58,781
Return per share[1] (note 5)	2.95p	(48.21)p	(45.26)p	2.37p	33.10p	35.47p	6.68p	39.35p	46.03p

[1] Under the new expense allocation methodology, returns per share for the prior periods would have been: 31st December 2014: revenue 4.61p, capital 30.86p. 30th June 2015: revenue 11.26p, capital 34.76p. Further details are disclosed in the Chairman's statement on page 3.

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.

STATEMENT OF CHANGES IN EQUITY

	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 2015 (Unaudited)							
At 30th June 2015	33,091	173,657	1,665	69,939	557,345	16,992	852,689
Repurchase of shares into Treasury	–	–	–	–	(1,089)	–	(1,089)
Net (loss)/return on ordinary activities	–	–	–	–	(61,920)	3,788	(58,132)
Dividend appropriated in the period	–	–	–	–	–	(7,707)	(7,707)
At 31st December 2015	33,091	173,657	1,665	69,939	494,336	13,073	785,761
Six months ended 31st December 2014 (Unaudited)							
At 30th June 2014	30,654	121,010	1,665	69,939	511,782	15,543	750,593
Repurchase of shares into Treasury	–	–	–	–	(3,916)	–	(3,916)
Exercise of Subscription shares into Ordinary shares	(102)	102	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	2,539	52,605	–	–	–	–	55,144
Costs in relation to exercise of Subscription shares	–	(60)	–	–	–	–	(60)
Net return on ordinary activities	–	–	–	–	42,013	3,004	45,017
Dividend appropriated in the period	–	–	–	–	–	(7,078)	(7,078)
At 31st December 2014	33,091	173,657	1,665	69,939	549,879	11,469	839,700
Year ended 30th June 2015 (Audited)							
At 30th June 2014	30,654	121,010	1,665	69,939	511,782	15,543	750,593
Repurchase of shares into Treasury	–	–	–	–	(4,691)	–	(4,691)
Exercise of Subscription shares into Ordinary shares	(102)	102	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	2,539	52,605	–	–	–	–	55,144
Costs in relation to exercise of Subscription shares	–	(60)	–	–	–	–	(60)
Net return on ordinary activities	–	–	–	–	50,254	8,527	58,781
Dividend appropriated in the year	–	–	–	–	–	(7,078)	(7,078)
At 30th June 2015	33,091	173,657	1,665	69,939	557,345	16,992	852,689

[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 2015

	(Unaudited) 31st December 2015 £'000	(Unaudited) 31st December 2014 £'000	(Audited) 30th June 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	750,872	820,643	822,495
Investment in liquidity fund held at fair value through profit or loss	31,259	16,914	30,014
	782,131	**837,557**	**852,509**
Current assets			
Derivative financial assets	–	1	–
Debtors	3,966	1,858	5,063
Cash and short term deposits	909	1,162	2,205
	4,875	**3,021**	**7,268**
Creditors: amounts falling due within one year	(1,245)	(878)	(7,088)
Net current assets	**3,630**	**2,143**	**180**
Total assets less current liabilities	785,761	839,700	852,689
Net assets	**785,761**	**839,700**	**852,689**
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	494,336	549,879	557,345
Revenue reserve	13,073	11,469	16,992
Total shareholders' funds	**785,761**	**839,700**	**852,689**
Net asset value per share (note 6)	612.7p	653.1p	663.8p

