

# JPMorgan Mid Cap Investment Trust plc

Overall Morningstar Rating™ (as at 31/03/14) ★★

March 2014

## Investment objective

JPMorgan Mid Cap Investment Trust plc (the 'Company') aims to achieve capital growth from investment in medium-sized UK companies. The Company specialises in investment in FTSE 250 companies, using long and short term borrowings to increase returns to shareholders.

## Company facts

Portfolio manager(s)	Georgina Brittain, William Meadon
Board of director(s)	Andrew Barker, John Emly, Gordon McQueen, Michael Hughes, Margaret Littlejohns, Richard Huntingford
Financial year end date	30 June
Company launch date	1972
Listing	LSE
Dividends paid	April, December
Company Broker(s)	Numis Securities

## Company statistics

(as at 31/03/14)

Total assets (as at 31/03/14)	GBP 251.1m
Share price	818.0p
Net asset value <sup>A</sup>	891.9p
Discount(-)/Premium	
Current	-8.3%
12 month high	-4.8%
12 month low	-15.8%
12 month average	-10.3%
Total dividend for last financial year	17p
Dividend yield <sup>B</sup>	2.1%
Actual gearing (as at 31/03/14) <sup>C</sup>	14.2%
Potential gearing range	-5% to 25%

## Company fees & expenses

Annual mgt. fee <sup>D</sup>	0.65% < £250million, 0.60% > £250million
Ongoing charges <sup>E</sup>	0.66%
Performance fee	No

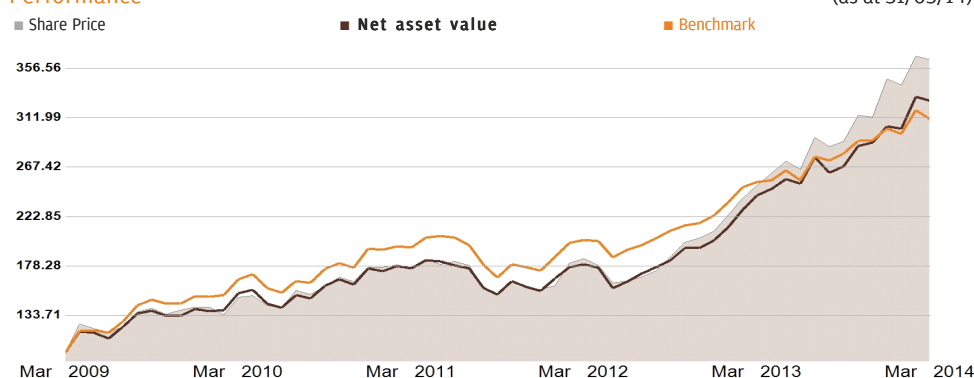
## Company codes

ISIN	GB0002357613
Sedol	0235761
Bloomberg	JMF LN
Reuters	JMF.L

## Benchmark

FTSE 250 Index (ex Inv Companies) (£)

## Performance<sup>F</sup>



## Cumulative performance<sup>F</sup>

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
Share Price	-0.8	5.1	45.1	106.3	264.5	248.0
Benchmark	-2.7	2.7	22.1	59.0	210.5	261.4
Net asset value	-1.1	7.6	35.2	85.5	227.1	203.0

## Quarterly Rolling 12M as at March 2014<sup>F</sup>

%	2013/14	2012/13	2011/12	2010/11	2009/10
Share Price	45.1	35.7	4.7	17.8	50.1
Benchmark	22.1	26.0	3.3	17.2	66.6
Net asset value	35.2	34.3	2.1	14.5	53.9

## Top 10 Holdings

(as at 28/02/14)

Holding	Sector	Weight
Ashtead	Industrials	4.2%
Thomas Cook	Consumer Services	4.0%
Barratt Development	Consumer Goods	3.7%
Taylor Wimpey	Consumer Goods	3.3%
easyJet	Consumer Services	2.7%
Howden Joinery	Industrials	2.5%
Micro Focus International	Technology	2.4%
Talk Talk Telecom	Telecommunications	2.3%
St. James's Place	Financials	2.3%
CSR	Technology	2.2%

## Statistical analysis review<sup>G</sup>

(as at 31/03/14)

	3 years	5 years
Correlation	0.94	0.96
Annualised volatility	16.66%	18.61%
Tracking error	5.83%	5.17%
Information ratio	0.96	0.26

## Market capitalisation

(as at 28/02/14)

	% of portfolio
> 100 bn	0.00%
10 bn <= 100 bn	2.73%
1 bn <= 10 bn	95.86%
< 1 bn	1.41%

Please read the Explanatory Notes, Risks and Important Information at the end of this document.

