Half Year Report 2012/13

JPMorgan Elect plc

Half Year Report & Accounts for the six months ended 28th February 2013

J.P.Morgan
Asset Management

Features

Contents

JPMorgan Elect plc (the 'Company') 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.

Objectives

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

Managed Income – Growth of income with potential for long term capital growth by investing in equities, investment trusts 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 government securities/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.

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 Capital Global Corporate Bond Index (hedged) in sterling terms.

Managed Cash – There is no benchmark for this portfolio.

Capital Structure

Managed Growth – At 28th February 2013, the Managed Growth share class comprised 37,487,966 ordinary shares.

Managed Income – At 28th February 2013, the Managed Income share class comprised 52,622,315 ordinary shares.

Managed Cash – At 28th February 2013, the Managed Cash share class comprised 13,844,584 ordinary shares.

Conversions

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.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

Chairman's Statement

I am extremely pleased to report in my first Statement as Chairman that our investment managers have delivered performance substantially in excess of their benchmark indices over the six months to 28th February 2013. Important though the headline figures are, I very much encourage shareholders to read the full Investment Managers' reports which give detailed reviews of market and portfolio performance, together with a market outlook for each share class.

Managed Growth

Performance
Over the six months to 28th February 2013 the Managed Growth portfolio delivered a total return on net assets of 20.5%, outperforming the composite benchmark (up 15.3%) by 5.2 percentage points. The benchmark is comprised equally of the FTSE All-Share and FTSE World (ex-UK) indices. The share price total return was 22.0%, reflecting a marginal narrowing of the discount.

Dividends
Two quarterly dividends totalling 3.95p per share have been declared in respect of the half year. A third quarterly dividend will be paid on 19th June 2013 to shareholders on the register on 24th May 2013. The amount of the third quarterly dividend payment will be notified to shareholders in May 2013. 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 usually of equal amounts.

Share Capital
In the six months to 28th February 2013, 730,780 Managed Growth shares were repurchased for cancellation. As is the case for all three share classes, these shares were repurchased at a discount to net asset value, thereby benefiting continuing shareholders. The Company has since repurchased a further 157,467 shares for Treasury rather than for cancellation.

Managed Income

Performance
The Managed Income portfolio produced a total return on net assets of 15.4% over the six months to 28th February 2013, outperforming the composite benchmark (up 12.4%) by 3.0 percentage points. The benchmark is comprised of 85% FTSE All-Share Index and 15% Barclays Capital Global Corporate Bond Index (hedged) in sterling terms. The share price total return was 16.0%, reflecting a slight narrowing of the discount.

Chairman's Statement continued

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 19th June 2013 to shareholders on the register on 24th May 2013. The amount of the dividend payment will be notified to shareholders in May 2013. 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 usually of equal amounts.

Share Capital

In the six months to 28th February 2013, a total of 411,784 Managed Income shares were repurchased for cancellation. The Company has since repurchased a further 283,477 shares for Treasury rather than for cancellation.

Managed Cash

Performance

The Managed Cash portfolio produced a total return on net assets of 0.1% over the six months to 28th February 2013. The total return to shareholders was 0.2%.
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. A half yearly dividend of 0.15 pence per share has been declared in respect of the period and Directors expect to be able to distribute a further dividend to shareholders for the six months ended 31st August 2013. Shareholders should not expect a return to quarterly dividend payments until interest rates have returned to more normal levels.

Share Capital

In the six months to 28th February 2013, a total of 201,019 Managed Cash shares were repurchased for cancellation. The Company has made no further Managed Cash share repurchases since the period end.

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 31st May 2013. Details of how to convert can be found on page 35 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 at the Company's registered office, or follow the 'Ask the Chairman' link on the Company's website.

Directors

Simon Miller retired as Director and Chairman following the Annual General Meeting held in December 2012 and the Board approved my appointment as Chairman from that date. On behalf of shareholders I should like to thank Mr Miller for the very substantial contribution he has made to the welfare of the Company over his years as Director, Deputy Chairman and Chairman. His professional skills and experience speak for themselves; his personal qualities of integrity, charm and insight make him a real loss to meetings of the Board.

Robert Ottley
Chairman

26th April 2013

MANAGED GROWTH

Half Year Performance

Managed Growth Share Class

+22.0%
Return to shareholders[1]

+20.5%
Return on net assets[2]

+15.3%
Benchmark return[3]

3.95p
Dividend[4]
(2012: 3.45p)

The above are total returns and include dividends reinvested.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

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

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

Financial Data

	28th February 2013	31st August 2012	% change
Shareholders' funds (£'000)	**180,975**	154,833	+16.9
Number of shares in issue	**37,487,966**	38,344,436	-2.2
Net asset value per share	**482.8p**	403.8p	+19.6
Share price	**469.5p**	388.5p	+20.8
Share price discount to net asset value per share	**2.8%**	3.8%	

A glossary of terms and definitions is provided on page 36.

Investment Managers' Report

Katy Thorneycroft

Jonathan Lowe

Market Review

The six months to the end of February was a period of strong performance for equity markets. Investor sentiment was much improved thanks to Central Bank policies aimed at stabilizing systemic concerns and encouraging greater tolerance for risk. There was a brief set back in November as the market worried about tax increases and reduced Federal spending in the US, but ultimately this was resolved with only a moderate impact on expected growth and markets moved ahead strongly thereafter. We saw an uptick in global growth, particularly in the US, where there is a virtuous circle of higher equity markets supporting consumption and vice versa.

In Japan, we saw the Bank of Japan commit to a 2% inflation target and there seems to be a real sense of excitement that this time with the government and Central Bank working together it might be possible to end deflation. The correction of the excessively strong yen should boost corporate profits and we have already seen equity markets move in expectation of higher returns on equity.

The weak yen has, however, been a challenge in terms of competitiveness for some of the Asian emerging markets and this, along with a deterioration in their external balances, has been a headwind for emerging market equities over the last few weeks of the period. At home, sterling weakened dramatically as the United Kingdom was downgraded by the credit rating agencies and the government downgraded growth expectations. We expect weaker sterling to boost corporate profits as overseas competitiveness improves.

