



Half Year Report 2014/15

JPMorgan Elect plc

Half Year Report & Accounts for the six months ended 28th February 2015

- Managed Growth shares
- Managed Income shares
- Managed Cash shares

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JPMorgan Elect plc (the 'Company') has three share classes, each with distinct investment policies, objectives and underlying investment portfolios. Each share class is listed separately and traded on the London Stock Exchange. The Company's capital structure means that shareholders may benefit from greater investment flexibility in a tax-efficient manner.

Objectives

Managed Growth - Long term capital growth from investing in a range of investment trusts and open-ended funds managed principally by J.P. Morgan Asset Management.

Managed Income - A growing income return with potential for long term capital growth by investing in equities, investment companies and fixed income securities.

Managed Cash - Preservation of capital with a yield based on short term interest rates by investing in a range of liquidity funds and short dated AAA-rated UK or G7 government securities hedged into sterling. Based on its return characteristics and the costs incurred in transacting in its shares, an investment in Managed Cash should only be considered by existing holders of Managed Growth and/or Managed Income shares who wish to switch into Managed Cash on the designated quarterly conversion dates. Further details are given on pages 35 and 36.

Gearing

The Board does not intend to utilise borrowings to increase the funds available for investment.

Benchmarks

Managed Growth - A composite comprising 50% FTSE All-Share Index and 50% FTSE World Index (ex-UK).

Managed Income - A composite comprising 85% FTSE All-Share Index and 15% Barclays Global Aggregate Corporate Bond Index (hedged) in sterling terms.

Managed Cash - There is no benchmark for this portfolio, other than to maintain the net asset value as close to 100p per share as possible.

Capital Structure

Managed Growth - At 28th February 2015, the Managed Growth share class comprised 36,572,692 ordinary shares (excluding Treasury shares).

Managed Income - At 28th February 2015, the Managed Income share class comprised 52,500,497 ordinary shares (excluding Treasury shares).

Managed Cash - At 28th February 2015, the Managed Cash share class comprised 4,301,569 ordinary shares (no Managed Cash shares are held in Treasury).

Conversions and Repurchase of Managed Cash Shares

Shareholders in any of the three share classes are able to convert some or all of their shares into shares of the other classes on a quarterly basis without such conversion being treated, under current law, as a disposal for UK Capital Gains Tax purposes. It is also possible for holders of Managed Cash shares to elect to have all or part of their holding of those shares repurchased by the Company for cash at a price close to net asset value at each conversion date. Further details are given on pages 35 and 36.

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 ('JPMAM').

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares it issues can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') 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.

Chairman's Statement



In this, my last statement as Chairman, I am very pleased to report continuing excellent performance over the six months to 28th February 2015. The headline figures I set out below are of course important but I encourage shareholders to read the full Investment Managers' reports which give detailed reviews of performance, together with the outlook for each share class.

Managed Growth

Performance

Over the six months to 28th February 2015 the Managed Growth portfolio delivered a total return on net assets of +9.7%, outperforming the composite benchmark (up 6.5%) by 3.2 percentage points. The benchmark is comprised equally of the FTSE All-Share and FTSE World (ex-UK) indices. The share price total return was +9.6%, reflecting a slight widening of the discount.

Dividends

Two quarterly dividends totalling 3.90 pence per share have been declared in respect of the half year. A third quarterly dividend will be paid on 24th June 2015 to shareholders on the register on 29th May 2015. The amount of the third quarterly dividend payment will be notified to shareholders in May 2015. Dividends on Managed Growth shares are paid quarterly in March, June, September and December each year and, due to the frequency and timing of distributions from the underlying investments, are not necessarily of equal amounts.

Share Capital

In the six months to 28th February 2015, a total of 533,190 Managed Growth shares were repurchased for Treasury. As is the case for all three share classes, these shares were repurchased at a discount to net asset value, thereby benefiting continuing shareholders. No shares were repurchased for cancellation during that period. The Company has since repurchased a further 260,042 shares for Treasury and none for cancellation. In December 2014, 50,000 shares were reissued from Treasury at a premium to net asset value.

Managed Income

Performance

The Managed Income portfolio produced a total return on net assets of +5.0% over the six months to 28th February 2015, outperforming the composite benchmark (up 3.9%) by 1.1 percentage points. The benchmark is comprised of 85% FTSE All-Share Index and 15% Barclays Global Aggregate Corporate Bond Index (hedged) in sterling terms. The share price total return was +5.5%, reflecting a helpful narrowing of the discount, against the trend of the industry.

Dividends

Two quarterly dividends totalling 1.70 pence per share have been declared in respect of the half year. A third quarterly dividend will be paid on 24th June 2015 to shareholders on the register on 29th May 2015. The amount of the third quarterly dividend payment will be notified to shareholders in May 2015. Dividends on Managed Income shares are paid quarterly in March, June, September and December each year and, due to the frequency and timing of distributions from the underlying investments, are not necessarily of equal amounts.

Chairman's Statement continued

Share Capital

In the six months to 28th February 2015, a total of 282,040 Managed Income shares were repurchased for Treasury. No shares were repurchased for cancellation during that period. 526,299 shares have been repurchased for Treasury since the period end, and none for cancellation. In December 2014, 85,000 shares were reissued from Treasury at a premium to net asset value.

Managed Cash

Performance

The Managed Cash portfolio produced a total return on net assets of +0.2% over the six months to 28th February 2015, but an anomalous downward move in the share price on the last day of our financial year temporarily distorted the calculation of the total return to shareholders to a poor -2.0%. The equivalent figure for both 20th February and 6th March 2015 was -1.0%. Although this figure is still disappointing, the Board has satisfied itself that the reaction in the share price was a response to a broader widening of discounts in the investment trust sector, which had been a major theme in the first quarter of the year. The assets of the Managed Cash portfolio remain invested in sterling liquidity funds with a credit rating of AAA (or equivalent).

Dividends

Against a background of interest rates at persistently low levels the Directors must balance the frequency of dividend payments against the cost of distribution. No interim dividends have been declared in respect of the period and Directors believe that, at current rates of return, any interim dividend declared in respect of the year ending 31st August 2015 is likely to be minimal, if any. Shareholders should not expect a return to quarterly dividend payments until interest rates have returned to more normal levels.

Share Capital

The Board has resolved that repurchases of Managed Cash shares will be for cancellation, rather than for Treasury, and in the six months to 28th February 2015, a total of 92,335 Managed Cash shares were thus repurchased. Since the period end, the Company has repurchased 78,773 Managed Cash shares for cancellation.

Conversion Opportunities

Shareholders are reminded that they are able to convert all or part of any class of holding into any other class at the end of February, May, August and November, each year. The next opportunity to convert is on 1st June 2015 (31st May 2015 being a non-business day). Details of how to convert can be found on pages 35 and 36 of this report and on the Company's website, www.jpmelect.co.uk

Communication with Shareholders

I always welcome comments or questions from shareholders: please address any letters to me or to my successor as Chairman at the Company's registered office, or follow the link on the Company's website.

Directors

After an extremely rigorous selection process, and as announced by the Board on 20th April 2015, Carla Stent has been appointed a Director of the Company.

Mrs Stent is a qualified Chartered Accountant with significant board experience of financial, strategic, regulatory and operational matters. She is a Director of MCS Advisory Limited, which provides a range of consultancy advice to companies, organisations and individuals during periods of transition and was previously Partner and Chief Operating Officer of Virgin Group.

