



Half Year Report **2014/15**

JPMorgan Emerging Markets
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st December 2014

Features

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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 2014, the Company's issued share capital comprised 132,363,525 Ordinary shares of 25p each, including 3,791,315 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 and at three yearly intervals 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.

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.

Half Year Performance

Total returns (includes dividends reinvested)

+8.0%

Return to shareholders¹

+5.7%

Return on net assets^{2,4}

+1.1%

Benchmark return³

Financial Data

	31st December 2014	30th June 2014	% change
Shareholders' funds (£'000)	839,700	750,593	+11.9
Diluted net asset value per Ordinary share	653.1p	623.4p	+4.8
Undiluted net asset value per Ordinary share	653.1p	630.3p	+3.6
Ordinary share price	595.0p	556.0p	+7.0
Ordinary share price discount to diluted net asset value per Ordinary share	8.9%	10.8%	
Ordinary shares in issue (excluding shares held in Treasury)	128,572,210	119,091,971	+8.0
Subscription share price ⁵	–	10.0p	
Subscription shares in issue ⁵	–	10,155,432	
Gearing/(net cash)	(2.2)%	(4.6)%	
Ongoing charges	1.14%	1.17%	

A glossary of terms and definitions is provided on page 15.

¹Source: 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.

²Source: J.P. Morgan.

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 opening diluted net asset value.

⁵The Company's Subscription shares expired and their rights lapsed on 31st July 2014.

Chairman's Statement



Performance

I am pleased to report that, following the underperformance in the year to 30th June 2014, the first half of the Company's financial year proved to be more positive, with your Company producing a strong outperformance of its benchmark index. The six months to 31st December 2014 was a relatively flat period for emerging markets, with the benchmark index, the MSCI Emerging Markets Index (in sterling terms) returning +1.1%. The Company produced a total return on net assets of +5.7%. Over the same period, the return to shareholders was +8.0%, as the discount on the Company's shares narrowed from 10.8% to 8.9%. 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 fully diluted net asset value ('NAV') ranged between 7.7% and 13.0%, averaging 10.1%. At the period end, the discount was 8.9%. As I have explained in previous reports, 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 675,193 shares into Treasury and since the period end has repurchased a further 30,803 shares. Those shares held in Treasury will only be reissued at a premium to net asset value.

The Board

In my statement in the last annual report, I advised that in order to ensure appropriate succession planning and continuity, we had commenced the search for a new Director. In fact, with Percy Mistry stepping down from the Board at the conclusion of the next AGM in November, we took the opportunity to recruit two new Directors. Richard Laing and Andrew Page were appointed to the Board with effect from 15th January 2015.

Richard worked for CDC Group plc from 2000 until 2012 where he was Chief Executive Officer having joined as Chief Financial Officer. Previously, he was Finance Director of De La Rue plc. He is a non-executive Director of Perpetual Income and Growth Investment Trust plc, Miro Forestry and Leeds Castle Foundation. He is also a trustee of Plan UK and the Overseas Development Institute. Previous non-executive appointments include Madagascar Oil Limited, the London Metal Exchange, Aureos Capital and the Emerging Markets Private Equity Association, where he was Chairman of the Advisory Council. He is a qualified accountant and has a degree from Cambridge University.

Andrew was, until 1st September 2014, the Chief Executive Officer of the Restaurant Group plc ('TRG'), a FTSE-250 company which operates 460 restaurants throughout the UK. He is a non-executive Director of Carpetright plc, Northgate plc, RPS Group plc and The Schroder UK Mid Cap Fund plc. Prior to joining TRG in 2001, Mr Page held a number of senior positions within the leisure and hospitality sector, including Senior Vice President with InterContinental Hotels. Before that he spent six years working in Kleinwort Benson's Corporate Finance department. Mr Page is a Chartered Accountant.

I am confident that both of our new Directors will add value to the Board's deliberations.

Subscription Shares

As I confirmed in my last annual statement, the Company's subscription shares expired on 31st July 2014 and were all converted to Ordinary shares.

Outlook

Emerging markets equities appear to be reasonable value compared with developed markets and a period of outperformance is due, but there are variations across markets and, as ever, our long term performance will be driven by our Investment Manager's stock picking ability.