Japanese equities were the best performing region, in both local currency (+34.8%) and sterling terms (+19.4%). The strong dollar boosted Asia ex Japan and Emerging equity market returns for sterling investors (+20.0% and +17.2% respectively), but the biggest impact for sterling investors was the strong euro which boosted European equities from being the laggard in local currency terms (+9.0%) to being one of the best performers (+18.5%).

Performance Review

The Managed Growth portfolio delivered a total return on net assets of 20.5% to the end of February. This was ahead of its benchmark return of 15.3%. The return to shareholders was 22.0%.

Total returns to 28th February 2013

	Six months	One year	Two years	Three years	Five years
NAV return (%)	20.5	16.6	16.7	40.2	40.0
Benchmark return (%)	15.3	15.0	16.0	33.9	39.3
FTSE All-Share Index (%)	14.2	14.1	15.8	35.5	33.8
FTSE World (ex UK) Index (%)	16.4	15.8	16.8	32.0	44.1

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.

Investment Managers' Report continued

Our asset allocation benefited portfolio returns over the period. Being underweight the UK contributed as the UK underperformed our benchmark. Our overweight position in emerging markets and Asia was of benefit as was increasing our weight in Japan. We began the period overweight North America and underweight Europe which detracted from returns in the first part of the period.

Fund performances have been positive over the period. Of the largest holdings in the portfolio, the JPMorgan strategies in the UK were strong performers with JPMorgan Claverhouse Investment Trust, JPMorgan UK Dynamic and JPMorgan Smaller Companies Investment Trust outperforming their benchmarks, while The Mercantile Investment Trust lagged slightly. The US holdings saw mixed performances over the period with JPMorgan US Select and JPMorgan US Smaller Companies Investment Trust outperforming their benchmarks, but JPMorgan US Growth and JPMorgan American Investment Trust underperforming their benchmarks. JPMorgan European (Growth) Investment Trust, JPMorgan Emerging Markets Investment Trust and JPMorgan Asian Investment Trust outperformed their benchmarks over the period, but JPMorgan Japanese Investment Trust lagged its benchmark.

The third party holdings also performed well as a whole. RCM Technology, Schroder UK Growth, Fidelity Special Values and Finsbury Growth & Income were all noteworthy outperformers. The European third party holdings of Fidelity European Values and Jupiter European Opportunities performed well in absolute terms but lagged their benchmarks slightly. Hansa Trust was a particular laggard that detracted from returns.

Discounts contributed to returns over the period. Looking at the full universe of investment trusts as measured by the Datastream universe, discounts have moved from 9.3% to 7.3%. While we have commented before that some of this move is driven by those investment trusts which have a higher than average dividend yield. Most of the holdings in the Company have seen their discounts to net asset value tighten over the six month period. JPMorgan Smaller Companies Investment Trust, Hansa Trust and JPMorgan Smaller Opportunities saw the largest amount of tightening over the period. The only trusts which saw their discounts widen were Finsbury Growth & Income and JPMorgan Overseas Investment Trust.

Portfolio Review

At the end of February the Managed Growth portfolio was invested 53% in JPMorgan investment trusts, 22% in JPMorgan open-ended funds and 24% in investment trusts managed by third party managers, with the remainder held in cash.

The largest purchases over the period were made in order to increase the portfolio weight to Europe, increase the weight in Japan and reduce the underweight in the UK. Fidelity European Values, JPMorgan European (Growth) Investment Trust and Schroder Japan Growth were purchased and further investment made in Schroder UK Growth and Fidelity Special Values. The largest sales were focused on taking profits in the trusts which had performed strongly in both absolute terms and those which had also seen their discounts tighten. Biotech Growth Trust, JPMorgan

Smaller Companies Investment Trust and Mercantile Investment Trust were sold following strong performance and Finsbury Growth & Income, JPMorgan American Investment Trust and Jupiter European Opportunities were sold following tightened discounts. We also reduced Blackrock World Mining as we have become more cautious on the sector going forward, despite being supportive of the changes the trust has made to its dividend policy.

Market Outlook

At the time of writing we would view the short term outlook with a degree of caution. We have seen global equity markets rise by 14% in sterling terms year to date and risk appetite as measured by indicators such as the Credit Suisse indicator, measuring risk adjusted returns across 64 equity and fixed income markets, are elevated. Despite high levels of risk appetite, economic releases have been lacklustre compared to market expectations. Looking at the performance of equities versus bonds supports a short term argument that equities are overbought. In the investment trust universe discounts are reasonably tight compared to history.

However, our intermediate term view remains positive on equities. We are seeing an acceleration in global growth and central banks continue to demonstrate a strong commitment to a loose monetary policy. Furthermore equity valuations are attractive, particularly in a low yield environment.

Katy Thorneycroft
Jonathan Lowe
Investment Managers 26th April 2013

List of Investments

at 28th February 2013

Company	Value £'000	%
JPMorgan Claverhouse	21,919	12.1
JPMorgan UK Dynamic ('A' shares)[1,2]	16,996	9.4
JPMorgan US Select Equity ('C' shares)[1,2]	12,300	6.8
JPMorgan American	11,514	6.4
JPMorgan US Growth ('C' shares)[1,2]	10,844	6.0
The Mercantile	9,607	5.3
JPMorgan Smaller Companies	8,334	4.6
JPMorgan European (Growth shares)	7,759	4.3
JPMorgan Japanese	6,912	3.8
JPMorgan Emerging Markets[3]	6,531	3.6
JPMorgan Asian[3]	5,585	3.1
RCM Technology	4,665	2.6
Schroder UK Growth	4,358	2.4
Fidelity European Values	4,240	2.4
Hansa Trust ('A' non-voting shares)	4,224	2.3
Finsbury Growth & Income	4,183	2.3
Artemis Alpha[3]	4,080	2.3
JPMorgan European Smaller Companies	4,041	2.2
Fidelity Special Values	3,787	2.1
JPMorgan US Smaller Companies	3,592	2.0
Edinburgh Worldwide	2,599	1.4
JPMorgan Income & Capital (Ordinary shares)	2,590	1.4
Impax Environmental Markets	2,392	1.3
Biotech Growth	2,266	1.3
Jupiter European Opportunities	1,794	1.0
JPMorgan Indian	1,475	0.8
JPMorgan Chinese[3]	1,457	0.8
JPMorgan Japan Smaller Companies[3]	1,451	0.8
Edinburgh Dragon	1,179	0.7
BlackRock Frontier	1,171	0.6
JPMorgan Overseas[3]	1,102	0.6
Schroder Japan Growth	972	0.5
JPMorgan Brazil[3]	813	0.5
JPMorgan Russian Securities	746	0.4
Ecofin Water & Power Opportunities	702	0.4
JPMorgan Income & Growth (Capital shares)	592	0.3
JPMorgan Income & Growth (Units)	398	0.2
Total investments	**179,170**	**99.0**
Net current assets	1,805	1.0
Net assets	**180,975**	**100.0**

[1]Unlisted investment.