Mrs Stent is an independent non-executive Director of Marex Spectron Group Ltd, one of the world's largest privately owned brokers of financial products in the commodities sector, also Deputy Chair, non-executive Director and Trustee of The Young Women's Trust (formerly the YWCA) and Power to Change, and a Trustee of Christian Aid.

I am delighted to welcome Mrs Stent to her new role. I am certain she will prove to be a thoughtful and constructive Director whose skills and talents will extend the range of your Board to excellent effect.

As I announced in the annual report, I shall retire as Chairman and Director on 30th April 2015; the Board announced on 20th April that Angus Macpherson had been appointed to succeed me and he will take office on 1st May 2015. Mr Macpherson will be well known to shareholders having been a Director since 2008 and Deputy Chairman since 2014. He has already proved to be an invaluable contributor to decision-making and I can only add that in my time as Chairman I have very much valued his intellectual rigour, his clarity of judgment and his personal support.

This is the last time I shall have the pleasure and privilege of writing to our shareholders. My retirement marks not only the end of my connection with the company, but the end of my career in the City, which began almost fifty years ago in January 1968. I am minded to quote the Einstein attribution that in my experience not everything that can be counted counts and not everything that counts can be counted. It is true though that I count myself extremely fortunate in having been able to make some contribution, however limited, to our Company. I leave shareholders with a talented, experienced and committed Board, first-class investment managers and an efficient and responsive administration, all well-placed to deal with the vagaries of politicians and markets. I thank every one of those who over the years has helped make my work with the Company such a pleasure and I wish them all well.

I shall remain a shareholder.

Robert Ottley
Chairman

24th April 2015

Managed Growth Share Class

Half Year Performance

+9.6%
Return to shareholders¹

+9.7%
Return on net assets²

+6.5%
Benchmark return³

3.90p
Dividend⁴
(2014: 4.30p)

The above are total returns and include dividends reinvested.

¹Source: Morningstar.

²Source: J.P. Morgan.

³Source: FTSE. The Managed Growth benchmark is a composite comprising 50% FTSE All-Share Index & 50% FTSE World Index (ex-UK).

⁴Represents two quarterly dividends. Dividends are usually paid quarterly in March, June, September and December.

Financial Data

	28th February 2015	31st August 2014	% change
Shareholders' funds (£'000)	225,868	211,625	+6.7
Number of shares in issue	36,572,692	37,294,296	-1.9
Net asset value per share	617.6p	567.4p	+8.8
Share price	603.0p	554.0p	+8.8
Share price discount to net asset value per share	2.4%	2.4%	
Ongoing Charges	0.55%	0.58%	
Gearing/(Net Cash)	(6.3)%	(5.7)%	

A glossary of terms and definitions is provided on page 37.

Investment Manager's Report



Katy Thorneycroft

Market Review

The six months to the end of February 2015 saw global equities deliver positive returns, with February seeing developed markets push to new cyclical highs. However, the path was a volatile one, a growth scare having caused stocks to drop in the second half of 2014. News was dominated by the possible exit by Greece from the eurozone and falling oil prices, but these were later ignored by markets as the economic picture improved, investors instead focusing on the divergence in monetary policy and dissipating fears of deflation as commodity prices began to stabilise.

Global fixed income markets had mixed results in 2014, with most US markets ending the year strongly, while other global fixed income markets struggled. Bond markets saw increased volatility as a result of diverging monetary policies and economic growth.

Continental European equities performed strongly on the back of a steady stream of improving economic data and anticipation of sovereign bond buying by the European Central Bank. Employers were becoming more confident in the outlook for the region and seeking to hire new staff to meet rising demand and the region's economy expanded by a better than expected 0.9% on an annualised basis in the fourth quarter of 2014. Fourth quarter earnings figures also showed that European companies were benefiting from the weaker euro. In particular, export-orientated companies outperformed their domestically focused peers and the composite purchasing managers' index moved to a seven-month high in January, suggesting that the first quarter of 2015 will be stronger again.

The better news from Europe contrasted with disappointing data from the US where economic data came in below expectations everywhere except the labour market. Deflation was reported for January as consumer price index inflation fell by 0.2% year on year for the first time since 2009 and retail sales fell by 0.8% in January – the second consecutive monthly decline. Despite weaker earnings, US markets continued to push higher. With the bulk of US companies having reported fourth quarter earnings, the results have been lacklustre, with analysts expecting earnings to fall by 5% year on year for the S&P500 when the season ends. The energy sector was the worst hit given the falling oil price, but the strength of the US dollar created an earnings headwind for the approximately 45% of US companies that generate their revenues overseas.

Performance

The Managed Growth portfolio outperformed its benchmark over the period, returning +9.7% versus the benchmark return of +6.5%. The return to shareholders was +9.6%.

Managed Growth Share Class continued

Investment Manager's Report continued

Total returns to 28th February 2015

	Six months	One year	Three years	Five years	Ten years
NAV return (%)	+9.7	+8.3	+53.3	+84.3	+165.5
Benchmark return (%)	+6.5	+11.4	+41.6	+64.9	+128.6
FTSE All-Share Index (%)	+4.1	+5.6	+36.4	+62.1	+112.6
FTSE World (ex UK) Index (%)	+9.3	+18.2	+49.3	+71.5	+150.5

Source: Datastream/J.P. Morgan.

Composite Benchmark returns are rebalanced on a month to month basis which will accordingly not necessarily result in the Composite Benchmark comprising exactly 50% of each of the underlying indices' returns.

Asset allocation at a regional level added to performance, with the portfolio being overweight US and Japanese equities and underweight UK equities. Small cap companies performed largely in line with large caps, with the exception of Japan where small cap stocks lagged.

Performance in underlying funds was also strong for the period, contributing to the outperformance of the benchmark. All of the top ten holdings in the portfolio (comprising 64% of the total portfolio value) generated a positive return and eight outperformed their own benchmark as well as the benchmark of the Managed Growth portfolio. Third party holdings in the portfolio delivered mixed results, with Biotech Growth Trust and Finsbury Growth & Income delivering strong absolute and relative returns, while Artemis Alpha Trust and Schroder UK Growth underperformed.

Despite the rise in equity markets, the investment trust sector has seen discounts widen, as flows into open-ended equity funds slowed with increased market volatility. We estimate that this widening detracted from performance slightly over the period.

Portfolio review

At the end of February, 44% of the portfolio was invested in JPMorgan managed investment trusts, 29% in JPMorgan managed open-ended funds and 21% in investment trusts managed by third party managers, the balance being held in futures and cash. Material transactions during the period included the sale of JPMorgan Russian Securities plc and a reduction of holdings in Edinburgh Worldwide Investment Trust, The Mercantile Investment Trust plc, Hansa Trust, JPMorgan Asian Investment Trust plc, JPMorgan US Equity All Cap and JPMorgan Smaller Companies Investment Trust plc. Proceeds were reinvested into Fidelity European Values, JPMorgan UK Dynamic and Schroder Japan Growth Fund.