Alan Saunders
Chairman

26th February 2015

Investment Manager's Report



I am pleased to be able to report that investment performance has improved in the first half of the Company's financial year, though the general backdrop has been a dull one as far as stock market returns are concerned. During the six months to 31st December 2014, the total return on the net asset value per share was +5.7%; the share price return was +8.0% because the discount to NAV narrowed slightly; the benchmark index returned +1.1%. The Investment Manager contribution, which simply compares the investment return from the portfolio before costs relative to that delivered by the index, was +5.2%.

Although there have been very modest gains in markets, these subdued results mask busy, not to say challenging investment conditions during the period. Three significant factors have produced a marked impact on emerging markets: politics, the oil price and the strengthening US dollar. The busy electoral schedule of 2014 in emerging markets concluded with the re-election of the incumbent president in Brazil; markets were unimpressed with this apparent vote for the status quo in contrast to India's resounding vote for change earlier in the year. Meanwhile, colder political winds have been blowing in Eastern Europe, especially in the Ukraine; as tensions between Russia and the West increased, it became clear that Russia will pay some sort of economic cost for its involvement. The sharp fall in oil prices late in the year, though, will cost Russia even more, and weigh heavily on a number of oil-producing countries. Yet at the same time, there are economies dependent on imported oil, like Turkey and much of Asia, which will see an immediate benefit. As for the US dollar, its rise is good news, in general, for export-oriented companies. Perhaps the most difficult questions it poses are to the governments who have to decide whether to worry about currency stability, or inflation, or economic growth; none of these are new challenges, but a rising dollar puts them in sharper relief.

Against this background, the Company's portfolio fared reasonably well. Our focus has always been on finding competitive businesses that can grow their profits; some of the largest contributions to the Company's investment results during the period came from companies in countries like India and South Africa which have done just that and enjoyed robust growth in earnings because they have been able to gain market share. We also managed to avoid some of the more difficult areas, with little exposure to Russia and no oil producers in the portfolio. In some ways, challenging conditions suit good businesses and in that respect, suit us as investors too. So while we may not feel unalloyed optimism about the asset class as a whole, we do feel positive about the prospects for individual companies. Finding and understanding more companies which exhibit the characteristics we look for, rather than worrying too much about macroeconomics or politics, is how we spend our time and how we will keep spending it in the future.

Austin Forey
Investment Manager

26th February 2015

List of Investments

at 31st December 2014

Company	Country of Listing	Valuation £'000	%
Housing Development Finance	India	39,296	4.7
Taiwan Semiconductor Manufacturing ¹	Taiwan	32,615	3.9
Indusind Bank	India	28,592	3.4
Tata Consultancy Services	India	27,608	3.3
AIA	China	24,553	2.9
CapitecBank	South Africa	20,928	2.5
Baidu ¹	China	18,864	2.2
ITC	India	17,755	2.1
Jardine Matheson	Singapore	17,298	2.1
WEG	Brazil	16,915	2.0
Infosys Technologies ¹	India	16,602	2.0
Cielo	Brazil	16,562	2.0
Ultrapar Participações	Brazil	16,356	1.9
Hyundai Motor	South Korea	15,882	1.9
KOC	Turkey	15,783	1.9
International Personal Finance	United Kingdom	15,631	1.9
Delta Electronics	Taiwan	15,566	1.8
Magnit	Russia	15,481	1.8
Bank Rakyat Indonesia	Indonesia	15,431	1.8
Ambev ¹	Brazil	14,179	1.7
Discovery	South Africa	13,758	1.6
Epam Systems	Belarus	13,621	1.6
United Breweries	India	13,210	1.6
Tsingtao Brewery	China	13,027	1.5
Clicks	South Africa	12,860	1.5
Bidvest Group	South Africa	12,809	1.5
Itau Unibanco	Brazil	12,452	1.5
Tencent Holdings	China	12,136	1.4
MTN	South Africa	12,033	1.4
Mahindra & Mahindra Financial Service	India	11,962	1.4
President Chain Store	Taiwan	11,923	1.4
Cafe De Coral	China	11,875	1.4
RMB	South Africa	11,350	1.3
Genera	Mexico	11,246	1.3
Grupo Financiero Banorte	Mexico	11,174	1.3
Astra International	Indonesia	11,111	1.3
Grupo Aeroportuario del Sureste ¹	Mexico	9,919	1.2
Credicorp	Peru	9,853	1.2
Advanced Info Service	Thailand	9,737	1.2