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

[3]Both ordinary and subscription shares held.

Geographical Analysis

(on a look through basis)

	28th February 2013		31st August 2012	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
UK	**43.2**	**50.0**	40.6	50.0
North America	**26.1**	**28.0**	28.6	28.8
Continental Europe	**11.1**	**9.6**	9.2	9.2
Asia (excluding Japan)	**7.0**	**4.1**	8.1	3.9
Emerging Markets and others	**6.2**	**4.2**	7.4	4.1
Japan	**5.4**	**4.1**	4.8	4.0
Net current assets	**1.0**	**–**	1.3	–
Total	**100.0**	**100.0**	100.0	100.0

[1]Based on net assets of £181.0m (2012: £154.8m).

MANAGED GROWTH

MANAGED GROWTH

Income Statement

for the six months ended 28th February 2013

	(Unaudited) Six months ended 28th February 2013			(Unaudited) Six months ended 29th February 2012			(Audited) Year ended 31st August 2012		
	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	**–**	**29,762**	**29,762**	–	12,151	12,151	–	5,500	5,500
Net foreign currency gains	**–**	**–**	**–**	–	–	–	–	8	8
Income from investments	**1,722**	**–**	**1,722**	1,626	–	1,626	2,988	–	2,988
Other interest receivable and similar income	**1**	**–**	**1**	5	–	5	8	–	8
Gross return	**1,723**	**29,762**	**31,485**	1,631	12,151	13,782	2,996	5,508	8,504
Management fee	**(61)**	**(182)**	**(243)**	(42)	(125)	(167)	(95)	(284)	(379)
Other administrative expenses	**(237)**	**–**	**(237)**	(207)	–	(207)	(416)	–	(416)
Net return on ordinary activities before finance costs and taxation	**1,425**	**29,580**	**31,005**	1,382	12,026	13,408	2,485	5,224	7,709
Finance costs	**–**	**–**	**–**	–	–	–	(1)	(2)	(3)
Net return on ordinary activities before taxation	**1,425**	**29,580**	**31,005**	1,382	12,026	13,408	2,484	5,222	7,706
Taxation credit	**2**	**–**	**2**	7	–	7	8	–	8
Net return on ordinary activities after taxation	**1,427**	**29,580**	**31,007**	1,389	12,026	13,415	2,492	5,222	7,714
Return per Managed Growth share	**3.76p**	**78.03p**	**81.79p**	3.42p	29.61p	33.03p	6.25p	13.10p	19.35p

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

at 28th February 2013

	(Unaudited) 28th February 2013 £'000	(Unaudited) 29th February 2012 £'000	(Audited) 31st August 2012 £'000
Fixed assets			
Investments held at fair value through profit or loss	**179,170**	166,607	152,854
Current assets			
Debtors	**490**	512	490
Cash and short term deposits	**2,120**	1,800	1,586
	2,610	2,312	2,076
Creditors: amounts falling due within one year	**(805)**	(663)	(97)
Net current assets	**1,805**	1,649	1,979
Net assets	**180,975**	168,256	154,833
Net asset value per Managed Growth share	**482.8p**	421.0p	403.8p

Half Year Performance

Managed Income Share Class

+16.0%
Return to shareholders[1]

+15.4%
Return on net assets[2]

+12.4%
Benchmark return[3]

1.70p
Dividend[4]
(2012: 1.85p)

The above are total returns and include dividends reinvested.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

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

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

Financial Data

	28th February 2013	31st August 2012	% change
Shareholders' funds (£'000)	**48,412**	43,385	+11.6
Number of shares in issue	**52,622,315**	53,274,946	-1.2
Net asset value per share	**92.0p**	81.4p	+13.0
Share price	**89.3p**	78.5p	+13.8
Share price discount to net asset value per share	**2.9%**	3.6%	

A glossary of terms and definitions is provided on page 36.

Investment Managers' Report

John Baker

Sarah Emly

Market Review

The UK equity market performed well in the six months to 28 February 2013, with the FTSE All-Share delivering a +14.2% return. UK equity dividends were healthy in the period. Many companies, having restructured their businesses in the wake of the financial crisis, now have strong balance sheets, conservative dividend payout ratios and low levels of debt, giving them scope to return more capital to investors. The dividend yield on the FTSE All Share averaged 3.7% in the six-month period, versus a 1.9% average yield on ten year Gilts. Investors in the corporate bond market, where fundamentals are strong and default risk remains low, were also positively rewarded in the period. The Barclays Capital Global Corporate Bond Index (hedged) returned 2.6% in sterling terms.

The review period got off to a good start in September as the eurozone debt crisis was cooled by intervention from the European Central Bank ('ECB'), and investor sentiment began to recover. The ECB announced its outright monetary transactions programme, which allows it to intervene at the short end of eurozone sovereign bond markets, helping to bring down peripheral sovereign debt yields. At the same time, investors were encouraged by a pickup in US economic data. Housing data improved and employment data stabilised, while investors also welcomed additional policy stimulus from the Federal Reserve, which in September committed to a third round of quantitative easing.

At home, meanwhile, the UK economy moved out of recession in the third quarter of 2012, as growth was boosted by London's hosting of the Olympic Games and by extra working days in comparison with the previous quarter. Although GDP then contracted in the fourth quarter, the Office for National Statistics said the fall was exaggerated by a collapse in output at the UK's largest North Sea oilfield due to necessary maintenance. Labour market data was more encouraging; unemployment continued to fall and job creation accelerated. The Bank of England's ('B of E') accommodative monetary policy, including its £375 billion asset purchase programme and its Funding for Lending scheme to incentivise banks to lend to households and businesses, appeared to be bearing some fruit. The B of E kept interest rates at all-time lows of 0.5%.