For further information, please contact:

UK-based Investor Services Team 0800 731 111 (or +44 20 7742 9995 if calling from outside the UK)

Agent Services Line 0800 727 770

Our lines are open Monday to Friday, 9.00am to 5.30pm

[www.jpmorgan.co.uk/investment-trusts](http://www.jpmorgan.co.uk/investment-trusts)

**J.P.Morgan**  
Asset Management

# JPMorgan Mid Cap Investment Trust plc



Georgina Brittain, managing director, is a senior portfolio manager for small and mid cap funds within the J.P. Morgan Asset Management European Equity Group. She is the fund manager for the JPM Life UK Small Cap Fund, the JPM UK Smaller Companies Fund, the JPMorgan Smaller Companies Investment Trust and co-manager for the JPMorgan Mid Cap Investment Trust. She is also a co-manager for our range of European small cap funds. An employee since 1995, Georgina was previously an analyst in the UK research department. Georgina obtained an M.A. in Classics from Oxford University, and earned a Diploma in Law from City University, London. She is a qualified barrister.



William Meadon managing director, is head of the Core team in the J.P. Morgan Asset Management European Equity Group. An employee since 1996, William was previously head of UK specialist pension funds at Newton Investment Management Ltd, responsible for pension funds and the Newton Higher Income Fund. Before this, he was a balanced pension fund manager, and manager of the Schroder Income Fund, with Schroder Investment Management. Prior to Schroders, William was articled to Peat Marwick (now part of KPMG). William obtained a BA (Hons) in Economics from the University of Nottingham and is a qualified Chartered Accountant.

## Sector breakdown <sup>H</sup>

(as at 28/02/14)

Sector	Company	Benchmark	Deviation
Financials	24.8%	26.8%	-2.0%
Consumer Services	24.1%	18.8%	5.3%
Industrials	21.5%	24.9%	-3.4%
Consumer Goods	12.3%	8.5%	3.8%
Telecommunications	5.9%	2.8%	3.1%
Technology	4.5%	3.4%	1.1%
Oil & Gas	4.1%	4.7%	-0.6%
Utilities	1.5%	2.1%	-0.6%
Basic Materials	1.2%	5.6%	-4.4%
Health Care	0.0%	2.4%	-2.4%
Cash	0.1%	0.0%	0.1%
Total	100.0%	100.0%	0.0%

## Manager's quarterly commentary

(as at 31/03/14)

The UK equity market fell in March. Telecoms were especially hard hit following Vodafone's special dividend, while financials and health care also trailed the market. Utilities, food & beverages and personal & household goods all outperformed, as did chemicals. The 2014 Budget seemed to be generally well received, although measures to reform the annuities market had a negative impact on life assurers and specialised annuity suppliers.

The trust's share price and net asset value outperformed the benchmark, led by large long-term holdings such as Ashtead and Interserve, but also some of our more recent portfolio additions, such as Plus500 and Bank of Georgia. Commentary from the companies we meet is encouraging and we are increasingly optimistic that earnings growth will follow the strong macro level data that has been seen in the UK for a number of months.

## Market Outlook

As the domestic economic recovery becomes further entrenched, the ability of cash-rich UK companies with strong balance sheets to deliver earnings growth and increase their dividend payouts should increase. This should provide support to the UK equity market.

# JPMorgan Mid Cap Investment Trust plc

## Investment trust history and investment policies

JPMorgan Mid Cap Investment Trust plc was launched in 1972.

In order to achieve its objective, the Company invests in a diversified portfolio, concentrating on FTSE 250 companies with the most attractive prospects. The Company makes use of long and short-term borrowings to increase returns. No more than 15% of the portfolio can be invested outside the FTSE 250 Index. Investments outside the FTSE 250 Index can include AIM stocks.

The Board's current policy is to limit gearing within the range -5% net cash to 25% geared. Gearing for this purpose is defined as investments excluding liquidity fund holdings, expressed as a percentage of net assets.

## Explanatory Notes, Risks and Important Information

### Notes

<sup>A</sup>Capital only NAV with debt at par, diluted for treasury and/or subscription shares if applicable.

<sup>B</sup>Dividend yields are based on mid market prices and the estimated dividend(s) payable in respect of the current financial year. This will include declared and prospective dividends. Source Morningstar

<sup>C</sup>Actual gearing: Represents the excess amount above shareholders' funds of total assets less cash/cash equivalents, expressed as a percentage of shareholders funds. If the amount calculated is negative, this represents a net cash position.

