

JPMorgan Chinese Investment Trust plc



Overall Morningstar Rating™ (as at 30/09/14) ★★★★★
Morningstar Category™ Greater China Equity

September 2014

Investment objective

To provide long term capital growth by investment in 'Greater China' companies.

Company facts

| | |
|-------------------------|--|
| Portfolio manager(s) | Howard Wang, Emerson Yip, Shumin Huang, William Tong |
| Board of director(s) | William Knight, Sir Andrew Burns KCMG, Irving Koo OBE, Kathryn Matthews, John Misselbrook, Oscar Wong |
| Financial year end date | 30 September |
| Company launch date | 1993 |
| Listing | London Stock Exchange |
| Dividends paid | December |
| Company Broker(s) | Winterflood Securities |

Company statistics

(as at 30/09/14)

| | |
|---|-------------|
| Total assets (as at 30/09/14) | GBP 158.3m |
| Share price | 163.5p |
| Net asset value ^A | 181.1p |
| Discount(-)/Premium | |
| Current | -9.7% |
| 12 month high | -6.1% |
| 12 month low | -14.5% |
| 12 month average | -11.1% |
| Total dividend for last financial year | 1.6p |
| Dividend yield ^B | 1.0% |
| Actual gearing (as at 30/09/14) ^C | 6.8% |
| Potential gearing range | Maximum 15% |

Company fees & expenses

| | |
|------------------------------|-----------------------|
| Annual mgt. fee ^D | 1.00% on gross assets |
| Ongoing charges ^E | 1.41% |
| Performance fee | Yes |

Company codes

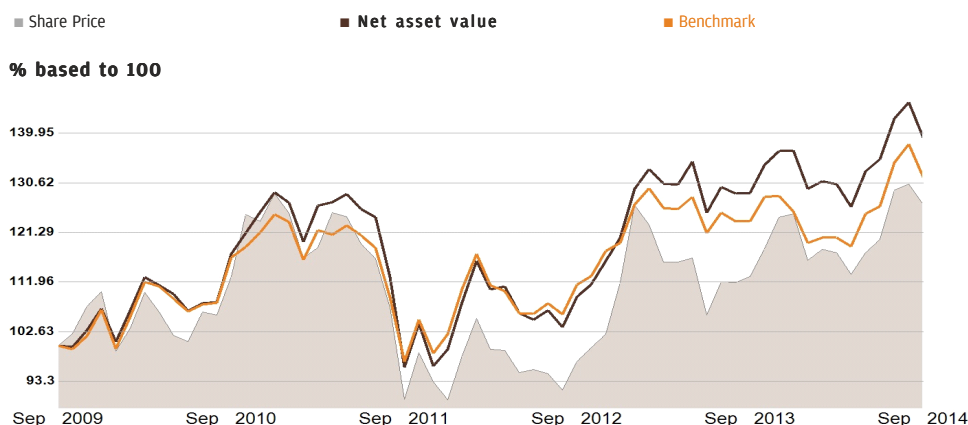
| | |
|-----------|--------------|
| ISIN | GB0003435012 |
| Sedol | 0343501 |
| Bloomberg | JMC LN |
| Reuters | JMC.L |

Benchmark

MSCI Golden Dragon Index (£)

Performance

(as at 30/09/14)



Cumulative performance

| % | 1 M | 3 M | 1 Y | 3 Y | 5 Y | 10 Y |
|-----------------|------|-----|------|------|------|-------|
| Share Price | -3.0 | 5.5 | 12.0 | 40.8 | 26.5 | 229.5 |
| Benchmark | -4.5 | 4.3 | 6.7 | 35.7 | 31.7 | 170.9 |
| Net asset value | -4.6 | 3.0 | 8.0 | 45.1 | 39.1 | 238.2 |

Quarterly Rolling 12M ending September 2014

| % | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|-----------------|---------|---------|---------|---------|---------|
| Share Price | 12.0 | 16.5 | 7.9 | -20.4 | 12.9 |
| Benchmark | 6.7 | 10.6 | 14.9 | -16.7 | 16.5 |
| Net asset value | 8.0 | 18.0 | 13.8 | -18.2 | 17.2 |