Towards the end of the period, the UK was stripped of its AAA credit rating by rating agency Moody's. The announcement saw sterling fall to a two-and-a-half year low against the US dollar, but investors reacted calmly to the news as the downgrade to AA1 was widely expected. Currency weakness should boost the international competitiveness of the UK's export sector and many of the larger UK companies could benefit from this.

Overall the first half of the new financial year was an encouraging one for investors in UK equities, which remained an attractively valued and under-owned asset class. UK companies have delivered dividend growth to shareholders, despite the global economic headwinds, and the resilience of companies' dividend streams and growth prospects became more widely recognised; previously risk averse investors began to return to equities as they sought out higher yields than those available from government bonds.

Investment Managers' Report continued

Performance Review

In the six months to the 28th February 2013 the Managed Income portfolio delivered a return on net assets of +15.4% against the total return of the composite benchmark of +12.4%. The portfolio benefited from strong stock selection within the UK equity portfolio and also from being overweight in equities and underweight in corporate bonds.

The recent UK dividend season has been encouraging with a number of positive dividend announcements, in which the dividends declared by UK companies have exceeded expectations. A number of our companies have delivered particularly encouraging dividend growth over the reporting season, including Legal & General, Prudential, Rio Tinto and HSBC, which should contribute to the Company's income growth over the rest of our financial year. In addition to these regular dividends, some of our holdings have also announced special dividends (Lancashire, ITV) which again support our focus on income and dividend growth.

Total returns to 28th February 2013

	Six months	One year	Two years	Three years	Five years
Return to shareholders (%)	16.0	15.8	22.3	39.7	22.5
Return on net assets (%)	15.4	16.3	22.2	41.8	26.2
Benchmark return (%)	12.4	13.1	16.0	33.9	37.3
FTSE All-Share Index (%)	14.2	14.1	15.8	35.5	33.8
Barclays Capital Global Corporate Bond Index (hedged) in sterling terms (%)	2.6	7.5	15.8	22.7	39.0

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 Capital Global Corporate Bond Index (hedged) in sterling terms.

Prior to 1st March 2009, the Benchmark was a composite comprising 85% FTSE 350 High Yield Index and 15% Merrill Lynch 5-10 year Sterling Corporate Bond Index.

The most significant contributor to performance over the six months was our overweight position in the low cost airline group, easyJet, which performed very strongly in share price terms as it consistently delivered profit growth ahead of the market's expectations. Our long standing overweight position in Aberdeen Asset Management also contributed strongly; this is a stock that we favour due to its strong dividend growth, both historic and prospective, whilst it also benefited from rising equity markets. Our overweight positions in two housebuilding stocks, Taylor Wimpey and Berkeley Group, also performed strongly despite being low dividend yielders. As their profits continue to improve, the potential for strong dividend growth is attractive. ITV performed strongly for us, with its business restructuring delivering good earnings growth and also dividend growth. Just before the period end, ITV announced not only a stronger than expected dividend, but also a 4 pence per share special dividend.

Some of our more defensive and high dividend yielding stocks underperformed the strong equity market performance of the past six months, including Imperial Tobacco, Kcom Group and AstraZeneca. These stocks remain attractively valued, with premium dividend yields, but their share prices did not benefit from the increased appetite for risk. Not owning the non-dividend paying bank, Lloyds Banking Group, was also detrimental to performance, but this was largely offset by our overweight position in the dividend-paying Barclays Bank. We also benefited from not owning BG Group at the time of its profit warning on 31st October 2012. Overall the portfolio's performance was encouraging over the first six months of our financial year, with the fund outperforming the positive market returns, benefiting from good stock selection.

Portfolio Review

Over the course of the six months we have increased the overweight position in equities relative to the portfolio's composite benchmark. The rationale for this investment decision was based on the attractive valuations, the potential for superior income growth and continued positive news flow from the companies that we choose to invest in.

The economic outlook for both the UK and the rest of the world remained uncertain over the course of the Company's financial half year. However, we believed that the loose monetary policies of the B of E, the ECB and the Federal Reserve would be likely to prevent any further deterioration in growth.

The performance of the Company benefited from our success in finding companies that were able to deliver better than expected earnings growth and that traded on attractive valuations. We continue to focus our investments in companies where the news flow is positive, valuations attractive and where balance sheet and cash flow generation strength allow for high and sustainable dividend yields and dividend growth.

Over the half year we increased the portfolio's weighting in banks by adding to the existing positions in HSBC and Barclays. Both companies have differentiated themselves from their peers by significantly strengthening their capital bases which in turn has meant that they are able to pay healthy dividends. Their strong balance sheets also mean that they are able to pursue attractive growth opportunities at a time when their competitors are still in 'repair' mode. We also added to the position in BP following an encouraging trading statement and an earlier than expected increase in its dividend. We initiated a new position in the bicycle to windscreen wiper retailer, Halfords, when it delivered strong results allied to an attractive dividend yield. Also of note is that we participated in the initial public offering of Direct Line Insurance Group, buying a position at the issue price of 175p which gave a prospective yield of 6.5%.

Investment Managers' Report continued

Conversely, we sold the holding in Wm. Morrison. The UK food retail market has become increasingly competitive and led to concerns about the company's growth prospects. We also sold out of our position in BG Group as its growth prospects were limited and its dividend yield was low. The Managed Income portfolio held no position in the company at the time of its large profit warning in late October.

We have sold our position in the JPMorgan Global Corporate Bond Fund. The proceeds were reinvested into a combination of the JPMorgan Global High Yield Bond Fund and into direct UK equities with attractive dividend growth prospects. At the period end we held 6.5% in bonds compared with a 15% weighting in our benchmark.

Market Outlook

With the UK government having halved its 2013 GDP growth forecast in the March 2013 budget to just 0.6%, investors in equities may be forgiven for feeling despondent about the outlook for the UK stock market. However, we remain positive on UK equities especially in relation to the ultimate benchmark for savers: inflation. UK equities currently offer investors a starting dividend yield of 3.7%, with company dividends expected to grow both this year and next. This compares with the UK ten year Gilt yielding just 1.8%, whilst savings in bank accounts generate minimal income, with the UK base rate at just 0.5% and anticipated to remain at this historic low for some time to come. With Consumer Price Index inflation of 2.7%, investors in both sovereign bonds and cash face a negative yield in real terms. This is driving investors out of cash and Gilts, and into higher yielding equities.