Outlook

We expect growth in developed economies to strengthen in 2015, the US economy remaining the growth leader moving into a mid-cycle phase, with growth modestly above trend but inflation and wages contained. While Europe and Japan should both narrow the growth gap with the US, this expectation remains reliant on aggressive monetary stimulus. In contrast, US interest rates look set to rise later in 2015, leading to increasing policy divergence across developed economies. Meanwhile, growth in many emerging market economies is likely to remain challenged by rising US interest rates, a stronger US dollar and low commodity prices. This environment should be supportive for developed market equities and we remain cautious on emerging market equities.

While investment trust discounts remain relatively tight versus history, the widening we have seen so far in 2015 has introduced some improved opportunities for investing in attractive asset classes and managers with good performance track records at more reasonable valuations.

Katy Thorneycroft
Investment Manager

24th April 2015

Managed Growth Share Class continued

List of Investments

at 28th February 2015

Company	Value £'000	Company	Value £'000
JPMorgan UK Dynamic ('A' shares) ^{1,2}	25,011	JPMorgan Chinese	1,406
JPMorgan US Equity All Capital Fund ^{1,2}	24,900	BlackRock Frontier	1,217
JPMorgan Claverhouse	21,701	Edinburgh Worldwide	1,197
JPMorgan American	16,235	Edinburgh Dragon	951
JPMorgan US Select Equity ('C' shares) ^{1,2}	14,967	JPMorgan Income & Growth (Capital shares)	520
JPMorgan European (Growth shares)	10,274	JPMorgan Income & Growth (Units)	400
JPMorgan Japanese	9,243	Hansa Trust ('A' non-voting shares)	261
JPMorgan Smaller Companies ³	8,215	JPMorgan Brazil	66
The Mercantile	8,130	JPMorgan Overseas ³	19
Finsbury Growth & Income	5,540	Total Portfolio	209,987
Allianz Technology	5,517	Derivative Instruments	
Fidelity European Values	5,145	Futures⁴	
Schroder UK Growth	4,966	FTSE 100 Index Futures Mar 2015	930
Biotech Growth	4,679	S&P500 E-Mini Futures Mar 2015	372
JPMorgan US Smaller Companies	4,567	Topix Index Futures Mar 2015	95
JPMorgan European Smaller Companies	4,296	Euro Stoxx 50 Index Futures Mar 2015	16
JPMorgan Asian	4,089	Hang Seng Index Futures Mar 2015	(7)
Fidelity Special Values	4,047	Russell 2000 Mini Index Futures Mar 2015	(195)
Perpetual Income & Growth	3,413	Total Derivative Instruments	1,211
JPMorgan Income & Capital (Ordinary shares)	2,903	Total Portfolio and Derivatives	211,198
Artemis Alpha ³	2,895		
Impax Environmental Markets	2,624		
JPMorgan Emerging Markets	2,539		
JPMorgan Japan Smaller Companies ³	2,380		
Jupiter European Opportunities	2,321		
Schroder Japan Growth	1,935		
JPMorgan Indian	1,418		

¹Unlisted investment.

²Represents a holding in an Open Ended Investment Company ('OEIC') or a Société d'Investissement à Capital Variable ('SICAV').

³Both ordinary and subscription shares held.

⁴Representing unrealised gains and losses on futures contracts.

Geographical Analysis

(on a look through basis)

	28th February 2015		31st August 2014	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
UK	45.5	50.0	46.7	50.0
North America	33.1	30.5	32.5	29.8
Continental Europe	10.7	8.9	9.8	9.1
Japan	7.3	4.7	4.9	4.5
Asia (excluding Japan)	2.1	2.9	4.1	3.3
Emerging Markets and others	1.3	3.0	2.0	3.3
Total	100.0	100.0	100.0	100.0

¹Based on a total portfolio of £211.2m (2014: £199.4m), including open exposure to futures contracts.

Managed Growth Share Class continued

Income Statement (Unaudited)

for the six months ended 28th February 2015

	Six months ended 28th February 2015			Six months ended 28th February 2014			Year ended 31st August 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss									
Net foreign currency gains/(losses)	–	18,958	18,958	–	22,388	22,388	–	18,666	18,666
Income from investments	–	27	27	–	(28)	(28)	–	(33)	(33)
Other interest receivable and similar income	1,632	–	1,632	1,799	–	1,799	3,313	–	3,313
	14	–	14	1	–	1	9	–	9
Gross return	1,646	18,985	20,631	1,800	22,360	24,160	3,322	18,633	21,955
Management fee	(74)	(221)	(295)	(75)	(224)	(299)	(154)	(461)	(615)
Other administrative expenses	(298)	–	(298)	(236)	–	(236)	(472)	–	(472)
Net return on ordinary activities before taxation	1,274	18,764	20,038	1,489	22,136	23,625	2,696	18,172	20,868
Taxation credit	1	–	1	1	–	1	1	–	1
Net return on ordinary activities after taxation	1,275	18,764	20,039	1,490	22,136	23,626	2,697	18,172	20,869
Return per Managed Growth share	3.45p	50.71p	54.16p	3.99p	59.28p	63.27p	7.22p	48.64p	55.86p

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 Managed Growth pool of assets and the 'Revenue' and 'Capital' columns represent supplementary information.

Balance Sheet (Unaudited)

at 28th February 2015

	28th February 2015 £'000	28th February 2014 £'000	31st August 2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	209,987	205,935	199,063
Current assets			
Derivative financial assets	1,211	582	334
Debtors	870	982	23,708
Cash and short term deposits	14,140	9,657	12,041
	16,221	11,221	36,083
Creditors: amounts falling due within one year	(340)	(85)	(23,486)
Derivative financial liabilities	–	(178)	(35)
Net current assets	15,881	10,958	12,562
Net assets	225,868	216,893	211,625
Net asset value per Managed Growth share	617.6p	577.8p	567.4p

Managed Income Share Class

Half Year Performance

+5.5%
Return to shareholders¹

+5.0%
Return on net assets²

+3.9%
Benchmark return³

1.70p
Dividend⁴
(2014: 1.70p)

The above are total returns and include dividends reinvested.

¹Source: Morningstar.

²Source: J.P. Morgan.

³Source: Morningstar/Bloomberg. The Managed Income benchmark is a composite comprising 85% FTSE All-Share Index and 15% Barclays Global Aggregate Corporate Bond Index (hedged) in sterling terms.

⁴Represents two quarterly dividends. Dividends are usually paid quarterly in March, June, September and December.

Financial Data

	28th February 2015	31st August 2014	% change
Shareholders' funds (£'000)	56,459	53,681	+5.2
Number of shares in issue	52,500,497	51,474,264	+2.0
Net asset value per share	107.5p	104.3p	+3.1
Share price	104.5p	100.8p	+3.7
Share price discount to net asset value per share	2.8%	3.4%	
Net yield per share ¹	3.5%	3.6%	
Ongoing Charges	0.71%	0.72%	
Gearing/(Net Cash)	(0.9)%	(0.9)%	

¹The net yield is estimated based on prior year total dividends per share, expressed as a percentage of the closing share price.

A glossary of terms and definitions is provided on page 37.

Investment Managers' Report



John Baker



Sarah Emly

Market Review

UK equity market returns were volatile in the six month period ended 28th February 2015, with the FTSE All-Share Index finishing the period up 4.1%, with significant gains registered in the first two months of 2015. The global corporate bond market was also volatile and the Barclays Global Aggregate Corporate Bond Index (hedged) in sterling terms returned 3.0%.