List of Investments continued

at 31st December 2014

Company	Country of Listing	Valuation £'000	%
Wal-Mart De Mexico	Mexico	9,107	1.1
Lojas Renner	Brazil	9,078	1.1
Supreme Industries	India	8,946	1.1
Turkiye Garanti Bankasi	Turkey	8,781	1.0
Lupin	India	8,601	1.0
Sun Art Retail Group	China	8,272	1.0
Vale ¹	Brazil	8,157	1.0
Mr Price	South Africa	7,941	0.9
Tiger Brands	South Africa	7,772	0.9
Companhia de Concessões Rodoviárias	Brazil	7,656	0.9
Unilever Indonesia	Indonesia	7,549	0.9
Shoprite Holdings	South Africa	7,232	0.9
Bank Central Asia	Indonesia	7,187	0.9
TOTVS	Brazil	6,675	0.8
Infosys Technologies	India	6,589	0.8
Tingyi	China	6,314	0.8
Banco Santander-Chile ¹	Chile	6,095	0.7
ACC	India	5,496	0.7
Eurocash	Poland	4,689	0.6
Convenience Retail Asia	China	4,680	0.6
Top Glove	Malaysia	4,661	0.6
51Job ¹	China	4,305	0.5
Chailease	Taiwan	4,259	0.5
Jollibee Foods	Philippines	4,193	0.5
Luxoft	Ukraine	4,135	0.5
Ambuja Cements	India	3,920	0.5
Marcopolo	Brazil	3,791	0.5
Mexichem	Mexico	3,614	0.4
Wumart Stores	China	3,394	0.4
Sberbank	Russia	3,341	0.4
H.K. Aircraft Engineering	China	2,985	0.4
Holcim	Indonesia	2,605	0.3
Aspen Pharmacare	South Africa	578	0.1
BRR Guardian Modaraba	Pakistan	92	0.0
JPMorgan US Dollar Liquidity Fund ²	JPM Liquidity Stock	16,914	2.0
Net current assets		2,143	0.3
Total assets less current liabilities		839,700	100.0

¹Includes ADRs/GDRs/ADSs/BDRs.

²Managed by JPMorgan Asset Management.

Portfolio Analyses

Geographical Analysis

	31st December 2014		30th June 2014	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
East Asia	25.9	51.6	26.4	48.2
Latin America	20.6	16.5	24.8	19.0
South Asia	28.9	14.6	23.1	14.1
Europe/Middle East/Africa	22.3	17.3	20.9	18.7
Total equities	97.7	100.0	95.2	100.0
Liquidity fund	2.0	–	4.2	–
Net current assets	0.3	–	0.6	–
Total	100.0	100.0	100.0	100.0

¹Based on total assets less current liabilities of £839.7m (30th June 2014: £750.6m).

Sector Analysis

	31st December 2014		30th June 2014	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials	30.3	29.3	30.2	26.9
Information Technology	20.8	18.0	17.0	17.3
Consumer Staples	18.2	8.2	18.8	8.2
Industrials	10.5	6.7	10.7	6.5
Consumer Discretionary	7.7	9.2	8.9	9.1
Materials	4.0	7.4	4.4	8.8
Telecommunication Services	2.6	7.5	2.4	7.0
Energy	1.9	8.0	2.2	10.8
Health Care	1.7	2.2	0.6	1.8
Utilities	–	3.5	–	3.6
Total equities	97.7	100.0	95.2	100.0
Liquidity fund	2.0	–	4.2	–
Net current assets	0.3	–	0.6	–
Total	100.0	100.0	100.0	100.0

¹Based on total assets less current liabilities of £839.7m (30th June 2014: £750.6m).