The UK equity market, particularly the blue-chip FTSE 100 index, is comprised of companies with an international sales base, including the faster growing US and emerging markets. This provides the Company with the opportunity to benefit from improving growth prospects outside of the UK economy, as well as domestic opportunities where we find them. Income growth is an important driver of our stock selection decisions and we believe that the UK equity market currently offers opportunities for both income and capital growth for our shareholders, particularly in comparison with other asset classes.

John Baker
Sarah Emly
Investment Managers — 26th April 2013

List of Investments

at 28th February 2013

Company	Value £'000	%
HSBC	3,526	7.3
Royal Dutch Shell	3,159	6.5
JPMorgan Global High Yield Bond ('A' Income shares)[1]	3,144	6.5
JPMorgan Income & Growth (Income shares)	2,252	4.6
BP	2,037	4.2
Vodafone	1,773	3.7
British American Tobacco	1,716	3.5
GlaxoSmithKline	1,669	3.4
Rio Tinto	1,560	3.2
Barclays	1,441	3.0
AstraZeneca	1,307	2.7
Imperial Tobacco	1,064	2.2
BT	1,050	2.2
BHP Billiton	1,008	2.1
Diageo	972	2.0
Xstrata	801	1.6
BAE Systems	783	1.6
Prudential	769	1.6
JPMorgan European (Income shares)	767	1.6
easyJet	762	1.6
Legal & General	740	1.5
Aberdeen Asset Management	738	1.5
Standard Life	623	1.3
Lancashire	617	1.3
DS Smith	576	1.2
Taylor Wimpey	569	1.2
Scottish & Southern Energy	529	1.1
Berkeley	517	1.1
WH Smith	452	0.9
Melrose	445	0.9
ITV	440	0.9
GKN	440	0.9
John Menzies	433	0.9
WPP	433	0.9
Halfords	429	0.9
Diploma	426	0.9
Tate & Lyle	425	0.9
Interserve	419	0.9
Centrica	380	0.8
Direct Line Insurance	374	0.8

List of Investments continued

Company	Value £'000	%
Compass	365	0.8
Aviva	343	0.7
Informa	341	0.7
Micro Focus International	339	0.7
Provident Financial	328	0.7
Laird	326	0.7
Kcom	322	0.7
Filtrona	322	0.7
Severn Trent	316	0.6
RPC	312	0.6
TUI Travel	305	0.6
Beazley	299	0.6
Intercontinental Hotels	297	0.6
Senior	289	0.6
Rexam	288	0.6
British Land	283	0.6
Mondi	268	0.6
Elementis	261	0.5
Drax	246	0.5
Hammerson	217	0.4
JPMorgan Income & Growth (Capital shares)	100	0.2
Total investments	**47,732**	**98.6**
Net current assets	680	1.4
Net assets	**48,412**	**100.0**

[1]Unlisted.

Sector Analysis

	28th February 2013		31st August 2012	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	**21.3**	**18.1**	13.8	15.1
Consumer Goods	**11.8**	**12.0**	12.4	12.0
Oil & Gas	**10.7**	**13.2**	10.9	15.1
Industrials	**8.9**	**7.9**	11.6	7.6
Basic Materials	**8.1**	**8.3**	6.7	8.3
Consumer Services	**7.9**	**8.2**	5.6	8.0
Telecommunications	**6.5**	**4.8**	7.1	5.6
Investment Trusts	**6.4**	**2.0**	6.1	2.2
Health Care	**6.1**	**5.8**	6.6	6.5
Utilities	**3.0**	**3.2**	3.7	3.4
Technology	**1.4**	**1.5**	1.4	1.2
Bond Funds	**6.5**	**15.0**	10.6	15.0
Net current assets	**1.4**	**–**	3.5	–
Total	**100.0**	**100.0**	100.0	100.0

[1]Based on net assets of £48.4m (2012: £43.4m).

Income Statement

for the six months ended 28th February 2013

	(Unaudited) Six months ended 28th February 2013			(Unaudited) Six months ended 29th February 2012			(Audited) Year ended 31st August 2012		
	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	–	5,681	5,681	–	2,804	2,804	–	2,465	2,465
Income from investments	942	–	942	916	–	916	1,931	–	1,931
Other interest receivable and similar income	7	–	7	19	–	19	26	–	26
Gross return	949	5,681	6,630	935	2,804	3,739	1,957	2,465	4,422
Management fee	(43)	(56)	(99)	(36)	(47)	(83)	(78)	(96)	(174)
Other administrative expenses	(59)	–	(59)	(49)	–	(49)	(110)	–	(110)
Net return on ordinary activities before taxation	847	5,625	6,472	850	2,757	3,607	1,769	2,369	4,138
Taxation (charge)/credit	(7)	7	–	(18)	14	(4)	(1)	–	(1)
Net return on ordinary activities after taxation	840	5,632	6,472	832	2,771	3,603	1,768	2,369	4,137
Return per Managed Income share	1.58p	10.62p	12.20p	1.65p	5.52p	7.17p	3.48p	4.65p	8.13p

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

at 28th February 2013

	(Unaudited) 28th February 2013 £'000	(Unaudited) 29th February 2012 £'000	(Audited) 31st August 2012 £'000
Fixed assets			
Investments held at fair value through profit or loss	**47,732**	40,528	41,876
Current assets			
Debtors	**692**	248	367
Cash and short term deposits	**104**	752	1,186
	796	1,000	1,553
Creditors: amounts falling due within one year	**(116)**	(317)	(37)
Financial liability: derivative financial instruments	**–**	(10)	(7)
Net current assets	**680**	673	1,509
Net assets	**48,412**	41,201	43,385
Net asset value per Managed Income share	**92.0p**	82.2p	81.4p

Half Year Performance

Managed Cash Share Class

0.2%
Return to shareholders[1]

0.1%
Return on net assets[2]

0.15p
Dividend[3]
(2012: 0.25p)[3]

The above are total returns and include dividends reinvested.