Income investors' focus over the period was on the UK dividend landscape. Earlier in the year, a strong sterling weighed on the dividends of big UK companies that report their earnings in foreign currencies, but the stronger US dollar over the final quarter of the year proved more supportive of dividend growth. With bond yields languishing at lows, the appeal of dividend-paying companies to income investors remained intact.

Near the start of the six month period, UK equities were affected by the uncertainty surrounding the outcome of the referendum on Scottish independence. On 18th September 2014, however, voters opted to remain part of the UK, lending support to markets. In November 2014, energy stocks and bonds came under pressure as oil prices fell sharply amid uncertainty over the outcome of an Organisation of Petroleum Exporting Countries (OPEC) meeting, which resulted in the decision not to cut production in the face of increased global supply. Towards the end of the six months, however, the falling oil price had shown some signs of stabilisation.

The UK economy continued to make good progress and reached an important milestone in November 2014. Figures released in the month showed that UK wage growth was higher than the rate of consumer price inflation for the first time in five years – leaving the average employee better off in real (inflation-adjusted) terms. January 2015 marked an upbeat start to the year for the UK manufacturing sector, whilst the rise in UK house prices showed signs of slowing, particularly in London, alleviating some of the concerns about an overheating housing market.

Investors were focused on the path of the Bank of England's monetary policy over the period, within the context of prospective policy tightening on the horizon in the US and further easing by the European Central Bank. UK headline inflation hovered around an all-time low towards the end of the six-month period, whilst consumers are likely to benefit from lower heating costs and petrol prices which should support the outlook for consumer-related companies. UK equities, and the global market more broadly, are likely to continue to be affected in the coming months by the monetary policy decisions of the major developed central banks.

Dividend Review

Although market headlines have focused on the flat dividend prospects from some of the major UK market dividend contributors, especially the UK oil majors, due to the plunge in the price of oil, the dividend newsflow from other companies has been more encouraging. The most recent results season has highlighted the benefit of strong cash generation translating into dividend growth and this has been particularly notable amongst some financial service companies and insurers that the Company holds.

Managed Income Share Class continued

Investment Managers' Report continued

Aviva, the life insurer, announced a 21% dividend increase, whilst Prudential's dividend grew by 10%. Both Jupiter Fund Management and Direct Line Insurance announced special dividends, in addition to healthy growth in their base dividends. ITV announced a special dividend for the third consecutive year. However, the dividend newsflow for the UK equity market has not been entirely positive and there have been some dividend cuts during the reporting season. We continue to focus on income and dividend growth prospects when selecting our best stock ideas for the portfolio, and are aiming to generate a further increase in revenue per Managed Income share in the current financial year to the end of August 2015.

Performance Review

In the six months ended 28th February 2015, the Managed Income portfolio delivered a return on net assets of +5.0%, against the total return of the composite benchmark of +3.9%. Over the six month period the FTSE All-Share index rose by 4.1% whilst the Barclays Global Aggregate Corporate Bond Index (hedged) in sterling terms rose by a more modest 3.0%. The portfolio benefited from good stock selection within the UK equity portfolio and also from remaining overweight in equities and underweight in corporate bonds throughout the first half of the new financial year.

The table below summarises the performance of the Managed Income portfolio over the past five years.

Total returns to 28th February 2015

	Six months	One year	Two years	Three years	Five years
NAV return (%)	+5.0	+6.4	+25.7	+46.2	+78.2
Benchmark return (%)	+3.9	+5.9	+18.3	+33.8	+58.4
FTSE All-Share Index (%)	+4.1	+5.6	+19.6	+36.4	+62.1
Barclays Global Aggregate Corporate Bond Index (hedged) in sterling terms (%)	+3.0	+7.4	+10.2	+18.4	+35.2

Source: Datastream/J.P. Morgan.

Composite Benchmark returns are rebalanced on a month to month basis which will accordingly not necessarily result in the Composite Benchmark comprising exactly 85% of the FTSE All-Share Index and 15% of the Barclays Global Aggregate Corporate Bond Index (hedged) in sterling terms.

The most significant contributor to performance over the six months continued to be our zero weighting in the low dividend yielding oil and gas major, BG Group, whose share price fell by 20% as it consistently delivered disappointing results, even before the sharp fall in the price of oil during the second half of 2014. However, since the period end, BG Group has received a takeover approach from Royal Dutch Shell and consequently its share price has bounced strongly. The Company's long term overweight position in Provident Financial, a financial services group which continued to deliver good results and double digit dividend growth, whilst having an attractive dividend yield, was one of the most positive contributors to performance as it delivered returns of 30% over the half year. Other premium dividend yielders that

performed strongly for the Company included Imperial Tobacco which has consistently delivered strong results and 10% dividend growth, and also BAE Systems, the aerospace and defence group which rose in value by 22%. Our holding in Schroders, the fund management group, also delivered strong returns, outperforming the positive market and, since the period end, this group has announced annual dividend growth of 34%.

By contrast, our holdings in the two premium dividend yielders, Interserve and Kcom, underperformed the rising equity market, with Interserve's share price weakening in response to uncertain trading updates by some of its peers, despite delivering a resilient performance itself. Kcom's interim results showed a slightly weaker than expected revenue outlook, although cost cutting should help protect the margin and dividend growth was maintained at 10%. Other detractors included the Company's zero holdings in some of the more expensively valued and low dividend yielding defensives such as Reckitt Benckiser and Diageo, both of which outperformed the UK equity market over this six month period. Overall it was a good first half for the Managed Income portfolio, outperforming the positive market returns.

Portfolio Review

There has been no material change to the asset allocation of the Managed Income portfolio during the half year. The portfolio remains overweight equities relative to its composite benchmark as we believe that the outlook for equities is positive as a better macro economic backdrop should lead to an improvement in earnings growth which should, in turn, allow for dividend growth. Additionally, valuations remain supportive and corporate balance sheets are in rude health. Nevertheless, we retain a holding in the JPMorgan Global High Yield Bond fund as a diversified way of enhancing the income yield of the overall portfolio.

When assessing the investment opportunity provided by stocks we focus on whether earnings estimates are being revised up, the valuations are attractive and whether the balance sheet and forecast cash flows allow for dividend growth.

As such, portfolio construction is determined by bottom up stock selection. For instance, we bought DCC, an energy, technology and healthcare distributor. The company's strategy of consolidating the fragmented industries in which it operates has driven double digit earnings growth whilst generating significant cash flows. This has allowed for average annual dividend growth of 15%. We also bought Novae which is a Lloyd's underwriter. A strong capital position provides the potential for its policy of paying special dividends to continue over the coming years. An improvement in the operating performance and double digit dividend growth led us to buy the insurance company Aviva. Following our purchase the company announced the acquisition of Friend's Life which further enhances its dividend paying ability.

Conversely, we sold the portfolio's position in plastic packaging group RPC. The shares had performed well over the period in which we owned them. However, in our view its exposure to stalling economic growth in mainland Europe reduced the shares' upside potential. We also sold our holding in software company Microfocus International. The company announced the acquisition of a US software business in September 2014 which was well received by the market; however, management have indicated that consequent higher levels of debt will rule out special dividends in the

Managed Income Share Class continued

Investment Managers' Report continued

immediate future, thus diminishing its yield attractions.