Income Statement

for the six months ended 31st December 2014

	(Unaudited) Six months ended 31st December 2014			(Unaudited) Six months ended 31st December 2013			(Audited) Year ended 30th June 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) from investments held at fair value through profit or loss									
Net foreign currency gains/(losses)	–	41,880	41,880	–	(46,232)	(46,232)	–	(32,118)	(32,118)
Income from investments	–	133	133	–	(1,129)	(1,129)	–	(1,179)	(1,179)
Other interest receivable and similar income	8,361	–	8,361	7,984	–	7,984	16,067	–	16,067
	1	–	1	2	–	2	4	–	4
Gross return/(loss)	8,362	42,013	50,375	7,986	(47,361)	(39,375)	16,071	(33,297)	(17,226)
Management fee	(4,059)	–	(4,059)	(3,857)	–	(3,857)	(7,449)	–	(7,449)
Other administrative expenses	(667)	–	(667)	(580)	–	(580)	(1,235)	–	(1,235)
Net return/(loss) on ordinary activities before finance costs and taxation	3,636	42,013	45,649	3,549	(47,361)	(43,812)	7,387	(33,297)	(25,910)
Taxation (note 3)	(632)	–	(632)	(662)	–	(662)	(1,282)	–	(1,282)
Net return/(loss) on ordinary activities after taxation	3,004	42,013	45,017	2,887	(47,361)	(44,474)	6,105	(33,297)	(27,192)
Return/(loss) per Ordinary share (note 4)									
Undiluted	2.37p	33.10p	35.47p	2.42p	(39.69)p	(37.27)p	5.12p	(27.93)p	(22.81)p
Diluted	2.37p	33.10p	35.47p	2.42p	(39.69)p	(37.27)p	5.12p	(27.90)p	(22.78)p

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 2014 (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 2014	30,654	121,010	1,665	69,939	511,782	15,543	750,593
Exercise of Subscription shares into Ordinary shares	(102)	102	–	–	–	–	–
Expenses in relation to exercise of Subscription shares	–	(59)	–	–	–	–	(59)
Issue of Ordinary shares on exercise of Subscription shares	2,539	52,605	–	–	–	–	55,144
Repurchase of shares into Treasury	–	–	–	–	(3,917)	–	(3,917)
Net return on ordinary activities	–	–	–	–	42,013	3,004	45,017
Dividends appropriated in the period	–	–	–	–	–	(7,078)	(7,078)
At 31st December 2014	33,091	173,658	1,665	69,939	549,878	11,469	839,700

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
Issue of Ordinary shares on exercise of Subscription shares	3	62	–	–	–	–	65
Repurchase of shares into Treasury	–	–	–	–	(605)	–	(605)
Net (loss)/return on ordinary activities	–	–	–	–	(47,361)	2,887	(44,474)
Dividends appropriated in the period	–	–	–	–	–	(6,562)	(6,562)
At 31st December 2013	30,653	120,995	1,665	69,939	498,625	12,325	734,202

Year ended 30th June 2014 (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 2013	30,650	120,933	1,665	69,939	546,591	16,000	785,778
Issue of Ordinary shares on exercise of Subscription shares	4	77	–	–	–	–	81
Repurchase of shares into Treasury	–	–	–	–	(1,512)	–	(1,512)
Net (loss)/return on ordinary activities	–	–	–	–	(33,297)	6,105	(27,192)
Dividends appropriated in the year	–	–	–	–	–	(6,562)	(6,562)
At 30th June 2014	30,654	121,010	1,665	69,939	511,782	15,543	750,593

Balance Sheet

at 31st December 2014

	(Unaudited) 31st December 2014 £'000	(Unaudited) 31st December 2013 £'000	(Audited) 30th June 2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	820,643	707,305	714,278
Investments in liquidity funds held at fair value through profit or loss	16,914	14,445	31,596
Total investments	837,557	721,750	745,874
Current assets			
Financial assets: Derivative financial instruments	1	–	5
Debtors	1,858	687	2,177
Cash and short term deposits	1,162	12,020	2,792
Creditors: amounts falling due within one year	3,021 (878)	12,707 (255)	4,974 (255)
Net current assets	2,143	12,452	4,719
Total assets less current liabilities	839,700	734,202	750,593
Net assets	839,700	734,202	750,593
Capital and reserves			
Called up share capital	33,091	30,653	30,654
Share premium	173,658	120,995	121,010
Capital redemption reserve	1,665	1,665	1,665
Other reserve	69,939	69,939	69,939
Capital reserves	549,878	498,625	511,782
Revenue reserve	11,469	12,325	15,543
Total equity shareholders' funds	839,700	734,202	750,593
Net asset value per Ordinary share (note 5)			
Undiluted	653.1p	615.6p	630.3p
Diluted	653.1p	609.9p	623.4p