[1]Source: Morningstar.
[2]Source: J.P.Morgan.
[3]Represents a half yearly interim dividend.

Financial Data

	28th February 2013	31st August 2012	% change
Shareholders' funds (£'000)	**13,979**	13,931	+0.3
Number of shares in issue	**13,844,584**	13,781,140	+0.5
Net asset value per share	**101.0p**	101.1p	-0.1
Share price	**100.5p**	100.5p	0.0
Share price discount to net asset value per share	**0.5%**	0.3%	

A glossary of terms and definitions is provided on page 36.

Investment Managers' Report

Katy Thorneycroft

Jonathan Lowe

The six months to the end of February were once again a period of low returns for the Managed Cash portfolio. The Bank of England Base Rate remained at 0.5% and is expected to do so for the foreseeable future. The Monetary Policy Committee's asset purchase programme has been kept at £375 billion. Inflation has remained stubbornly above 2% but the Monetary Policy Committee has stated that it will continue to look through this period of elevated CPI inflation rather than risk derailing the GDP growth recovery and undershooting the medium term CPI inflation target. LIBOR rates have fallen slightly over the period and this is reflected in the lower yields that the underlying liquidity funds are generating compared with six months ago.

As a reminder, the Managed Cash portfolio invests in AAA-rated liquidity funds which are members of the Institutional Money Market Fund Association. This is a trade organisation which has a strict Code of Practice to which all its members must adhere. The primary aim of the funds in which the Managed Cash portfolio invests is to provide preservation of capital and liquidity with a yield in line with money market rates as a secondary aim. The AAA-rating accorded to the funds in which we invest does not mean that all of their underlying holdings must be AAA-rated (although the securities they hold are still of very high credit quality) but it is based on the funds following strict criteria determining the portfolio interest rate and maturity profile, credit quality of securities and counterparties, guidelines surrounding portfolio construction and the fund manager's operations. As the instruments in the portfolios tend to be held until maturity, they are accounted for using amortised cost accounting and have a constant net asset value of £1.

The Managed Cash portfolio invests in liquidity funds managed by Deutsche, Insight, Blackrock, JPMorgan, Scottish Widows and Fidelity. The Managed Cash weighted average maturity (WAM) is 47 days and the 7 day gross yield is 0.49%. As LIBOR rates have fallen, so too have the yields achieved from the Managed Cash fund holdings. We do not expect to see an improvement in returns from the Managed Cash portfolio over the remainder of the Company's financial year.

Katy Thorneycroft
Jonathan Lowe
Investment Managers — 26th April 2013

List of Investments

at 28th February 2013

Company	Yield %[1]	Rating[2]	Value £'000	%
JPMorgan Sterling Liquidity Fund	0.67	AAA	2,694	19.3
Blackrock ICS Institutional Sterling Liquidity Fund	0.67	AAA	2,694	19.3
Insight Sterling Liquidity Fund Plus	0.71	AAA	2,625	18.8
Deutsche Global Liquidity Fund	0.68	AAA	2,484	17.8
Scottish Widows Investment Partnership Liquidity Fund	0.64	AAA	2,482	17.7
Fidelity Institutional Sterling Cash Fund	0.60	AAA	1,012	7.2
Total investments			**13,991**	**100.1**
Net current liabilities			(12)	(0.1)
Net assets			**13,979**	**100.0**

[1]1 year gross return to 28th February 2013. Source: IMMFA Money Fund Report, iMoneyNet.
[2]Ratings are given by recognised credit rating agencies as at 28th February 2013.

Portfolio Analysis

	28th February 2013 %[1]	31st August 2012 %[1]
Sterling Liquidity Funds and Cash Funds	**100.1**	98.4
Net current (liabilities)/assets	**(0.1)**	1.6
Total	**100.0**	100.0

[1]Based on net assets of £14.0m (2012: £14.2m).

MANAGED CASH

Income Statement

for the six months ended 28th February 2013

	(Unaudited) Six months ended 28th February 2013			(Unaudited) Six months ended 29th February 2012			(Audited) Year ended 31st August 2012		
	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	–	–	–	–	–	–	–	–	–
Income from investments	30	–	30	51	–	51	97	–	97
Gross return	30	–	30	51	–	51	97	–	97
Other administrative expenses	(16)	–	(16)	(15)	–	(15)	(34)	–	(34)
Net return on ordinary activities before taxation	14	–	14	36	–	36	63	–	63
Taxation	(2)	–	(2)	(5)	–	(5)	(8)	–	(8)
Net return on ordinary activities after taxation	12	–	12	31	–	31	55	–	55
Return per Managed Cash share	0.09p	0.00p	0.09p	0.22p	0.00p	0.22p	0.39p	0.00p	0.39p

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.

Balance Sheet
at 28th February 2013

	(Unaudited) 28th February 2013 £'000	(Unaudited) 29th February 2012 £'000	(Audited) 31st August 2012 £'000
Fixed assets			
Investments held at fair value through profit or loss	**13,991**	14,227	13,702
Current assets			
Debtors	**6**	8	7
Cash and short term deposits	**473**	504	239
	479	512	246
Creditors: amounts falling due within one year[1]	**(491)**	(10)	(17)
Net current (liabilities)/assets	**(12)**	502	229
Net assets	**13,979**	14,729	13,931
Net asset value per Managed Cash share	**101.0p**	101.1p	101.1p

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

Income Statement

for the six months ended 28th February 2013

	(Unaudited) Six months ended 28th February 2013			(Unaudited) Six months ended 29th February 2012			(Audited) Year ended 31st August 2012		
	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	–	35,443	35,443	–	14,955	14,955	–	7,965	7,965
Net foreign currency gains	–	–	–	–	–	–	–	8	8
Income from investments	2,694	–	2,694	2,593	–	2,593	5,016	–	5,016
Other interest receivable and similar income	8	–	8	24	–	24	34	–	34
Gross return	2,702	35,443	38,145	2,617	14,955	17,572	5,050	7,973	13,023
Management fee	(104)	(238)	(342)	(78)	(172)	(250)	(173)	(380)	(553)
Other administrative expenses	(312)	–	(312)	(271)	–	(271)	(560)	–	(560)
Net return on ordinary activities before finance costs and taxation	2,286	35,205	37,491	2,268	14,783	17,051	4,317	7,593	11,910
Finance costs	–	–	–	–	–	–	(1)	(2)	(3)
Net return on ordinary activities before taxation	2,286	35,205	37,491	2,268	14,783	17,051	4,316	7,591	11,907
Taxation (charge)/credit	(7)	7	–	(16)	14	(2)	(1)	–	(1)
Net return on ordinary activities after taxation	2,279	35,212	37,491	2,252	14,797	17,049	4,315	7,591	11,906
Return per share (note 4):									
Managed Growth	3.76p	78.03p	81.79p	3.42p	29.61p	33.03p	6.25p	13.10p	19.35p
Managed Income	1.58p	10.62p	12.20p	1.65p	5.52p	7.17p	3.48p	4.65p	8.13p
Managed Cash	0.09p	0.00p	0.09p	0.22p	0.00p	0.22p	0.39p	0.00p	0.39p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