Company registration number: 2618994

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31ST DECEMBER 2015

	(Unaudited) Six months ended 31st December 2015 £'000	(Unaudited) Six months ended 31st December 2014 £'000	(Audited) Year ended 30th June 2015 £'000
Net cash outflow from operations before dividends and interest (note 7)	(3,003)	(2,745)	(8,140)
Dividends received	7,744	7,816	16,082
Interest received	39	22	41
Overseas tax recovered	56	58	154
Net cash inflow from operating activities	**4,836**	**5,151**	**8,137**
Purchases of investments	(10,897)	(103,493)	(134,764)
Sales of investments	13,643	37,916	81,295
Settlement of foreign currency contracts	67	73	(94)
Net cash inflow/(outflow) from investing activities	**2,813**	**(65,504)**	**(53,563)**
Dividends paid	(7,707)	(7,078)	(7,078)
Issue of Ordinary shares on exercise of Subscription shares	–	55,144	55,144
Costs in relation to issue of shares	–	(60)	(60)
Repurchase of shares into Treasury	–	(3,971)	(4,746)
Net cash (outflow)/inflow from financing activities	**(7,707)**	**44,035**	**43,260**
Decrease in cash and cash equivalents	**(58)**	**(16,318)**	**(2,166)**
Cash and cash equivalents at start of period	32,219	34,388	34,388
Unrealised exchange gain/loss on cash and cash equivalents	7	6	(3)
Cash and cash equivalents at end of period	32,168	18,076	32,219
Decrease in cash and cash equivalents	**(58)**	**(16,318)**	**(2,166)**
Cash and cash equivalents consist of:			
Cash and short term deposits	909	1,162	2,205
Investment in liquidity fund	31,259	16,914	30,014
Total	**32,168**	**18,076**	**32,219**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31ST DECEMBER 2015

1. Financial statements

The financial information in this report comprises non-statutory accounts as defined in sections 434-436 of the Companies Act 2006. The financial information for the year ended 30th June 2015 has been extracted from the published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified under section 498 of the Companies Act 2006.

The auditors have reviewed the financial information for the six months ended 31st December 2015 in accordance with the applicable standards issued by the Auditing Practices Board for use in the United Kingdom. The independent auditors' review report is on page 9.

2. Accounting policies

The financial statements have been prepared in accordance with 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.

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 December 2015.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative numbers and presentational formats have been restated where required – there has been no impact to financial position or financial performance.

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 2015 with the following exceptions and amendments:

Finance costs
Finance costs are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 102.

Financial instruments
Cash and cash equivalents may comprise cash (including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents.

Derivative financial instruments, including short term forward currency contracts, are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the balance sheet in accordance with FRS 102.

Foreign currency
In accordance with FRS 102 the Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the accounts are presented

Taxation
Current tax is provided at the amounts expected to be received or paid.

Deferred tax is accounted for in accordance with FRS 102.

Dividends
In accordance with FRS 102, dividends are included in the accounts in the year in which they are approved by shareholders.

Repurchases of ordinary shares for cancellation
The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to 'Capital reserves' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

Repurchase of shares to hold in Treasury

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

Only the relevant section of the applicable policies from the last year end accounts which have changed as a result of the application of the 2014 AIC SORP and FRS 102 have been reproduced above – all other aspects of those policies remain the same. The impact of the changes is substantially in relation to presentation and disclosure.

Change in allocation of expenses

With effect from 1st July 2015, the management fee and any finance costs incurred by the Company have been allocated 70% to capital and 30% to revenue. In previous periods, 100% of these charges were allocated to revenue. In line with the guidance provided in the SORP, this change is not considered to be a matter of accounting policy and consequently no prior period restatements have been made as a result of this change.

3. Taxation

The taxation charge of £439,000 (31st December 2014: £632,000 and 30th June 2015: £1,538,000) comprises irrecoverable overseas withholding tax.

4. Dividends paid[1]

	(Unaudited) Six months ended 31st December 2015 £'000	(Unaudited) Six months ended 31st December 2014 £'000	(Audited) Year ended 30th June 2015 £'000
2015 Final dividend of 6.0p (2014: 5.5p)	7,707	7,078	7,078
Total dividends paid in the period/year	**7,707**	**7,078**	**7,078**