<sup>D</sup>Management fee charged on total gross assets. For details see the company's latest Annual Report & Accounts. New management fee adopted from 01/07/13 - 0.65% charged on gross assets up to £250m thereafter 0.6%.

<sup>E</sup>Ongoing charges are based on previous management fee structure prior to 01/07/13.

<sup>F</sup>Total return – using capital only NAVs with net dividend (if any) reinvested, in sterling, unless otherwise stated. Source: J.P. Morgan/Morningstar ([www.morningstar.co.uk](http://www.morningstar.co.uk))

<sup>G</sup>All figures are calculated on an ex-post basis. Source: J.P. Morgan

<sup>H</sup>Non-Benchmark are classified in the appropriate sector/region. Cash is net current assets and holdings used as cash substitutes if applicable. Benchmark Source: FTSE International Limited ("FTSE") © FTSE 2014. "FTSE®" is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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See Glossary of terms for explanations.

The company currently conducts its affairs so that the shares issued by the company can be recommended by IFAs 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.

### Important Information

This material should not be relied on as including sufficient information to support an investment decision.

For up-to-date information and performance data please contact your J.P. Morgan Asset Management representative. Telephone lines are recorded and may be monitored for security and training purposes.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. The level of tax benefits and liabilities will depend on individual circumstances and may change in the future. An investor's capital in a bank or building society is secure whereas in stock market linked investment it is exposed to a degree of risk.

The JPM investment trust may utilise gearing techniques (leverage) which will exaggerate market movements both down and up which could mean sudden and large falls in market value. For further details please refer to the individual trust's annual report and accounts. Some investment trusts may have warrants in issue, which if exercised may have an effect on the Net Asset Value.

The investment objective of a trust may allow some flexibility in terms in portfolio composition. Exchange rate changes may cause the value of underlying overseas investments to go down as well as up. Investments in emerging markets may involve a higher element of risk due to political and economic instability and underdeveloped markets and systems. Trusts which invest in smaller companies may involve a higher degree of risk as small cap markets tend to be much more volatile than their larger capitalisation counterparts. Where a trust invests in non investment grade bonds an increase in the risk to capital will arise. Where permitted, a trust may invest in other investment trusts that utilise gearing (leverage) which will exaggerate market movements both up and down.

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## Glossary

**Annual volatility:** Volatility is one measure used to assess the risk of a portfolio as it helps to describe the likely range of returns achieved by the fund. In statistical terms it is the standard deviation of the return distribution. Greater volatility of monthly Net Asset Value returns means that there is a wider range of likely returns in the future, or greater uncertainty regarding the fund return. Most investors would equate this greater uncertainty with greater risk. Gearing will have an impact on the volatility of an investment trust.

**Benchmark comparison:** Comparison of the Company's performance is made with the benchmark. 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 follow or track this index and therefore there may be a degree of divergence between its performance and that of the Company.

**Cash:** Net current assets and includes investment in liquidity funds & treasury stocks (if held) and drawn revolving credit facilities (if any) with an original maturity of less than 1 year.

**Correlation:** Correlation describes the way in which Net Asset Value has moved relative to the benchmark. Correlation coefficients range between +1.0 for assets which consistently move in the same direction, and -1.0 for assets which consistently move in the opposite direction. Assets with a correlation of zero are unrelated. Portfolios combining assets with low correlations provide diversification or risk reduction benefits, potentially without decreasing total portfolio return.

**Actual gearing:** Total portfolio less liquidity stocks, divided by net assets plus income cash and any effects of performance fees and revenue reserve accruals where applicable.

**Gearing range:** Indication of the maximum and minimum percentage by which the Company may be geared.

**Information ratio:** This is the difference between the annualised average fund return and the annualised average benchmark return (calculated geometrically) divided by the annualised tracking error. The higher the ratio, the better, as it shows that the risk taken by the fund manager relative to the benchmark has been rewarded. Gearing will have an impact on the information ratio.

**Sector/Geographical breakdowns:** These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds will be shown as cash.

**Top 10 holdings:** These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds / treasury stocks will not be shown in the top 10 holdings.

**Ongoing charges:** Management fees and all other operating expenses, excluding interest payments and commissions which are treated as a separate capital item, expressed as a percentage of the average of the opening and closing net assets. This calculation is based on the financial year end data and will be updated annually.

**Tracking error:** Tracking error measures the standard deviation of relative returns, i.e. the Net Asset Value return less the benchmark return. Tracking error is often used as a measure of risk taken against the fund's benchmark with a larger tracking error indicating that greater risks were taken relative to the benchmark in achieving the return of the fund. Gearing will increase a tracking error.