Reconciliation of Movements in Shareholders' Funds

Six months ended 28th February 2013 (Unaudited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st August 2012	24	77,197	89,770	42,876	2,282	**212,149**
Shares bought back and cancelled	–	–	–	(4,081)	–	**(4,081)**
Share conversions during the period	–	798	–	(798)	–	**–**
Net return on ordinary activities	–	–	–	35,212	2,279	**37,491**
Dividends appropriated in the period	–	–	–	–	(2,193)	**(2,193)**
At 28th February 2013	24	77,995	89,770	73,209	2,368	**243,366**

Six months ended 29th February 2012 (Unaudited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st August 2011	24	72,785	102,344	35,285	1,956	**212,394**
Shares bought back and cancelled	–	–	(3,399)	–	–	**(3,399)**
Share conversions during the period	–	1,023	(1,023)	–	–	**–**
Net return on ordinary activities	–	–	–	14,797	2,252	**17,049**
Dividends appropriated in the period	–	–	–	–	(1,858)	**(1,858)**
At 29th February 2012	24	73,808	97,922	50,082	2,350	**224,186**

Year ended 31st August 2012 (Audited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st August 2011	24	72,785	102,344	35,285	1,956	**212,394**
Shares bought back and cancelled	–	–	(8,162)	–	–	**(8,162)**
Share conversions during the year	–	4,412	(4,412)	–	–	**–**
Net return on ordinary activities	–	–	–	7,591	4,315	**11,906**
Dividends appropriated in the year	–	–	–	–	(3,989)	**(3,989)**
At 31st August 2012	24	77,197	89,770	42,876	2,282	**212,149**

Balance Sheet

at 28th February 2013

	(Unaudited) 28th February 2013 Growth £'000	Income £'000	Cash £'000	Total £'000	(Unaudited) 29th February 2012 Total £'000	(Audited) 31st August 2012 Total £'000
Fixed assets						
Investments held at fair value through profit or loss	179,170	47,732	13,991	240,893	221,362	208,432
Current assets						
Debtors	490	692	6	1,188	768	864
Cash and short term deposits	2,120	104	473	2,697	3,056	3,011
	2,610	796	479	3,885	3,824	3,875
Creditors: amounts falling due within one year	(805)	(116)	(491)	(1,412)	(990)	(158)
Financial liability: derivative financial instruments	–	–	–	–	(10)	–
Net current assets/(liabilities)	1,805	680	(12)	2,473	2,824	3,717
Net assets	180,975	48,412	13,979	243,366	224,186	212,149
Capital and reserves						
Called up share capital	18	4	2	24	24	24
Share premium	25,521	34,227	18,247	77,995	73,808	77,197
Other reserve	83,799	9,625	(3,654)	89,770	97,922	89,770
Capital reserves	69,969	3,936	(696)	73,209	50,082	42,876
Revenue reserve	1,668	620	80	2,368	2,350	2,282
Total equity shareholders' funds	180,975	48,412	13,979	243,366	224,186	212,149

Net asset value per share (note 5)	28th February 2013 Net asset value (pence)	Net assets £'000	29th February 2012 Net asset value (pence)	Net assets £'000	31st August 2012 Net asset value (pence)	Net assets £'000
Managed Growth	482.8	180,975	421.0	168,256	403.8	154,833
Managed Income	92.0	48,412	82.2	41,201	81.4	43,385
Managed Cash	101.0	13,979	101.1	14,729	101.1	13,931

Company registration number: 3845060

Cash Flow Statement
for the six months ended 28th February 2013

	(Unaudited) Six months ended 28th February 2013 £'000	(Unaudited) Six months ended 29th February 2012 £'000	(Audited) Year ended 31st August 2012 £'000
Net cash inflow from operating activities (note 6)	**1,870**	1,885	3,842
Taxation recovered	**15**	–	–
Net cash inflow from capital expenditure and financial investment	**3,600**	897	6,395
Dividends paid	**(2,193)**	(1,858)	(3,989)
Net cash outflow from financing	**(3,606)**	(2,787)	(8,162)
Decrease in cash for the period	**(314)**	(1,863)	(1,916)
Reconciliation of net cash flow to movement in net funds			
Net cash movement	**(314)**	(1,863)	(1,916)
Exchange movement	**–**	–	8
Net funds at the beginning of the period	**3,011**	4,919	4,919
Net funds at the end of the period	**2,697**	3,056	3,011
Represented by:			
Cash and short term deposits	**2,697**	3,056	3,011
	2,697	3,056	3,011

T H E C O M P A N Y

Notes to the Accounts
for the six months ended 28th February 2013

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st August 2012 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('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 2012.