Outlook

A key near term focus for investors in the UK will be the May general election, the outcome of which remains uncertain. Equity market volatility is likely to rise in the lead up to the election, with volatility during 2015 also being impacted by the monetary policy decisions of the major developed central banks, particularly the potential policy tightening by the US Federal Reserve later this year.

The UK economy continues to grow in a non-inflationary way and UK job growth has been impressive; real wage growth has started to pick up, which is a promising trend. The recent dramatic fall in the oil price should be a net positive for economic growth. The cost of production for companies will benefit and lower petrol and heating bills will be akin to a significant tax cut for UK consumers.

UK companies are generally in strong financial health and, for the more domestic among them, 2015 earnings prospects are encouraging given the positive outlook for economic growth. Given the continuing robustness of many UK-focused company balance sheets and managements' focus on cash flow generation, their ability to increase dividend payouts is likely to continue.

John Baker
Sarah Emly
Investment Managers

24th April 2015

List of Investments at 28th February 2015

Company	Value £'000	Company	Value £'000
Royal Dutch Shell	3,686	Old Mutual	617
HSBC	2,877	Mondi	610
JPMorgan Global High Yield Bond ('A' Income shares) ¹	2,767	Kcom	595
JPMorgan Income & Growth (Income shares)	2,422	GKN	588
British American Tobacco	2,128	Informa	586
BP	2,126	Taylor Wimpey	579
GlaxoSmithKline	2,108	WH Smith	579
Vodafone	1,848	Galliford Try	576
AstraZeneca	1,760	British Land	554
Imperial Tobacco	1,719	Legal & General	533
Rio Tinto	1,573	Halfords	528
BT	1,530	Spirax-Sarco Engineering	463
National Grid	1,405	DCC	460
Barclays	1,333	Glencore	449
BAE Systems	1,308	Jupiter Fund Management	445
Prudential	1,179	Severn Trent	443
ITV	1,044	Persimmon	404
Direct Line Insurance	1,025	Interserve	396
Provident Financial	1,010	Henderson	384
Berendsen	990	Go-Ahead	323
Aviva	952	Bodycote	322
JPMorgan European (Income shares)	896	Novae	299
WPP	861	Senior	293
Next	854	Diploma	277
Compass	850	Elementis	231
Schroders	848	JPMorgan Income & Growth (Capital shares)	117
Berkeley	756		
Standard Life	723	Total Portfolio	55,614
Beazley	713		
BHP Billiton	672		

¹Unlisted and represents holdings in an Open Ended Investment Company ('OEIC') or a Société d'investissements à Capital Variable ('SICAV').

Managed Income Share Class continued

Ten Largest Income Payers¹

for the six months ended 28th February 2015

Company	£'000
Royal Dutch Shell	104
JPMorgan Global High Yield Bond ('A' Income shares)	93
BP	64
GlaxoSmithKline	60
JPMorgan Income & Growth (Income shares)	58
Micro Focus	51
AstraZeneca	49
Imperial Tobacco	48
Beazley	44
HSBC	30
Total (63.1%)²	601

¹In terms of amounts of income received by the Managed Income portfolio.

²Represents the total ten largest dividend payments expressed as a percentage of income from investments.

Sector Analysis

	28th February 2015		31st August 2014	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials	24.7	19.5	21.8	19.2
Consumer Goods ²	11.9	12.7	10.2	11.8
Oil & Gas	10.3	10.5	12.4	12.7
Consumer Services	10.0	9.8	8.4	8.6
Industrials ²	7.2	8.6	7.4	8.4
Telecommunications	7.0	4.1	6.5	3.8
Health Care	6.8	7.3	7.4	7.2
Basic Materials	6.3	6.2	7.2	6.9
Investment Trusts	6.1	2.0	6.3	1.9
Utilities	3.3	3.0	4.1	3.3
Technology	–	1.3	1.2	1.2
Bond Funds	4.9	15.0	5.2	15.0
Net current assets	1.5	–	1.9	–
Total	100.0	100.0	100.0	100.0

¹Based on net assets of £56.5m (2014: £53.7m).

²Galliford Try has been reclassified as Consumer Goods as at 28th February 2015 (previously Industrial).

Managed Income Share Class continued

Income Statement (Unaudited)

for the six months ended 28th February 2015

	Six months ended 28th February 2015			Six months ended 28th February 2014			Year ended 31st August 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss									
Net foreign currency gains	–	1,964	1,964	–	5,249	5,249	–	4,607	4,607
Income from investments	–	1	1	–	4	4	–	1	1
Other interest receivable and similar income	952	–	952	855	–	855	2,376	–	2,376
	3	–	3	4	–	4	3	–	3
Gross return	955	1,965	2,920	859	5,253	6,112	2,379	4,608	6,987
Management fee	(66)	(66)	(132)	(62)	(63)	(125)	(125)	(129)	(254)
Other administrative expenses	(59)	–	(59)	(58)	–	(58)	(118)	–	(118)
Net return on ordinary activities before taxation	830	1,899	2,729	739	5,190	5,929	2,136	4,479	6,615
Taxation credit	–	–	–	–	–	–	1	–	1
Net return on ordinary activities after taxation	830	1,899	2,729	739	5,190	5,929	2,137	4,479	6,616
Return per Managed Income share	1.60p	3.66p	5.26p	1.44p	10.10p	11.54p	4.16p	8.71p	12.87p

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 Managed Income pool of assets and the 'Revenue' and 'Capital' columns represent supplementary information.

Balance Sheet (Unaudited)

at 28th February 2015

	28th February 2015 £'000	28th February 2014 £'000	31st August 2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	55,614	52,462	52,664
Current assets			
Derivative financial assets	–	4	–
Debtors	370	1,900	544
Cash and short term deposits	488	404	497
	858	2,308	1,041
Creditors: amounts falling due within one year	(13)	(1,145)	(24)
Net current assets	845	1,163	1,017
Net assets	56,459	53,625	53,681
Net asset value per Managed Income share	107.5p	104.7p	104.3p

Managed Cash Share Class

Half Year Performance

-2.0%
Return to shareholders¹

+0.2%
Return on net assets²

The above are total returns and include dividends reinvested.

¹Source: Morningstar.

²Source: J.P. Morgan.

Financial Data

	28th February 2015	31st August 2014	% change
Shareholders' funds (£'000)	4,346	4,445	-2.2
Number of shares in issue	4,301,569	4,393,404	-2.1
Net asset value per share	101.0p	101.2p	-0.2
Share price	98.5p	100.5p	-2.0
Share price discount to net asset value per share	2.5%	0.7%	
Ongoing Charges	0.25%	0.25%	

A glossary of terms and definitions is provided on page 37.

Investment Manager's Report



Katy Thorneycroft

In January, the Bank of England kept interest rates on hold at 0.5% and its asset purchases unchanged at £375 billion, as expected. Minutes from the Monetary Policy Committee ('MPC') meeting showed that the decision to hold rates steady is now unanimous, with all nine members believing that rates were more likely not to rise over the next three years, while for two members the immediate decision was described as being finely balanced. At the time of writing, we have seen two months of lower core consumer price index readings in the UK. These lower inflation numbers have been driven by clothing prices more recently and while they may be temporary will likely mean that interest rate rises remain quite distant. The Managed Cash portfolio returned +0.2% for the period, as interest rates remained low. The Chairman's Statement provides more detail on the return to shareholders over the six month period. The portfolio continues to retain its broad diversification across six of the UK's leading AAA-rated sterling liquidity funds, each selected to provide a high level of capital security for shareholders.