Top 10 Holdings

(as at 30/09/14)

| Holding | Sector | Weight |
|----------------------------|------------------------|--------|
| Taiwan Semiconductor | Information Technology | 6.5% |
| Tencent | Information Technology | 6.0% |
| AIA | Financials | 4.4% |
| China Construction Bank H | Financials | 4.3% |
| Agricultural Bank Of China | Financials | 2.9% |
| Cheung Kong | Financials | 2.5% |
| China Telecom H | Telecommunications | 2.5% |
| Alibaba ADR | Consumer Discretionary | 2.2% |
| Fubon Financial | Financials | 2.1% |
| CNOOC | Energy | 2.0% |

Statistical analysis review

(as at 30/09/14)

| | 3 years | 5 years |
|-----------------------|---------|---------|
| Correlation | 0.97 | 0.98 |
| Annualised volatility | 14.67% | 16.11% |
| Tracking error | 3.67% | 3.75% |
| Information ratio | 0.67 | 0.37 |

Market capitalisation

(as at 30/09/14)

| | % of portfolio |
|-----------------|----------------|
| > 100 bn | 25.23% |
| 10 bn <= 100 bn | 41.69% |
| 1 bn <= 10 bn | 32.54% |
| < 1 bn | 0.55% |

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

For further information, please contact:
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Agent Services Line 0800 727 770
Our lines are open Monday to Friday, 9.00am to 5.30pm
www.jpmmorgan.co.uk/investment-trusts

J.P.Morgan
Asset Management

JPMorgan Chinese Investment Trust plc



Howard Wang, managing director, is a regional investment manager and head of the Greater China team which forms part of the Pacific Regional Group (PRG) in Hong Kong. In his role as head of Greater China, he manages portfolios investing in the China, Taiwan and Hong Kong markets, while also leading and coordinating the investment process for the PRG's Greater China-dedicated portfolio managers in both Hong Kong and Taipei. He also serves as the primary advisor and liaison with the investment team at JPMAM's Shanghai-based joint venture China International Fund Management.



Emerson Yip, managing director, is an investment manager and Hong Kong specialist with the Greater China team, which forms part of the Pacific Regional Group in Hong Kong. He joined the firm in 2006 after eight years at Newbridge Capital where he was a director responsible for managing funds dedicated to private equity investment opportunities throughout Asia.



Shumin Huang, managing director, is an investment manager and China country specialist with the Greater China team which forms part of the Pacific Regional Group in Hong Kong. She joined the firm in 2006 after eight years at Goldman Sachs, where she was managing director and head of the Asia-Pacific Energy and Chemicals team. Shumin began her career in 1992 when she joined UBS Taiwan as a research analyst in steel and financials, and transferred to Hong Kong in 1996 as director and head of Asia-Pacific chemical research in 1996.

Sector breakdown ^F

(as at 30/09/14)

| Sector | Company | Benchmark | Deviation |
|----------------------------|---------|-----------|-----------|
| Financials | 32.5% | 36.7% | -4.2% |
| Information Technology | 24.9% | 23.1% | 1.8% |
| Consumer Discretionary | 9.4% | 7.0% | 2.4% |
| Industrials | 8.4% | 6.1% | 2.3% |
| Health Care | 5.1% | 1.1% | 4.0% |
| Energy | 4.7% | 6.7% | -2.0% |
| Telecommunication Services | 4.0% | 7.2% | -3.2% |
| Utilities | 3.8% | 4.7% | -0.9% |
| Consumer Staples | 3.1% | 3.1% | 0.0% |
| Managed Funds | 2.0% | 0.0% | 2.0% |
| Materials | 1.8% | 4.3% | -2.5% |
| Cash | 0.3% | 0.0% | 0.3% |
| Total | 100.0% | 100.0% | 0.0% |