3. Dividends

	(Unaudited) Six months ended 28th February 2013 £'000	(Unaudited) Six months ended 29th February 2012 £'000	(Audited) Year ended 31st August 2012 £'000
Dividends paid			
Managed Growth 4th interim dividend of 1.10p (2011: 0.75p)	**423**	309	309
Managed Growth 1st interim dividend of 2.20p (2012: 1.35p)	**836**	550	550
Managed Growth 2012 2nd interim dividend of 2.10p	**–**	–	845
Managed Growth 2012 3rd interim dividend of 1.40p	**–**	–	552
Managed Income 4th interim dividend of 0.85p (2011: 0.80p)	**448**	389	389
Managed Income 1st interim dividend of 0.85p (2012: 1.15p)	**452**	577	576
Managed Income 2012 2nd interim dividend of 0.70p	**–**	–	351
Managed Income 2012 3rd interim dividend of 0.70p	**–**	–	349
Managed Cash 4th interim dividend of 0.25p (2011: 0.20p)	**34**	33	33
Managed Cash 1st interim dividend of nil (2012: nil)	**–**	–	–
Managed Cash 2012 2nd interim dividend of 0.25p	**–**	–	35
Managed Cash 2012 3rd interim dividend of nil	**–**	–	–
Total dividends paid in the period	**2,193**	1,858	3,989
Dividends declared			
Managed Growth 2012 4th interim dividend of 1.10p	**–**	–	422
Managed Growth 2nd interim dividend of 1.75p (2012: 2.10p)	**657**	845	–
Managed Income 2012 4th interim dividend of 0.85p	**–**	–	453
Managed Income 2nd interim dividend of 0.85p (2012: 0.70p)	**447**	351	–
Managed Cash 2012 4th interim dividend of 0.25p	**–**	–	34
Managed Cash 2nd interim dividend of 0.15p (2012: 0.25p)	**21**	35	–
Total dividends declared[1]	**1,125**	1,231	909

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

Notes to the Accounts continued

THE COMPANY

4. Return per share

	(Unaudited) Six months ended 28th February 2013 £'000	(Unaudited) Six months ended 29th February 2012 £'000	(Audited) Year ended 31st August 2012 £'000
Managed Growth			
Return per Managed Growth share is based on the following:			
Revenue return	**1,427**	1,389	2,492
Capital return	**29,580**	12,026	5,222
Total return	**31,007**	13,415	7,714
Weighted average number of shares in issue	**37,908,452**	40,616,636	39,869,106
Revenue return per share	**3.76p**	3.42p	6.25p
Capital return per share	**78.03p**	29.61p	13.10p
Total return per share	**81.79p**	33.03p	19.35p

	(Unaudited) Six months ended 28th February 2013 £'000	(Unaudited) Six months ended 29th February 2012 £'000	(Audited) Year ended 31st August 2012 £'000
Managed Income			
Return per Managed Income share is based on the following:			
Revenue return	**840**	832	1,768
Capital return	**5,632**	2,771	2,369
Total return	**6,472**	3,603	4,137
Weighted average number of shares in issue	**53,036,312**	50,228,545	50,868,899
Revenue return per share	**1.58p**	1.65p	3.48p
Capital return per share	**10.62p**	5.52p	4.65p
Total return per share	**12.20p**	7.17p	8.13p

	(Unaudited) Six months ended 28th February 2013 £'000	(Unaudited) Six months ended 29th February 2012 £'000	(Audited) Year ended 31st August 2012 £'000
Managed Cash			
Return per Managed Cash share is based on the following:			
Revenue return	**12**	31	55
Capital return	**–**	–	–
Total return	**12**	31	55
Weighted average number of shares in issue	**13,829,604**	14,055,661	13,951,016
Revenue return per share	**0.09p**	0.22p	0.39p
Capital return per share	**0.00p**	0.00p	0.00p
Total return per share	**0.09p**	0.22p	0.39p

5. Net asset value per share

The net asset values per share are calculated as follows:

	(Unaudited) 28th February 2013 Managed Growth	(Unaudited) 28th February 2013 Managed Income	(Unaudited) 28th February 2013 Managed Cash
Net assets attributable (£'000)	**180,975**	**48,412**	**13,979**
Ordinary shares in issue	**37,487,966**	**52,622,315**	**13,844,584**
Net asset value per share (pence)	**482.8**	**92.0**	**101.0**

	(Unaudited) 29th February 2012 Managed Growth	(Unaudited) 29th February 2012 Managed Income	(Unaudited) 29th February 2012 Managed Cash
Net assets attributable (£'000)	168,256	41,201	14,729
Ordinary shares in issue	39,968,841	50,147,100	14,571,412
Net asset value per share (pence)	421.0	82.2	101.1

	(Audited) 31st August 2012 Managed Growth	(Audited) 31st August 2012 Managed Income	(Audited) 31st August 2012 Managed Cash
Net assets attributable (£'000)	154,833	43,385	13,931
Ordinary shares in issue	38,344,436	53,274,946	13,781,140
Net asset value per share (pence)	403.8	81.4	101.1

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

	(Unaudited) Six months ended 28th February 2013 £'000	(Unaudited) Six months ended 29th February 2012 £'000	(Audited) Year ended 31st August 2012 £'000
Net return on ordinary activities before taxation	**37,491**	17,051	11,910
Less capital return before taxation	**(35,205)**	(14,783)	(7,593)
Increase in accrued income	**(116)**	(151)	(108)
(Increase)/decrease in other debtors	**(16)**	60	77
(Decrease)/increase in accrued expenses	**(22)**	(59)	13
Scrip dividends received as income	**(6)**	(52)	(58)
Management fee charged to capital	**(238)**	(172)	(380)
Taxation on unfranked income	**(18)**	(9)	(19)
Net cash inflow from operating activities	**1,870**	1,885	3,842

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 and 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 Annual Report and Accounts for the year ended 31st August 2012.

Related Parties' Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

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 assets, liabilities, financial position and net return of the Company as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and

(ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

For and on behalf of the Board

Robert Ottley
Chairman

26th April 2013

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 JPMAM.
- **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 government securities/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, Elect 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).

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.

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 shares 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 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 benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and consequently, there may be some divergence between the performance of the relevant portfolio and that of the benchmark.

Share Price Discount/Premium to Net Asset Value ('NAV')
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.

Warning to shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting **www.fca.org.uk/consumers**
- Report the matter to the FCA by calling **0800 111 6768**
- If the calls persist, hang up.

More detailed information on this can be found on the Money Advice Service website **www.moneyadviceservice.org.uk**

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
Interim Management Statements announced	June/December
Dividends payable (if any)	March, June, September and December
Annual General Meeting	December

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
James Robinson (Chairman of the Audit Committee)
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, The Independent 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

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone number: 020 7742 4000

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

Custodian

JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Registrars

Equiniti Limited
Reference 2018
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2319

Calls to this number cost 8p per minute from a BT landline. Other providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the 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.

aic
The Association of Investment Companies
A member of the AIC

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