The Bank of England is not expected to announce changes to interest rates or the asset purchase programme at its next meeting. At the present time, market participants do not expect the next 25 basis point interest rate rise to be announced until 2016.

Katy Thorneycroft
Investment Manager

24th April 2015

Managed Cash Share Class continued

List of Investments

at 28th February 2015

Company	Yield % ¹	Rating ²	Value £'000	%
Scottish Widows Investment Partnership Liquidity Fund	0.51	AAA	735	16.9
Deutsche Global Liquidity Fund	0.53	AAA	731	16.8
JPMorgan Sterling Liquidity Fund	0.53	AAA	729	16.8
Insight Sterling Liquidity Fund	0.52	AAA	722	16.6
Blackrock ICS Institutional Sterling Liquidity Fund	0.52	AAA	722	16.6
Fidelity Institutional Sterling Liquidity Fund	0.51	AAA	708	16.3
Total investments			4,347	100.0
Net current liabilities			(1)	–
Net assets			4,346	100.0

¹1 year gross return to 28th February 2015. Source: IMMFA Money Fund Report, iMoneyNet.

²Ratings are given by recognised credit rating agencies as at 28th February 2015.

Portfolio Analysis

	28th February 2015 % ¹	31st August 2014 % ¹
Sterling Liquidity Funds and Cash Funds	100.0	98.5
Net current assets	–	1.5
Total	100.0	100.0

¹Based on net assets of £4.3m (2014: £4.4m).

Income Statement (Unaudited)

for the six months ended 28th February 2015

	Six months ended 28th February 2015			Six months ended 28th February 2014			Year ended 31st August 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments	10	–	10	12	–	12	21	–	21
Other interest receivable and similar income	–	–	–	1	–	1	1	–	1
Gross return	10	–	10	13	–	13	22	–	22
Other administrative expenses	(1)	–	(1)	(1)	–	(1)	(1)	–	(1)
Net return on ordinary activities before taxation	9	–	9	12	–	12	21	–	21
Taxation	(1)	–	(1)	(1)	–	(1)	(2)	–	(2)
Net return on ordinary activities after taxation	8	–	8	11	–	11	19	–	19
Return per Managed Cash share	0.18p	0.00p	0.18p	0.16p	0.00p	0.16p	0.34p	0.00p	0.34p

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 Managed Cash pool of assets and the 'Revenue' and 'Capital' columns represent supplementary information.

Managed Cash Share Class continued

Balance Sheet (Unaudited)

at 28th February 2015

	28th February 2015 £'000	28th February 2014 £'000	31st August 2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	4,347	4,743	4,379
Current assets			
Debtors	1	1	1
Cash and short term deposits	–	4	67
	1	5	68
Creditors: amounts falling due within one year ¹	(2)	(14)	(2)
Net current (liabilities)/assets	(1)	(9)	66
Net assets	4,346	4,734	4,445
Net asset value per Managed Cash share	101.0p	101.0p	101.2p

¹Includes any amounts payable in respect of Managed Cash shares redeemed in the February opportunity.

Financial Statements

Income Statement

for the six months ended 28th February 2015

	(Unaudited) Six months ended 28th February 2015			(Unaudited) Six months ended 28th February 2014			(Audited) Year ended 31st August 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	20,922	20,922	–	27,637	27,637	–	23,273	23,273
Net foreign currency gains/(losses)	–	28	28	–	(24)	(24)	–	(32)	(32)
Income from investments	2,594	–	2,594	2,666	–	2,666	5,710	–	5,710
Other interest receivable and similar income	17	–	17	6	–	6	13	–	13
Gross return	2,611	20,950	23,561	2,672	27,613	30,285	5,723	23,241	28,964
Management fee	(140)	(287)	(427)	(137)	(287)	(424)	(279)	(590)	(869)
Other administrative expenses	(358)	–	(358)	(295)	–	(295)	(591)	–	(591)
Net return on ordinary activities before taxation	2,113	20,663	22,776	2,240	27,326	29,566	4,853	22,651	27,504
Taxation	–	–	–	–	–	–	–	–	–
Net return on ordinary activities after taxation	2,113	20,663	22,776	2,240	27,326	29,566	4,853	22,651	27,504
Return per share (note 4):									
Managed Growth	3.45p	50.71p	54.16p	3.99p	59.28p	63.27p	7.22p	48.64p	55.86p
Managed Income	1.60p	3.66p	5.26p	1.44p	10.10p	11.54p	4.16p	8.71p	12.87p
Managed Cash	0.18p	0.00p	0.18p	0.16p	0.00p	0.16p	0.34p	0.00p	0.34p

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.

Financial Statements continued

Reconciliation of Movements in Shareholders' Funds

Six months ended 28th February 2015 (Unaudited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st August 2014	24	82,076	69,356	115,341	2,954	269,751
Repurchase and cancellation of the Company's own shares	–	–	(228)	–	–	(228)
Issue of shares from Treasury (net of costs)	–	34	341	–	–	375
Repurchase of shares into Treasury	–	–	(3,346)	–	–	(3,346)
Share conversions during the period	–	1,575	(1,575)	–	–	–
Net return on ordinary activities	–	–	–	20,663	2,113	22,776
Dividends appropriated in the period	–	–	–	–	(2,655)	(2,655)
At 28th February 2015	24	83,685	64,548	136,004	2,412	286,673

Six months ended 28th February 2014 (Unaudited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st August 2013	24	78,259	82,052	92,690	2,540	255,565
Repurchase and cancellation of the Company's own shares	–	–	(7,057)	–	–	(7,057)
Issue of shares from Treasury (net of costs)	–	23	175	–	–	198
Repurchase of shares into Treasury	–	–	(614)	–	–	(614)
Share conversions during the period	–	3,153	(3,153)	–	–	–
Net return on ordinary activities	–	–	–	27,326	2,240	29,566
Dividends appropriated in the period	–	–	–	–	(2,406)	(2,406)
At 28th February 2014	24	81,435	71,403	120,016	2,374	275,252

Year ended 31st August 2014 (Audited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st August 2013	24	78,259	82,052	92,690	2,540	255,565
Repurchase and cancellation of the Company's own shares	–	–	(7,519)	–	–	(7,519)
Issue of shares from Treasury (net of costs)	–	15	337	–	–	352
Repurchase of shares into Treasury	–	–	(1,712)	–	–	(1,712)
Share conversions during the year	–	3,802	(3,802)	–	–	–
Net return on ordinary activities	–	–	–	22,651	4,853	27,504
Dividends appropriated in the year	–	–	–	–	(4,439)	(4,439)
At 31st August 2014	24	82,076	69,356	115,341	2,954	269,751