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

5. (Loss)/return per share

	(Unaudited) Six months ended 31st December 2015 £'000	(Unaudited) Six months ended 31st December 2014 £'000	(Audited) Year ended 30th June 2015 £'000
(Loss)/return per share is based on the following:			
Revenue return	3,788	3,004	8,527
Capital (loss)/return	(61,920)	42,013	50,254
Total (loss)/return	**(58,132)**	**45,017**	**58,781**
Weighted average number of Ordinary shares in issue (excluding shares held in Treasury)	128,447,289	126,931,250	127,724,204
Revenue return per share	2.95p	2.37p	6.68p
Capital (loss)/return per share	(48.21)p	33.10p	39.35p
Total (loss)/return per share	**(45.26)p**	**35.47p**	**46.03p**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

6. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds of £785,761,000 (31st December 2014: £839,700,000 and 30th June 2015: £852,689,000) by the number of shares in issue at 31st December 2015 of 128,248,376 (31st December 2014: 128,572,210 and 30th June 2015: 128,448,376), excluding shares held in Treasury.

7. Reconciliation of total (loss)/return on ordinary activities before finance charges and taxation to net cash outflow from operations before dividends and interest

	(Unaudited) Six months ended 31st December 2015 £'000	(Unaudited) Six months ended 31st December 2014 £'000	(Audited) Year ended 30th June 2015 £'000
Net (loss)/return on ordinary activities before finance costs and taxation	(57,693)	45,649	60,319
Net capital loss/(return) on ordinary activities before finance costs and taxation	61,920	(42,013)	(50,254)
Scrip dividends received as income	–	(196)	(196)
Net movement in debtors and accruals	2,082	278	(1,769)
Overseas withholding tax	(480)	(654)	(1,665)
Expenses charged to capital	(2,806)	–	–
Dividends received	(7,744)	(7,816)	(16,082)
Interest received	(39)	(22)	(41)
Realised gain on liquidity transactions	1,772	1,971	1,571
Realised (loss)/gain on foreign exchange transactions	(15)	58	(23)
Net cash outflow from operations before dividends and interest	**(3,003)**	**(2,745)**	**(8,140)**

8. Fair valuation of investments

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

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio and derivative financial instruments.

The investments are categorised into a hierarchy consisting of the following three levels:

(A) Quoted prices for identical instruments in active markets
The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

(B) Prices of recent transactions for identical instruments
When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (eg because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

(C) Valuation techniques using observable market value

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31st December.

	(Unaudited) Six months ended 31st December 2015		(Unaudited) Six months ended 31st December 2014		(Audited) Year ended 30th June 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Quoted prices for identical instruments in active markets[1]	782,131	–	837,557	–	852,509	–
Valuation techniques using observable market value[2]	–	–	1	–	–	–
Total value of investments	**782,131**	**–**	**837,558**	**–**	**852,509**	**–**

[1] Includes JPMorgan US Dollar Liquidity Fund.

[2] Includes derivative financial assets.

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 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 2015.

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 and that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least 12 months from the date of the approval of this half year report and accounts. 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 2015, 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

10th March 2016

GLOSSARY OF TERMS AND DEFINITIONS

Return to shareholders

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

Return on net assets

Return on the net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, 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.

Share price discount to net asset value ('NAV') per 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.

Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total assets, expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/ liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs expressed as a percentage of the average daily net assets during the period. The figure as at 31st December 2015 is an estimated annualised figure.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

Investment Account

The Company participates in the J.P. Morgan Investment Trusts 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 Savings Plan should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan Online or on the following:

Fund supermarkets:

AJ Bell	James Brearley
Alliance Trust Savings	James Hay
Barclays Stockbrokers	Stocktrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Tilney Bestinvest
Interactive Investor	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J.P. Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can 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 www.fca.org.uk

Information about the Company

FINANCIAL CALENDAR

Financial year end	30th June
Final results announced	September
Half year end	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

Alan Saunders (Chairman)
Sarah Arkle
Anatole Kaletsky
Nigel Kenny
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.jpmeuropeansmallercompanies.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 and J.P. Morgan ISA. These products are all available on the online service at www.jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

aic
The Association of Investment Companies
A member of the AIC

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.

Depositary

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

The Depositary 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.

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.

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J.P.Morgan
Asset Management