Company registration number: 2618994

Cash Flow Statement

for the six months ended 31st December 2014

	(Unaudited) Six months ended 31st December 2014 £'000	(Unaudited) Six months ended 31st December 2013 £'000	(Audited) Year ended 30th June 2014 £'000
Net cash inflow/(outflow) from operating activities (note 6)	3,064	(875)	2,001
Tax recovered	58	77	149
Net cash (outflow)/inflow from capital expenditure and financial investment	(48,965)	15,989	4,814
Dividend paid	(7,078)	(6,562)	(6,562)
Net cash (outflow)/inflow before financing	(52,921)	8,629	402
Net cash inflow/(outflow) from financing	51,170	(430)	(1,376)
Net (decrease)/increase in cash in the period	(1,751)	8,199	(974)
Reconciliation of net cash flow to movement in net funds			
Net cash movement	(1,751)	8,199	(974)
Exchange movements	121	(1,129)	(1,184)
Movement in net funds in the period	(1,630)	7,070	(2,158)
Net funds at the beginning of the period	2,792	4,950	4,950
Net funds at the end of the period	1,162	12,020	2,792
Represented by:			
Cash and short term deposits	1,162	12,020	2,792

Notes to the Accounts

for the six months ended 31st December 2014

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 2014 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 half year accounts are consistent with those applied in the accounts for the year ended 30th June 2014.

3. Taxation

The taxation charge of £632,000 (31st December 2013: £662,000 and 30th June 2014: £1,282,000) comprises irrecoverable overseas withholding tax.

4. Return/(loss) per Ordinary share

	(Unaudited) Six months ended 31st December 2014 £'000	(Unaudited) Six months ended 31st December 2013 £'000	(Audited) Year ended 30th June 2014 £'000
Return/(loss) per Ordinary share is based on the following:			
Revenue return	3,004	2,887	6,105
Capital return/(loss)	42,013	(47,361)	(33,297)
Total return/(loss)	45,017	(44,474)	(27,192)
Weighted average number of Ordinary shares in issue during the period used for the purpose of the undiluted calculation	126,931,250	119,314,805	119,235,135
Weighted average number of Ordinary shares in issue during the period used for the purpose of the diluted calculation	126,931,250	119,314,805	119,340,784
Undiluted			
Revenue return per share	2.37p	2.42p	5.12p
Capital return/(loss) per share	33.10p	(39.69)p	(27.93)p
Total return/(loss) per share	35.47p	(37.27)p	(22.81)p
Diluted¹			
Revenue return per share	2.37p	2.42p	5.12p
Capital return/(loss) per share	33.10p	(39.69)p	(27.90)p
Total return/(loss) per share	35.47p	(37.27)p	(22.78)p

¹The Company's Subscription shares expired and the rights lapsed on 31st July 2014.

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 2014	(Unaudited) 31st December 2013	(Audited) 30th June 2014
Undiluted			
Ordinary shareholders' funds (£'000)	839,700	734,202	750,593
Number of Ordinary shares in issue (excluding shares held in Treasury)	128,572,210	119,259,129	119,091,971
Net asset value per Ordinary share (pence)	653.1	615.6	630.3
Diluted¹			
Ordinary shareholders' funds assuming exercise of Subscription shares (£'000)	839,700	789,361	805,737
Number of potential Ordinary shares in issue	128,572,210	129,417,403	129,247,403
Net asset value per Ordinary share (pence)	653.1	609.9	623.4

¹The Company's Subscription shares expired and the rights lapsed on 31st July 2014.

The diluted net asset value per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the period end.

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

	(Unaudited) Six months ended 31st December 2014 £'000	(Unaudited) Six months ended 31st December 2013 £'000	(Audited) Year ended 30th June 2014 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	45,649	(43,812)	(25,910)
(Less: capital return)/Add: capital loss on ordinary activities before finance costs and taxation	(42,013)	47,361	33,297
Scrip dividends received as income	(196)	(94)	(94)
Decrease in net debtors and accrued income	278	1,378	1,129
Overseas withholding tax	(654)	(711)	(1,424)
Performance fee paid	—	(4,997)	(4,997)
Net cash inflow/(outflow) from operating activities	3,064	(875)	2,001

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 2014.

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 2014, 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

26th February 2015

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.

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.

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 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.

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 and any performance fee payable, expressed as a percentage of the average daily net assets during the period. The figure as at 31st December 2014 is an estimated annualised figure.

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



Notes

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
Percy Mistry
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 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 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 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 Jonathan Latter.

Depository

BNY Mellon Trust and Depository UK Ltd
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

The Depository employs 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: 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.

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Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

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