Balance Sheet

at 28th February 2015

	(Unaudited) 28th February 2015				(Unaudited) 28th February 2014	(Audited) 31st August 2014
	Growth £'000	Income £'000	Cash £'000	Total £'000	Total £'000	Total £'000
Fixed assets						
Investments held at fair value through profit or loss	209,987	55,614	4,347	269,948	263,140	256,106
Current assets						
Derivative financial assets	1,211	–	–	1,211	586	334
Debtors	870	370	1	1,241	2,883	24,253
Cash and short term deposits	14,140	488	–	14,628	10,065	12,605
	16,221	858	1	17,080	13,534	37,192
Creditors: amounts falling due within one year	(340)	(13)	(2)	(355)	(1,244)	(23,512)
Derivative financial liabilities	–	–	–	–	(178)	(35)
Net current assets/(liabilities)	15,881	845	(1)	16,725	12,112	13,645
Net assets	225,868	56,459	4,346	286,673	275,252	269,751
Capital and reserves						
Called up share capital	18	4	2	24	24	24
Share premium	28,343	36,188	19,154	83,685	81,435	82,076
Other reserve	72,321	7,109	(14,882)	64,548	71,403	69,356
Capital reserves	123,967	12,048	(11)	136,004	120,016	115,341
Revenue reserve	1,219	1,110	83	2,412	2,374	2,954
Total equity shareholders' funds	225,868	56,459	4,346	286,673	275,252	269,751

	28th February 2015		28th February 2014		31st August 2014	
	Net asset value (pence)	Net assets (£'000)	Net asset value (pence)	Net assets (£'000)	Net asset value (pence)	Net assets (£'000)
Net asset value per share (note 5)						
Managed Growth	617.6	225,868	577.8	216,894	567.4	211,625
Managed Income	107.5	56,459	104.7	53,625	104.3	53,681
Managed Cash	101.0	4,346	101.0	4,732	101.2	4,445

Company registration number: 3845060

Financial Statements continued

Cash Flow Statement

for the six months ended 28th February 2015

	(Unaudited) Six months ended 28th February 2015 £'000	(Unaudited) Six months ended 28th February 2014 £'000	(Audited) Year ended 31st August 2014 £'000
Net cash inflow from operating activities (note 6)	1,944	2,040	4,097
Taxation recovered	25	17	2
Net cash inflow from capital expenditure and financial investment	5,598	12,045	15,988
Net cash outflow from management of liquid resources	(4,100)	–	(9,000)
Dividends paid	(2,655)	(2,406)	(4,439)
Net cash outflow from financing	(2,910)	(7,473)	(8,879)
(Decrease)/increase in cash for the period	(2,098)	4,223	(2,231)
Reconciliation of net cash flow to movement in net funds			
Net cash movement	(2,098)	4,223	(2,231)
Increase in liquid resources	4,100	–	9,000
Exchange movement	21	(26)	(32)
Net funds at the beginning of the period	12,605	5,868	5,868
Net funds at the end of the period	14,628	10,065	12,605
Represented by:			
Cash and short term deposits	14,628	10,065	12,605
	14,628	10,065	12,605

Notes to the Financial Statements

for the six months ended 28th February 2015

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 auditor.

The figures and financial information for the year ended 31st August 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 auditor 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 ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

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

The accounting policies applied to these interim accounts are consistent with those applied in the accounts for the year ended 31st August 2014.

3. Dividends

	(Unaudited) Six months ended 28th February 2015 £'000	(Unaudited) Six months ended 28th February 2014 £'000	(Audited) Year ended 31st August 2014 £'000
Dividends paid			
Managed Growth 2014 2nd interim dividend of 1.75p	–	–	657
Managed Growth 2014 3rd interim dividend of 1.35p	–	–	505
Managed Growth 2014 4th interim dividend of 1.85p (2013: 1.35p)	690	502	502
Managed Growth 2015 1st interim dividend of 2.55p (2014: 2.55p)	948	947	947
Managed Income 2014 2nd interim dividend of 0.85p	–	–	436
Managed Income 2014 3rd interim dividend of 0.85p	–	–	435
Managed Income 2014 4th interim dividend of 1.10p (2013: 1.00p)	566	519	519
Managed Income 2015 1st interim dividend of 0.85p (2014: 0.85p)	436	438	438
Managed Cash 2014 interim dividend of 0.35p (2013: 0.00p)	15	–	–
Total dividends paid in the period	2,655	2,406	4,439
Dividends proposed			
Managed Growth 2014 4th interim dividend of 1.85p	–	–	690
Managed Growth 2015 2nd interim dividend of 1.35p (2014: 1.75p)	494	657	–
Managed Income 2014 4th interim dividend of 1.10p	–	–	566
Managed Income 2015 2nd interim dividend of 0.85p (2014: 0.85p)	446	435	–
Managed Cash 2014 4th interim dividend of 0.35p	–	–	15
Total dividends proposed ¹	940	1,092	1,271

¹In accordance with the accounting policy of the Company, these dividends will be reflected in the accounts of the following period.

Financial Statements continued

Notes to the Financial Statements continued

4. Return per share

	(Unaudited) Six months ended 28th February 2015 £'000	(Unaudited) Six months ended 28th February 2014 £'000	(Audited) Year ended 31st August 2014 £'000
Managed Growth			
Return per Managed Growth share is based on the following:			
Revenue return	1,275	1,490	2,697
Capital return	18,764	22,136	18,172
Total return	20,039	23,626	20,869
Weighted average number of shares in issue	37,004,383	37,342,290	37,357,221
Revenue return per share	3.45p	3.99p	7.22p
Capital return per share	50.71p	59.28p	48.64p
Total return per share	54.16p	63.27p	55.86p
	(Unaudited) Six months ended 28th February 2015 £'000	(Unaudited) Six months ended 28th February 2014 £'000	(Audited) Year ended 31st August 2014 £'000
Managed Income			
Return per Managed Income share is based on the following:			
Revenue return	830	739	2,137
Capital return	1,899	5,190	4,479
Total return	2,729	5,929	6,616
Weighted average number of shares in issue	51,958,028	51,393,086	51,411,573
Revenue return per share	1.60p	1.44p	4.16p
Capital return per share	3.66p	10.10p	8.71p
Total return per share	5.26p	11.54p	12.87p
	(Unaudited) Six months ended 28th February 2015 £'000	(Unaudited) Six months ended 28th February 2014 £'000	(Audited) Year ended 31st August 2014 £'000
Managed Cash			
Return per Managed Cash share is based on the following:			
Revenue return	8	11	19
Capital return	–	–	–
Total return	8	11	19
Weighted average number of shares in issue	4,274,695	6,531,578	5,551,280
Revenue return per share	0.18p	0.16p	0.34p
Capital return per share	0.00p	0.00p	0.00p
Total return per share	0.18p	0.16p	0.34p

5. Net asset value per share

The net asset values per share are calculated as follows:

	(Unaudited) 28th February 2015		
	Managed Growth	Managed Income	Managed Cash
Net assets attributable (£'000)	225,868	56,459	4,346
Ordinary shares in issue	36,572,692	52,500,497	4,301,569
Net asset value per share (pence)	617.6	107.5	101.0

	(Unaudited) 28th February 2014		
	Managed Growth	Managed Income	Managed Cash
Net assets attributable (£'000)	216,893	53,625	4,732
Ordinary shares in issue	37,536,735	51,241,036	4,686,009
Net asset value per share (pence)	577.8	104.7	101.0

	(Audited) 31st August 2014		
	Managed Growth	Managed Income	Managed Cash
Net assets attributable (£'000)	211,625	53,681	4,445
Ordinary shares in issue	37,294,296	51,474,264	4,393,404
Net asset value per share (pence)	567.4	104.3	101.2

6. Reconciliation of total return on ordinary activities before taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 28th February 2015 £'000	(Unaudited) Six months ended 28th February 2014 £'000	(Audited) Year ended 31st August 2014 £'000
Net return on ordinary activities before taxation	22,776	29,566	27,504
Less capital return before taxation	(20,663)	(27,326)	(22,651)
Decrease/(increase) in accrued income	193	161	(82)
Increase in other debtors	(7)	(1)	(5)
Decrease in accrued expenses	(48)	(55)	(48)
Management fee charged to capital	(287)	(287)	(590)
Taxation on unfranked income	(20)	(18)	(31)
Net cash inflow from operating activities	1,944	2,040	4,097

Shareholder Information

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 strategy; market; 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 Company's Annual Report and Accounts for the year ended 31st August 2014.