Geographical breakdown ^F

(as at 30/09/14)

| Country | Company | Benchmark | Deviation |
|----------------|---------|-----------|-----------|
| Taiwan | 25.8% | 29.4% | -3.6% |
| China H Shares | 23.3% | 24.1% | -0.8% |
| Hong Kong | 17.0% | 23.4% | -6.4% |
| P Chip | 13.1% | 10.5% | 2.6% |
| China Others | 9.2% | 0.0% | 9.2% |
| Red Chip | 7.5% | 12.4% | -4.9% |
| China A Shares | 1.8% | 0.0% | 1.8% |
| China B Shares | 1.0% | 0.2% | 0.8% |
| TWD Bonds | 1.0% | 0.0% | 1.0% |
| Cash | 0.3% | 0.0% | 0.3% |
| Total | 100.0% | 100.0% | 0.0% |

Manager's commentary

(as at 30/09/14)

Greater China markets fell sharply in September. Hong Kong fell as protesters calling for the resignation of its chief executive and a more democratic election process in 2017 occupied the streets, negatively impacting retail sales. Offshore China retreated as falling global markets and the impact of protests in Hong Kong offset the positive effects of continued targeted monetary easing in China. The Taiwanese market dropped as foreign selling offset news of strong initial sales for Apple's new iPhone.

The trust's share price outperformed the benchmark, while the net asset value performed in line. On the positive side, our basket of Chinese e-commerce names helped performance as they were boosted by optimism over their strong earnings growth. In addition, our overweight in Chinese pharmaceutical names, such as Luye Pharma Group and Phoenix Healthcare, helped performance given strong secular growth in the sector. On the negative side, the trust was hurt by an overweight in gaming stock Galaxy Entertainment, which underperformed the overall market due to falling top-line growth. In addition, our overweight in several Taiwanese technology names, such as Delta Electronics, corrected in September after performing strongly earlier in the year.

Market Outlook

We believe that the protests in Hong Kong will be resolved amicably and that economic fundamentals will have been largely unaffected. That said, given that the MSCI Hong Kong only fell in line with the Chinese and Taiwanese equity markets in September, we continue to believe that better risk/reward prospects are to be had in the latter two markets and we are positive heading into the year end.

JPMorgan Chinese Investment Trust plc

Investment trust history and investment policies

JPMorgan Chinese Investment Trust plc was launched in October 1993, as The Fleming Chinese Investment Trust plc, by a public offer of shares which raised £60 million before expenses. The Company changed its name to JPMorgan Fleming Chinese Investment Trust in December 2001 and adopted its present name on 14th December 2005. In order to achieve the investment objective, the Company invests in a diversified portfolio and employs a Manager with a strong focus on research and company visits that enables it to identify what it believes to be the most attractive stocks in the region. Investment risks are managed by diversifying investment over a number of 'Greater China' companies. The number of investments in the Company will normally range between 40 and 90. The Company seeks to manage its risk relative to its benchmark index by limiting the active portfolio exposure to the various countries, sectors and stocks covered by the benchmark index and, in some cases, to specific stocks. The maximum permitted active exposure to each of the countries is 25% above or below the benchmark index weighting. Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts), nor does it invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies. The Board's policy is to limit gearing to 115% without Board permission.

Explanatory Notes, Risks and Important Information

Notes

^ACapital only NAV with debt at par, diluted for treasury and/or subscription shares if applicable.

^BDividend 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

^CActual 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.

^DManagement fee charged on net asset values. An additional performance fee may be payable. For details see the company's latest Annual Report & Accounts.

^EOngoing charges are the management fee and all other operating expenses, excluding interest charges on any borrowing and any performance fee payable expressed as a percentage of the average daily net assets during the year. All figures are for the previous financial year.

^FNon-Benchmark holdings (where held) are classified in the appropriate sector/region. Cash is net current assets and holdings used as cash substitutes if applicable.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

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Non-mainstream pooled Investment products Information (or status)

Shares and debentures (if any) in an Investment Trust are not subject to Financial Conduct Authority's (FCA) restrictions for marketing Non-mainstream Pooled Investment products, therefore Investment Trust products can be marketed to retail investors directly or via Independent Financial Advisers.

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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.