Related Party 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 portfolios 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 28th February 2015, as required by the UK Listing Authority Disclosure and Transparency Rule 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

Robert Ottley
Chairman

24th April 2015

Capital Structure and Conversion between Share Classes

JPMorgan Elect plc adopted its present structure as a result of the combination of JPMorgan Fleming Managed Growth plc and JPMorgan Fleming Managed Income plc and the subsequent capital reorganisation. The Company's name reflects the capital structure and the investment flexibility it offers to shareholders. There are three share classes, each with distinct investment policies, objectives and underlying investment portfolios. Each share class is listed separately and traded on the London Stock Exchange. This capital structure means that shareholders may benefit from greater investment flexibility in a tax-efficient manner.

Capital Structure

- Managed Growth Shares**
 Designed to provide long term capital growth by investing in a range of closed and open-ended funds managed principally by J.P. Morgan Asset Management.
- Managed Income Shares**
 Designed to provide a growing income together with the potential for long term capital growth by investing in equities, investment trusts and fixed income securities.
- Managed Cash Shares**
 Designed to preserve capital with a yield based on short term interest rates by investing in a range of liquidity funds, selected for their yield and credit rating, and short dated AAA-rated UK or G7 government securities hedged into sterling.

Investing in Managed Cash Shares

Based on its return characteristics and the costs incurred in transacting in its shares, an investment in Managed Cash should only be considered by existing holders of Managed Growth and/or Managed Income who wish to switch into Managed Cash on the designated quarterly conversion dates. Accordingly, Managed Cash shares are not available for purchase through the J.P. Morgan Investment Account, J.P. Morgan ISA or J.P. Morgan SIPP or on J.P. Morgan WealthManager+.

Repurchase of Managed Cash Shares

In order to mitigate the impact of the market spread on the Managed Cash shares it is possible for holders of Managed Cash shares to elect to have all or part of their holding of such shares repurchased by the Company for cash at a price close to net asset value on each conversion date (see below).

The amount payable per Managed Cash share on repurchase is the net asset value of a Managed Cash share at the date of the relevant conversion calculation, less the applicable stamp duty at a rate of 0.5%.

Conversion Opportunities

Shareholders in any of the three share classes are able to convert some or all of their shares into shares of the other classes on a quarterly basis without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes.

The conversion mechanism allows shareholders to alter their investment profile to match their changing investment needs in a tax-efficient manner. Conversion dates arise every three months on 28th/29th February, 31st May, 31st August and 30th November (if such a date is not a business day, then the conversion date will move to the next business day). The Company, or its Manager, will make no administrative charge for any of the above conversions.

Conversion Between the Share Classes

Those who hold shares through the J.P. Morgan Investment Account, J.P. Morgan ISA or J.P. Morgan SIPP must complete and submit a conversion instruction form which can be found at www.jpmelect.co.uk. Instructions for CREST holders can also be found at this address. Those who hold shares in certificated form on the main register must complete the conversion notice printed on the reverse of their certificate and send it to the Company's Registrars at the following address:

Equiniti Limited
 Repayments Team
 Corporate Actions
 Aspect House
 Spencer Road
 Lancing
 West Sussex
 BN99 6DA

Instructions must be received no earlier than 45 and no later than 14 calendar days before the chosen conversion date.

The number of shares that will arise upon conversion will be determined on the basis of the relative net asset values of each share class, taking into account the costs of the conversion process. Conversion will not affect the net asset value per share of those shares held by any shareholder who does not convert.

Shareholder Information

Capital Structure and Conversion between Share Classes continued

With regard to those who hold shares through the J.P. Morgan Investment Account, J.P. Morgan ISA or J.P. Morgan SIPP, the minimum number of shares of any class which may be converted is 1,000 shares (subject to a minimum value of £500). Conversion of fewer shares may only take place if the number to be converted constitutes the shareholder's entire holding in that class.

Shareholders who hold shares in certificated form on the main register or those who hold their shares in electronic form through CREST may convert a minimum of 1,000 shares or, if lower, their entire holding.

More details concerning conversion dates and conversion instruction forms can be found on the Company's website: www.jpmelect.co.uk

Glossary of Terms and Definitions

Return to Shareholders

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

Return on Net Assets

Total return on 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 relevant share class 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 per share when calculating the total 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, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmarks are composites of recognised indices of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track these indices and

consequently, there may be some divergence between the performance of the relevant portfolio and that of its benchmark.

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

Management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the period. The ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The figure as at 28th February 2015 is an estimated annualised figure based on the six months to 28th February 2015.

Share Price Discount/Premium 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.

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



In association with:
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Registrars
Group

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Information about the Company

Financial Calendar

Financial year end	31st August
Final results announced	November
Half year end	28th February
Half year results announced	April
Dividends payable (if any)	March, June, September and December
Annual General Meeting	11th December 2015

History

The Company was incorporated on 16th September 1999 and launched as an investment trust on 24th November 1999 with assets of £28 million. The Company changed its name to JPMorgan Fleming Managed Growth plc on 5th December 2002. The Company's name was changed to JPMorgan Fleming Elect plc on 14th January 2004 following the capital reorganisation and combination of JPMorgan Fleming Managed Growth plc and JPMorgan Fleming Managed Income plc. The Company adopted its present name on 2nd February 2006.

Directors

Robert Ottley (Chairman)
Alan Hodson
Angus Macpherson (Deputy Chairman)
James Robinson (Chairman of the Audit Committee)
Carla Stent (appointed 20th April 2015)
Roger Yates

Company Numbers

Company registration number: 3845060
London Stock Exchange Sedol numbers:
Managed Growth: 0852814, Managed Income: 3408021
Managed Cash: 3408009
ISIN numbers:
Managed Growth: GB0008528142
Managed Income: GB0034080217
Managed Cash: GB0034080092
Bloomberg Codes:
Managed Growth: JPE LN
Managed Income: JPEI LN
Managed Cash: JPEC LN

Market Information

Net asset values per share for each share class are 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 JPMorgan internet site at www.jpmelect.co.uk, where the share prices are updated every fifteen minutes during trading hours.

Website

www.jpmelect.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

aic

The Association of
Investment Companies

A member of the AIC

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP

For company secretarial and administrative matters, please contact Rebecca Burtonwood.

Depositary

BNY Mellon Trust & 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 2018
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2530

Calls to this number cost 8p per minute plus network charges. 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 Registrars quoting reference 2018.

Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditor

Ernst & Young LLP
Chartered Accountants and Statutory Auditor
1 More London Place
London SE1 2AF

Brokers

Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone 020 7621 0004

Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.

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

Your telephone call may be recorded for your security

www.jpmelect.co.uk